

Cabinet

9 July 2019



Working in partnership with **Eastbourne Homes**

Time and venue:

6.00 pm in the Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG

Membership:

Councillor David Tutt (Chair); Councillors Alan Shuttleworth (Deputy-Chair) Margaret Bannister, Jonathan Dow, Stephen Holt, Colin Swansborough and Rebecca Whippy

Quorum: 3

Published: Monday, 1 July 2019

Agenda

1 Minutes of the meeting held on 5 June 2019 (Pages 5 - 12)

2 Apologies for absence

3 Declaration of members' interests

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 Medium term financial strategy (Pages 13 - 36)

Report of Chief Finance Officer
Lead Cabinet member: Councillor Stephen Holt

- 8 Corporate performance - quarter 4 - 2018/19** (Pages 37 - 92)
- Part A - Corporate Performance**
Report of Director of Regeneration and Planning
Lead Cabinet member: Councillor Colin Swansborough
- Part B - Financial Performance (including end of year outturn)**
Report of Chief Finance Officer
Lead Cabinet member: Councillor Stephen Holt
- 9 Treasury management annual report 2018/19** (Pages 93 - 106)
- Report of Chief Finance Officer
Lead Cabinet member: Councillor Stephen Holt
- 10 Financial procedure rules** (Pages 107 - 148)
- Report of Chief Finance Officer
Lead Cabinet member: Councillor Stephen Holt
- 11 Access audit** (Pages 149 - 152)
- Report of Director of Regeneration and Planning
Lead Cabinet member: Councillor Rebecca Whippy
- 12 Enabling the supply of homes for homeless families** (Pages 153 - 160)
- Report of Director of Regeneration and Planning
Lead Cabinet member: Councillor Alan Shuttleworth

Information for the public

Accessibility: Please note that the venue for this meeting is wheelchair accessible and has an induction loop to help people who are hearing impaired. This agenda and accompanying reports are published on the Council's website in PDF format which means you can use the "read out loud" facility of Adobe Acrobat Reader.

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Public participation: Please contact Democratic Services (see end of agenda) for the relevant deadlines for registering to speak on a matter which is listed on the agenda if applicable.

Information for councillors

Disclosure of interests: Members should declare their interest in a matter at the beginning of the meeting.

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).

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

Democratic Services

For any further queries regarding this agenda or notification of apologies please contact Democratic Services.

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Working in partnership with **Eastbourne Homes**

Cabinet

Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 5 June 2019 at 6.00 pm

Present:

Councillor David Tutt (Chair)

Councillors Alan Shuttleworth (Deputy-Chair), Margaret Bannister, Jonathan Dow, Stephen Holt, Colin Swansborough and Rebecca Whippy

Officers in attendance:

Robert Cottrill (Chief Executive), Ian Fitzpatrick (Deputy Chief Executive and Director of Regeneration and Planning), Philip Evans (Director of Tourism & Enterprise), Tim Whelan (Director of Service Delivery), Becky Cooke (Assistant Director for Human Resources and Transformation), Peter Finnis (Assistant Director for Corporate Governance), Catherine Knight (Assistant Director of Legal and Democratic Services), Brian Mew (Interim Deputy Chief Finance Officer) and Simon Russell (Committee and Civic Services Manager)

1 Welcome

Councillor Tutt welcomed Councillor Whippy to the membership of the Cabinet, following their appointment at Annual Council on 21 May 2019.

2 Minutes of the meeting held on 20 March 2019

The minutes of the meeting held on 20 March 2019 were submitted and approved and the Chair was authorised to sign them as a correct record.

3 Apologies for absence

None were reported

4 Declaration of members' interests

Councillors Tutt and Holt declared pecuniary interests in agenda items 9 (Eastbourne Town Centre Business Improvement District) and 10 (Local Employment and Training Grants Programme) and withdrew from the room whilst the item was considered. Councillor Shuttleworth chaired the meeting for the duration of these items.

Councillor Swansborough declared a prejudicial interest in agenda item 11 (Enabling the development of community assets – Royal Hippodrome Theatre and Langney Playing Fields) and withdrew from the room during consideration of and voting on the recommendations concerning Langney Playing Fields.

Councillor Whippy declared a prejudicial interest in agenda item 11 (Enabling the development of community assets – Royal Hippodrome Theatre and Langney Playing Fields) and withdrew from the room during consideration of and voting on the recommendations concerning the Royal Hippodrome Theatre.

5 Downland Whole Estate Plan

The Cabinet considered the report of the Director of Regeneration and Planning asking them to note progress on the Downland Whole Estate Plan and agree the Council's draft vision for the Downland Estate.

Visiting member, Councillor Freebody addressed the Cabinet and commented on the need to be careful over the management of the Downland Estate and considerate towards public sensitivity. He also added that as a natural asset there should be a greater reference to the tourism opportunities in future versions of the statement.

Councillor Tutt acknowledged and agreed with the comments raised. He also clarified that although the draft contained a reference to the wider general vision and Corporate Plan for Eastbourne Borough Council including "Housing and Development" he reassured that the Council had no intention of adding any housing to the Downland Estate.

The Director of Regeneration and Planning confirmed that as a draft vision, the comments outlined by Councillor Freebody would be factored into future amendments.

Resolved (Key decision):

- (1) That progress on the Downland Whole Estate Plan be noted.
- (2) To agree the draft vision set out at paragraph 2.2 of the report.

Reason for decisions:

In order to allow officers to progress the Downland Whole Estate Plan.

6 Discretionary Housing Payment (DHP) Policy 2019/2020

The Cabinet considered the report of the Director of Service Delivery regarding the revised Discretionary Housing Payment Policy for Eastbourne Borough Council.

In response to a question from Councillor Holt, the Director of Service Delivery confirmed that the demand for Discretionary Housing Payment last year in Eastbourne was similar to the allocated grant funding.

Resolved (Key decision):

To adopt the Revised Policy for Eastbourne Borough Council

Reason for decision:

To ensure that the Discretionary Housing Payment scheme is administered consistently across the Borough

7 Eastbourne Town Centre Business Improvement District

The Cabinet considered the report of the Director of Service Delivery seeking approval for the Business Improvement District proposal, to confirm conformity with relevant Council plans and policies and to authorise the conduct of a ballot of business ratepayers and associated decisions.

Shoes, Chair of the Business Improvement District addressed the Cabinet in support of the report and officer recommendations.

The proposal was for business-funded initiatives to increase footfall and customer spending in the town as well as attracting more businesses and jobs.

Councillors Tutt and Holt declared a pecuniary interest in this item and withdrew from the room whilst the item was considered. Councillor Shuttleworth chaired the meeting for the duration of the item.

Resolved (Key decision):

(1) That the Business Improvement District (BID) Plan as set out at appendix 1 to the report be approved.

(2) To approve the BID ballot date and to authorise the Council's Returning Officer (as 'ballot holder') to proceed with the ballot and require the Functional Lead for Growth and Prosperity to supply up to date rating list information to the ballot contractor.

(3) That the Chief Finance Officer be given delegated authority to:-

i. determine the statement of baseline services and baseline agreement annually.

ii. operate a BID revenue account and pass over monies to the BID company.

(4) To confirm that the expected costs of the ballot (c. £3,400) would be met by the Council.

(5) To agree that the initial 'one off' software costs required to collect the levy (c. £22,500) would be met by the Council.

(6) To agree that the Council would pay the estimated annual BID levy cost (c. £5,600) for Council owned properties within the BID boundary.

(7) That the Director of Service Delivery be given delegated authority to:-

i. approve the operating agreement.

ii. vote in favour of the BID area in respect of the Council owned properties that fall within the BID area.

iii. administer, bill and collect the levies under the BID scheme.

iv. review the costs associated with the Council's administration and collection of the BID levy at the end of year 1, should the ballot be successful.

(8) To note that the Council's reasonable costs of collecting the levy and the associated financial management costs would be recoverable from the BID levy monies, as specified in paragraph 8.4 of the report.

(9) To note that the Council's Returning Officer be permitted to delegate his responsibilities to others and that he has engaged the services of the Electoral Reform Services Ltd to undertake the ballot on his behalf.

Reason for decisions:

To approve the revised BID Plan and approve the BID ballot.

8 Local Employment and Training Grants Programme

The Cabinet considered the report of the Director of Regeneration and Planning seeking approval of a Local Employment and Training Grants programme, utilising S106 monitoring contributions.

Councillors Tutt and Holt declared a pecuniary interest in this item and withdrew from the room whilst the item was considered. Councillor Shuttleworth chaired the meeting for the duration of the item.

Resolved (Key decision):

To approve a Local Employment and Training Grants Programme utilising S106 monitoring contributions.

Reason for decision:

To support the aims and objectives of Local Employment and Training Supplementary Planning Document.

9 Enabling Community Assets – Royal Hippodrome Theatre and Langney Playing Fields

The Cabinet considered the report of the Director of Regeneration and Planning seeking a decision about the future of two community assets in Eastbourne, namely the Royal Hippodrome Theatre and Langney Playing Fields.

Visiting member, Councillor Freebody addressed the Cabinet and praised the steps taken to mitigate risk and potential to include restrictive covenants such as overage clauses. He also suggested that a litmus test be undertaken for any future management of assets.

Councillor Swansborough declared a prejudicial interest in this item and withdrew from the room during consideration of and voting on the recommendations concerning Langney Playing Fields.

Councillor Whippy declared a prejudicial interest in this item and withdrew from the room during consideration of and voting on the recommendations concerning Royal Hippodrome Theatre.

Resolved (Key decision):

(1) To agree in principle to the transfer of the freehold of the Royal Hippodrome Theatre to The Royal Hippodrome Theatre Eastbourne CIC (company number 09353373) and in principle to the transfer of Langney Playing Fields to Acorns Charitable Trust.

(2) To delegate authority to the Director of Regeneration and Planning, in consultation with the Portfolio Holder, any other Cabinet member who indicates an interest and Chief Finance Officer to agree the final disposal terms subject to:

(i) a red book valuation undertaken by a RICS qualified Person for both assets and

(ii) further legal due diligence and exploration of the potential for including restrictive covenants controlling the future use of the properties and overage clauses enabling the Council to share in any future increase in value in the properties realised after the properties have been sold. The scope of the delegation to the Director to include the potential for disposal at an under value in accordance with circular 06 of 2003 where it is considered that this will help to secure the promotion or improvement of the economic, social or environmental well-being of the Council's area.

(3) To authorise the Director of Regeneration and Planning, in consultation with the Portfolio Holder, any other Cabinet member who indicates an interest and Chief Finance Officer to undertake all actions required to complete the disposal of the properties above including authorising completion of legal documentation.

(4) To note that a further report will be submitted to Cabinet in the Autumn of 2019 setting out the Council's approach and policy towards community assets.

Reason for decisions:

To provide community organisations the ability to manage their own estate therefore enhancing the opportunity for them to achieve inward investment and development whilst relieving pressure on the Council's limited resource.

10 Exclusion of the public

Resolved:

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

11 Redundancy and redeployment

The Cabinet considered the report of the Assistant Director for Human Resources and Transformation. The report set out the current activity within the redundancy and redeployment procedure and actions taken to support affected individuals.

Resolved (Key decision):

(1) That the actions taken to manage implications of change for displaced individuals be noted.

(2) That the financial implications of severance for those identified in the event that redeployment was not secured by the relevant date be agreed.

Reason for decisions:

This was Phase 3 of the Joint Transformation Programme; actions had been taken to manage the implications of this change for displaced individuals through support, redeployment and assistance with self marketing under the Redundancy and Redeployment Procedure.

Notes: (1) The report remained exempt. (2) Exempt information reasons 1 and 2 – Information relating to an individual or likely to reveal the identity of an individual.

The meeting ended at 6.45 pm

Councillor David Tutt (Chair)

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Agenda Item 7

Body:	Cabinet
Date:	9 July 2019
Subject:	Medium Term Financial Strategy
Report Of:	Chief Finance Officer
Cabinet member	Councillor Stephen Holt (Cabinet Member Holder for Financial Services)
Ward(s)	All
Purpose	To provide an update on the process and approach to the Council's Medium Term Financial Strategy for the period 2019/20 to 2024/25.
Decision Type:	Key Decision
Officer Recommendation(s):	To note the background to the Medium Term Financial Strategy for 2019/20 and approve the approach outlined in this report.
Reason for recommendations:	To progress the Medium Term Financial Strategy process and update Cabinet on the background to this.
Contact:	Homira Javadi, Chief Finance Officer E-mail address: Homira.Javadi@lewes-eastbourne.gov.uk

1.0 Introduction

- 1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. This report outlines the proposed process for the MTFS for the period 2019/20 to 2024/25, which ultimately leads to the setting of the Council's budget in February 2020.
- 1.2 The Council approved its Medium Term Financial Strategy (MTFS) in February 2018 and the Cabinet recommended a resulting draft 2019/20 budget proposal in December 2018 following the service and financial planning process in the autumn. The Council's approved MTFS is included in Appendix A of this report. This together with the outturn report will form the basis for formulating the Council's revised MTFS and annual budget.
- 1.3 To ensure Members have a sound basis for planning and decision making, the MTFS this year will be reviewed and updated at the following key points in the year:

- Midyear – as a series of principles and as a framework for initial detailed budget discussions for the forthcoming financial year;
- December/January – an update to include additional information received at a national level and identified corporate issues, and the detailed budget build; and
- February – with the final Budget for the new financial year.

1.4 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Corporate Plan, over the medium term.

1.5 The vision of the Eastbourne Corporate Plan is to *“put value for money and the needs of our residents at the heart of all we do whilst supporting the town and its businesses to thrive.”*

1.6 The key underlying principles of the MTFS are:

- securing a balanced budget and setting modest increases in Council tax when appropriate;
- delivering service efficiencies and generating additional income where there are opportunities to do so;
- ensuring that the council maintains sufficient reserves and contingencies to be resilient to manage the increased level of risks associated with a more commercial agenda..

2.0 MTFS Review Areas – Economic Picture, Public Finances, and Core Funding

2.1 The Council’s MTFS is shaped by the national economic background, affecting the costs the Council incurs, the funding it receives, and demand for services. The following external factors will be analysed in undertaking the mid-year review of the MTFS:

- National and local economic outlook, including the impact of Brexit
- Inflation
- Interest rates
- Public Sector Pay
- Factors affecting demand-led services

2.2 The national Public Finances position directly affects the Council’s Core Funding – consisting of Government Grants, Business Rates, Council Tax and New Homes Bonus (NHB).

2.3 The four-year period to be covered by the next MTFS represents one of considerable uncertainty in respect of Local Government financing. 2019/20 is the end of the current

Spending Review and four-year Local Government finance settlement. The 2019 Spending Review is intended to confirm overall local government resourcing from 2020/21, and the Government is also working towards significant reform in the local government finance system in 2020/21. This includes an update to the baseline funding levels and resetting business rates baselines, and the potential outcome of the current Fair Funding Review, which will affect how funding is allocated and redistributed between local authorities from 2020. However, current political and economic uncertainty indicates that the settlement for 2020/21 could be for one year only.

- 2.4 Regardless of shorter term uncertainties, the trend is undoubtedly likely to be that the Council will continue to become ever more reliant on internally generated resources and local taxation. This has a positive benefit in that the council is more locally focussed and responds directly to local needs. However, it also means that it is more exposed if there is a downturn in the local economy. This necessitates the need to have healthy reserves and a strong balance sheet, and to deliver on efficiency savings and income generation. These internal review areas are briefly outlined in the next section.

3.0 MTFS Review Areas – Internal Process

- 3.1 The internal MTFS review process is underway, starting with a root and branch review, challenging current budgets directorate by directorate. 2018/19 outturn data will be reviewed against current 2019/20 budgets, with a view to ascertaining what in-year adjustments and savings could be achieved. Consideration of potential budget requirements for 2020/21 will be mindful of the challenging budget position of the Council and the need to find savings.

- 3.2 This review will in particular include consideration of :

- Realistic income projections
- Fee and charging levels tolerable to the market
- Service pressures and changes
- The delivery of existing savings targets
- Additional achievable savings

- 3.3 In addition, the Capital Programme and its implications and interactions with the budget will be carefully reviewed. Finally, reserve levels will be reviewed and the MTFS and Budget comprehensively risk assessed.

4.0 Implications

4.1 Financial

None arising directly from this report.

4.2 Legal

None arising directly from this report.

4.3 Risk Management implications

None arising directly from this report.

A full risk assessment will be provided as part of the mid-year MTFS to be reported to Cabinet later in the year.

4.4 Equality Analysis

The equality implication of any individual decisions relating to the projects/services reviewed as part of the MTFS will be in other relevant Council reports.

5.0 Conclusion

The Council faces considerable financial challenges in the medium term, primarily relating to changes and uncertainty in both public finances and the wider economic environment. The MTFS process briefly outlined in this report is intended to support in meeting these challenges and moving to a long-term sustainable position.

6.0 Appendices

6.1 Appendix A – Medium Term Financial Strategy 2018/19 – 2023/24

MEDIUM TERM FINANCIAL STRATEGY



Eastbourne Borough Council

2018/19 – 2023/24



1 INTRODUCTION

- 1.1 The **Medium Term Financial Strategy (MTFS)** sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. As is the first year of the incoming Section 151 Officer, continuity was viewed as more important and the assumptions are not materially different to last year's report bar minor changes due to improved data.
- 1.2 To ensure Members have a sound basis for planning and decision making, the MTFS in the future will be reviewed and updated at key points in the year these are:
- Midyear – as a series of principles and as a framework for initial detailed budget discussions for the forthcoming financial year;
 - December/January – an update to include additional information received at a national level and corporate issues identified through service planning, and the detailed budget build; and
 - February – with the final Budget for the new financial year.
- 1.3 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Corporate Plan, over the medium term.
- 1.4 The vision of the Eastbourne Corporate Plan is to *“put value for money and the needs of our residents at the heart of all we do whilst supporting the town and its businesses to thrive.”*
- 1.5 The key underlying principles of the MTFS are:
- securing a balanced budget and setting modest increases in Council tax when appropriate; and
 - delivering service efficiencies and generating additional income where there are opportunities to do so.
 - ensuring that the council maintains sufficient reserves and contingencies to be resilient to manage the increased level of risks associated with a more commercial agenda.
- 1.6 In setting annual budgets the Council has a policy of meeting its ongoing budget requirement from ongoing resources in each year. The policy applies to the cycle of the MTFS, as it is reasonable to use reserves to smooth out the budget requirement as savings accrue over the cycle. By using reserves in this manner it means that reserves over the minimum level are available for one off investments in services decided via the service and financial planning process.
- 1.7 The Council, as a registered social landlord is obliged to run a Housing Revenue Account (HRA) that is statutorily ring-fenced from its general fund. A 30 year rolling business plan has been adopted for the HRA. The Council is working in partnership with Lewes to

deliver efficiency savings in partnership using shared services. All savings accruing to the HRA are reinvested in housing services.

- 1.8 As with all Councils, the effect of inflation is felt on gross expenditure, whilst any increase in council tax or grant is based on a net position. This “gearing effect” means that there is a natural gap of at least £300k per annum that needs to be met from efficiencies (approximately 2-3% of net spend) if services are to be protected. This is on top of the Government reductions. Given the current reduction in grant and the inability to raise council tax in real terms due to capping criteria, the Council has to look to longer term measures to maintain sustainable finances. Therefore, it is looking to a combination of at the very least self-financing investments to locally regenerate the area and commercialising existing services.
- 1.9 Part of the process of delivering a robust MTFS to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. A MTFS risk analysis together with mitigating actions is provided in Appendix B1.

2 ECONOMIC PICTURE & PUBLIC FINANCES

- 2.1 The national economic background affects the costs the Council incurs, the funding it receives, and contributes to the demand for services as residents are affected by economic circumstances. The inflation rate impacts on the cost of services the Council procures, as the Council delivers much of its service provision through contractual arrangements where inflationary pressures have to be negotiated and managed. Specific contractual inflation has been incorporated into the Council’s financial position, where appropriate, based on the actual contractual indices.
- 2.2 The wider economic picture is challenging for local government. The Chancellor’s budget delivered on 29th October was not regarded by the Institute for Fiscal Studies as a ‘bonanza’, with its director, Paul Johnson, stating that “*many public services are going to feel squeezed for some time.*” Even upper tier authorities see £650m additional social care monies as not covering the planned cuts for 2019/20.

Gross Domestic Product (GDP)

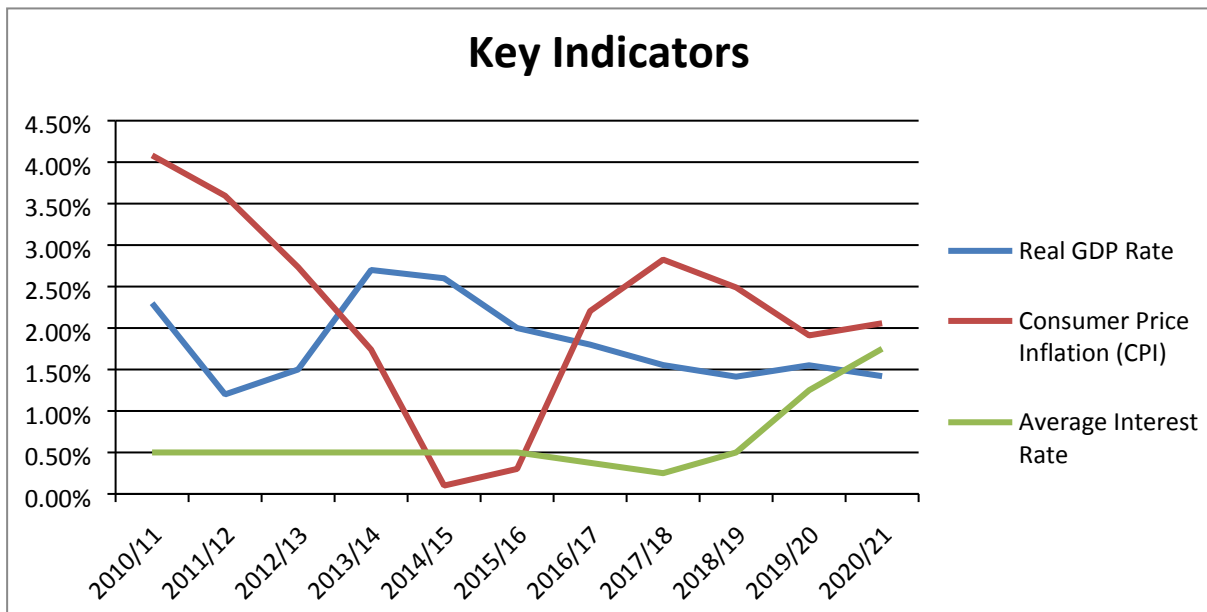
- 2.3 Growth is estimated to be weak for the new future at 1.6% for 2019 after an estimated 1.3% in 2018. Therefore, with Brexit on the horizon, currently anticipated to take place on March 29th 2019, it is unlikely that the Council will see an improvement in its funding from central government, particularly as there is still one year to go on its current 4-year financial settlement. The only possible exception is if the Chancellor is required to release his fiscal power to prevent a major recession. Second tier councils are also likely to be lower down the priorities of any government with the NHS, tax cuts and highways utilising the majority of additional incoming public resources (tax growth).

Consumer Price Index (CPI)

- 2.4 Inflation as measured by CPI, was 2.4% for September 2018, down from 2.7% in August. The Bank of England latest forecast (as at November 2018 is set out below. The BoE target rate for inflation is 2%.

Bank Interest Rate

- 2.5 Interest rates are at 0.75% and it is not anticipated that they would rise prior to Brexit on March 29th. However, it is widely assumed that the gradual projection is upwards. Interest rates on short-term debt in the local government market are now around 0.7-0.9% for 6 months to 1-year debt. It was widely assumed until recently that interest rate increases would be limited to 0.5% per year. However, it is important to note that the Bank of England has referred to the new natural interest rate level as being between 2% and 3%. The following chart summarises the above assumptions:



* 2010/11 to 2016/17 based on ONS Data. 2017/18 and forecasts based on Office for Budgetary Responsibility data. It is important to note that 2018/19 to 2020/21 are forecasts and should be treated as such. Interest rate projects are assumed to be 0.5% per year as the Governor originally suggested would be likely. Impact of Brexit is unknown.

Public Sector Pay

- 2.6 From April the National Living Wage will rise again, by 4.9%, from £7.83 to £8.21. This demonstrates that while pay is going up at 2% for those on NJPC scales and 2% for those on the Chief Officer pay rates, that at the bottom there will be a bigger impact, more significantly affecting the bottom line of the council.

3 CORE FUNDING

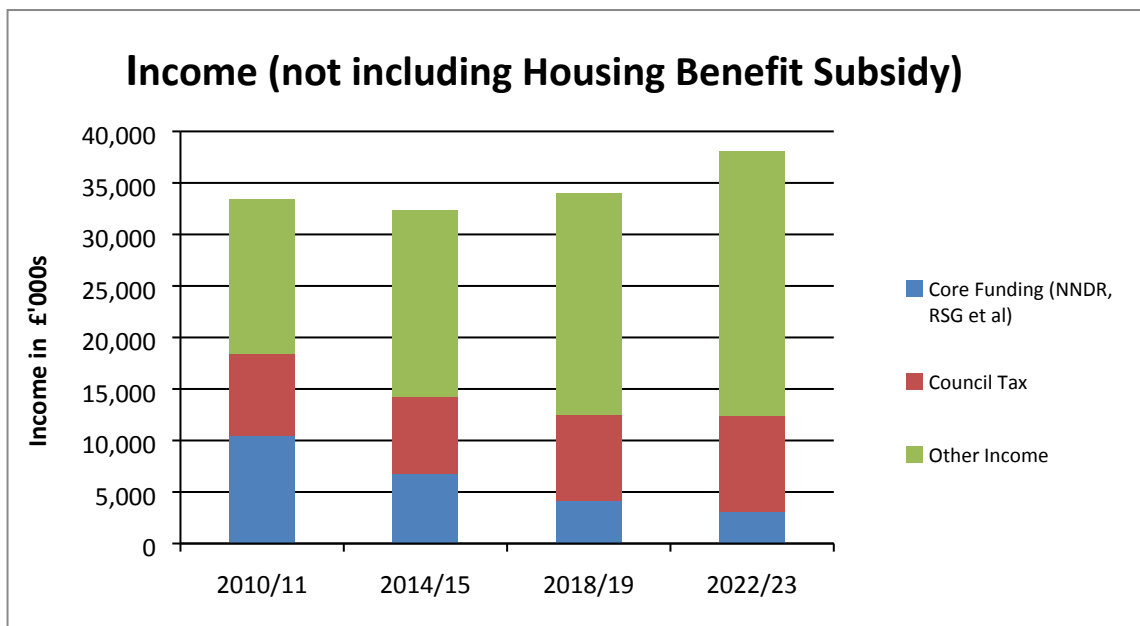
- 3.1 The 2016/17 Settlement offered councils a four-year settlement, giving greater certainty of funding until the end of the spending period (2019/20). The 2019 Spending Review will confirm overall local government resourcing from 2020/21, and the Government is working towards significant reform in the local government finance system in 2020/21. This includes an update to the baseline funding levels and resetting business rates baseline.

Revenue Support Grant (RSG)

- 3.2 RSG has been substantially reduced in recent years and will be zero in 2019/20. The funding settlement for Eastbourne has become tougher over the years, as the central government grants are now limited to cover the cost of housing benefit and one-off matters of Government interest. Negative RSG, which occurs when the Council pays the

government a central government grant rather than the other way around, has been eliminated recently but in practice this means that Government will reduce Councils' business rate entitlement instead of asking Eastbourne to give it an RSG payment.

3.3 In the long run, despite cuts now going back almost a decade, there is no end in sight to austerity for local government, even if it ends in the rest of the public sector. Even county councils, which have received some limited extra social care funding, expect to continue to need to go beyond efficiency measures. Ultimately, uncertainty, limited funding for social care and the scale of the reduction of government funding has put county council finances in a difficult position. Eastbourne Council cannot avoid the fallout from such a situation as services that deal with vulnerable residents are already facing greater pressures, such as Housing.



3.4 The Chart above shows the change in the income profile with a high level estimate for 2022/23 based on existing trends, subject to the caveat that central government has the right to significantly reduce our funding further and faster. However, the overall trend is clear that Core Funding (NNDR +RSG) is declining while income from fees, charges and commercial income is growing as a percentage of total funding and in real terms.

3.5 On 24 July 2018 the Ministry of Housing, Communities & Local Government (MHCLG) issued a technical consultation on the 2019/20 Local Government Finance Settlement. The consultation closed on 18 September 2018. The document set out the Government's proposed approach to the 2019/20 Settlement and outlined the following:

- The fourth year of the multi-year settlement
- The Government's position on the New Homes Bonus threshold
- The Government's proposal for Council Tax referendum principles for 2019/20
- The Government's proposal for dealing with the issue of 'Negative Revenue Support Grant'

3.6 In April 2018 the former Secretary of State commissioned a review of the MHCLG oversight of the business rates system. On 24 October 2018 the report of an independent review of the governance and processes of the system was published. The

terms of reference for the review were set out under five themes: complexity; governance and management; capacity and capability; openness; and culture. In general, the review found that MHCLG and local authorities have managed the growing complexity of the system well, however noted that the Department's processes can be strengthened to ensure future challenges can be managed effectively.

- 3.7 In addition to focus on the MHCLG's own processes, the report also considered the overall approach to annual decisions on the local government finance system. The report recommended that the Provision Settlement should be released around 5 December and the Final Settlement no later than the 5 January. Having a clear settlement timetable in place will help ensure that local authorities can take a more planned approach. In light of this recommendation, the MHCLG has announced that it will aim to publish the Provisional Settlement for 2019/20 on 6 December 2018.

Business Rate Pool

- 3.8 This year, the Council re-entered into the existing pooled arrangement across East Sussex to retain the benefits of growth locally. It is anticipated that this will generate £200k of additional resources. Due to a change in government policy, the new pilot arrangements will in the future only keep 75% of the share in growth, whereas previously Central Government had a clear intent to achieve 100% localised funding as quick as possible.

75% Business Rate Pilot

- 3.9 In July of this year, The Government invited local authorities in England to apply for a 75% business rate retention pilot scheme for 2019/20. Eastbourne District Council jointly with its East Sussex Business Rate pooling partners submitted their bid to become BR Pilot on 25 September. The successful bids are expected to be announced prior or at the time of the provisional local government financial settlement in early December. Based on the work undertaken by LG Futures, the Council could see additional retained income of about £200k.

Business Rate

- 3.10 Nationally, business rate is expected to grow by inflation but many internet-based businesses are able to avoid the tax impact and there are national concerns that this has on the high street. However, whilst the new settlement is under review, all early indications are projecting a reduction in the business rate allocation to the lower tier authorities approach 10% per annum. This is to allow redistribution of the resources to higher priority services and economically disadvantageous authorities. This will lead to the Council becoming ever more reliant on council tax, fees and charges and commercial income sources.

National Non-Domestic Rates	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Retained Business Rates	(3,388)	(4,394)	(3,905)	(3,515)	(3,164)	(2,848)
Business Rates Pool	(266)	(200)	0	0	0	0
Previous Assumptions	(3,654)	(4,594)	(3,905)	(3,978)	(3,978)	(3,978)
Difference	0	0	0	(463)	(814)	(1,130)

- 3.11 This could be as high as £460k per annum, creating an additional pressure to the authority. As can be seen the assumptions were of growth after years of reductions. Another matter of interest is that the Government offered £1.5bn of reductions to business rates to smaller businesses, during the Budget, which it will fund back to authorities via section 31 grants.

Fair Funding

- 3.12 The Fair Funding review will affect how funding is allocated and redistributed between local authorities from 2020. How this will be done is the subject of further consultation between now and mid-2019. The Government is continuing to work with the Local Government Association (LGA) and local authority representatives to develop the new system. Indicative numbers for funding allocations to individual councils are expected to be available by spring-summer 2019, and the review is to be implemented in April 2020 via the Local Government Finance Settlement process.

Council Tax

- 3.13 The Chart below demonstrates the change in Council Tax over the years. A provisional estimate of our preceptors demonstrates how Eastbourne has always kept a lower council tax than them. The 2019/20 position is estimated based on past years and subject to council and preceptor decisions but the current model presently assumes 1.99% in Council Tax Growth and that existing preceptor demand follows existing patterns. From 2020/21 onwards, it will only be assumed that there is 0.3% growth in the Council Tax base to recognise the constrained land of Eastbourne.

	Year	2015/16	2016/17	2017/18	2018/19	2019/20
Band D	EBC	224.19	228.51	232.92	239.67	244.44
	Other	1,382.91	1,487.53	1,556.67	1,650.02	1,750.18
		1,607.10	1,716.04	1,789.59	1,889.69	1,994.62
Growth	EBC		1.93%	1.93%	2.90%	1.99%
	Other		7.57%	4.65%	6.00%	6.07%
Ratio	EBC	13.95%	13.32%	13.02%	12.68%	12.25%
	Other	86.05%	86.68%	86.98%	87.32%	87.75%
		100.00%	100.00%	100.00%	100.00%	100.00%
Band D Equivalents		32,558.90	33,606.10	33,923.70	34,354.40	34,939.10
Precepts	EBC	7,299,380	7,679,330	7,901,500	8,233,719	8,540,140
	Other	45,026,028	49,990,082	52,807,923	56,685,447	61,149,573
		52,325,408	57,669,412	60,709,423	64,919,166	69,690,087

New Homes Bonus (NHB)

- 3.14 Following the reduction from 6 years to 4 years of allocation, New Homes Bonus allocation is expected to drop significantly again. This is because Councils are now

required to achieve a net baseline growth of 0.4% or 178 in current Band D equivalent homes before they can receive any NHB income. It is important to note that this is not the same as new Council Tax properties as these are subject to discounts, exemptions, reliefs and more.

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Net New Properties	140	140	140	140	140	140
Affordable Properties	54	54	54	54	54	54
Amount	£339k	£187k	£102k	£60k	£60k	£60k

- 3.15 Self-sufficiency and resilience are key concepts to the path for all southern district councils but particularly for Eastbourne with its desire to regenerate and transform its local economy.

4 RESOURCES AVAILABLE TO EASTBOURNE & LOCAL CHALLENGES

- 4.1 As can be seen in the above Chart of Income (Section 2), Eastbourne has moved closer to becoming more reliant on internally generated resources and local taxation. This has a positive benefit in that the council is more locally focussed and respond directly to local needs. However, it also means that it is more exposed if there is a downturn in the local economy. This necessitates the need to have healthy reserves and a strong balance sheet.

- 4.2 The Council has successfully delivered on the Joint Transformation Plan and will inevitably generate further efficiencies. However, these will form only a smaller part of the future savings than new or additional income growth, as efficiencies have their limits. This necessitates a more structured approach to understanding our fees and charges and identifying areas where income can be most easily grown.

- 4.3 It is important to recognise that such income sources can take time to fully realise. Large projects will not necessarily deliver in their entirety from year 1, as there is inevitably a lead-in time and therefore prudently, the Council is careful not to rely overly on any single project. More importantly, Eastbourne cannot rely too heavily on immediate savings as most income growth going forward will be slower to ramp up and the Council will need to programme in the potential for some delays. Once again the need for significant reserves becomes clear.

- 4.4 Councils face a challenging time with a high degree of uncertainty as it will not be till July at the earliest that local government will know the next 4 years' allocation of retained business rate income. Eastbourne also has a significant level of deprivation and tackles this inevitably reduces the resources available to invest, particularly in relation to homelessness and requires the Council to maintain higher buffers to manage this risk.

Housing Revenue Account (HRA)

- 4.5 The scrapping of the HRA borrowing cap will give Eastbourne flexibility and the opportunity to borrow in a more efficient fashion. The Government is also consulting on relaxing its RtB formulae, to encourage shared ownership products and to allow us to use up to 50% of RtB funding on affordable housing, rather than the current 30%. The

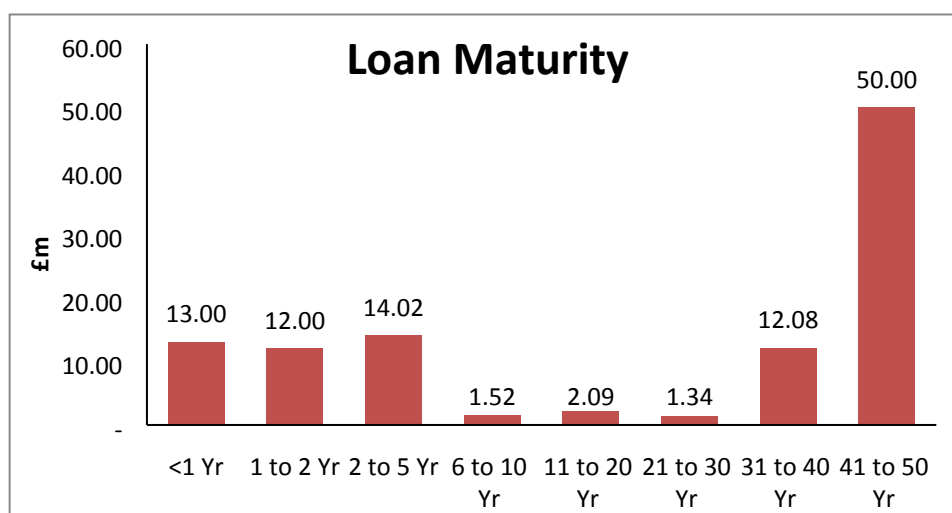
Council will ensure that it finances capital activities in the most efficient way possible to minimize unnecessary borrowing.

Capital Investment

- 4.6 The Capital Investment Programme also has an effect on the Councils revenue finances as any investments that cannot be met from grants, contributions, capital receipts or revenue funding need to be met from borrowing. This has to be repaid with interest from revenue and/or capital receipts over time. The General Fund policy is to use borrowing only on a business case basis.
- 4.7 Any such borrowing is fully financed by way of interest charges and the Minimum Revenue Provision (MRP) which is the capital repayment. As new schemes that require borrowing are approved, the Council has to make provision for repayment via the capital financing budget. In order to keep this sustainable a stability mechanism that pools the following budgets is maintained.
- Interest earned
 - Interest payable on debt
 - Minimum Revenue Provision
 - Revenue contributions to the capital programme (to balance)
- 4.8 It is up to Councils to set their own MRP and balances of Capital Receipts and Contributions can be offset to reduce this liability in the short term, although this only provides for short-term relief against the cost of capital. Any budget surplus from interest and MRP is recycled into the capital programme by way of a transfer to the “capital programme reserve”. This system creates a stabiliser mechanism between interrelated budgets.
- 4.9 Capital investment can be used as “invest to save” therefore borrowing is an important tool in the overall financial strategy where savings on schemes exceed the cost of capital. More recently it has been necessary to look for investments that have a yield over and above the borrowing costs to make a net contribution to the general fund. The Council has also taken advantage of schemes that give a return by providing a guarantee to a third party rather than incurring debt, contingent liabilities and corresponding assets are shown on the Council’s balance sheet to reflect this.
- 4.10 The Capital Programme has a significant focus on return on investment, and the borough’s focus on commercial opportunities must be understood through the lens of economic development and regeneration. Eastbourne is aware of CIPFA’s position that it should not borrow for commercial investment purposes and that is why its investment focus is on locally beneficial investments.
- 4.11 Eastbourne is reviewing its capital programme to ensure that not only do the investments cover the financing costs but that they also contribute to the revenue position. This could be through local regeneration, increasing business rates, and reducing the net cost of services (either through income generation or reduction in the operating costs).

Capital Programme	2018/19	2019/20	2020/21	2021/22
	£'000s	£'000s	£'000s	£'000s
HRA	7,022	4,344	4,399	-
Community Services	7,957	1,530	300	-
Tourism & Leisure	14,175	15,300	15,165	-
Corporate & Core Services	34,349	18,725	11,580	2,500
Asset Management	31,428	3,494	821	-
Pier Grant & Coastal Communities Grant	1,696	-	-	-
Total Programme	96,627	43,393	32,265	2,500
Financed By:-				
Capital receipts	2,209	2,168	-	-
Capital Grants & Contributions	3,401	8,253	300	-
Capital reserves	5,437	4,371	4,399	-
Revenue	58	491	-	-
Total Financing excluding borrowing	11,105	15,283	4,699	-
Borrowing Needed	85,522	28,110	27,566	2,500
Total Financing	96,627	43,393	32,265	2,500

- 4.12 Eastbourne is a net borrower and has been successful at borrowing long-term at very low rates. Going forward those rates are unlikely to be so favourable, as the UK appears to be on a gradual path to normalisation, subject the standard caveat of Brexit. The Council will need to borrow over £100m to meet the requirements of its Capital programme but the timing of this relates to capital delivery and interest rate predictions. The timing of Brexit and whether to borrow ahead of need to ensure a favourable rate bears heavily on the borrowing decision. It also needs to take into account of internal borrowing.



- 4.13 For 2019/20, the Council will be producing a capital investment strategy for the budget to comply with new statutory regulations. Therefore, it is not intended that the MTFS should cover Eastbourne's approach to capital investment in excessive detail.

5 REVENUE STRATEGY – EFFICIENCIES

- 5.1 Eastbourne and Lewes Councils' shared Joint Transformation Plan has delivered £2.8m savings and is anticipated to deliver a further £0.4m in 2019/20. By sharing services and business process re-engineering the way it operates, it has been successful in transforming its services. This places a heavy reliance on systems and careful implementation and re-training of existing employees.
- 5.2 The Council will continue on this path of transformation of core services but ultimately the organisation cannot produce enough savings by this process alone and so it will also need to find new ways to generate income, as discussed above.
- 5.3 The priority in the immediate term is to produce a robust budget with confidence in the key assumptions.

6 REVENUE STRATEGY – INCOME GROWTH

- 6.1 The Council has assumed income inflation each year and £269k of new income sources in 2019/20.
- 6.2 Eastbourne is increasingly taking a more commercial approach to generating new income in the Borough, including property and housing development opportunities. Over the next 5 years, the council will examine the opportunities and the case for commercialising more services where possible and examining instances where the cost of operations needs to be recovered.

7 SENSITIVITY ANALYSIS

Risks	Cost	Impact	Likelihood	Detail and Possible Mitigations
0.25% change in interest rates on our existing capital programme	£100m	£0.25m	High	The Council could look to borrow earlier than when it needs it – up to 2 years in the future. The main lesson is that projects must cover borrowing costs unless the Council increases its savings target.
1% change in pay	£10m	£0.1m	Low	All services would need to cover pay inflation locally by holding vacancies.
1% change in average price inflation	£10m	£0.1m	Medium	Current inflation and Brexit means there is a significant likelihood of above average rises. However, the main contracts that are funded are only worth £3m so a £30k impact is possibly more likely.
1% change in pensions	£1m	£0.1m	Low	It is expected that Eastbourne will continue to see its lump sum increase by £50k per year to clear the existing deficits but this is already included in our assumptions
9% Reduction in retained NNDR	£4.6m	£0.4-0.5m annually	High	This reduction has already been modelled as the 9% reduction in reduced core funding (NNDR+RSG) was the original approach of the Coalition Government. Any over-provision could offset other costs in future years. Known for 2020/21

7.1 The Council's General Fund unallocated reserves would cover the realisation of these risks for three years. This indicates why the MTFs always needs to be prudent and why reserves are a key part of the Council's risk strategy.

8 RESERVES

8.1 As can be seen below the Council has significant reserves. However, the majority of these reserves are related to the Housing Revenue Account or are earmarked for specific purposes. This means that in practice, the reserves available to cover one-off needs or unexpected overspends is more limited.

	Known			Forecast		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
General Fund (Working Capital & Emergency Funds)	(3,283)	(2,660)	(3,040)	(3,631)	(4,119)	(2,525)
Capital & Regeneration	(3,190)	(3,115)	(1,838)	(1,738)	(432)	(432)
Devonshire Park Reserve	(1,000)	(960)	(1,488)	(1,613)	(874)	(874)
Earmarked/Grant Reserves	(1,878)	(1,881)	(1,972)	(1,979)	(1,979)	(1,979)
Total General Fund	(9,351)	(8,616)	(8,338)	(8,961)	(7,404)	(5,810)
HRA	(5,910)	(7,900)	(9,449)	(9,499)	(9,549)	(9,599)
Total	(15,261)	(16,516)	(17,787)	(18,460)	(16,953)	(15,409)

8.2 It is up to the Section 151 officer to set the appropriate level of reserves that they believe the authority should maintain. Currently, £2m or approximately 15% of the net general expenditure budget is considered to be within the range that is deemed appropriate. Further work will be undertaken to maximize on opportunities to create additional financial resilience to protect the Council against any new and additional risks which it may face.

5-YEAR MEDIUM TERM FINANCIAL PLAN PROJECTIONS

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Adjusted Base Budget		13,509	13,986	13,858	14,455	15,535
Pay and Price Inflation		300	300	300	300	300
Pay Award & Increments		30	30	30	30	30
National Living Wage		20	0	0	0	0
Inflation on Contracts		250	250	250	250	250
Capital Financing		300	400	500	500	500
Recurring Growth		407	22	17		
	14,608	14,816	14,988	14,955	15,535	16,615
External Funding						
RSG	(445)	0	0	0	0	0
Retained Business Rates	(3,388)	(4,394)	(3,955)	(3,560)	(3,204)	(2,884)
Business Rates Pool	(266)	(200)	0	0	0	0
Other Government Grants	(195)	(147)	(147)	(147)	(147)	(147)
New Homes Bonus	(339)	(187)	(102)	(60)	(60)	(60)
Total External Funding	(4,633)	(4,928)	(4,204)	(3,767)	(3,411)	(3,091)
Council Tax	(8,234)	(8,234)	(8,626)	(8,910)	(9,203)	(9,506)
Council Tax Growth		(392)	(284)	(293)	(303)	(313)
Council Tax Surplus	(179)	(152)	0	0	0	0
Total Sources of Funding	(13,046)	(13,706)	(13,114)	(12,970)	(12,917)	(12,910)
Gap if no further action was taken	1,562	1,110	1,874	1,985	2,618	3,705
Inflation on Income		(180)	(130)	(100)		
Non-recurring growth		538	25	25		
JTP - Shared Transformation		(200)	(100)			
Service Efficiencies		(350)	(200)	(200)		
VAT Exemption - Cultural Services			(250)			
Devonshire Park		739	575	149		
Procurement Savings - Art			(50)			
NNDR Deficit						
Property Management Cost Review			(200)			
Contribution from HRA towards JTP		(250)				
Commercial Income		(100)	(200)	(200)		
Devonshire Park Reserve		(739)	(575)	(149)		
Balance to/from Reserves	(1,562)	(568)				
Cumulative Gap/ (Surplus)	0	0	769	2,279	TBC	TBC

1 PRIORITIES, AIMS AND OBJECTIVES

- 1.1 The Eastbourne Business Plan provides the overarching vision for the Council. In fulfilment of the Plan, the Authority makes use of significant resources to achieve its aims including money, people, property and technology. In order to allocate resources to competing demands, achieve effective and efficient use of its resources, best value and ultimately achieve its vision, the Council has several strategies and plans which give a clear sense of direction and underpin the deployment of those resources.

2 STRATEGY OBJECTIVES

- 2.1 The Council's MTFS aims to ensure the provision of the best quality services possible within the resources available. To do so it must maximise the use of its resources to ensure they are used efficiently and effectively to support the development of longer term sustainable objectives.

- 2.2 The specific objectives of the MTFS are to:

a) ensure that the Council sets a balanced, sustainable budget year by year, so that forecast spending does not exceed forecast resources available to it;

b) plan for a level of Council Tax that the Council, its residents and Government see as necessary, acceptable and affordable to ensure that it has the financial capacity to deliver the Council's policies and objectives;

c) redirect resources over time to adequately support and resource the priorities of the both the Council and the wider community; and

d) maintain sufficient reserves and balances to ensure that the Council's long term financial health remains sound.

3 STRATEGY PRINCIPLES

- 3.1 The principles set out below provide a framework within which the Council will develop its detailed financial plan over the medium term.

General

- 3.2 There are a number of overarching principles that will apply across the Council's detailed financial accounting, planning and monitoring:

a) that the Council's budgets, financial records and accounts will be prepared and maintained in line with approved Accounting Standards, the CIPFA Code of Practice on Local Government Accounting, the CIPFA Prudential Code and the relevant sections of the Council's Constitution and Finance Procedure Rules;

b) prior to setting a budget, the Council will always analyse potential risks and ensure these are minimised in line with its Risk Management Strategy;

c) that the Council's Corporate Management Team will review the budget proposals for reasonableness and adherence to corporate policies and objectives prior to the budget being submitted to Cabinet;

d) the Council will monitor its revenue and capital budgets effectively. Monitoring will be undertaken monthly by Heads of Service together with their portfolio holders, and integrated quarterly monitoring reports will be reported to Cabinet. In cases where significant financial and service performance deviates from that planned, action plans setting out corrective action will be drawn up by Heads of Service / Portfolio Holders and reported to Cabinet as appropriate;

e) that the Council's Corporate Management Team will take appropriate steps to continue to maintain and improve the accuracy and quality of data that it uses throughout the Council thereby ensuring that budget and other decisions are taken on a sound basis; and

f) the Council will seek to maximise external contributions towards revenue and capital spending for example through bidding for specific grants, attracting levered funding, participating in new funding streams and engaging in further strategic partnering opportunities where appropriate.

General Fund (Revenue)

3.3 In relation to its revenue budgets the Council will:

a) set a balanced budget each year that will be constructed to reflect its objectives, priorities and commitments. In particular, the budget will influence and be influenced by the Business Plan, the Organisational and Development Strategy, Capital and Asset Management Strategies, the Risk Management Strategy, its Comprehensive Equality Scheme and its Consultation and Engagement Strategies;

b) within the constraints of the resources available to it, set a sustainable budget each year that meets on-going commitments from on-going resources. The Council will continue to aim to maintain its level of general balances when it sets its revenue budget each year now that a prudent level of balances has been achieved;

c) seek to identify annual efficiency savings through business process improvement, shared service initiatives, service best value reviews and benchmarking and strategic partnering opportunities within and across county borders;

d) review the appropriateness of service delivery between the Council, parishes and other partners;

e) increase existing fees and charges on a market forces basis whilst having regard to the Council's policies and objectives. As a minimum fees and charges should be increased by price inflation. The Council will also review opportunities to introduce new fees as appropriate; and

f) within Government guidelines, set a level of Council Tax that the Council, its residents and Government see as necessary, acceptable and affordable to deliver the Council's policies and objectives.

Capital

3.4 When considering its capital investment, the Council will:

- a) maximise the generation of capital receipts and grants to support its planned investment programmes;
- b) enhance its capital investment by applying specific grants and contributions, capital receipts, earmarked reserves and revenue contributions, with any balance being met by external borrowing;
- c) not recognise capital receipts until there is certainty that the receipt will materialise, and will not be earmarked against specific developments without express Cabinet approval;
- d) allocate its capital resources in line with its Capital Strategy and Asset Management Plan whilst recognising that other priorities may emerge that may require those plans to be amended and resources to be diverted;
- e) annually review and prioritise capital schemes in accordance with Council objectives having regard to:
 - the business case for any given project; asset management planning; and
 - affordability in line with the application of the Prudential Code.

Balances and Reserves

3.5 In relation to its balances and earmarked reserves, the Council will:

- each year, maintain the level of General Fund balances at around 15% of its budgeted net expenditure. This would lead the Council to maintain a General Fund balance around the £2m mark.
- have regard to the financial risks surrounding the budget planning process, including those associated with the structural deficit, inflationary pressures, interest rates, partnerships, the treatment of savings, new burdens and demand led expenditure.
- review its earmarked reserves, which have been established to meet known or predicted liabilities, to ensure that the level of those reserves are still appropriate; and
- return reserve balances no longer required to the General Fund as appropriate.

Treasury Management and Investment

3.6 The Council will:

- a) having regard to risk, maximise investment income and minimise borrowing costs within the overall framework set out in the Council's annual Treasury Management and Investment Strategy; and
- b) secure the stability of the Council's longer term financial position rather than seeking to make short-term one-off gains which may lead to higher costs in the long term.

c) having regard to risk, seek to diversify its investment portfolio; maximise investment income; and deliver economic development objectives through the Asset Investment Strategy (in development).

4 OTHER CONSIDERATIONS

4.1 The Council's spending will have regard to:

a) the base budget position for the current financial year, adjusted for in year grant changes;

b) the Council's medium term priorities;

c) the refocusing of service expenditure through transactional, shared services and other efficiencies to support the achievement of its medium term priorities and satisfy Government funding changes;

d) demographic and welfare changes;

e) consultation outcomes; and

f) fiscal matters including:

- price inflation
- the effect on the level of General Fund balances and reserves
- the impact of any changes to the capital programme on the potential costs of borrowing
- triennial revaluation of the pension fund
- ongoing commitments, arising in part, from initiatives that have previously been funded from specific grants
- achieving budgeted savings from outsourcing, shared services and service reviews
- the likely implications of some Government departmental savings targets to councils

RISKS	LIKELIHOOD (HIGH), (MEDIUM), L)(LOW)	H M L	LIKELIHOOD (HIGH), (MEDIUM),) (LOW)	H M L	MITIGATING ACTIONS
The absence of a robust Medium Term Financial Strategy could adversely affect the Council's budget and resource planning and projections.	L		H		Continually monitor and refine the strategy in line with changing influences. Update Corporate Management Team and Cabinet.
Failure to understand changing community needs and customer expectations can result in the Council providing levels of service which are not appropriately aligned to the needs of communities and customers.	L		H		Continuously engage with key stakeholders and take advantage of existing consultation methodologies. Continue to monitor and more closely align service levels to demand and need.
Government is continuously reducing its departmental spending budget. Failure to respond to these funding pressures may adversely impact on the Council's ability to service delivery.	H		H		Take advantage of the Council's growth opportunities to reduce dependency on government funding. Align service delivery to funding levels, improve exist strategy to minimise risk.
Budget pressures arising from housing and economic growth and other demographic changes.	H		H		Take advantage of technological advancements to understand and reduce unit costs, monitor demand for services and proactively manage resourcing requirements, invest in schemes to promote skills and developments.
Uncertain medium term sustainability of incentivised income areas subject to Government policy, economic factors, and revaluation e.g. Brexit, business rates and New Homes Bonus.	H		H		Constantly monitor information and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Adopt prudent budgeting approach not placing undue reliance on uncertain funding sources.
Uncertainty surrounding the Government's change agenda including, business rates and welfare reform over the medium term.	H		H		Constantly monitor information from Government and update risk appraisals and financial projections. Provide timely briefings and updates to Members/

			key stakeholders to facilitate decision making. Lobby through the LGA as appropriate.
Budget pressures from demand led services and income variances reflecting the wider economy.	M	M	Monitor pressures throughout the budget process and take timely actions.
Costs arising from the triennial review of the Local Government Pension Scheme.	H	M	Review and monitor information from Government and actuaries. Update forecasts as necessary.
Interest rate exposure on investments and borrowing.	L	L	Review cash flows, ensuring the Council has a flexible and forward looking Treasury management policy.
The Council has entered into a number of strategic partnerships and contracts and is therefore susceptible to price changes.	M	H	Effective negotiation, sound governance arrangements and regular reviews of performance and partnership risks.
There is a potential risk to the Council if there is a financial failure of an external organisation, providing services to the public on behalf of the Council.	L	H	Ensure rigorous financial evaluations are carried out at tender stage. Consideration of processes to ensure annual review of the successful organisation, and review any external auditor comments.
Loss of key skills, resources and expertise.	M	M	Continue to invest in staff developments, service continuity measures. Monitor succession planning. Keep staff consulted and informed. Ensure employment terms and conditions are competitive and development needs identified through 'My Conversation' programme with staff are satisfied.
Changes of responsibility from Government can adversely impact on service priorities and objectives.	L	L	Sound system of service and financial planning in place. Lobby as appropriate.
Loss of reputation if unforeseen resource constraints result in unplanned service reductions.	L	H	Have in place strong governance and risk management discipline followed by identification and implementation of robust solutions in response to changes. Consult widely. Seek to achieve a prudent level of balances and reserves.

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Agenda Item 8

Body:	Cabinet
Date:	9 July 2019
Subject:	Corporate Performance Quarter 4 - 2018/19
Report of:	Chief Finance Officer Director of Regeneration and Planning
Cabinet member:	Councillor Stephen Holt Councillor Colin Swansborough
Ward(s):	All
Purpose of the report:	To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets for 2018/19.
Decision type:	Key
Recommendation:	Cabinet is recommended to : i) Note the achievements and progress against Corporate Plan priorities for 2018/19, as set out in Part A of this report. ii) Consider whether there are any particular aspects of Council progress or performance that it wishes to comment upon or consider further as part of its work programme in 2018/19. iii) Agree the General Fund, HRA and Collection Fund financial performance for the, as set out in part B of the report. iv) Approve the transfer from/to reserves as set out in appendix 4. v) Approve the amended capital programme as set out in appendix 5.
Reasons for recommendations:	To enable Cabinet members to consider specific aspects of the Council's progress and performance.

Contact: Jo Harper, Head of Business Strategy and Performance
Tel 01273 085049 or email :
jo.harper@lewes-eastbourne.gov.uk

Millie McDevitt : Performance and Programmes Lead
Tel : 01273 085637 / 01323 415637 or email :
millie.mcdevitt@lewes-eastbourne.gov.uk

Homira Javadi: Chief Finance Officer
Tel: 01323 415512 or email
Homira.Javadi@lewes-eastbourne.gov.uk

1.0 Consultation

1.1 The priority themes were developed in consultation with residents via the Residents Survey and online Survey which were both conducted throughout July and August 2015 and informed the development of the corporate plan.

2.0 Financial appraisal

2.1 Project and performance monitoring and reporting arrangements are contained within existing estimates. Corporate performance information should also be considered alongside the Council's financial update as there is a clear link between performance and budgets/resources.

2.2 All the financial implications are contained within the body of the report.

3.0 Legal implications

3.1 Comment from the Legal Services Team is not necessary for this routine monitoring report.

4.0 Equality analysis

4.1 The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports or as part of programmed equality analysis. The equality implications of projects that form part of the Joint Transformation Programme are addressed through separate Equality and Fairness assessments.

5.0 Conclusion

5.1 This report provides an overview of performance against the authority's priority actions and indicators for 2018/19. All figures are provisional and subject to the ongoing audit of the Council's accounts for 2018/19.

5.2 The General Fund shows an overall surplus of £353,000, around 2.7% of the net budget.

5.3 The HRA delivered an overall surplus outturn of £251,000 around 1.6% of turnover. The HRA balance is in line with the expectation and is sufficiently

robust to support the housing self-financing 30 year business plan.

5.4 Capital expenditure is in line with budget expectations.

5.5 The Collection Fund forecast for Council Tax is indicating a surplus of £360,000 and a deficit for Business Rates of £2.258m. This will be allocated to or collected from preceptors during 2019/20 and 2020/21.

Appendices

Appendix 1 – EBC Corporate Performance Report Quarter 4 2018/19

Appendix 2 – EBC Performance and Projects Measures 2019/20

Appendix 3 – General Fund Outturn 2018/19

Appendix 4 – Transfers to/from Reserves 2018/19

Appendix 5 – Capital Programme

Background Papers:

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

- *Corporate Plan 2016/20* <https://www.lewes-eastbourne.gov.uk/about-the-councils/corporate-plans/>
- *Final Accounts working papers 2018/19 and Statement of Accounts 2018/19*

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

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Appendix 1

Eastbourne Borough Council Corporate Performance Report Q4 2018-19

1. Prosperous Economy

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Community Projects – Devolved Ward Budgets Q4

Key			
	Performance that is at or above target Project is on track		Performance that is below target Projects that are not expected to be completed in time or within requirements
	Project has been completed, been discontinued or is on hold		Performance that is slightly below target but is within an acceptable tolerance Projects : where there are issues causing significant delay, changes to planned activities, scale, cost pressures or risks
	Direction of travel on performance indicator : improving performance		Direction of travel on performance indicator : declining performance
	Direction of travel on performance indicator : no change		Data with no performance target

CPR Ebn 1 Prosperous Economy 18-19


1.1 Prosperous Economy Key Performance Indicators

a Investing in housing and economic development

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Increase the number of affordable homes delivered (gross)	30	0	0	0	0	30	0		<p>Although there were no new homes delivered in Q4 of this year, work started on time but due to adverse ground conditions will need to carry on in 2019/20.</p> <p>The following are being delivered by the Development Team: 12 units at Northbourne Road, 7 units at Fort Lane.</p> <p>The following are being delivered in conjunction with Clear Futures : 9 units at 183 Langney Road, 8 units at Lanark Court, 4 units at Timberley Road, 5 units at Biddenden Close and 7 units at Brede Close.</p>
Increase net additional homes provided (Annual)	258					65	130		<p>Housing delivery is impacted by a lack of land availability, financial viability issues and a limited number of sites coming forward for housing development in Eastbourne, as well the fact that build-out rates of sites being granted permission is slow. Currently, housing delivery is reliant on windfall sites (sites which have not been specifically identified as available in the Local Plan process), which by their nature cannot be predicted in advance of a planning application being submitted.</p> <p>In 2018/19, a total of 2,832 dwellings had been completed including 130 net additional dwellings being delivered within the year. The target set for 2006 to 2027 is 5,022 dwellings. Therefore a total of 2,190 dwellings are still required over the remaining eight years of the plan, so the annual average requirement has increased to 274 dwellings per year.</p> <p>This year there were 916 dwellings across 131 sites with remaining permission for residential development, including 276 dwellings across 41 sites that are currently under construction. 187 net additional units were granted planning permission across 61 sites.</p> <p>In February 2019, Eastbourne achieved a result of 73% for the Housing Delivery Test. The implications for this result is that Eastbourne is required to add a 20% buffer to its Five Year Housing Land Supply, and prepare an Action Plan that sets out the procedures to address under-delivery of housing.</p>

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
									<p>The Strategic Housing & Employment Land Availability Assessment [SHELAA] (2017) indicates that Eastbourne does not have sufficient land capacity to accommodate the level of growth identified in the Core Strategy. The SHELAA suggests that Eastbourne could accommodate around 190 dwellings per year over the next 20 year period. However, the housing target cannot be changed at this point as it requires scrutiny as part of the Local Plan process, and can only be formally changed through the adoption of a new Local Plan.</p> <p>The new Local Plan will review the housing target and the identify sites that may be available for development over the period 2018-2038. This will supersede the existing Core Strategy Local Plan. Public consultation on the new Eastbourne Local Plan is scheduled to take place in autumn 2019, with Public Examination due to take place in mid-2021 and adoption anticipated for the end of 2021.</p>

b Providing opportunities for businesses to grow and invest

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Town centre vacant retail business space	7.1%	5.51%	5.66%	5.38%	5.26%	7.1%	5.45%		<p>Eastbourne Town Centre shop vacancy rates have dropped to 5.26% in Q4 and remain below national vacancy reporting at 9.9%. For the financial year up to 31 March 2019, the shop vacancy reporting for Eastbourne Town Centre was under 6% for every quarter. National vacancy reporting ranged from 9.2% in April 2018 to 10.4% in January 2019.</p> <p>We are currently looking to develop a Planning Brief for the town centre specifically around TJ Hughes and Debenhams to look at possible future uses and options for the buildings. We have submitted an application to the Futures High Streets Fund which will include this area and the rest of Terminus Road up to the seafront. We are also looking to submit an Expression of Interest to Historic England's High Street Heritage Action Zones scheme which will link with the Future High Streets bid.</p>






c A great destination for tourism, arts, heritage and culture

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Latest Note
		Value	Value	Value	Value	Target		
Increase numbers of bandstand patrons	38,000	18,446	45,003	0	0	n/a	63,449	The Bandstand reopened on Friday 26 April 2019.
Number of visitors to Eastbourne (day visitors and staying trips) Annual	5,100,000	Not measured for Quarters			Not measured for Quarters		5,066,000 2017/18	<p>Figures provided are for the last financial year, 2017-18, as these were issued within Q4.</p> <p>The figures for the economic value for Tourism for 2018 are not available until mid Summer, normally around end of July 2019. Once the data has been released we will update the PI.</p>
Total tourist spend in Eastbourne (Annual)	£348,000,000	Not measured for Quarters			Not measured for Quarters		£357,442,000 2017/18	<p>Figures provided are for the last financial year, 2017-18, as these were issued within Q4.</p> <p>The figures for the economic value for Tourism for 2018 are not available until mid Summer, normally around end of July 2019. Once the data has been released we will update the PI.</p>
Total day visitor spend in Eastbourne (Annual)	£161,941,000	Not measured for Quarters			Not measured for Quarters		£145,747,000 2017/18	<p>Figures provided are for the last financial year, 2017-18, as these were issued within Q4.</p> <p>The figures for the economic value for Tourism for 2018 are not available until mid Summer, normally around end of July 2019. Once the data has been released we will update the PI.</p>
Total holiday accommodation spend in Eastbourne (Annual)	£185,988,000	Not measured for Quarters			Not measured for Quarters		£211,695,000 2017/18	<p>Figures provided are for the last financial year, 2017-18, as these were issued within Q4.</p> <p>The figures for the economic value for Tourism for 2018 are not available until mid Summer, normally around end of July. Once the data has been released we will update the PI.</p>


CPR Ebn 1.2 Prosperous Economy Projects & Programmes 18-19

1.2 Prosperous Economy Projects & Programmes




a Supporting investment in infrastructure


Project / Initiative	Description	Target completion	Status	Update
Town Centre Public Realm Improvements	Significant improvements to the pedestrian environment in Terminus Road and Cornfield Road to be delivered alongside the extension to the Arndale. Joint Partnership Project with ESCC.	Q2 2019/20 (previously Q1 2019/20)		This quarter has seen work progress at pace. New paving and granite has been provided in Terminus Road, Cornfield Road and Gildredge Road. New bus shelters have been erected outside and opposite the station and in Gildredge Road/Ivy Terrace. Three new fingerpost signs will be erected in the next couple of weeks. All works including bus shelters, benches, bins and landscaping will be completed in September.
Extension to Arndale Shopping Centre (The Beacon)	Led and financed by Legal and General. An £85m scheme to provide 22 new retail units, 7 restaurants and 9 screen cinema.	Q3 2018/19		This quarter saw the first restaurant, Nando's open. The cinema and additional restaurants are scheduled to open in July.
Sovereign Centre Review	A new leisure centre	Q4 2019/20		Clear Sustainable Futures and BAM Construction are reviewing design prior to agreeing a new project request. Detailed business case is being developed.
Delivery of Community Centre to serve the Sovereign Harbour Neighbourhood	EBC working with Sea Change Sussex to deliver a Community Centre at Sovereign Harbour	Q4 2018/19 previously scheduled for Q2 2018/19		This quarter has seen the keys being handed over. Contact has been made with local community groups who want to make regular bookings. The boundary fence has been erected. The path to the side of the building has been tarmacked. A new sound system has been installed in the foyer and small hall. External signage has been put up. Seascape canvases have been installed in the large hall. The contractor will return to site to carry out snagging works once the gas has been connected. Work on the gas connection will commence on 31st May and will be complete by 11th June.
Bedfordwell Road - EBC New Build Housing	One project within the Housing and Economic Development Programme to deliver refurbished and redeveloped housing within the Borough.	Q1 2025/26		Design works for scheme progressing well. An ecology receptor site has been identified. Scope of works for the remaining site remediation is under development.

b Providing opportunities for businesses to grow and invest

Project / Initiative	Description	Target completion	Status	Update
Sovereign Harbour Innovation Park (SHIP)	New contemporary business premises at Sovereign Harbour Innovation Park	Q4 2021/22		This quarter has seen five more companies looking to move into Pacific House, including the publisher of The Beano. This will bring the building's occupancy to around 90%
Hampden Retail Park	The acquisition and development of Hampden Retail Park as part of the Property Acquisition and Investment Strategy (PAIS).	Q2 2019/20		Works costs to be finalised. Tenant meetings are taking place with further meetings to be scheduled to discuss the works and costs.

c A great destination for tourism, arts, heritage and culture

Project / Initiative	Description	Target completion	Status	Update
Refurbish the Redoubt Fortress	Restoration of the fort - Create a new entrance, lift access, opening of remaining casements, environmental improvements.	Q4 2019/20		This March the Redoubt opened at weekends for free hardhat tours, events, film screenings and hires. This change in focus is due to the imminent building works to the Colonnade and moat cover that would have impacted on our usual opening. We are just two weekends in and although the weather has not always been good, take up for the tours and donations received have been encouraging.
Wish Tower Restaurant	Scheme to deliver a flagship restaurant	Q1 2019/20		Shell construction proceeding and steel frame completed. The project is progressing well with the fit out expected accordance with the original timetable. The tenant has indicated a later opening date which is to be confirmed.
New Museum	A purpose built museum on the site of the Pavilion, which will house the story of Eastbourne, with a cafe, shop and education facilities.	Q4 2019/20		The Story of Eastbourne exhibition and heritage hub has proved extraordinarily popular with visitors. In just 7 weeks since opening we have welcomed over 3500 visitors in what is traditionally a quiet time for attractions. To give some context, this is the equivalent (based on a good year) of almost 16 weeks of Redoubt visitors. Feedback has been prolific and excellent with the majority of visitors supporting this endeavour and asking for a larger, more permanent facility in the near future.




Project / Initiative	Description	Target completion	Status	Update
Devonshire Park Redevelopment	Significant investment to establish Devonshire Park as a premier conference and cultural destination to include: New welcome building; Restoration of Congress, Winter Garden and Devonshire Park Theatres; Improving Accessibility; Improving tennis facilities; New Conference/exhibition Space & Cafe; Public realm improvements	Q3 2020/21		<p>Welcome Building: Practical Completion is planned for early June followed by snagging.</p> <p>Congress: on-going snagging being undertaken until late May/early June.</p> <p>Racquet Court: Storage approach agreed; final design dependent on kitchen appraisal.</p> <p>Winter Garden: Western apse ongoing; additional M&E work required; completion in late May. Reviewing kitchen proposal and live music options.</p> <p>Tennis: New practice courts completed.</p> <p>General: IT installation almost complete (cctv and wifi in welcome building on-going). Highways work almost complete (awaiting safety audit refinements) ; ext signage expected late May; plaza gate completed.</p>

CPR Ebn 2 Quality Environment 18-19


2.1 Quality Environment Key Performance Indicators

2.1 Quality Environment Key Performance Indicators


a High Quality Built Environment

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Increase the percentage of Major Planning Applications processed within 13 weeks	65%	100%	100%	100%	50%	65%	82%		Q4: 2 out of 4 applications were completed in time. Performance was under target at 50%. Annual Commentary: During this year, 9 out of 11 applications were completed in time giving a good performance of 82% against a target of 65%.
Increase the percentage of minor planning applications processed within 8 weeks	75%	73%	74%	72%	64%	75%	71%		Q4 performance of 64% dipped against previous quarters. Annual performance of 71% is slightly under target (amber rating) of 75% with only 166 applications out of 234 being determined within 8 weeks.
Increase the percentage of other planning applications processed within 8 weeks	75%	73%	78%	70%	83%	75%	77%		Q4: Performance of 83% with 50 out of 60 planning applications processed within 8 weeks. Good performance this year with performance at 77% against a target of 75%. 199 out of 260 applications were processed within 8 weeks.

b A clean and attractive town

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Latest Note		
		Value	Value	Value	Value	Q4 Target	Annual out-turn	Annual Status	Latest Note
Total number of reported fly-tipping incidents	600	102	130	153	209	150	594		<p>Although we were over our maximum target for fly tips in Q4, over the year there were 594 reported fly tipping incidents for the year which is within the target of 600.</p> <p>Investigations on the accuracy of the number of fly tips reported by Kier, and whether they constitute actual fly tips is currently being undertaken.</p>


c Less waste and low carbon town

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Latest Note		
		Value	Value	Value	Value	Q4 Target	Annual out-turn	Annual Status	Latest Note
Percentage of household waste sent for reuse, recycling and composting	36.00%	37.40%	34.86%	32.83%	31.50%	36.00%	35.35%		<p>EBC receive each month's audited weighbridge data from the partnership 1.5 months after the month has completed and this is then cross-checked. Data reporting can be up to three months late for this KPI. Data entered is approximation based on our own calculations.</p> <p>When waste is collected by the new local authority controlled company, we should be able to provide faster reporting.</p>

CPR Ebn 2.2 Quality Environment Projects and Programmes 18-19

2.2 Quality Environment Projects and Programmes

a High Quality Built Environment


Title	Description	Target Completion	Status	Update
Conservation area appraisals	Project to appraise Eastbourne's conservation areas. Every 5-10 years a conservation area appraisal is required to audit the heritage value of the conservation area. This audit will identify areas of the Conservation Area that have retained heritage value and areas that are showing signals of decline, along with an assessment of whether the boundary/extent of the conservation area should be retained/extended/reduced.	31-Mar-2019		College Conservation Area Appraisal assessment document has been completed and consulted upon. Officers are assessing the content of the representations received. A report on the officers' conclusions/findings will be taken to Cabinet and Planning Committee late summer, early Autumn.

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b Excellent parks and open spaces

Project / Initiative	Description	Target completion	Status	Update
Eastbourne Park Initiatives	Delivery of priority initiatives identified in the Eastbourne Park Supplementary Planning Document including conservation and enhancement of the existing environmental, ecological and archaeological characteristics of Eastbourne Park for future generations. Sensitive management of the area to provide appropriate leisure and recreational uses.	Q4 2019/20		The planned improvements for 18/19 have been completed. There is a phase one habitat survey that Planning are undertaking which involves setting up a reptile receptor area on part of the West Langney Lake area. This is for rehoming reptiles from Bedfordwell Road development site. Following completion of the habitat survey later this year there may be the opportunity to consider further larger scale projects dependent upon resources and priorities.


c Less waste and a low carbon town

Project / Initiative	Description	Target completion	Status	Update
Clear Futures: Joint Venture for Energy and Sustainability	A joint venture between Eastbourne and Lewes Council and a private sector organisation to deliver local energy and sustainability ambitions for the next 20-30 years. The Joint Venture will follow a programme of work.	Q1 2037/38		A meeting of the JV Steering Board took place on 26 April. It was agreed that Bolton Metropolitan Borough Council would become a new participant.

CPR Ebn 3 Thriving Communities 18-19


3.1 Thriving Communities Key Performance Indicators




a Improved Health and wellbeing


KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
DFGs - Time taken from council receiving a fully complete application to the council approving the grant	28 days	56 days	4 days	3 days	1 day	28 days	16 days		Occupational Therapists (OT) started working within the Council from mid-February. The entire DFG process (target 100 days) will then be even more streamlined and enables a more holistic way of working with our disabled customers.

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b Meeting Housing Needs


KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Number of Licensed HMO's Inspected per Quarter	50	46	38	25	13	12.5	122		<p>Q4 comment: There were 13 inspections in Q4, above target for the quarter.</p> <p>Annual comment: There were 122 inspections over the year, exceeding the target of 50.</p> <p>In EBC there were 200 licensed HMO'S pre Oct 2018. EBC acquired 57 new HMO's that required licensing between October 18 and 31 March 2019.</p> <p>Legislation changed in October 2018 when the number of storeys for licensing was removed (pre Oct 18 the property needed to be 2 or more storeys). As long as there are 5 or more people sharing some facilities then a licence is required. There are more than 257 HMO'S in EBC but not all require a licence. The licence lasts for 5 years and only has to be inspected once.</p>


KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Number of households living in emergency (nightly paid) accommodation	80	153	151	192	179	80	179		<p>Q4 Comment: Q4 saw the successful introduction of two new IT systems. This was a significant achievement for Housing Needs and Standards and wider organisation.</p> <p>Annual Comment: It has been a challenging year for Housing Needs and Standards. The number of households in Emergency Accommodation (EA) increased by 93% at the end of 2018/19 compared to the same period in 2017/18.</p> <p>This increase reflects a national picture. In March 2019 the Local Government Association reported a 70% increase in the number of households in TA, since 2010. Moreover, 80% of Local Authorities have seen an increase in the number of homelessness presentations made to them and a 60% increase in the number of people being placed into emergency and temporary accommodation since the introduction of Homeless Reduction Act in April 18.</p> <p>That being said, at the end of Q4 there were 179 households in EA, down from 193 in Q3. This contradicts a steady rise in the number of households in EA seen since the start of Q1 as slight reductions are now being made.</p> <p>A range of work has been completed or initiated during this performance year to help reduce the EA numbers, such as:</p> <ul style="list-style-type: none"> • Homelessness Pressures Project (e.g. Landlord Rewards and Trainee Caseworker Programme) • EHICL Lettings Solution Sprint • YMCA Accommodation • Rapid Rehousing and Access to Private Rented Sector bids <p>Now that these systems are in place the focus for early-2019/20 is on improving the number of successful preventions and reliefs - alongside a range of other work - which will help reduce the overall number of households in EA.</p>
Overall tenant satisfaction	75%	86%	88%	88%	91%	75%	88%		<p>Q4 Comment: This excludes neither satisfied / dissatisfied responses</p> <p>Annual Comment: Satisfaction percentages have remained above target throughout the year.</p>
Rent arrears of current tenants (expressed as a percentage of rent debt)	3%	2.68%	2.8%	2.96%	3.14%	3%	3.14%		<p>Q4 comment: Technology issues impacted on collecting rent arrears as the team have had to rely on manual system reports to identify and collect arrears.</p> <p>Annual comment: The arrears were within target for the first 3 quarters. Moving forward, the Account Management Team will be more targeted in their approach to collecting arrears in 2019/20.</p>

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Average void relet time key to key (month & YTD)	25.0	24.4	23.6	24.6	26.7	25.0	24.8		<p>Q4 comment: The re-let time for Quarter 4 started off above target in January due to three long-term exceptional voids, which affected the target significantly. There were also allocations issues with hard to let retirement housing properties which had to be advertised multiple times in order to find candidates and this impacted on the turnaround time. February and March were both within target.</p> <p>Annual comment: Voids are within target for the year as a whole. The measures Neighbourhood Housing have put in place over the last 5 months have helped us to monitor performance more closely and has improved the collaborative working between Neighbourhood Housing, Property Services and Allocations. We continue with our weekly meetings and monitoring voids closely.</p>


c Putting the Customer First

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Revs and Bens: Average days to process new housing / council tax claims	23	26	25	18	21	23	22		<p>Q4 Comment: Performance is ahead of target.</p> <p>Annual Comment: Performance exceeded target for the year. This is a great achievement considering the pressures that those processing benefits applications faced during the year.</p>
Revs and Bens: Average days to process change of circs (housing / council tax benefit)	8	11	10	8	5	8	8		<p>Q4 comment: Performance ahead of target</p> <p>Annual comment: Performance for the year is on target.</p>
Number of new sign-ups to the Councils' social media channels	600	592	454	896	496	150	2,438		Our social media channels have continued to grow in popularity over the last 12 months, with a particularly large number of people following us around specific events such as bonfire night. Social media has proved an efficient way for customers to contact the council and for us to quickly and easily disseminate information to a wide audience.
Increase the percentage of calls to the contact centre answered within 60 seconds - Ebn	80%	27.69%	27.65%	50.49%	52.86%	80%	34.72%		<p>Jan to Mar commentary for Q4: March's percentage of calls answered within 60seconds increased when compared to February. The percentage of calls answered for the quarter has also gone up by 2.37% from 50.49% for Q3 to 52.86% for Q4.</p>

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
									<p>The last recruitment event that took place back in December 2018 filled the 7 vacancies at the time with 4 still in training and due to go solo by the end of April. However during this time we have gone back to having 4.5FTE vacancies with CAs leaving the team and some reducing their working hours. With 3FTE approved by CMT for recruitment, the advert will be put out in coming weeks with a hope to have new starters join the team in the next 2-3 months.</p> <p>Annual Comment: The Customer Advisors have been working hard on improving the performance month on month.</p> <p>All temps are now gone from customer contact and queue busting is no longer taking place Customer Contact will focus on ensuring robust training is cascaded to all members of the team. All EBC and LDC calls are now being shared across the full Customer Contact team to ensure a robust approach to incoming calls and contact, regardless of the physical location of a CA. A new joint Annual Leave planner has also been implemented from the 1st April which will ensure that we have adequate coverage across sites, though leaving enough dates for all staff to take their entitlement throughout the year.</p>
Reduce the numbers of abandoned calls to the contact centre - Ebn	5%	31.16%	29.24%	10.78%	11.21%	5%	26.82%		<p>Q4comment: March's number of abandoned calls decreased when compared to February. The percentage of abandoned calls for the quarter has unfortunately gone up by 0.43% from 10.78% for Q3 to 11.21% for Q4. The last recruitment event that took place back in December 2018 filled the 7 vacancies at the time with 4 still in training and due to go solo by the end of April. However during this time we have gone back to having 4.5FTE vacancies with CAs leaving the team and some reducing their working hours. With 3FTE approved by CMT for recruitment, the advert will be put out in coming weeks with a hope to have new starters join the team in the next 2-3 months.</p> <p>Annual comment: With all Temps now gone from Customer Contact and Queue Busting no longer taking place, Customer Contact will focus on ensuring robust training is cascaded to all members of the team. All EBC and LDC calls are now shared across the full Customer Contact team to ensure a robust approach to incoming calls and contact, regardless of the physical location of a CA. A new joint Annual Leave planner has also been implemented from the 1st April which will ensure that we have adequate coverage across sites, though leaving enough dates for all staff to take their entitlement throughout the year.</p>

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Number of people registering for our email service (GovDelivery)	4,000	5,310	1,158	1,290	6,538	1,000	14,296		Annual comment The high level of subscriptions to the Gov Delivery email alert service is due to our increased use of this as a platform to communicate with customers, particularly for initiatives such as the garden waste renewal campaign which was primarily an online campaign. This is aligned with the organisations channel shift objectives.



d Keeping Crime and anti-social behaviour low

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Improve our ranking compared to similar authorities in relation to all crime - Eastbourne	5	1	1	1	1	5	1		Q4 and annual comment: Eastbourne has maintained its ranking as the lowest area for crime per 1000 population compared with other areas in its 'most similar group'.

CPR Ebn 3.2 Thriving Communities Projects and Programmes 18-19

2.2 Thriving Communities Projects and Programmes

b Meeting housing need

Project / Initiative	Description	Target completion	Status	Update
Housing Development Programme	Deliver an ambitious programme of housing development and refurbishment that provides homes and makes a positive contribution to Eastbourne's economic future	Q4 2019/20		<p>Clear Futures (CSF) are now overseeing Bedfordwell Road in conjunction with the internal project team. Updated designs are underway for a revised planning permission.</p> <p>The Northbourne Road development of 12 new homes under Aspiration Homes is progressing well.</p> <p>CSF are engaged for the infill sites (garage) project. The acquisition of an additional unit at 183a-c Langney Rd is now with solicitors and the project will be included in this programme of works. Design and preparation works are underway with the main contractor Westridge.</p> <p>The method for selection of a new contractor for Fort Lane is under discussion following the demise of Ellis Building Contractors.</p> <p>Wind and watertight works at Victoria Mansions are continuing. These are being overseen by CSF.</p> <p>The acquisition of the MOJ site in Old Orchard Road is being progressed.</p> <p>A number of homes have been purchased under street acquisitions programme.</p>
Rough Sleeping Project	Reduce homelessness.	Q4 2019/20		<p>The Rough Sleeping Initiative (RSI) has been fully operational across Eastbourne and Hastings since October '18. Ongoing funding by MHCLG has been approved until March 2020. The RSI is currently going through 2 retendering processes (Day Centres/Housing First provision and the Assessment Centre). The outcomes will be known in Q1 of 2019/20.</p> <p>The project is led by Housing and works in close partnership with a strategic board of senior</p>



Project / Initiative	Description	Target completion	Status	Update
				<p>professionals from statutory services including Health, Social Care, Police, Probation and the DWP.</p> <p>To date the project has relieved a total of 53 individuals from rough sleeping and prevented 74 individuals from becoming homeless.</p> <p>18 individuals are currently being worked with across housing units across Eastbourne (mixed tenures).</p> <p>Across both areas, the service has an active caseload of 43 cases (19 active Eastbourne cases), with 78 individuals being worked with across the day centres, assessment unit and within the community.</p> <p>EBC and the RSI jointly fund a weekly Rough Sleeper count. The last Eastbourne RS Count was 14. These individuals will be signposted to appropriate projects and organisations.</p>

CPR Ebn 4 Sustainable Performance 18-19


4.1 Sustainable Performance Key Performance Indicators

4.1 Sustainable Performance Key Performance Indicators

a Delivering a balanced budget


KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19				
		Value	Value	Value	Value	Q4 Target	Annual out-turn	Annual Status	Latest Note
Percentage of Council Tax collected during the year - Eastbourne	97.06%	28.75%	55.53%	82.44%	96.63%	97.06%	96.63%		Q4 and annual comment Collection is 0.43% down on the target due to a backlog which arose after a technology upgrade.
Percentage of Business Rates collected during the year - Eastbourne	98.50%	29.53%	54.78%	81.10%	97.07%	98.50%	97.07%		Collection is 1.43% below the target. There has been a late increase in new Rateable Value assessments from the Valuation Office Agency in March for The Beacon Centre of circa £90k, and a number of companies which have recently gone in to administration or entering voluntary arrangements, totalling over £130k. All of the companies who are now entering administration had paid their rates bills in full in 2017/18, had they paid in full this year outturn would have been closer to 98%.

b Managing our people & performance

KPI Description	Annual Target 2018/19	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19		Annual out-turn	Annual Status	Latest Note
		Value	Value	Value	Value	Q4 Target			
Average days lost per FTE employee due to sickness	8.0 days	1.62 days	2.11 days	2.76 days	2.47 days	2.0 days	8.96 days		<p>2.47 days is a reduction from Q3 (2.76) although a slight increase from last year's Q4 (2.18). Only 2 employees were off for the whole Q4 which is a reduction of one from Q3. Removing LDC Waste Services absences, the Q4 figure reduces to 2.38. Waste Services on its own is 3.05 which is a significant reduction from Q3 (5.15), and the nature of the work in this service area generally results in higher levels of sickness than other areas.</p> <p>HR Business Partners continue to support managers in managing attendance issues. The overall 18/19 target was 8 days. The actual figure is 8.96, and if we take Waste Services out the total is 7.93.</p> <p>The average national public sector sickness absence for 2017/18 was 8.5 days and absence rates nationally remain considerably higher in the public sector than in the private sector (5.6 days), manufacturing and production (6.2) or non-profit (7.3). This is partly explained by the general profile of the public sector workforce, the fact that we are more likely to employ staff with a long standing health condition.</p> <p>We are proposing that the target of 8 days remains for 2019/20. Whilst having a sickness target is organisational best practice; the purpose of this target is not for it to act as an entitlement figure, but rather as a figure to reduce over time.</p>

CPR Ebn 4.2 Sustainable Performance Projects and Programmes 18-19

Delivering in partnership

Project / Initiative	Description	Target completion	Status	Update
Joint Transformation Programme	A major programme to integrate the Eastbourne Borough Council and Lewes District Council workforces, and transform the service delivery model for both organisations. Deliver £2.7m savings while protecting services	Q4 2019/20		<p>The primary focus over the last quarter has been activity to deliver year-end activity through the new Housing Cx system. The successful implementation of the system in December has assisted this process, but the ongoing issues, which are to be expected with the implementation of a new, complex system like this, have presented a number of challenges. Officers and colleagues from Civica have worked hard to resolve these issues and, where this has not been possible within the tight timescale of year-end, contingency plans were deployed to enable the effective delivery of the service and to mitigate impacts on customers. In addition, the JTP Phase 3 plans have progressed well since they were launched on 9 November 2018. All services in scope have completed their consultation exercises with staff - the level of staff engagement was very high - and completed, where necessary, the internal recruitment exercises to fill vacancies within the new structure.</p> <p>The teams working on delivering the aims of the JTP continue to listen and respond to feedback. The Supporting Change Steering Group is driving this continuous improvement and the commitment is to ensure that all feedback is assessed and, where necessary, action is taken.</p> <p>The JTP tackles the same challenges and risks that all change management programmes of this scale and ambition face. Delivery of the transformation is being managed within budget and the £2.8m of savings for JTP Phases 1 and 2 have been achieved and the planned £400,000 of savings/additional income for Phase 3 are on target to be delivered.</p>

Community Projects - Devolved Ward Budgets Q1- Q4 2018/19

Ward	Project	Description	Project Spend to Date
Devonshire	Parade Bowls Club	To replace the kitchen floor at the Bowls clubhouse.	£500.00
	Splash point Jazz Festival	To help support Eastbourne's first Jazz Festival. Secure additional promotional materials to help launch the event so that it can be self sustaining in the future.	£2,000.00
	Plastic Free Eastbourne	To help promote the need to reduce single use plastic use and to ensure that it is disposed of responsibly. This project will help promote Plastic Free Eastbourne and the work it does.	£350.00
	Trees in Cavendish Place	To plant four trees in Cavendish Place at the request of residents.	£1,000.00
	Chinese New Year Celebrations	To with the Eastbourne Chinese Association, Eastbourne Chamber of Commerce, the Eastbourne Schools Partnership, Devonshire West Big Local and the Eastbourne Hospitality Association to run a Chinese New Year event in Eastbourne town centre.	£2,500.00
	Defibrillator at Bourne School	To procure a Public Access Defibrillator (PAD), to be installed at Bourne School to provide life-saving emergency equipment that is accessible to the community, 24 hours a day.	£1,062.00
	Community Stuff	Printing of new cookery book and empty cupboard plan.	£300.00
	Sea Cadets	Disabled toilets for the Sea Cadets headquarters, following recent changes to the building.	£1,000.00
	Christchurch	Contribution towards cost of flooring work for the church hall. The hall is used by a wide variety of community groups and the floor needs to be fit for purpose.	£1,000.00
	Easter Bourne	Town Centre Management are running Easterbourne to help promote the town centre during the quieter periods of the year. This funding will help to provide gifts for the	£288.00

Community Projects - Devolved Ward Budgets Q1- Q4 2018/19

Ward	Project	Description	Project Spend to Date
		participants as well as advertise our town centre event.	
Total spend for the year			£10,000.00
Hampden Park	Hampden Park Crossing Signage	To provide 'no idling' signs for Hampden Park level crossing.	£112.50
	Portable projector and screen	Portable projector and screen for use at both St Mary's Hampden Park and St Peter's Church Halls.	£350.00
	Community Centre Refurbishment	St Peter's Church Community Centre part refurbishment cost for roof, interior redecoration and flooring.	£2,000.00
	Parkland Schools	Computer project at Parkland Infant and Junior Academies.	£2,500.00
	Hampden Park Community Association	Replacement of kitchen equipment at the community centre	£500.00
	Eastbourne Academy Performing Arts	Eastbourne Academy have entered a "Rock Challenge" and funding will go towards dance dresses and skirts. Period costumes are also needed for Shakesfest in addition to some staging for the set.	£750.00
	Family Fun Day	Contribution to Family Fun Day at Tugwell Park	£1,050.00
	Community Garden	Creation of Community Garden at Wadhurst Close featuring perennials, quick growing vegetables, fruit and pollinators	£1,050.00
	Friends of the Earth	Funding towards guided wildlife and eco-walking	£1,050.00
	Community Stuff	Basic skills courses and information on food management	£300.00
	Notice board	Notice board for new offshoot of neighbourhood panel for sharing information about community services for local young people.	£320.00
Total spend for the year			£9,982.50

Community Projects - Devolved Ward Budgets Q1- Q4 2018/19

Ward	Project	Description	Project Spend to Date
Langney	Langney Shopping Centre Defibrillator	To provide the second instalment for funding for a defibrillator at Langney Shopping Centre.	£256.00
	MakeLunch	To provide hot and nutritious meal for those in receipt of free school meals during term time. The service will be provided on certain days throughout the summer holidays from St Barnabas Church.	£300.00
	Compass Community Arts	Phase two of contributions to the Compass Arts Project providing frames for completed art work.	£180.00
	Langney Community Library	To provide a contribution to the set up costs of the Langney Community Library	£4,000.00
	Netcall Youth Badminton	To provide a contribution towards Junior Netcall badminton sessions at Shinewater Sports Centre	£350.00
	Stix Drummers	To assist with the funding of the Stix Drummers Shinewater Fun Day event.	£200.00
	Shinewater Primary School Banner	To provide a safety banner, to deter parking on school zig zag lines, to be displayed outside Shinewater Primary School, Milfoil Drive.	£200.00
	Meadows Nursery Defibrillators	Public access defibrillator at Meadows Nursery, Rotherfield Avenue, Langney To site a 24 hour defibrillator cabinet and defibrillator in the heart of a residential area.	£1,250.00
	Bee Project	Project will make wooden beehives amongst children from West Rise, local secondary schools and elderly members of the community working with the Shed. Educational workshops would be run and culminate in a community festival in July 2019.	£800.00
Community Stuff	Funds towards cost of printing a foodbank cookery book and empty cupboard plan. Will encourage people struggling on low incomes to plan and cook nourishing meals on a budget.	£300.00	

Community Projects - Devolved Ward Budgets Q1- Q4 2018/19

Ward	Project	Description	Project Spend to Date
Total spend for the year			£7,836.00
Meads	Wish Tower Planting	To convert the Moat of the Wish Tower into a memorial Peace Gardens.	£2,500.00
	Eastbourne Volunteers	To increase the spaces and facilities for the users of the service.	£1,504.93
	Coffee Pot	To provide mobile shelving, games and toys and promotion and branding to increase the success of the weekly event.	£1,050.00
	St Johns Bowling Club	To provide a replacement advertisement banner for St. John's (Meads) Bowling Club.	£140.00
	Linking Lives	To enable volunteers to be matched with people who would benefit from a befriending service. Similar projects can be found throughout the UK.	£500.00
	Little Chelsea	Various marketing expenditures to help Little Chelsea traders during town centre disruption over Christmas.	£428.00
	Notice Board	To purchase a dedicated notice board for the Friends of Meads Parks and Gardens to be installed in Helen Gardens.	£1,170.00
	Bunting	To provide and install heavy duty bunting in Grove Road and South Street to promote the traders in Little Chelsea.	£1,930.00
	Community Stuff	Community Stuff are helping the Foodbank by providing a free cook book to Foodbank users	£300.00
	Beachy Head Visitor Centre	To provide 2 outside signs for the Beachy Head Visitor Centre	£425.00
Total spend for the year			£9,947.93
Old Town	Old Town Library	To purchase of three new sets of tables and chairs for the library.	£569.97
	Motcombe Park Dig (2nd Phase)	The project is to explore and gain a further understanding of the history of Motcombe Gardens. The project will involve local	£4,000.00

Community Projects - Devolved Ward Budgets Q1- Q4 2018/19

Ward	Project	Description	Project Spend to Date
		residents.	
	Defibrillators for Eastbourne	The project aims to procure a Public Access Defibrillator (PAD), to be installed at the Out Side of Upwyke House Green Street, Old Town and of another suitable site in Old Town to provide life saving emergency equipment that is accessible to the community, 24 hours a day.	£1,500.00
	Mini Goal Posts	To supply and install a new pair of mini goals.	£2,143.27
	Community Stuff	Funding to pay for printing costs for "Beyond the Food Bank" cookery book that will be given out for free to Food Bank users.	£300.00
	Eastbourne Area Community First Responders	The project is for the charity to provide annual audit inspections on Public Access Defib sites in the area. The funding will help cover expenses in administration and physical checks of each unit.	£300.00
	Tree Planting	The project is to plant 4 trees to enhance the Old Town environment	£1,000.00
Total spend for the year			£9,813.24
Ratton	Lakeside Festival	To provide funding for staging to allow local groups to perform at the Lakeside Festival.	£2,000.00
	Trees within the Ward	To plant two trees in the Claxton Close and Pockocks Road intersection.	£500.00
	Westlords	The project is to supply and fit to services a pavilion for sports use at Westlords Playing Field in Eastbourne Road.	£7,500.00
Total spend for the year			£10,000.00
St Anthony's	Langney Community Library	To Provide a contribution to the set up costs of Langney Community Library.	£1,000.00
	Youth Radio	To assist with the cost of hosting Eastbourne Youth Radio (EYR)- Roselands Infant School programme, Wednesday 14th November @	£378.00

Community Projects - Devolved Ward Budgets Q1- Q4 2018/19

Ward	Project	Description	Project Spend to Date
		1pm.	
	The Priory	Project will introduce a new community resource into the town.	£2,750.00
	Langney Primary School	Cost of building and installing air quality monitoring device at Langney Primary School.	£80.00
	Eastbourne Foodbank	Eastbourne Foodbank are using St Richards Church Centre as a venue for a satellite foodbank. Funding will go towards essential repairs to the centre and provide a Wi-Fi service.	£1,000.00
	Stafford School	Repair of the trim trail at Stafford School	£3,190.00
	Langney Village Hall	Installation of CCTV system	£900.00
	Edible Eastbourne	Contribution to a shed for Edible Eastbourne's Community Allotment project	£702.00
Total spend for the year			£10,000.00
Sovereign	Sovereign Harbour Community Centre	To assist with the funding of the fixtures and fittings for the new community centre at the Sovereign Harbour.	£8,000.00
Total spend for the year			£8,000.00
Upperton	JPK Project	To furnish a room for supported living accommodation at the JPK.	£1,200.00
	Eastbourne Bowling Club	To assist with the purchase of a storage unit	£2,000.00
	Solar Lights	For solar lights for the estate to make it safe for Weavers Close residents to return to their homes after dark.	£240.00
Total spend for the year			£3,440.00
Total spend of All Wards for Q1-Q4			£79,019.67

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EBC Performance and Projects measures: 2019/20

1. Growth and Prosperity: Projects & Programmes

Project / Initiative	Description	Target Completion
Town Centre Public Realm Improvements	Significant improvements to the pedestrian environment in Terminus Road and Cornfield Road to be delivered alongside the extension to the Arndale. Joint Partnership Project with ESCC.	Q2 2019/20
Bedfordwell Road - EBC New Build Housing	One project within the Housing and Economic Development Programme to deliver refurbished and redeveloped housing within the Borough.	Q1 2025/26
Sovereign Harbour Innovation Park (SHIP)	New contemporary business premises at Sovereign Harbour Innovation Park	Q4 2021/22
Hampden Retail Park	The acquisition and development of Hampden Retail Park as part of the Property Acquisition and Investment Strategy (PAIS).	Q2 2019/20
Sovereign Leisure Centre	New leisure centre delivered	Q4 2019/20
Wish Tower Restaurant	Scheme to deliver a flagship restaurant	Q1 2019/20
Devonshire Park Redevelopment	Significant investment to establish Devonshire Park as a premier conference and cultural destination to include: New welcome building: Restoration of Congress, Winter Garden and Devonshire Park Theatres: Improving Accessibility: Improving tennis facilities: New Conference/exhibition Space & Cafe: Public realm improvements	Q3 2020/21
Clear Futures: Joint Venture for Energy and Sustainability	A joint venture between Eastbourne and Lewes Council and a private sector organisation to deliver local energy and sustainability ambitions for the next 20-30 years. The Joint Venture will follow a programme of work.	Q1 2037/38

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Performance Indicators

KPI Description	Annual Target 2019/20
Town Centre vacant retail space	10% (using national rate in January 2019 as benchmark)
Increase numbers of bandstand patrons	38,000
Percentage of Council Tax collected during the year	97.06%
Percentage of Business Rates collected during the year - Eastbourne	98.50%

2. Housing Projects & Programmes

Project / Initiative	Description	Target Completion
Housing Development Programme	Deliver an ambitious programme of housing development and refurbishment that provides homes and makes a positive contribution to Eastbourne's economic future	Q4 2019/20
Rough Sleeping Project	Reduce homelessness.	Q4 2019/20
Key Performance Indicators		Annual Target 2019/20
DFGs - Time taken from council receiving a fully complete application to the council approving the grant		28 days
Number of Licensed HMO's Inspected per Quarter		50
Number of households living in emergency (nightly paid) accommodation		Data only
Satisfaction with tenant services		Data only
Rent arrears of current tenants (expressed as a percentage of rent debt)		2%
Average number of days to re-let Council homes (excluding temporary lets)		23 days
Increase the number of affordable homes delivered		30
Net additional homes provided		274

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3. Thriving Communities

Key Performance Indicators		Annual Target 2019/20
Revs and Bens: Average days to process new housing / council tax claims		23
Revs and Bens: Average days to process change of circs (housing / council tax benefit)		8
Improve our ranking compared to similar authorities in relation to all crime - Eastbourne		5

4. Quality Environment Projects & Programmes

Project / Initiative	Description	Target Completion
Environment First- launch of new waste and recycling company	Launch of new local authority controlled company, South East Environmental Services Ltd	Q2

Key Performance Indicators

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KPI Description	Annual Target 2019/20
Percentage of major applications determined within 13 weeks	65%
Percentage of Minor applications determined within 8 weeks	75%
Processing of other planning applications within 8 weeks	75%
Total number of reported fly-tipping incidents	600
Percentage of household waste sent for reuse, recycling and composting	38%

5. Best Use of Resources Key Performance Indicators

KPI Description	Annual Target 2019/20
Percentage of calls to the contact centre answered within 60 seconds	80%
Average days lost per FTE employee due to sickness	8.0 days
Social media responsiveness rate	90%

Number of new sign-ups to social media channels	600
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Part B

Financial Performance Outturn 2018/19

1.0 General Fund

- 1.1 The General Fund is the main revenue fund of the Council and covers day to day expenditure and related income on all services. The Council set its Budget Requirement at £13.05m (amount to be funded by Government Grant, Council Tax and Business Rates). The Council set a Band D Council Tax for 2018/19 of £239.67, being a 2.9% percent increase over 2017/18.

A summary of the General Fund position is shown below in the format used for management accounting and reported to Members throughout the year:

General Fund	Original Budget £000	Revised Budget £000	Actual £000	Variance £000
Corporate Services	5,330	3,398	2,518	(880)
Service Delivery	5,621	4,828	5,074	246
Regeneration and Planning	(622)	412	946	534
Tourism and Enterprise	3,597	3,627	3,752	125
Other Operating Income and Expenditure	(1,342)	(336)	-	336
Service Total	12,584	11,929	12,290	361
Capital Financing Costs	2,025	2,063	1,692	(371)
Total Expenditure	14,609	13,992	13,982	(10)
Transfer from General Fund Balance	(1,562)	(883)	(1,226)	(343)
Budget Requirement	13,047	13,109	12,756	(353)
Council Tax	(8,413)	(8,413)	(8,413)	-
Business Rates	(3,654)	(3,654)	(3,321)	333
Government Grants	(980)	(1,042)	(1,022)	20
Total Funding	(13,047)	(13,109)	(12,756)	353

The General Fund Revenue outturn is a surplus of £353,000 against the revised budget. When the budget was originally set in February 2018 the Council estimated it would need to make a contribution of £1,562,000 from the General Fund Reserve in order to balance the budget. The actual contribution was £1,226,000.

As a result of this movement the General Fund Balance as at 31 March 2019 was £3.132m.

- 1.2 The table at **Appendix 3** shows the Council's financial outturn compared to the agreed budget at service level.
- 1.3 The main variances between the revised budget and actual net expenditure are detailed below:

Analysis of Major Variances	£000
Increase in homelessness demand costs	663
Corporate landlord expenditure on necessary works to properties	359
Re-profiling of the in-year savings and some transitional costs	336
Business Rates section 31 grant income lower than estimated	333
Pensions costs for Leisure staff transferred to Serco	163
Contribution from Reserves	300
Contribution received from grant reallocation	(1,100)
Interest payments lower than budget due to continued low interest rates, together with additional interest earnings on advances made	(371)
Recovery of associated costs with WEL	(250)
Additional income from Solarbourne	(81)

- 1.4 Any future financial implications arising from the variances will be taken into account as part of the Service and Financial Planning process.
- 1.5 The General Fund summary figures include the transfers to and from reserves as shown in **Appendix 4**. These transfers reflect items previously agreed, or where the principle of a transfer from reserves had been established as part of the overall budget strategy.
- 1.6 The balances as at 31st March 2019 for usable General Fund revenue reserves are as follows:

Reserve	31.3.19 £'000
General Fund	3,132
Repairs and Maintenance (Capital Programme) Reserve	846
Regeneration Reserve	523
Devonshire Park Reserve	1,488
Earmarked Reserves	506
Strategic Change Reserve	198
Revenue Grants Reserve	952

2.0 Housing Revenue Account (HRA)

- 2.1 For 2018/19 the HRA net position shows an overall surplus of £251,000 for the year against an expected budgeted surplus of £119,000 resulting in a favourable variance of £132,000.

The following table compares movement in the HRA Balance from the budget to the outturn for 2018/19:

HRA	Original Budget £000	Revised Budget £000	Actual £000	Variance £000
Income	(15,332)	(15,392)	(15,720)	(328)
Expenditure	12,716	12,801	13,113	312
Capital Financing & Interest	1,972	1,972	1,856	(116)
Contribution to Reserves	500	500	500	-
Total HRA	(144)	(119)	(251)	(132)

2.2 The main variances between the revised budget and the actual net expenditure are savings of £65k due to take up of the under occupation scheme and £66k due to average interest rates being lower than budgeted.

2.3 The balances as at 31st March 2019 on the usable HRA reserves are as follows:

Reserve	31.3.19 £'000
HRA	5,188
Housing Regeneration and Investment Reserve	2,883
Major Repairs Reserve	510

3.0 Capital Expenditure

3.1 A summary of capital expenditure for the year is shown in **Appendix 5**.

3.2 The Council's capital programme spending in the year was £45.3m, compared with a revised budget of £55.8m.

3.3 Where schemes are being delivered over more than one year the programme has been re-profiled. Members are asked to approve the re-profiled programme for 2019/20.

3.4 The Capital Programme for 2019/20 totals £80.2m compared to Capital Programme approved in February 2019 of £70.6m. The changes to the Capital Programme are shown in the table below.

The change to the capital programme of £9.6m is made up as follows:

- Re-profiling between years - £9.1m
- Construction Hub scheme - £487,000. Funded by a contribution from East Sussex College
- Beach Huts at Holywell - £85,000 funded from an insurance claim.

3.5 Detailed comments on larger schemes:

Line No.	Comment
2	Major Works – spend was £168k less than originally estimated due to works being completed later to due to adverse weather conditions.
13	Disabled Facilities Grants – planned works were completed. £912k of grant was returned to ESCC
21	Sovereign Harbour Community Centre - Works on site are completed and management of the Centre was transferred to Wave leisure on 1 st April.
33	Waste Fleet Procurement – a loan of £1.6m has been agreed to enable South East Environmental Services Ltd (SEESL) to purchase waste vehicles and IT. An initial payment of £98k has been made and the balance will be in 2019-20
54	IT – Block Allocation - Significant investment has taken place this. All the 2018/19 allocation was spent and the allocation for 2020/21 was re-profiled and spent in 2018/19.
57	EHIC Loans (Properties purchased from EBC) - Agreed facility of £4,173k to provide loans to purchase EBC properties. Two loans totalling £980k have been agreed of which £940k has been drawn down. The remaining facility is available for other properties to be identified.
58	EHIC loans (Properties purchased on the open market) - Agreed facility of £15m to provide loans to purchase private properties. 25 loans totalling £4,951k have been agreed of which £3,902k has been drawn down. The remaining facility of £10,049k is available for other properties.
62	Aspiration Homes LLP Loan – Agreed a facility of £10m to provide loans to build and refurbish properties. Three loans totalling £4,001k have been agreed and £965k of the loans was drawn down. The balance of the loan is available for drawdown as required. The remaining facility of £8.4m is available for new schemes being considered
63	Bedfordwell Road – Land was purchased in 2016/17. This is the subject of separate Cabinet reports. Cabinet agreed an additional allocation of £3m in May 2018 to works to the Pump House. Works are

	being planned.
64	Construction Hub – East Sussex College is working in partnership with the Council and with a contribution of £478k to acquire and install mobile units at the Bedfordwell Road site to provide on site training to students.
65	Hampden Park Retail Refurbishment – Works costs to be finalised. Tenant meetings taking place with further meetings to be scheduled to discuss works and costs.
69	JTP Programme – the Programme is progressing well with the remaining allocation of £1.3m to be spent in 2019-20
72	Devonshire Park Redevelopment - Progress currently as per construction programme agreed in main contract. Congress Theatre opened for its first show at the end of March 2019. The Welcome Building was completed and handed over early 2019-20. This is the subject of a separate Cabinet report.
86	Wish Tower Restaurant – Works are in progress with expected completion due 2019-20.

4.0 Collection Fund

4.1 The Collection Fund records all the income from Council Tax and Non-Domestic Rates and its allocation to precepting authorities.

4.2 The Collection Fund for the year is as follows:

	Council Tax £'000	Business Rates £'000
Balance B/fwd 1.4.18 (Deficit recovery)/Surplus distributed	(1,267) 1,377	3,521 (2,969)
Debit due for year	(65,837)	(34,526)
Payments to preceptors	64,919	36,313
Allowance for cost of collection		129
Transitional Relief		(574)
Allowance for appeals		312
Write offs and provision for bad debts	448	52
Balance 31.3.19	(360)	2,258
Allocated to:		
MHCLG	-	1,129
East Sussex County Council	(265)	203
Eastbourne Borough Council	(46)	903
Sussex Police	(32)	-
East Sussex Fire & Rescue	(17)	23
	(360)	2,258

- 4.3 The overall Collection Fund is showing a deficit of £1.898m (Council tax surplus (£0.360m) and Business Rates deficit £2.258m) as at 31 March 2019 (compared to a deficit of £2.254m as at 31 March 2018). Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. The January 2019 forecast surplus for the Council Tax element of the fund of £0.466m will be distributed to precepting bodies pro rata to their Band D Council Tax during 2019/20 leaving a balance of £0.098m, to be recovered in 2020/21. This Council's share as at 31 March 2019 was £0.046m. The forecast deficit for the Business Rate element of the fund was £1.827m, which will be collected from preceptors in proportion to their share of the business rate income during 2019/20 leaving a balance of £0.431m to be collected in 2020/21. This Council's share as at 31 March 2019 was £0.505m.
- 4.4 During 2018/19 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 this arrangement, 50% of any growth in business rate income which would otherwise be paid as levy to the Government can be retained by the Pool to be redistributed to its participating authorities in accordance with an agreed memorandum of understanding.
- 4.5 The government continues to work towards transferring control to local authorities over the locally generation business rate income. In December 2017, the government announced the aim of increasing the level of business rates retained by local government from the current 50% to the equivalent of 75% in April 2020. In order to test increased business rates retention and aid understanding of how to transition into a reformed business rates retention system in April 2020, the government invited local authorities in England to apply to become 75% business rates retention pilots in 2019/20. The East Sussex Pool became one of the pilot pools for 2019/20.

5.0 Treasury Management

- 5.1 In accordance with legislation and codes of practice the council is required to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2018/19. The Treasury Management Annual Report 2018/19 is being considered as a separate report on this agenda.

6.0 Statement of Accounts 2018/19

- 6.1 The Accounts and Audit Regulations 2015 require the Council to formally approve and publish its Statements for the financial year ending 31 March 2018 by 31 July 2018. The draft statement is available on the Council's Website and copies can be obtained from Financial Services.
- 6.2 It is the Chief Financial Officer's (CFO) responsibility to ensure the preparation of the Statement is in accordance with the CIPFA/LASAAC Code

of Practice on Local Authority Accounting in the United Kingdom (the Code). The CFO is also responsible for certifying that the accounts represent a true and fair view of the authority's financial position at 31 March.

- 6.3 The external auditor (Deloitte) commenced work on 3rd June and the accounts are open for public inspection between 1 June and 12 July 2019. All queries and questions to the Auditor must be put in writing and sent directly to Deloitte's offices.

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	Original Budget	Revised Budget	Actual	Variance
	£'000	£'000	£'000	£'000
CORPORATE SERVICES				
Corporate Management	169	(1,785)	(1,932)	(147)
Financial Services Team	644	678	718	40
Corporate Finance	1,216	1,213	1,359	146
Internal Audit and Corporate Fraud	207	313	372	59
Strategic Finance	2,067	2,204	2,449	245
Human Resources	478	451	440	(11)
IT and Business Transformation	1,684	1,580	575	(1,005)
Legal Services	273	305	322	17
Local Democracy	659	643	664	21
Legal and Local Democracy	932	948	986	38
TOTAL CORPORATE SERVICES	5,330	3,398	2,518	(880)
SERVICE DELIVERY				
Service Management	(17)	15	3	(12)
Service Management	-	37	23	(14)
Case Management	672	482	454	(28)
Account Management	461	319	453	134
Specialist Advisory	4,496	4,047	4,530	483
Bereavement Services	(1,284)	(1,251)	(1,162)	89
Case Management and Specialist Services	4,345	3,634	4,298	664
Service Management	-	25	31	6
Customer Contact	828	610	796	186
Neighbourhood First	564	385	458	73
Customer and Neighbourhood Services	1,392	1,020	1,285	265
Homes First	(28)	159	(512)	(671)
TOTAL SERVICE DELIVERY	5,692	4,828	5,074	246
STRATEGY, PLANNING AND REGENERATION				
Service Management	63	56	72	16
Regeneration	143	189	155	(34)
Planning	259	886	849	(37)
Group Head of Commercial Business	38	39	(27)	(66)
Housing Development Team	-	183	183	-
Corporate Landlord	(2,548)	(2,275)	(1,733)	542
Facilities Management	501	416	513	97
Estates and Property	(2,047)	(1,859)	(1,220)	639
Business Planning and Performance	908	918	934	16

	Original Budget	Revised Budget	Actual	Variance
	£'000	£'000	£'000	£'000
TOTAL STRATEGY, PLANNING AND REGENERATION	(636)	412	946	534

	Original Budget	Revised Budget	Actual	Variance
	£'000	£'000	£'000	£'000
TOURISM AND ENTERPRISE				
Service Management	95	93	100	7
Towner	423	452	456	4
Devonshire Park Complex	1	6	6	-
Tourism and Enterprise	493	610	647	37
Catering	311	325	343	18
Heritage	183	248	248	-
Tourist Information	101	100	144	44
Tourism and Enterprise	1,088	1,283	1,382	99
Sports Delivery	238	367	379	12
Seafront	(15)	(9)	(44)	(35)
Events	611	689	726	37
Theatres	1,006	746	747	1
TOTAL TOURISM AND ENTERPRISE	3,447	3,627	3,752	125
Other Operating Income and Expenditure	(1,278)	(336)	-	336
TOTAL SERVICE EXPENDITURE	12,555	11,929	12,290	361

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Revenue Transfers to/(from) Reserves

Reserve and Purpose	Transfer to (from) General Fund £	Transfer between reserves £
GENERAL FUND EARMARKED RESERVE - z10112		
Improvement Fund Cemeteries and Crematoria	27,750	
Solarbourne Future Inverter Provision >10yr Warranty	(16,200)	
Eastbourne Remembrance	6,950	
Dovecote Dig	1,500	
Taxi & Private Hire	(32,903)	11,900
Sports Park - Astro Park	(15,000)	
ICE Stamp Duty	(17,500)	
STRATEGIC CHANGE RESERVE - z10125		
ICE funds	(418,525)	
Transformation Fund	(70,268)	
Transfer to GF		250,000
Redundancies	47,754	
CAPITAL PROGRAMME RESERVE - z10127		
Funding of Development Feasibility costs	166,486	
Welcome Signs, Tourism Development	21,000	
The Stage Door works	120,700	
EDCG (Golf)	95,500	
Victoria Mansions Heritage Exhibition	37,600	
Sovereign Harbour Community Centre	18,950	
Shinewater Park	990	
REVENUE GRANTS RESERVE - z10128		
Grants drawn down (net)	547,377	
REGENERATION RESERVE - Z10130		
Downland Hotel viability	8,300	
DEVONSHIRE PARK REVIEW RESERVE		
Transfer from revenue	(418,700)	
Transfer to GF		418,700
OTHER RESERVES		
Commercial properties service charge for future major works	(100)	
S106 Coach Park Trees	763	
S106 funding for Shinewater Park	1,755	
L&G CPO COMPENSATION	537,474	
Total Movement in Transfer to and from Reserves	651,652	680,600
GENERAL FUND REVENUE ACCOUNT - z10190		
Taxi reserve adjustment		(11,900)
Transfer to GF as per budget setting from ICE deal	(1,000,000)	
Eastbourne Remembrance	8,050	
Funding of JTP2 posts from reserves	38,550	
Funding of set up costs for new waste company from Reserves	30,065	
Funding of one off growth for 18/19	191,900	
Funding of NNDR deficit	450,000	
Transfer from Strategic Change Reserve	30,000	(250,000)
Transfer from Devonshire Park Review Reserve		(418,700)
Year end balance transfer	833,173	
Total Movement in Transfer to and from General Fund balance	581,738	(680,600)

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Summary of Capital Programme 2018 to 2022

	Actual Total 2018/19	Estimate Total 2019/20	Estimate Total 2020/21	Estimate Total 2021/22
<u>Capital Programme</u>	£000	£000	£000	£000
HRA	5,126	5,834	4,388	4,442
Community Services	2,526	4,813	300	-
Tourism & Leisure	839	13,685	15,165	-
Corporate & Core Services	7,728	48,312	11,830	2,842
Asset Management	27,886	7,058	821	500
Pier Grant & Coastal Communities Grant	1,198	498	-	-
Total Programme	45,303	80,200	32,504	7,784
<u>Financed By:-</u>				
Capital Receipts HRA	99	1,179	-	-
1-4-1 RTB Receipts	596	1,504	-	-
Capital Receipts GF	1,951	1,393	250	342
Grants and Contributions	4,134	7,427	300	-
Major Repairs Reserve	4,162	4,166	4,388	4,442
Revenue Contribution to Capital Reserves	-	495	-	-
Section 106 Contributions	407	-	-	-
GF Borrowing (Committed)	-	27	-	-
GF Borrowing (Uncommitted)	33,954	46,331	15,986	500
HRA Borrowing	-	17,678	11,580	2,500
	-	-	-	-
Total Financing	45,303	80,200	32,504	7,784

Line No.	Scheme	Total Scheme Approved	Total Scheme spend 2013 to 31 Mar 2018	Scheme spend 2018/19	Allocation 2018/19	Approved Allocation 2019/20	Revised Allocation 2019/20	Allocation 2020/21	Allocation 2021/22	Variance to 2018/19 Allocation	Variance to Allocation where complete	Funding	Comments
		£000	£000	£000	£000	£000	£000	£000	£000	£000			
1	HOUSING REVENUE ACCOUNT												
2	Major Works	-	22,121	4,818	4,650	4,334	4,166	4,388	4,442	168		EBC	Planned works completed
3	Environmental Improvements	-	286	43	45	-	-	-	-	2		EBC	Planned works completed
4	Riverbourne House Kitchen Conversion	262	-	153	262	-	-	-	-	109		EBC	Works completed
5	Managed by Eastbourne Homes	Ongoing	22,407	5,014	4,957	4,334	4,166	4,388	4,442	57			
6	Other Schemes												
7	Fort Lane	2,283	608	44	375	1,300	1,631	-	-	331		EBC/Grant	Works planned for 2019-20
8	Sumach Close	1,935	1,836	60	99	-	-	-	-	39	-2%	EBC/Grant	Completed
8	62a Tideswell Road	734	689	8	45	45	37	-	-	37		EBC/Grant	Virtually complete
9	Total HRA		25,540	5,126	5,476	5,679	5,834	4,388	4,442	- 350			
10	COMMUNITY SERVICES												
11	Ocklynge Cemetery Chapel	150	80	-	70	-	70	-	-	70		EBC	Planned works completed
12	Crematorium Improvements (Main Chapel)	177	-	183	177	-	-	-	-	6		EBC	Planned works completed
13	Disabled Facilities Grants		4,686	705	2,025	1,356	1,372	-	-	1,320		Grant	Planned works completed
14	BEST Grant (housing initiatives)		2,035	78	96	82	100	-	-	18		Grant	Planned works completed
15	Acquisition of Land & Property	639	-	-	-	1,744	639	-	-	-		EBC	Schemes under investigation
16	Black Robin Farm	275	-	280	275	-	-	-	-	5	2%	EBC	Completed
17	Coast Defences Beach Management		5,871	252	302	300	349	300	-	50		Grant	Planned works completed.
18	Cycling Strategy	41	-	-	-	41	41	-	-	-		EBC	2019-20 Allocation
19	Play Area Sovereign Harbour	27	-	-	-	27	27	-	-	-		S106	2019-20 Allocation
20	Terminus Road Improvements	500	-	60	50	450	440	-	-	10		EBC	Initial contribution in 2018-19. Remaining allocation in 2019-20.
21	Sov Harbour Community Centre	1,790	1,097	795	693	-	-	-	-	102		EBC/S106/G	Works completed
22	Signage Re-branding (Parks & Open Spaces)	30	5	12	25	-	13	-	-	13		EBC	Remaining works to be in 2019-20
23	Car Parking Machines	97	66	18	25	-	6	-	-	7		EBC	Machines received and installation due in 2019-20
24	Shinewater Park - Scoping	20	-	1	10	10	19	-	-	9		EBC	First phase works completed under budget. New allocation for 2018-19
25	Helen Gardens Play Equip	40	39	1	1	-	-	-	-	-	0%	EBC	Completed
26	Chiltern Close Play Equip	25	-	24	25	-	-	-	-	1	-4%	EBC	Completed
27	Oak Tree Lane Play Equip	35	-	-	18	18	35	-	-	18		EBC	2019-20 Allocation
28	Mulberry Close Play Equip	30	-	-	-	30	30	-	-	-		EBC	2019-20 Allocation
29	Lower Holywell Public Con	50	-	-	-	50	50	-	-	-		EBC	2019-20 Allocation
30	Redoubt Public Convenience	40	-	-	-	40	40	-	-	-		EBC	2019-20 Allocation
31	Refurbishment of Public Facilities	81	-	-	41	40	81	-	-	41		EBC	2019-20 Allocation
32	West Langney Lake Gates & Signs	18	-	18	18	-	-	-	-	-	0%	EBC	Completed
33	Waste Fleet Procurement & IT	1,600	-	99	-	1,600	1,501	-	-	99		EBC	Initial purchase in 2018-19. Remaining spend expected 2019-20
34	Total Community Services		13,879	2,526	3,851	5,788	4,813	300	-	1,325			

Line No.	Scheme	Total Scheme Approved	Total Scheme spend 2013 to 31 Mar 2018	Scheme spend 2018/19	Allocation 2018/19	Approved Allocation 2019/20	Revised Allocation 2019/20	Allocation 2020/21	Allocation 2021/22	Variance to 2018/19 Allocation	Variance to Allocation where complete	Funding	Comments
		£000	£000	£000	£000	£000	£000	£000	£000	£000			
35	TOURISM & LEISURE												
36	ILTC - Air Conditioning	87	-	83	87	-	4	-	-	-	4	EBC	
37	Redoubt - Stair Climber	20	-	-	-	20	20	-	-	-	-	EBC	2019-20 Allocation
38	Colonnade Removal	500	-	15	-	500	485	-	-	-	15	EBC	2019-20 Allocation
39	Redoubt - Asphalt Gun Platform	50	-	-	-	50	50	-	-	-	-	EBC	2019-20 Allocation
40	HPSC - Changing Rooms	20	-	-	20	-	20	-	-	-	20	EBC	2019-20 Allocation
41	Equipment at Devonshire Park	120	66	54	120	-	-	-	-	-	66	0% EBC	Completed
42	Sovereign Centre	29,100	711	474	1,339	11,885	12,750	15,165	-	-	865	EBC	Initial planning work in progress.
43	Sovereign Centre Skate Park	200	-	-	-	200	200	-	-	-	-	EBC	2019-20 Allocation
44	Seafront Van	13	-	1	13	-	11	-	-	-	12	EBC	2019-20 Allocation
45	Sports Park Lighting	60	-	-	60	-	60	-	-	-	60	EBC	2019-20 Allocation
46	Devonshire Park Theatres - Toilet refurbishment	103	-	117	103	-	-	-	-	-	14	External	Spend higher than planned but all to be funded by the Friends of DPT
47	Victoria Mansions - Museum Conversion	85	-	95	85	-	-	-	-	-	10	12% EBC	Completed
48	Beach Huts - Holywell	85	-	-	-	-	85	-	-	-	-	EBC	2019-20 Allocation. Funded from insurance claim
49	Total Tourism & Leisure		777	839	1,827	12,655	13,685	15,165	-	-	988		
50	CORPORATE SERVICES												
51	Carbon Reduction Works	434	235	-	-	199	199	-	-	-	-	EBC	2019-20 Allocation
52	Invest to Save	80	-	-	10	80	80	80	-	-	10	EBC	Available for schemes to be identified
53	Investment Capital	5,600	1,235	-	-	4,365	4,365	-	-	-	-	External	Schemes to be identified
54	IT - Block Allocation		1,238	573	490	-	-	-	92	-	83	EBC	2020-21 allocation
53	Contingency		-	-	-	250	250	250	250	-	-	EBC	2019-20 Allocation
54	Finance Transformation	200	-	-	-	200	200	-	-	-	-	EBC	2019-20 Allocation
55	EHIC - Loan (Gowland Ct)	1,850	1,835	10	15	-	5	-	-	-	5	EBC	Property purchased 26.11.15. Full loan for works not yet drawn down
56	EHIC - Revolving Credit	250	160	90	155	-	-	-	-	-	65	EBC	Fully drawn down
57	EHIC - Loan Facility (EBC purchases)	4,173	898	42	40	2,983	2,983	-	-	-	2	EBC	Remaining facility available for schemes to be identified
58	EHIC - Loan Facility (Private Properties)	15,000	2,291	1,611	1,952	5,233	6,098	2,500	2,500	-	341	EBC	Further properties to be identified
59	EHIC - new mixed tenure homes	20,000	190	185	334	14,000	13,625	6,000	-	-	149	EBC	Schemes being considered
60	EHIC - Victoria Mansions	4,035	3,085	305	965	-	645	-	-	-	660	EBC	Available for drawdown as required
61	Aspiration Homes - Credit facility	100	-	10	100	-	90	-	-	-	90	EBC	Available for drawdown as required
62	Aspiration Homes - Loans	10,000	369	1,264	917	5,714	5,367	3,000	-	-	347	EBC	Schemes being considered
63	Bedfordwell Road - Land	6,100	2,151	648	2,000	1,949	3,301	-	-	-	1,352	EBC	Purchase completed 2016-17. Works being planned.
64	Construction Hub	478	-	-	-	-	478	-	-	-	-	External	New scheme funded from external contribution
65	HPK Retail Refurbishment	9,000	252	600	2,000	6,748	8,148	-	-	-	1,400	EBC	Works and costs to be finalised.
66	Buccaneer Pub	2,030	1,667	305	363	-	57	-	-	-	58	EBC	Planned worked completed
67	MOJ Site	1,100	-	-	-	-	1,100	-	-	-	-	EBC	Purchase completed 2019-20. Development being planned.
68	JTP Programme Office	8,278	4,872	2,085	1,687	1,720	1,321	-	-	-	398	EBC	Planned works on schedule.

Line No.	Scheme	Total Scheme Approved	Total Scheme spend 2013 to 31 Mar 2018	Scheme spend 2018/19	Allocation 2018/19	Approved Allocation 2019/20	Revised Allocation 2019/20	Allocation 2020/21	Allocation 2021/22	Variance to 2018/19 Allocation	Variance to Allocation where complete	Funding	Comments
		£000	£000	£000	£000	£000	£000	£000	£000	£000			
69	Total Corporate Services		20,478	7,728	11,028	43,441	48,312	11,830	2,842	- 3,300			
70	Asset Management												
71	Devonshire Park Redevelopment Project	53,960	19,903	27,474	31,242	2,494	6,262	321	-	- 3,768		EBC	On target. Subject of separate Cabinet report
71	Holiday Letting Refurbishment	30	-	-	30	-	30	-	-	30		EBC	2019-20 Allocation
72	EDGC - improvements	45	41	10	4	-	-	-	-	6		EBC	Planned works completed.
73	Royal Hippodrome Theatre	127	-	14	-	-	-	-	-	14		EBC	
74	Town Hall Community Hub	20	-	-	-	-	-	-	-	-		EBC	
75	The Point - improvements	20	12	-	-	-	-	-	-	-		EBC	
76	Towner - improvements	125	14	115	111	-	-	-	-	4	3%	EBC	Completed. Additional works identified
77	ILTC - Improvements	60	-	41	60	-	19	-	-	19		EBC	2018-19 Allocation
78	Devonshire Park Theatre	60	-	47	47	-	-	-	-	-		EBC	
79	Bandstand Renovations	100	-	-	100	-	100	-	-	100		EBC	
80	Wish Tower Martello - Improvements	90	-	-	90	-	90	-	-	90		EBC	
81	Wall replacement The Point & Hardwick Rd	90	-	-	-	90	90	-	-	-		EBC	
82	Downland Water Schemes (Pipes)	334	-	185	134	200	149	-	-	51		EBC	
78	Boilers at Sports centres	32	-	-	32	-	32	-	-	32		EBC	2019-20 Allocation
79	Urinals 1 Grove Rd & TH	12	-	-	-	-	12	-	-	-		EBC	2019-20 Allocation
82	Asset Management - Block Allocation		-	-	76	210	274	500	500	- 76		EBC	Schemes to be identified
83	Total Asset Management		19,970	27,886	31,926	2,994	7,058	821	500	- 4,040			
84	Grant Funded Schemes												
85	Wish Tower Restaurant	1,800	126	1,197	1,674	-	477	-	-	477		Grant	
86	Statue Sculpture Installation	22	1	1	22	-	21	-	-	21		Grant	
87	Total Grant Funded Schemes		127	1,198	1,696	-	498	-	-	498			
88	General Fund		55,231	40,177	50,328	64,878	74,366	28,116	3,342	- 10,151			
89	HRA		25,540	5,126	5,476	5,679	5,834	4,388	4,442	- 350			
90	Total		80,771	45,303	55,804	70,557	80,200	32,504	7,784	- 10,501			

Report to:	Cabinet
Date:	9 July 2019
Title:	Treasury Management Annual Report 2018/19
Report of:	Chief Finance Officer
Cabinet member:	Councillor Stephen Holt, Financial Services
Ward(s):	All
Purpose of report:	To report on the activities and performance of the Treasury Management service during 2018/19
Decision type:	Budget and Policy Framework
Officer recommendation(s):	(1) Agree the annual Treasury Management report for 2018/19. (2) Approve the 2018/19 prudential and treasury indicators included.
Reasons for recommendations:	Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this has to be reported to Full Council in September 2019.
Contact Officer:	Name: Janet Martin Post title: Principal Accountant E-mail: janet.martin@lewes-eastbourne.gov.uk Telephone number: 01323 415983

1 Introduction

1.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2018/19. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2018/19 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 21 February 2018)
- a mid year (minimum) treasury update report (Council 12 December 2018)
- an annual report following the year describing the activity compared to the strategy (this report).

In addition Treasury Management updates are included in the quarterly performance management reports, considered by both the Cabinet and Scrutiny Committee.

Recent changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit & Governance Committee before they were reported to the full Council. Member training on treasury management issues was undertaken on 23 November 2015 in order to support Members' scrutiny role. Further training is expected to take place in 2019-20.

1.2 This report summarizes:

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement (CFR));
- Reporting of the required prudential and treasury indicators and changes to be approved;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Debt activity and investment activity.

2.0 The Council's Capital Expenditure and Financing 2018/19

2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2017/18 Actual £m	2018/19 Estimate £m	2018/19 Actual £m
Non-HRA capital expenditure	45.0	46.1	38.9
HRA capital expenditure	6.3	4.3	4.7
Total capital expenditure	51.3	50.4	43.6
Resourced by:			
• Capital receipts	1.4	0.6	6.5
• Capital grants & external funding	9.9	2.7	4.2
• Capital Reserves	4.9	4.4	4.2
• Revenue	-	-	0.5
Use of internal balances/ borrowing	35.1	42.7	28.2

3.0 The Council's overall borrowing need

3.1 The Capital Financing Requirement (CFR) represents the Council's total underlying need to borrow to finance capital expenditure, i.e. capital expenditure that has not been resourced from capital receipts, capital grants and contributions or the use of reserves. Some of this borrowing is from the internal use of cash balances.

3.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

3.3 **Reducing the CFR** – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a

Voluntary Revenue Provision (VRP).

- 3.4 The Council's 2018/19 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2018/19 on 7 February 2018.

The Council's CFR for the year is shown below, and represents a key prudential indicator. The figures include a credit sales agreement on the balance sheet, which increases the Council's borrowing need, the CFR.

CFR	31 March 2018 Actual £m	31 March 2019 Original Indicator £m	31 March 2019 Actual £m
Opening balance	88.9	146.2	122.6
Add unfinanced capital expenditure (per table 2.0)	35.0	42.7	28.2
Less MRP	(1.3)	(1.5)	(0.9)
Closing balance	122.6	187.4	149.9

- 3.5 The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the Authorised Limit.

Net borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2017/18 plus the expected changes to the CFR over 2018/19 and 2019/20. This indicator allows the Council some flexibility to borrow in advance of its immediate capital need in 2018/19. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2018 Actual £m	31 March 2019 Original Estimate £m	31 March 2019 Actual £m
Net borrowing position	105.1	166.3	123.6
CFR	122.6	187.4	149.9

The Authorised limit - the Authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2018/19 the Council has maintained gross borrowing within its Authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual

position is either below or over the boundary is acceptable subject to the Authorised limit not being breached.

Actual financing costs as a proportion of 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.

	2018/19
Authorised limit	£202.4m
Maximum gross borrowing position	£166.7m
Operational boundary	£187.4m
Average gross borrowing position	£114.3m
Financing costs as a proportion of net revenue stream:	
Non HRA	12.3%
HRA	13.3%

4.0 Treasury Position as at 31 March 2019

4.1

The Council's debt and investment position is organised by staff within Financial Services in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2018/19 the Council's treasury position was as follows:

TABLE 1	31 March 2018 Principal	Rate/Return	31 March 2019 Principal	Rate/Return
Fixed rate funding:				
-PWLB	£67.6m		£87.1m	
-Market	£37.5m		£36.5m	
- Serco Paisa	£0.4m		£0.0m	
Total debt	£105.5m	2.87%	£123.6m	2.74%
CFR	£122.6m		£149.9m	
Over/ (under) borrowing	(£17.2m)		(£26.3m)	
Total investments (excl. cash)	£0m		£0m	

The Council held cash balances of £2.2m in a current account on which interest of 0.65% was being earned.

4.2 The maturity structure of the debt portfolio excluding Serco Paisa was as follows:

	31 March 2018 Actual £m	2018/19 Original limits £m	31 March 2019 Actual £m
Under 12 months	23.00	20.0	28.1
12 months and within 24 months	5.00	4.0	-
24 months and within 5 years	14.02	22.0	18.3
5 years and within 10 years	1.52	2.1	-
10 years and above	61.51	111.3	77.2

The exposure to fixed and variable rates (including Serco Paisa) was as follows:

	31 March 2018 Actual £m	2018/19 Original Limits £m	31 March 2019 Actual £m
Principal - Debt Fixed rate	105.5	159.4	123.6
Principal – Investments Variable rate	0	N/a	0

5.0 The Strategy for 2018/19

5.1 The expectation for interest rates within the treasury management strategy for 2018/19 anticipated that Bank Rate would not start rising from 0.5% until quarter 3 2019 and then only increase once more before 31.12.19. There would also be gradual rises in medium and longer term fixed borrowing rates during 2018/19 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

Since PWLB rates peaked during October 2018, most PWLB rates have been on a general downward trend, though longer term rates did spike upwards again during December, and, (apart from the 1 year rate), reached lows for the year at

the end of March.

6.0 **Borrowing Outturn for 2018/19**

6.1 **Treasury Borrowing.**

Borrowing – new loans totalling £20m were drawn down from PWLB in 2018/19 to fund the net unfinanced capital expenditure and to replace maturing loans. Interest rates for PWLB borrowing was between 1.70% and 2.28% compared with a budget assumption of 2.5%. Various temporary loans were taken to cover cash flow requirements. All loans drawn were for fixed rate and are detailed in Appendix A.

Rescheduling – no debt rescheduling was carried out during the year as there was no financial benefit to the Council.

Repayment – £4m of long term PWLB debt was repaid at maturity on 19 June 2018 and £433,333 was an instalment repayment for the repayment (EIP) loans. Various temporary loans were repaid during the year, see Appendix A.

Summary of debt transactions – the overall position of the debt activity resulted in a fall in the average interest rate by 0.1%, representing a saving to the General Fund.

7.0 **Interest Rates in 2018/19**

7.1 The tight monetary conditions following the 2008 financial crisis continued through 2018/19 with little material movement in the shorter term deposit rates.

7.2 Bank Rate remained at 0.5% until 1 August 2018 when it rose to 0.75%. Investment rates remained very low. With many financial institutions failing to meet the Council's investment criteria, the opportunities for investment returns were limited. The investment rates at the beginning, average and end of the year are provided below.

Investment Term	Interest Rate March 2018	Average Rate	Interest rate April 2019
Overnight	0.45%	0.50%	0.55%
1 Month	0.50%	0.60%	0.70%
3 Months	0.75%	0.78%	0.80%
6 Months	0.90%	0.85%	0.80%
12 Months	1.00%	0.98%	0.95%

The PWLB rates (including the 0.2% reduction for Certainty Rate) at the beginning, average and end of the year are provided below.

Term	Interest Rate	Average Rate	Interest rate
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	March 2018		April 2019
1 Year	1.47%	1.47%	1.46%
5 Years	1.85%	1.69%	1.52%
10 Years	2.23%	2.04%	1.84%
25 Years	2.57%	2.49%	2.41%
50 Years	2.29%	2.27%	2.24%

8.0 **Investment Outturn for 2018/19**

8.1 **Investment Policy** – the Council’s investment policy is governed by MHCLG guidance, which was been implemented in the annual investment strategy approved by the Council on 21 February 2018. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

8.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

8.3 **Resources** – the Council’s longer term cash balances comprise, primarily, revenue and capital resources, although these will be influenced by cash flow considerations. The Council’s core cash resources comprised as follows, and met the expectations of the budget:

Balance Sheet Resources	31 March 2018 £m	31 March 2019 £m
Balances	3.03	3.13
Earmarked reserves	8.70	7.80
HRA	5.19	5.94
Major Repairs Reserve	0.86	1.06
Capital Grants & Contributions	4.77	2.60
Usable capital receipts	7.54	7.55
Total	30.09	28.08

8.4 **Investments held by the Council** - the Council maintained an average balance of £6.4m of internally managed funds. The internally managed funds earned an average rate of return of 0.55%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.36%. This excludes the Council’s investment with Lloyds Bank of £1m for 5 years, (matured January 2019) at 3.03% which supported the Local Authority Mortgages Scheme (LAMS).

9.0 **The Economy and Interest Rates Forecast**

9.1 The Brexit delay means that rate hikes are not likely to be considered before

October but with the Bank of England (BoE) expecting growth to be stronger than previously, there could be a fairly early move from the BoE thereafter. Any moves, however, are likely to be gradual. The economy will probably remain drifting for a year or so, but a Brexit deal would put the UK in a good position to gather pace in 2021. If so, then analysts suggest that Gross Domestic Product (GDP) growth, interest rates and sterling could strengthen more than markets are currently projecting. A no deal exit would still have the greater short term impact, but some economists believe that any outcome would not be as bad as some believe. A softer Brexit deal seems the more likely outcome, though. In the current circumstances, the economy will remain in limbo for the remainder of the year and overseas demand is unlikely to offer support as recent global economic weakness will not be reversed in the short term.

The degree and timing of the slowing of global economic growth has caught some economists by surprise, with the external sector now thought likely to weigh more on the UK economy over the next few years. The weakness of the Eurozone (EZ), the UK's largest trading partner is a worry. Export orders are already in decline, tracking the global trend. The global situation is not seen as either deteriorating or improving in the near term so that is likely to ensure that export growth will remain subdued, which is reflected in the export orders balances of the manufacturing Purchasing Managers Index (PMI).

A Brexit deal may see Sterling strengthen, which in turn would be a further drag on exports, though the post-referendum weakening offered little boost so the impact could be marginal. Trade tensions and tariffs will also dent exports. The biggest influence, though, remains Brexit, with stockpiling of imported goods ahead of the October separation a factor. Some of the levels of stockpiling may be exaggerated, but a sharp jump in imports over the year is forecast. However, post Brexit, these levels will fall back sharply in subsequent years. Net trade is forecast to make a negative contribution to GDP this year, while the trade deficit may surge on increased imports.

Consumers are expected to prop up the economy as they seem unperturbed by Brexit, with spending growth tracking real incomes higher, though the latter may have peaked. Spending has been supported by a decline in the savings rate when earnings growth has slowed, but this has not dulled household investments. Business investment has, however, been held back by Brexit, having declined in Q4 and investment intentions suggesting further declines ahead. The ability and need to invest is there, but uncertainty is the deciding factor, and were a deal to be agreed, there would be a lag before investment bounced.

The unemployment rate should hold around the 3.9% level over the next year or so, before edging higher in 2021. The tight market will ensure that wage growth should remain around an average of 3-3.5%. With rising wage growth and subdued productivity growth, unit labour costs have edged a little above the long term average.

Temporary factors and persistent labour cost pressures will likely push inflation through the 2% level for a period but CPI remained just below the target for a third month in March. Food inflation is expected to pick up quite sharply this

year, while the raising of the utility price cap will also offer some upside pressure to inflation. Given that energy retailers purchase in advance the impact could, therefore, result in upside pressures for twelve or so months, before recent declines in wholesale prices start to benefit retail prices. Core inflation is also expected to pick up, with wage growth indicating rising core services inflation to over 3% in 2020. Some of the rising wage costs in the services' sector have been absorbed by firms but once a Brexit deal has been agreed this may prove an opportune time to rebuild margins by raising prices.

Overall inflation is forecast to rise to 2.5% in 2020, where core inflation is also projected to peak. Retail Price Index (RPI) will be pushed higher by mortgage interest payments, if expected interest rate hikes are forthcoming, but that is probably still some way off.

9.2 The Council's treasury advisor, Link, provides the following forecast as at June 2019:

	End Q2 2019	End Q3 2019	End Q4 2019	End Q1 2020	End Q2 2020	End Q3 2020	End Q4 2020
Bank Rate	0.75%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%
5yr PWLB Rate	1.80%	1.80%	1.90%	2.00%	2.10%	2.20%	2.20%
10yr PWLB Rate	2.10%	2.20%	2.30%	2.40%	2.50%	2.50%	2.60%
25yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
50yr PWLB Rate	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%

The Link central forecast is for the Bank Rate to increase to 1.00% in quarter 1 of 2020.

10.0 **Executive Summary and Conclusion**

10.1 During 2018/19, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2017/18 Actual £m	2018/19 Original Estimate £m	2018/19 Actual £m
Actual capital expenditure	51.3	50.4	43.6
Total Capital Financing Requirement:			
• Non-HRA	80.0	144.8	107.3
• HRA	<u>42.6</u>	<u>42.6</u>	<u>42.6</u>
• Total	122.6	187.4	149.9
Net borrowing	105.1		123.6
External debt	105.1		123.6

Investments (all under 1 year)	-		-
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Other prudential and treasury indicators are to be found in the main body of this report. The Chief Finance Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the Authorised limit), was not breached.

The financial year 2018/19 continued the challenging environment of previous years; low investment returns and continuing counterparty risk continued.

11 Corporate plan and council policies

- 11.1 The priority themes were considered as part of the overall Capital Programme which forms part of the Treasury Management Strategy.

12 Financial appraisal

- 12.1 Financial appraisals were considered as part of the overall Capital Programme which forms part of the Treasury Management Strategy.

13 Legal implications

- 13.1 Comment from the Legal Services Team is not necessary for this routine monitoring report.

14 Risk management implications

- 14.1 Risks relating to the timing of borrowing and terms of borrowing are considered and advice is provided by Link. Risk management is considered for each of the schemes within the Capital Programme.

15 Equality analysis

- 15.1 Equality issues are considered

16 Appendices

There are no appendices to this report.

17 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.
 Link Asset Services Citywatch and interest rate forecasts

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

Appendix A

Temporary loans taken during 2018-19

Lender - Temp Debt	£m	Start Date	End Date	Rate
N Yorkshire CC	4.0	09/03/2018	20/04/2018	0.85%
Middlesbrough BC	7.0	14/03/2018	15/05/2018	0.70%
N Yorkshire CC	5.0	30/05/2017	29/05/2018	0.45%
London Bor Brent	5.0	15/05/2018	15/08/2018	0.55%
Vale of Glamorgan CC	3.0	19/02/2018	20/08/2018	0.70%
N Yorkshire CC	4.0	20/04/2018	22/10/2018	0.80%
Derbyshire CC	5.0	15/08/2018	15/11/2018	0.80%
Barnsley Met Council	3.0	20/08/2018	20/11/2018	0.75%
Lewes DC	2.0	22/10/2018	23/01/2019	0.70%
Liverpool City Council	1.0	07/11/2018	07/02/2019	0.75%
Cheshire East BC	5.0	23/11/2018	12/02/2019	0.82%
Lewes DC	3.0	03/12/2018	01/03/2019	0.75%
Lewes DC	3.0	01/03/2019	13/03/2019	0.65%
E Northamptonshire DC	2.0	15/05/2018	14/05/2019	0.90%
Barnsley Met Council	3.0	20/11/2018	20/05/2019	0.95%
Greater Manchester Council	5.0	29/05/2018	23/05/2019	0.80%
East Riding of Yorkshire Council	2.0	22/10/2018	17/10/2019	1.00%
Epping Forest District Council	3.0	21/02/2019	21/08/2019	0.98%
Portsmouth City Council	7.0	13/03/2019	13/12/2019	1.07%

Long Term Loans taken during 2018-19

Lender - Long Term Debt	£m	Start Date	End Date	Rate
PWLB Maturity	2.0	03/04/2018	24/03/2068	2.28%
PWLB Maturity	2.0	31/05/2018	24/03/2068	2.25%
PWLB EIP	4.0	04/02/2019	24/09/2033	1.89%
PWLB EIP	4.0	12/02/2019	24/09/2033	1.82%
PWLB EIP	5.0	19/03/2019	24/09/2033	1.88%
PWLB EIP	3.0	26/03/2019	24/09/2033	1.70%

Maturity loans – repayment is due in full at maturity.

EIP loans – loans are repaid over the term of the loan in equal instalments paid half yearly.

The long term borrowing interest rates vary between 1.70% and 2.28% compared with a budget assumption of borrowing at an interest rate of 2.5%.

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Report To:	Cabinet
Date:	9 July 2019
Report Title:	Financial Procedure Rules
Report of:	Homira Javadi, Chief Finance Officer
Cabinet member	Councillor Stephen Holt (Cabinet Member Holder for Financial Services)
Ward(s):	All
Purpose of report:	To present to Cabinet updated Financial Procedure Rules, and seek comment on them.
Decision type:	Budget and policy framework
Officer recommendation(s):	Cabinet are asked to review the draft Financial Procedure Rules in advance of them being submitted to Full Council for approval.
Reasons for recommendations:	It is a duty of the Chief Finance Officer (CFO) to maintain and up to date set of Financial Procedure Rules to ensure the Council has effective governance of finances in place.
Contact Officer(s)	Name: Homira Javadi Post title: Chief Finance Officer E mail: Homira.Javadi@lewes-eastbourne.gov.uk Telephone number: 01273 085512

1 Introduction

- 1.1** Eastbourne Borough Council exercises its powers and duties in accordance with the law and its Constitution. Part 4 of the Constitution of the Council sets out the Financial Procedure Rules of the Council. These Rules have been the subject of a number of incremental updates over recent years most recently in July 2014. Now that Eastbourne Borough Council and Lewes District Council are working very closely together it is timely that these rules are harmonized between the two councils and updated to reflect best practice.
- 1.2** The remit of the Audit and Governance Committee sets out that it is responsible for exercising the powers to maintain an overview of the Council's constitution in terms of contract procedure rules, financial regulations, and codes of conduct and behaviour. A report on the Financial Procedure Rules will therefore also be presented to the Audit and Governance Committee at its 24 July meeting, prior to being submitted to Full Council for approval.

2 Structure of the draft updated Financial Procedure Rules

- 2.1** Good practice and legislation have informed the draft update, including The Role of The Chief Finance Officer (CFO) in Local Government (CIPFA February 2016) and Section 114 of the Local Government Finance Act 1988. The Key elements of the structure of the drat update Financial Procedure Rules is set out as follows:

- Introduction (Role of the CFO, a summary of Financial Procedure Rules and responsibilities to the Council, responsibilities of Personal, the CFO, Directors/ Assistant Directors and Heads of Service)
- Financial Planning (This sets out the procedures and responsibilities for budgeting and maintenance of reserves)
- Financial Management (This sets out the procedures and responsibilities for managing income and expenditure)
- Financial Accounting (This sets out the procedures and responsibilities for accounting policies, accounting records and returns and the statement of accounts).
- Control of Resources (This sets out the procedures and responsibilities for internal controls, audit requirements (both internal and external audit), preventing fraud and corruption, assets and treasury management, banking and petty cash.
- Financial Systems and Procedures (This sets out the procedures and responsibilities for systems, security of income and expenditure, taxation and trading accounts and business units (including Local Authority Trading Companies).
- External Arrangements (This sets out the procedures and responsibilities for partnerships, external funding and working for third parties)).

3 Financial Appraisal

- 3.1** There are no financial implications arising from the recommendations in this report other than those already contained within existing budgets.

4 Legal Implications

- 4.1** There are no direct legal implications arising from this report.

5 Risk Management Implications

- 5.1** If the Council does not have up to date Financial Procedure Rules reviewed and approved by Councillors, it will not be able to demonstrate that it has in place adequate means to safeguard Council assets and services, and could be subject to criticism from the Council's external auditor or the public.

6 Equality analysis

- 6.1** An equalities impact assessment is not considered necessary because the report is for information only and involves no key decisions.

7 Background Papers

The Constitution of Eastbourne Borough Council.

<https://www.lewes-eastbourne.gov.uk/about-the-councils/constitutions/>

8 Appendices

- 8.1** Appendix 1 – Eastbourne Borough Council Draft Financial Procedure Rules.

EASTBOURNE BOROUGH COUNCIL

DRAFT FINANCIAL PROCEDURE RULES

JULY 2019

1. INTRODUCTION

1.1 Role of the Chief Finance Officer (CFO)

1.1.1. Financial Procedure Rules are designed to maintain an acceptable standard of financial administration. They must be available to and followed by all Officers, Members and agents acting for the Council. Together with Standing Orders they regulate the conduct of the Council's business.

1.1.2. Section 151 of the Local Government Act 1972 requires every local authority "to make arrangement for the proper administration of their financial affairs and ensure that one of their officers has responsibility for the administration of those affairs". The officer designated by the Council as having the statutory responsibility set out in Section 151 is the Chief Finance Officer and the Deputy Chief Finance Officer is the designated deputy.

1.1.3. The Chartered Institute of Public Finance and Accounting (CIPFA) "Statement on the Role of the Chief Financial Officer (CFO) in Local Government 2016" defines the role of a CFO as:

- a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and
- must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

1.1.4. To deliver these responsibilities the CFO:

- must lead and direct a finance function that is resourced to be fit for purpose;
- and
- must be professionally qualified and suitably experienced.

1.2 Financial Procedure Rules

1.2.1 The Financial Procedure Rules provide the framework for the financial administration of the Council with a view to ensuring that financial matters are conducted in a sound and proper manner, constitute value for money and minimise the risk of legal challenge. Financial Procedure Rules are not intended to constitute a set of detailed rules to respond to every contingency.

- 1.2.2. All financial decisions and decisions with financial implications must have regard to proper financial control. Any doubt as to the appropriateness of a financial proposal or correctness of a financial action must be clarified in advance of the decision or action with the CFO.
- 1.2.3. Detailed procedure notes and other financial instructions may be issued from time to time by the CFO, where assistance is needed with the interpretation of Financial Procedure Rules.
- 1.2.4. Failure to observe Financial Procedure Rules (including any supplementary procedure notes and financial instructions), may result in action under the Council's disciplinary procedures.
- 1.2.5. These Financial Procedure Rules should be read in conjunction with the Contract Procedure Rules and the Scheme of Delegation.
- 1.2.6. The CFO is responsible for maintaining a continuous review of the Financial Procedure Rules and submitting any additions or changes necessary to the Council for approval. An annual review shall be undertaken.
- 1.2.7. The CFO is also responsible for reporting, where appropriate, breaches of the Financial Procedure Rules to the Council and/or to the Cabinet. The CFO is authorised to temporarily suspend Financial Procedure Rules in exceptional circumstances, and where such a suspension is authorised, a written record shall be kept of the reasons for this.
- 1.2.8. Directors, Assistant Directors and Heads of Service are responsible for ensuring that all staff in their Directorates/Services are aware of the existence and content of the Financial Procedure Rules and that they comply with them.

1.3. Responsibilities

To the Council

- 1.3.1 Councillors and employees of the Council are responsible for ensuring that they use the resources and assets entrusted to them in a responsible and lawful manner. They should strive to achieve value for money and avoid legal challenge to the Council.
- 1.3.2. These responsibilities apply equally to councillors and employees when representing the Council on outside bodies.

Personal

- 1.3.3. Any person charged with the use or care of Council resources and assets should make themselves aware of the Council's requirements under the Financial Procedure Rules. If anyone is in any doubt as to their obligations, then they should seek advice. Unresolved questions of interpretation should be referred to the CFO.

- 1.3.4. All employees must report immediately to their manager, supervisor or other responsible senior Officer any illegality, impropriety, serious breach of procedure or serious deficiency in the provision of services that they suspect or become aware of. Employees are able to do this without fear of recrimination providing they act in good faith via the Council's Whistle Blowing Policy. Compliance with the Council's Anti-Fraud and Corruption Strategy and the Code of Conduct for Officers is mandatory for all Officers.

Chief Finance Officer

- 1.3.5. Section 114 of the Local Government Finance Act 1988 requires the CFO to report to Council, Cabinet, and the External Auditor if the Council, any of its committees, or any person holding any office or employment with the Council:

- Has made, or is about to make, a decision which involves, or would involve, the authority incurring unlawful expenditure;
- Has taken, or is about to take, unlawful action which has resulted, or would result, in a loss or deficiency to the Council; or
- Is about to make an unlawful entry in the Council's accounts.

- 1.3.6. Section 114 of the 1988 Act also requires:

- The CFO to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under section 114 personally; and
- The Council to provide the CFO with sufficient staff, accommodation and other resources, as are in his/her opinion sufficient to carry out his/her duties under Section 114.

- 1.3.7. The CFO has a range of general responsibilities, which underpin an overriding responsibility to ensure the proper administration of the financial affairs of the Council. These include:

- Setting financial management standards and to monitor compliance with them;
- Ensuring proper professional practices are adhered to, and to act as head of profession in relation to the standards, performance and development of finance staff throughout the Council;
- Advising on the key strategic controls necessary to secure sound financial management; and
- Ensuring that financial information is available to enable accurate and timely monitoring and reporting of financial and non-financial performance indicators.

Directors/ Assistant Directors and Heads of Service

- 1.3.8. Directors/ Assistant Directors and Heads of Service are responsible for ensuring that the Financial Procedure Rules are observed throughout all areas under their control and shall:
- Provide the CFO with such information and explanations as the CFO feels is necessary to meet their obligations under the Financial Procedure Rules;
 - Consult with the CFO and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred;
 - Ensure that Cabinet Councillors are advised of the financial implications of all significant proposals and that the financial implications have been agreed by the CFO;
 - Inform the CFO of failures of financial control resulting in additional expenditure or liability, or loss of income or assets;
 - Wherever any matter arises which may involve irregularities in financial transactions consult with the CFO and, if a serious irregularity is confirmed, the matter shall be reported to the Chief Executive, appropriate Cabinet Member and Assistant Director HR and Transformation; and
 - Ensure the legality of their Directorate/Service's actions.
- 1.3.9. Directors/ Assistant Directors and Heads of Service are also responsible for:
- Promoting the financial management standards set by the CFO in their departments and to monitor adherence to the standards and practices, liaising as necessary with the CFO; and
 - Promoting sound financial practices in relation to the standards, performance and development of staff in their service areas.

2. FINANCIAL PLANNING

2.1. Budgeting

a) Budget Format

The budget format determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets limits at which funds may be reallocated.

- 2.1.1. Advise Cabinet on the format and content of the budget to be approved by Council.

Directors/Assistant Directors and Heads of Service

- 2.1.2. Comply with budgetary guidance provided by CFO.

b) Budget and Medium Term Planning

The Council is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighted priorities. The budget is the financial expression of the Council's plans and policies. The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for a Council to budget for a deficit. Medium-term planning involves a cycle in which managers develop their own plans in conjunction with the CFO. As each year passes, another future year will be added to the Medium-Term Financial Strategy (MTFS). This ensures that the Council is always preparing for events in advance.

CFO Responsibilities

- 2.1.3. Prepare and submit reports on revenue budget forecasts to Cabinet, including resource constraints set by Government. Reports should take account of medium-term forecasts, where appropriate.
- 2.1.4. Determine detailed form of revenue budgets and the methods for preparation, consistent with the budget approved by Council, and after consultation with Cabinet, Directors/Assistant Directors and Heads of Service.
- 2.1.5. Prepare and submit reports to Cabinet on aggregate spending plans of service areas and on the resources available to fund them, identifying, where appropriate, implications for the level of taxation to be levied.
- 2.1.6. Advise on the medium-term implications of spending decisions and alternative options.
- 2.1.7. Work with Directors/Assistant Directors and Heads of Service, and all Council Officers, to identify opportunities to improve economy, efficiency and effectiveness, encouraging good practice financial appraisals of development or savings options, and in developing the financial aspects of service planning.
- 2.1.8. Advise Council on Cabinet proposals in accordance with responsibilities under Section 151 of the Local Government Act 1972.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 2.1.9. Prepare detailed draft revenue budgets in consultation with the CFO, for submission to Cabinet and approval by Council.

- 2.1.10. Integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
- 2.1.11. When drawing up draft revenue budgets, have regard to spending/income patterns and pressures, volatility to external influences, legal requirements, policy requirements, initiatives already underway and external grants and contributions.

c) Capital Programme

Capital expenditure involves acquiring or enhancing fixed assets with long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

CFO Responsibilities

- 2.1.12. Prepare capital budgets jointly with Directors/ Assistant Directors and Heads of Service and report them to Cabinet for approval. The Cabinet will make recommendations on the capital budgets and on any associated financing requirements to Council. Cabinet Member approval is required where a Director/Assistant Director and Head of Service proposes to bid for or exercise additional borrowing, not anticipated in the Capital Programme (extra borrowing will create future commitments to financing costs).
- 2.1.13. Prepare and submit reports to Cabinet on projected income, expenditure and resources compared with approved budgets.
- 2.1.14. Issue guidance on capital schemes and controls e.g. revenue costs, project appraisal techniques. The definition of capital will be determined by the CFO, having regard to government regulations and accounting requirements.
- 2.1.15. Obtain Cabinet authorisation for individual schemes where estimated expenditure exceeds Capital Programme provision by more than 10% or £50,000 whichever is the lower (subject to minimum overspend of £5,000)

Directors/ Assistant Directors and Heads of Service Responsibilities

- 2.1.16. Comply with guidance on capital projects and controls issued by CFO.
- 2.1.17. Develop and implement asset management plans in conjunction with CFO.
- 2.1.18. Ensure that all capital projects have undergone a robust appraisal which has been approved by Financial and Legal Services, before being presented and discussed by the appropriate management group.

- 2.1.19. Prepare regular reports reviewing Capital Programme provisions for their services, and prepare a quarterly return of estimated final costs of schemes in the approved Capital Programme for submission to CFO.
- 2.1.20. Ensure adequate records are maintained for all capital contracts.
- 2.1.21. In consultation with the CFO, accelerate the progress of a scheme by deferring the start of another scheme in that year's programme or, if delays are occurring generally, may bring forward a scheme programmed to start in a later year.
- 2.1.22. Proceed with projects only when there is adequate provision in the Capital Programme, following Cabinet or Council approval, and with the agreement of the CFO where required. Cabinet can approve projects up to a cumulative value of £500,000 (General Fund) and £500,000 (Housing Revenue Account) in any one financial year. Projects that breach the £500,000 limits – either alone or cumulatively – require Council approval.
- 2.1.23. Prepare and submit reports, jointly with the CFO, to Cabinet, of any variation in contract costs greater than approved limits. The Cabinet may meet cost increases of up to 5% of the project by virement from identified savings arising from other projects within the capital programme.
- 2.1.24. Prepare and submit reports, jointly with the CFO, to Cabinet on completion of schemes where the final expenditure varies from the approved budget by more or less than 10% or £50,000 whichever is the lower (subject to minimum overspend/underspend of £5,000).
- 2.1.25. Ensure credit arrangements, such as leasing agreements, are not entered into without prior CFO approval, who will need to undertake an assessment of the type of lease arrangement being entered into and, if applicable, approval of the scheme through the Capital Programme.
- 2.1.26. Consult with the CFO and seek Cabinet approval where Director/ Assistant Director and Head of Service proposes to bid for Government approvals to support expenditure that has not been included in current year's Capital Programme.

2.2. Maintenance of Reserves

The Council must decide the minimum level of General Reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. There are also reserves earmarked for specific purposes.

- 2.2.1. To advise Cabinet and/or Council on prudent levels of reserves for the Council, and to take account of the advice of CIPFA in this matter.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 2.2.2. To ensure that reserves are used only for the purposes for which they were intended.

3. FINANCIAL MANAGEMENT

3.1. Managing Income and Expenditure

a) Budget Monitoring and Control

Proper budget management ensures that, once the budget has been approved by Council, allocated resources are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account, managers responsible for defined elements of the budget.

By continuously identifying and explaining variances against budget targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual revenue limit, approved when setting the annual budget. To ensure that the Council does not overspend in total, each service is required to manage its own income and expenditure within the budget allocated to it. For the purposes of budgetary control by managers, a budget will usually be the planned income and expenditure excluding support and capital charges, for a Department.

CFO Responsibilities

- 3.1.1. Submit reports to Cabinet and Council, in consultation with the relevant Director/ Assistant Director and Head of Service, where a Director/ Assistant Director and Head of Service's expenditure and resources are significantly outside the approved budgets under their control.
- 3.1.2. Prepare and submit quarterly reports on the Council's projected income and expenditure compared with the budget to the Cabinet.
- 3.1.3. Establish an appropriate framework of budgetary management and control that ensures that:
- Budget management is exercised within the approved budget unless Cabinet approves a supplementary estimate;
 - Each Director/Assistant and Head of Service has timely information on income and expenditure on each budget which is sufficiently detailed to enable managers to monitor their budgetary responsibilities;
 - As a minimum, quarterly updates are held between a Head of Service, budget holder and their Finance representative;

- Expenditure is committed only against the approved budget cost centre;
- All Officers responsible for income and expenditure, comply with the relevant guidance and the Financial Procedure Rules;
- Each cost centre has a single named manager, designated by the relevant Director/Assistant Director and Head of Service. As a general principle, budgetary responsibility should be aligned as closely as possible to the decision-making processes that commit expenditure; and
- Significant variances from approved budget are investigated and reported by budget holders monthly and advised to the Strategic Management Team and Cabinet.

3.1.4. Administer the Council's Scheme of Virement (refer to subsection b) below).

Directors/ Assistant Directors and Heads of Service Responsibilities

3.1.5. Consult with CFO on any matter which is liable materially to affect the finances of the Council before any provision or other commitment is incurred and before reporting to Members.

3.1.6. Maintain budgetary control within their services, in adherence to the principles above, and to ensure that all income and expenditure is properly recorded and accounted for.

3.1.7. Ensure that an accountable budget holder is identified for each item of income and expenditure under the control of the Director/ Assistant Director and Head of Service (grouped together in a series of department codes). Budget responsibility should be aligned as closely as possible to the decision-making that commits the expenditure.

3.1.8. Ensure that spending remains within the service's overall budget limit, and that individual budget heads are not overspent, by monitoring and taking appropriate corrective action where significant variations from the approved budget are forecast and to report these to the CFO. This regulation shall also apply to any action or decision, which will give rise to a reduction in income.

3.1.9. Ensure that a monitoring process is in place to review performance levels in conjunction with the budget and is operating effectively within the guidelines set down by the CFO.

3.1.10. Obtain prior approval by Council or Cabinet (as appropriate) for new proposals outside of the budget and policy framework, of whatever amount, that:

- Create financial commitments in the current year and future years (Cabinet approval limit up to £500,000 cumulative in a single financial

year individually for both General Fund and HRA , Council approval for higher amounts)

- Change existing policies, initiate new policies or cease existing policies; and
- Materially extends or reduces Council services.

3.1.11. Ensure compliance with Scheme of Virement (refer to subsection b) below).

3.1.12. Consult with the relevant Director/ Assistant Director and Head of Service, where it appears that a budget proposal, including a virement proposal, may impact on another service area or another Director/ Assistant Director or Head of Service's service activity, prior to any action being taken.

b) Virement

A virement is the transfer between budgets that enables Cabinet, Directors, Assistant Directors and Heads of Service and their staff, to manage budgets with a degree of flexibility within the overall budget and policy framework determined by the Council, and therefore to optimise the use of resources.

3.1.13. The Scheme of Virement is administered by the CFO within guidelines set by Council and any variation from the Scheme requires Council approval.

3.1.14. Virement does not create additional overall budget liability and should not be used to create additional budget demand in future years.

3.1.15. Virement is not allowed:

- From capital financing charges, interest credits, council tax and housing benefit payments and projects financed by external grants and contributions, corporate finance costs (e.g. bank charges), precepts etc. or internal recharges (e.g. departmental support service recharges); or
- For a transfer of resources between funds or Capital projects.

3.1.16. Virement is only allowed from employee costs with the approval of the CFO and after consideration of the overall budget position on employees, since the budget anticipates savings on employee budgets from natural staff turnover.

CFO Responsibilities

3.1.17. Prepare, jointly, with the relevant Director/Assistant Director and Head of Service a report to Cabinet on proposed virements, where required under the Scheme.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 3.1.18. Directors/Assistant Directors and Heads of Service may exercise virement on budgets under their control for gross amounts up to £30,000 in total (cumulative within a single financial year), within Departmental budgets or between Departmental budgets within the same Service budget (any combination thereof), following the approval of the CFO and subject to the conditions in paragraphs 3.1.19 to 3.1.22 below.
- 3.1.19. Amounts greater than £30,000 require Portfolio Holder approval, following a joint report by the CFO and the Director/Assistant Director and Head of Service, which must specify the proposed expenditure and the source of funding, and must explain the implications in the current and future financial year. Each Cabinet Member has a cumulative limit of £250,000 per financial year.
- 3.1.20. Amounts greater than £250,000 require Cabinet approval. The Cabinet has a cumulative limit of £500,000 per financial year. Amounts greater than £500,000 require Council approval.
- 3.1.21. Prior Cabinet approval is required for any virement where it is proposed to:
- vire between budgets of different accountable Cabinet Members; and
 - vire between budgets managed by different Directors/ Assistant Directors and Heads of Service.
- 3.1.22. Virements relating to a specific financial year should not be made after 31st March in that year.
- 3.1.23. Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:
- The amount is used in accordance with the purposes for which it has been established; and
 - Cabinet has approved the basis and the terms, including financial limits, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to the Cabinet.

c) Year-End Balances

The treatment of year-end balances is administered by the CFO within guidelines set by the Council. The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward.

- 3.1.24. The Scheme of Carry-Forwards is administered by the CFO within guidelines set by Council and any variation from the Scheme requires Council approval.

3.1.25. The rules cover arrangements for transferring resources between accounting years (i.e. carry-forwards).

CFO Responsibilities

3.1.26. Administer the Scheme of Carry-Forwards within guidelines approved by Council:

- Underspent Capital budgets at year-end will be carried forward in the Capital Programme automatically unless no longer required
- Underspent Revenue budgets up to £30,000 on individual budgets may be carried forward with CFO approval
- Underspent Revenue budgets in excess of £30,000 on individual budgets may be carried forward with Cabinet approval
- All underspent Revenue budgets approved to be carried forward will be retained in an earmarked reserve.

3.1.27. Report jointly with relevant Director/Assistant Director and Head of Service on all material overspends and underspends on service budgets carried forward to the Cabinet and to Council.

Directors/ Assistant Directors and Heads of Service Responsibilities

3.1.28. Underspends on service budgets up to £30,000 under the control of the Director/Assistant Director and Head of Service may be carried forward with prior CFO approval. Underspends over £30,000 require Cabinet approval.

3.1.29. Take account of Capital underspends carried forward into the following years Capital Programme.

d) Emergency Expenditure

The Council needs a procedure in place for meeting immediate needs if an emergency situation arises in the borough.

3.1.30. The Chief Executive and CFO shall have authority to approve expenditure on items essential to meet immediate needs created by an emergency or which is referable to Section 138 of the Local Government Act 1972, subject to a subsequent report to Cabinet and/or Council depending on whether or not the expenditure can be met within the current budget framework.

3.1.31. The Leader or Deputy Leader (having received report from Chief Executive and CFO), shall have power to incur expenditure essential to meet immediate needs created by an emergency, or which is referable to Section 138 of the Local Government Act 1972 (or subsequent legislation) which is not otherwise authorised, or where it is necessary in the Council interest to settle legal proceedings. A subsequent report shall be submitted to Cabinet and/or Council, depending on whether or not the expenditure can be met within the current budget framework.

- 3.1.32. The CFO will ensure, retrospectively, the submission of a claim for reimbursement under the “Bellwin Scheme” for any eligible emergency costs incurred i.e. costs incurred on, or in connection with, immediate actions to safeguard life and property or to prevent suffering or severe inconvenience as a result of a disaster or emergency in the borough. Grant is limited by Section 155 of the Local Government and Housing Act 1989 and local authorities are expected to have budgeted for a certain amount of emergency expenditure (the ‘threshold’).

4. FINANCIAL ACCOUNTING

4.1. Accounting Policies

The CFO is responsible for preparing the Council’s Statement of Accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by (CIPFA/LASAAC), for each financial year.

CFO Responsibilities

- 4.1.1. Select suitable accounting policies and ensure they are applied consistently. Accounting policies are set out in the annual Statement of Accounts.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 4.1.2. Adhere to accounting policies, timetables and guidelines approved by the CFO.

4.2. Accounting Records

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for the stewardship of public resources. The Council has a statutory responsibility to prepare an annual Statement of Accounts that give a “true and fair view” of the financial position and transactions of the Council. The accounting records are subject to external audit. The audit provides assurance that the Statement of Accounts have been prepared properly, that proper accounting practices have been followed and that robust arrangements have been made for securing economy, efficiency and effectiveness in the use of Council resources.

CFO Responsibilities

- 4.2.1. Determine the accounting procedures and records for the Council. Where these are maintained outside of Financial Services, the CFO should consult the Director/Assistant Director and Head of Service concerned.

- 4.2.2. Arrange for the compilation of all accounts and accounting records under his or her direction.
- 4.2.3. Comply with the following principles when allocating accounting duties:
- Separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them; and
 - Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- 4.2.4. Ensure that claims for funds, including grants, are made by the due date.
- 4.2.5. Make proper arrangements for the audit of the Council's Statement of Accounts in accordance with the latest Accounts and Audit (England) Regulations.
- 4.2.6. Prepare and publish the Statement of Accounts for each financial year in accordance with the statutory timetable, and present audited Statements for approval by the Audit and Governance Committee before 31st July each year. Submit provisional outturn results for financial year to Cabinet as soon as practicable.
- 4.2.7. Ensure the retention of financial documents in accordance with the Council's Document Retention Policy.
- 4.2.8. Undertake or receive monthly reconciliations for all fundamental IT financial systems and sign off as evidence of CFO's review.
- Directors/ Assistant Directors and Heads of Service Responsibilities**
- 4.2.9. Consult and obtain the approval of the CFO before making changes to accounting arrangements, records and procedures.
- 4.2.10. Comply with segregation of duties principles outlined in Paragraph 4.2.3 when allocating accounting duties.
- 4.2.11. Maintain records that provide a management trail, leading from income/expenditure source through to the accounting statements, and carry out regular monthly reconciliations of fundamental IT financial systems to the Council's corporate financial management information system.
- 4.2.12. Supply information required to enable the Statement of Accounts to be completed by the statutory deadline of 31st May each year and in accordance with guidelines issued by the CFO.

4.3. Statement of Accounts

The Council has a statutory responsibility to prepare its own Statement of Accounts, which give a "true and fair view" of the financial position and transactions of the Council.

The Audit & Governance Committee is responsible for approving the statutory annual Statement of Accounts.

CFO Responsibilities

- 4.3.1. Select suitable accounting policies and to apply them consistently.
- 4.3.2. Make judgements and estimates that are reasonable and prudent.
- 4.3.3. Ensure compliance the CIPFA/LASAAC Accounting Code of Practice.
- 4.3.4. Sign and date the Statement of Responsibilities with the Statement of Accounts, stating it gives a true and fair view of the financial position and transactions of the Council (including group financial statements where applicable) at the year ended 31st March.
- 4.3.5. Draw up the timetable for final accounts preparation and to advise Officers and external auditors accordingly.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 4.3.6. Comply with accounting guidance provided by the CFO and supply the CFO with information when required.

5. RISK MANAGEMENT AND CONTROL OF RESOURCES

5.1. Risk Management

All organisations, whether in the private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk Management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure its continued financial and organisational wellbeing. In essence it is an integral part of good business practice. Risk Management is concerned with evaluating the measures an organisation already has in place to manage perceived risks and then recommend the actions the organisation needs to take to control these risks effectively. The Audit and Governance Committee monitors the effective development and operation of Risk Management, and it is the overall responsibility of Cabinet to approve the Risk Management Strategy, and to promote a culture of risk management awareness throughout the Council.

CFO Responsibilities

- 5.1.1. Develop and maintain a Risk Management Strategy.
- 5.1.2. Develop and maintain a Risk Register.

- 5.1.3. Develop and promote a proactive and positive corporate Risk Management culture, including awareness and the implementation and maintenance of Risk Management controls.
- 5.1.4. Include all appropriate employees in suitable Fidelity Guarantee insurance cover.
- 5.1.5. Arrange suitable corporate insurance cover, through external insurance and internal funding, and negotiate claims for losses in consultation with other Officers, and partner organisations, where necessary.

Directors/Assistant Directors and Heads of Service Responsibilities

- 5.1.6. Promote a proactive and positive Risk Management culture within service area, including raising awareness and the implementation and maintenance of Risk Management controls.
- 5.1.7. Show due regard to advice from specialist Officers (e.g. health and safety) and review risks through the Service Planning process at least quarterly.
- 5.1.8. Promptly notify CFO of all significant new risks, properties, vehicles or other assets that require insurance and of any alterations affecting existing insurances and to provide information when requested.
- 5.1.9. Immediately notify CFO of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the CFO or the Council's insurers.
- 5.1.10. Consult with the CFO and the Assistant Director Legal and Democratic Services on the terms of any indemnity that the Council is requested (or has offered) to give.
- 5.1.11. Ensure that employees, or anyone covered by Council insurance, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

5.2. Internal Controls

The Council is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives and to monitor compliance with statutory obligations.

The Council faces a wide range of financial, legal, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks and to protect the Council from the impact of uncertainties.

CFO Responsibilities

- 5.2.1. Assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- 5.2.2. Ensure an effective internal audit function is resourced and maintained.
- 5.2.3. Ensure that the Council has put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.
- 5.2.4. Ensure an effective audit committee is developed and maintained.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.2.5. Ensure that external auditors are given access at all reasonable times to premises, human resources, documents and assets which the external auditors consider necessary for the purposes of their work.
- 5.2.6. Ensure that all records and systems are up to date and available for inspection.
- 5.2.7. Review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the CFO. Directors/ Assistant Directors and Heads of Service should also be responsible for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- 5.2.8. Ensure Officers have a clear understanding of the consequences of lack of control.

5.3. Audit Requirements

a) Internal Audit

The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. More specific requirements are set out in the Accounts and Audit Regulations 2015, which require the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Chief Executive

- 5.3.1. Ensure that the Chief Internal Auditor has direct access to and freedom to report in his or her own name and without fear or favour to the Chief Executive and the CFO, the Cabinet and the Audit & Governance

Committee, all levels of management, Officers and elected Councillors. This should include the ability to meet the Chair of the Audit & Governance Committee alone (outside of the Committee meeting) and External Auditors to discuss significant concerns that they may have over the adequacy and effectiveness of internal controls and risk management activities.

CFO Responsibilities

- 5.3.2. Implement appropriate measures to prevent and detect fraud and corruption and ensure that effective procedures are in place to investigate promptly any identified fraud or irregularity.
- 5.3.3. Report to Cabinet requesting additional funding where insufficient internal audit resources have been identified.

Chief Internal Auditor Responsibilities

- 5.3.4. Ensure that Internal Audit has unrestricted access to all information (including records, computer files, property and personnel) and activities undertaken by the Council, and those of partner organisations and third party service providers where contract terms include Internal Audit access rights.
- 5.3.5. Assisting the CFO in discharging their responsibilities under Section 151 of the Local Government Act 1972 in relation to internal controls.
- 5.3.6. Providing and maintaining an Internal Audit function which meets the requirements of the Public Sector Internal Audit Standards (PSIAS).
- 5.3.7. Developing and delivering an Annual Audit Plan for the Council using a risk based methodology. Following consultation with the Chief Executive Officer, CFO and CMT, the Chief Internal Auditor will submit such plan to the Audit & Governance Committee for review and approval prior to the commencement of each financial year.
- 5.3.8. Providing an annual Internal Audit opinion, compliant with PSIAS requirements, which informs the Annual Governance Statement on how the Council's control environment, including risk management processes, accounting records, governance and value for money arrangements, established by management, are operating within the Council.
- 5.3.9. Issuing other reports which provide assurance to the Chief Executive, CFO, Monitoring Officer and the Strategic Management Team, and making recommendations for improvement.
- 5.3.10. Comply with any requests from the External Auditor or access to any information, files or working papers obtained or prepared during audit work that is required to discharge their responsibilities.
- 5.3.11. Reporting to the Chief Executive, CFO and the Audit and Governance Committee, if the Chief Internal Auditor concludes that resources are insufficient.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.3.12. Ensure that Internal Audit are given access at all reasonable times to premises, human resources, documents and assets that the auditors consider necessary for the purposes of their work.
- 5.3.13. Ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 5.3.14. Consider and respond promptly to recommendations/actions in Internal Audit reports.
- 5.3.15. Ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 5.3.16. Notify the Chief Internal Auditor immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of Council property, assets or resources. Pending investigation and reporting, the Director/ Assistant Director or Head of Service should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 5.3.17. Ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Chief Internal Auditor prior to implementation.

b) External Audit

The Local Audit and Accountability Act 2014 (“the Act”) sets out the framework for audit of local authorities. It replaces the provisions of the Audit Commission Act 1998 following the closure of the Audit Commission. The duties and responsibilities of external auditors are primarily set out in Part 5 of the Act and reflected in a Code of Audit Practice issued by the National Audit Office.

The Statement of Accounts is scrutinised by the external auditors, who must be satisfied that they give a “true and fair view” of the financial position and transactions of the Council (including any group financial statements where applicable) during the year and complies with all legal requirements.

CFO Responsibilities

- 5.3.18. Ensure that external auditors are given access at all reasonable times to premises, human resources, documents and assets that the external auditors consider necessary for the purposes of their work.
- 5.3.19. Ensure there is effective liaison between external and internal audit.

- 5.3.20. Work with the external auditor and advise Council, Cabinet and Directors/Assistant Directors and Heads of Service on their responsibilities in relation to external audit.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.3.21. Ensure that external auditors are given access at all reasonable times to premises, human resources, documents and assets which the external auditors consider necessary for the purposes of their work.
- 5.3.22. Ensure that all records and systems are up to date and available for inspection.

5.4. Preventing Fraud and Corruption

The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.

The Council's expectation of propriety and accountability is that Members and Officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

The Council also expects that individuals and organisations, including partner organisations, suppliers, contractors and service providers with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

Chief Executive Responsibilities

- 5.4.1. Maintain adequate and effective internal control arrangements.

CFO Responsibilities

- 5.4.2. Implement appropriate measures to prevent and detect fraud and corruption.

Chief Internal Auditor Responsibilities

- 5.4.3. Develop and maintain a comprehensive Anti-Money Laundering Strategy.
- 5.4.4. Develop and maintain a comprehensive Anti-Fraud and Corruption Strategy.
- 5.4.5. Report all suspected irregularities (as appropriate) to the Chief Executive, the CFO, and the Audit & Governance Committee.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.4.6. Ensure that all suspected irregularities are reported to the Chief Internal Auditor without delay.
- 5.4.7. Instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 5.4.8. Ensure that where financial impropriety is discovered, the CFO and Chief Internal Auditor are informed as soon as possible, and where sufficient

evidence exists to believe that a criminal offence may have been committed, this will be investigated by Counter Fraud Officers of the councils.

5.4.9. Maintain a Register of Interests' for both Councillors and Officers.

5.5. Assets

a) Security of Property

The Council holds assets in the form of property, vehicles, plant, software, equipment other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

CFO Responsibilities

- 5.5.1. Maintain an Asset Register in accordance with good practice for all fixed assets with a value in excess of £10,000. The function of the Asset Register is to provide the Council with information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained.
- 5.5.2. Receive and process information required for accounting, costing and financial records from each Director/ Assistant Director and Head of Service.
- 5.5.3. Ensure that assets are valued in accordance with the Code issued by (CIPFA/LASAAC).
- 5.5.4. Issue guidelines on best practice ("Local Authority Assets: Disposal Guidance - DCLG March 2016") for asset disposals.
- 5.5.5. Ensure appropriate accounting entries are made to remove the value of asset disposals from the Council's records, including the proceeds of sale where appropriate.
- 5.5.6. (Independently) review and authorise proposed stock write-offs (including obsolete and surplus stock) submitted by Directors/ Assistant Directors Heads of Service, within predetermined limits. Values in excess of predetermined limits should be forwarded for approval by the Portfolio Holder for Finance and/or Cabinet as appropriate.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.5.7. Notify the CFO immediately of any additions/disposals/variations to the Asset Register. Any use of property by a service area or establishment, other than for direct service delivery, should be supported by documentation identifying terms, responsibilities and duration of use.
- 5.5.8. Arrange for the valuation of assets for accounting purposes to meet requirements specified by the CFO.

- 5.5.9. Recommend surplus land and buildings for sale to the Asset Management Group (AMG), followed by a joint report prepared by the relevant Director/ Assistant Director and Head of Service and the CFO to Cabinet.
- 5.5.10. Follow best practice guidelines for asset disposals, issued by the CFO.
- 5.5.11. Ensure prospective occupiers of Council land are not allowed to take possession or enter until a lease or agreement (in a form approved by the Director/ Assistant Director and Head of Service in consultation with the Assistant Director – Legal and Democratic Services) has been established as appropriate.
- 5.5.12. Ensure security of buildings and other assets, including vehicles, plant, equipment, furniture, stock, stores and other property, within service area. Consult CFO where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 5.5.13. Pass title deeds to Assistant Director - Legal and Democratic Services, for safe custody. The Head of Operations must keep a record of all properties owned by the Council, recording Portfolio, the purpose for which it is held, the location, the plan reference, purchase details, particulars of interest and rent payable, and particulars of tenancies granted.
- 5.5.14. Ensure that cash holdings on premises are kept within insurance limits (determined by CFO) and keys to safes and similar receptacles are carried on the person of those responsible at all times. Loss of any such keys must be reported to the CFO immediately.
- 5.5.15. Ensure all employees are aware of their personal responsibility to protect and retain the confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council.

Inventories

- 5.5.16. Maintain an Inventory List within service area, recording descriptions of any furniture, fittings, equipment, plant and machinery, with individual values of £75 or more. The Purchasing & Payables Manager must be notified if the value of a single item exceeds £10,000.
- 5.5.17. Carry out annual check of all significant inventory items to verify location, condition and take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Portable items such as computers, cameras and video recorders should be identified with Council security markings.
- 5.5.18. Make sure that property is only used in the course of Council business, unless the Director/ Assistant Director and Head of Service concerned has given permission otherwise.

Stocks and Stores

- 5.5.19. Make appropriate arrangements for the care and custody of stocks and stores within service area.
- 5.5.20. Maintain stocks at reasonable levels and ensure regular (minimum quarterly) independent physical stock checks. Stock discrepancies should be immediately investigated and pursued to a satisfactory conclusion.
- 5.5.21. Recommend stock write-offs (including obsolete and surplus stock) by submitting proposal in writing to CFO (seeking advice from purchasing advisors where appropriate).

5.6. Treasury Management, Banking and Petty Cash

Millions of pounds pass through Councils' accounts each year. This has led to the establishment of CIPFA's "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" (the Code).

The Code aims to provide assurance that Council money is properly managed in a way that balances risk with return, with overriding consideration given to the security of capital sums.

Banking arrangements and petty cash should also be managed appropriately with key responsibilities confined to the CFO and a limited number of authorised individuals.

CFO Responsibilities

- 5.6.1. Undertaking borrowing and investment activities in full compliance with CIPFA's "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes". Any other lending or borrowing cannot be undertaken without the approval of Council, following consultation with the CFO.
- 5.6.2. Ensuring that all borrowing and investing activities are undertaken in the name of the Council (or nominee approved by Council) and detailed records/registers maintained and appropriate arrangements are made for the safe custody of all securities and title deeds.
- 5.6.3. Arranging and administering banking arrangements, including negotiate banking arrangements, opening accounts, signing Direct Debit mandates, ordering cheque books and arranging BACS payments.
- 5.6.4. Along with the Chief Executive, signing bank mandates authenticating the signatures of Officers designated as cheque signatories, and signatories for other instruments for the payment, collection or transfers of monies. All cheques must bear the signature of two authorised Officers of the Council and dispatched directly from the CFO (or his or her staff) to payees.

- 5.6.5. Making arrangements with the bank for the issue of corporate Purchasing Cards.
- 5.6.6. Developing, maintaining and disseminating a detailed Purchasing Card Policy, ensuring that all card holders sign their acceptance of its terms and conditions.
- 5.6.7. Developing and operating a Petty Cash Imprest system (including a set of CFO prescribed rules), which balances operational need with efficiency and appropriate cash control measures.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 5.6.8. Following instructions on banking and purchase cards issued by the CFO.
- 5.6.9. Utilising Purchasing Cards in accordance with the corporate Purchasing Card Policy. Cardholders must formally sign to indicate their acceptance of the Policy, prior to usage.
- 5.6.10. Ensure Trust Funds are held in the Council's name wherever possible. Officers acting as Trustees, due to their official position, must deposit securities etc. relating to the Trust with the CFO, unless the deed otherwise provides.
- 5.6.11. Ensure Trust Funds are operated within relevant legislation and the specific requirements for each Trust. Secure administration arrangements must be approved by the CFO.
- 5.6.12. Ensure employees within service area operate Petty Cash Imprest system in compliance with CFO prescribed rules.

6. FINANCIAL SYSTEMS AND PROCEDURES

Service areas have many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. Service areas are increasingly reliant on ICT for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed, errors detected promptly and system reconciliations completed and evidenced monthly.

The CFO has a professional responsibility to ensure that Council financial systems are sound and should therefore be consulted at an early stage in the process prior to the implementation of any new developments or changes/upgrades to existing systems.

CFO Responsibilities

6.1.1. Make arrangements for the proper administration of the Council's financial affairs, including:

- Issuing advice, guidance and procedures for Officers and others acting on the Council's behalf
- Determining the accounting systems, form of accounts and supporting financial records
- Establishing arrangements for audit of the Council's financial affairs
- Approving any new financial systems to be introduced; and
- Approving any changes to be made to existing financial systems.

Directors/ Assistant Directors and Heads of Service Responsibilities

6.1.2. Comply with procedures and guidance issued by the CFO.

6.1.3. Ensure that accounting records are properly maintained and held securely.

6.1.4. Ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements set out in the approved Document Retention Policy.

6.1.5. Ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.

6.1.6. Incorporate appropriate controls to ensure that, where relevant:

- All input is genuine, complete, accurate, timely and not previously processed
- All processing is carried out in an accurate, complete and timely manner
- Output from the system is complete, accurate and timely; and
- Output is reconciled, at least monthly, to the Council's general ledger and signed off by the preparer and reviewer of the reconciliation.

6.1.7. Ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.

6.1.8. Ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.

6.1.9. Ensure systems are documented and Officers trained in operations.

- 6.1.10. Consult with CFO before changing existing financial systems or introducing new financial systems.
- 6.1.11. Establish a scheme of delegation identifying Officers authorised to act upon the Director/Assistant Director and Head of Service's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their authority.
- 6.1.12. Supply lists of authorised Officers, with specimen signatures and delegated limits, to the CFO, together with any subsequent variations.
- 6.1.13. Ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Where possible, back-up information should be retained in a secure location, preferably off site or at an alternative location within the building.
- 6.1.14. Ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- 6.1.15. Ensure relevant standards and guidelines for computer systems issued by Directors/Assistant Directors and Heads of Service are observed.
- 6.1.16. Ensure computer equipment and software is protected from loss and damage through theft, vandalism etc.
- 6.1.17. Comply with the copyright, designs and patents legislation. In particular, ensure that only software legally acquired and installed by the Council is used on its computers.

6.2. Income and Expenditure

a) Income

Income can be a vulnerable resource and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and properly banked. It is preferable to obtain income in advance of supplying goods or services as this improves cash flow and avoids the time and cost of administering debts.

CFO Responsibilities

- 6.2.1. Agree arrangements for the collection of income due to the Council and approve the procedures, systems and documentation for its collection.
- 6.2.2. Periodically issuing guidance on charging policy, including key principles on fees and charges (e.g. full cost recovery and benchmarking), taxation and inflationary assumptions
- 6.2.3. Order and supply to service areas receipt forms, books or tickets and similar items and satisfy themselves regarding control arrangements.

- 6.2.4. Agree the write-off of bad debts (in consultation with the relevant Director/ Assistant Director or Head of Service) up to £15,000 in value in each case and refer sums in excess of this limit, but up to £100,000, to the Cabinet Member for Resources for approval. Individual sums to be written off that exceed £100,000 require Cabinet approval.
- 6.2.5. Keep records of all sums written off and ensure appropriate accounting adjustments are made.
- 6.2.6. Ensure that refunds are not made for sums under £5.00, unless specifically requested by the individual.
- Directors/ Assistant Directors and Heads of Service Responsibilities**
- 6.2.7. Establish charging policy for the supply of goods or services in accordance with guidance issued by the CFO, reviewing it regularly, in line with corporate policies.
- 6.2.8. Separate responsibility for identifying amounts due and responsibility for collection, as far as is practicable.
- 6.2.9. In consultation with the CFO, establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- 6.2.10. Issue official receipts for all cash transactions (except where a legal document is the receipt for money received) and maintain other documentation for income collection where receipts are not required.
- 6.2.11. Ensure wherever practical that at least two employees are present when post is opened at a site where income is regularly received.
- 6.2.12. Securely hold receipts, tickets and other records of income in accordance with Document Retention Policy.
- 6.2.13. Lock away all cash to safeguard against loss or theft, and to ensure security of cash handling.
- 6.2.14. Ensure income is paid promptly and fully into Council bank account in the form in which it is received. Appropriate details should be recorded to provide a full audit trail. Money collected and deposited must be reconciled to bank account on a monthly basis (minimum).
- 6.2.15. Ensure income received is not used to cash personal cheques or make any other payments.
- 6.2.16. Supply CFO with details relating to work done, goods supplied, services rendered or other amounts due, to enable the CFO to record correctly the sums due to the Council and to ensure accounts are sent out promptly. To do this, Directors/Assistant Directors and Heads of Service should use established debt recovery systems to monitor the recovery of income and

flag up areas of concern to the CFO. Heads of Service have a responsibility to assist the CFO in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.

- 6.2.17. Keep a record of every transfer of money between employees of the Council. The receiving Officer must sign for the transfer and the transferor must retain a copy.
- 6.2.18. Recommend debts for write-off to the CFO and keep a record of all sums written off. Once raised, bona fide debts must not be cancelled, except by full payment or by formal write off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt, a waiver or reduction in charges.
- 6.2.19. Where delegated authority has been granted by the CFO, individuals can write-off bad debts up to their specified limit in each case (Note – delegated authority must be exercised in strict observance of 'separation of duties' principles; referred to above in Paragraph 6.2.8). Sums in excess of their limit must be referred to the CFO for approval, who in turn will seek Cabinet Member approval for write-off of bad debt exceeding £15,000 in line with Paragraph 6.2.4 above.
- 6.2.20. Notify CFO of outstanding income relating to the previous financial year as soon as possible after 31st March in line with timetable determined by the CFO, and not later than 10th April or nearest working day thereafter.

b) Ordering and paying for work, goods and services

Public money should be spent with demonstrable probity and in accordance with Council policies. Councils have a statutory duty to achieve best value, in part through economy and efficiency. Council procedures should help to ensure that services obtain value for money from their procurement arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules.

- 6.2.21. Officers and Members engaged in contractual or procurement decisions on behalf of the Council have a responsibility to declare links or personal interests that they may have with purchasers, suppliers and/or contractors, in accordance with appropriate codes of conduct.
- 6.2.22. Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, corporate purchasing card purchases, petty cash purchases or other exceptions specified by the CFO. Any order placed by telephone shall be confirmed by the issue of an official order within 5 working days.

- 6.2.23. Purchase orders must conform to guidelines approved by Council for the procurement of goods, services and suppliers. Standard terms and conditions must not be varied without the prior CFO approval.
- 6.2.24. The normal payment method will be by BACS payment direct to the customer, drawn on the Council bank account, approved by the CFO. Direct debits will require prior CFO agreement, or a designated bank signatory, before any agreement is signed. Purchasing card payments may be made by Officers preauthorised by the CFO and identified on the Authorised Signatory List. VAT receipts for all goods must accompany monthly statements submitted to the CFO. Spending limits will be set/approved the CFO.
- 6.2.25. Official orders must not be raised for personal or private purchases, nor must personal or private use be made of Council contracts.

CFO Responsibilities

- 6.2.26. Ensure Council financial systems and procedures are sound and properly administered, approving changes to existing systems (whether new systems or upgrades) before implementation.
- 6.2.27. Approve the form of official orders and associated terms and conditions.
- 6.2.28. Make payment from Council funds on Directors/Assistant Directors and Heads of Service authorisations that expenditure has been duly incurred in accordance with Financial Procedure Rules.
- 6.2.29. Make payment (irrespective of budget provision) where it is required by statute or court order.
- 6.2.30. Arrange for the keeping of a Contract Register where contracts provide for payment by instalments.
- 6.2.31. Make payments to contractors upon receipt of properly completed certificates from Directors/Assistant Directors and Heads of Service. Such payments must be entered and appropriately cross referenced in the Contract Register.
- 6.2.32. Provide advice and encouragement on making payments by the most economical means.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 6.2.33. The Assistant Director - Legal and Democratic Services will determine the form of contract to be used for building, constructional or engineering work.
- 6.2.34. Ensure that all contract variations are in writing and agreed before work on the variation commences.

- 6.2.35. Refer claims from contractors on matters not clearly within existing contract terms to Assistant Director - Legal and Democratic for consideration of Council liability and to the CFO for financial consideration, before settlement is reached.
- 6.2.36. Take appropriate action, in consultation with Assistant Director - Legal and Democratic, in respect of any claim for liquidated and ascertained damages where contract completion is delayed. This provision will not apply if there are reasons qualifying for an extension.
- 6.2.37. Ensure that unique Cafi generated official orders are used for all goods and services, other than the exceptions specified in Paragraph 6.2.22.
- 6.2.38. Ensure orders are only used for goods and services provided to the relevant service area. Members and Officers must not use official orders to obtain goods or services for private use. Neither may Officers place orders for goods or services for personal use using the Council's e-procurement system.
- 6.2.39. Ensure that only staff authorised by Directors/Assistant Directors and Heads of Service authorise orders and maintain an up-to-date list of such authorised staff, including specimen signatures, identifying the limits of their authority. The authoriser of the order should be satisfied that works, goods, supplies and services ordered are appropriate and needed, that there is adequate budgetary provision and that Contract Procedure Rules have been followed.
- 6.2.40. Ensure that works, goods, supplies and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different Officer from the authoriser of the order. Entries should then be made in inventories or stores records where appropriate.
- 6.2.41. Ensure payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment.
- 6.2.42. Ensure a minimum of two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different Officer from the person who signed the order, and in every case, a different Officer from the person checking a written invoice, should authorise invoices.
- 6.2.43. Periodically review a list of their staff approved to authorise invoices. New authorising Officers, together with specimen signatures, and details of their authority limits, must be forwarded to the CFO.
- 6.2.44. Ensure that payments are not made on photocopied or faxed invoices, statements or other documents. Any instances of these being rendered should be reported to the Chief Internal Auditor. In exceptional circumstances, where payment is made against such a document and where

properly authenticated, the transaction must be processed in accordance with CFO guidance.

- 6.2.45. Encourage suppliers to accept payment by the most economical means for the Council. Payments made by Direct Debit must have the prior approval of the CFO or an authorised bank signatory.
- 6.2.46. Ensure service area achieves value for money by taking appropriate steps to obtain competitive prices for works, goods, supplies and services of appropriate quality, in line with best practice guidelines issued by the CFO, consistent with best value principles and contained within the Contract Procedure Rules.
- 6.2.47. Utilise the Procurement Team in putting purchases, where appropriate, out to competitive quotation or tender. These will comply with Contract Procedure Rules.
- 6.2.48. Ensure that employees are aware of the Code of Conduct (Part 5 of the Constitution).
- 6.2.49. Ensure that loans, leases or rental arrangements are not entered into without prior CFO agreement. This is to protect the Council against entering into unapproved credit arrangements that might adversely affect financial standing and to ensure that value for money is being obtained.
- 6.2.50. Notify CFO of outstanding committed expenditure relating to previous financial year as soon as possible after 31st March in line with timetable determined by CFO and, in any case, not later than 10th April.
- 6.2.51. With regard to construction contracts and alterations to buildings and for civil engineering works, to document and agree with CFO the systems and procedures to be adopted in relation to all financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedure for validation of subcontractors' tax status.
- 6.2.52. Notify the CFO immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 6.2.53. Ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the Document Retention Policy.

c) Payments to employees and Members

Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' Contract of Employment. It is also important that all payments are accurately and completely recorded and accounted for and that Member allowances are authorised in accordance with the scheme adopted by Council.

CFO Responsibilities

- 6.2.54. Ensure appropriate arrangements are in place to control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by them, on the due date.
- 6.2.55. Record and make arrangements for the accurate and timely payment of tax, pension contributions and other deductions and to complete all relevant HMRC returns.
- 6.2.56. Make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 6.2.57. Make arrangements for paying Members travel or other allowances upon receiving the prescribed documentation, duly completed and authorised.
- 6.2.58. Provide advice and encouragement to secure payment of salaries by the most economical means.
- 6.2.59. Ensure that there are adequate arrangements for administering pension matters on a day-to-day basis.
- 6.2.60. Act as an advisor on areas such as taxation and monitoring of the East Sussex County Council Pension Fund, as appropriate.

Directors/Assistant Directors and Heads of Service Responsibilities

- 6.2.61. Ensure that appointments are made in accordance with the regulations of the Council and the approved Establishment List, grades and scale of pay and that adequate budget provision is available.
- 6.2.62. Notify the Head of Human Resources of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Head of Human Resources.
- 6.2.63. Ensure that adequate and effective systems and procedures are operated, so that:
 - Payments are only authorised to bona fide employees
 - Payments are only made where there is a valid entitlement
 - Conditions and contracts of employment are correctly applied; and
 - Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 6.2.64. Provide and maintain an up-to-date list of the names of Officers authorised to complete and return records to the Head of Human Resources, together with specimen signatures, where appropriate. The CHRIS HR system

should contain update lists of Human Resources Officers and Officers authorised to approve timesheets and claims.

- 6.2.65. Ensure that payroll transactions are processed only through the payroll system. Directors/Assistant Directors and Heads of Service should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis and take advice from the Head of Human Resources.
- 6.2.66. Approve travel and subsistence claims and other allowances, but only when they have been made on an approved travel expenses form and within three months of the travel or subsistence being incurred. Approval is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Head of Human Resources is informed where appropriate.
- 6.2.67. Ensure that the Head of Human Resources is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- 6.2.68. Ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the Document Retention Policy.
- 6.2.69. The Head of Human Resources to act as an advisor to Directors/Assistant Directors and Heads of Service on areas such as employment status, National Insurance and Pension Contributions, as appropriate.
- 6.2.70. Ensure that the staffing budget is an accurate forecast of staffing levels in accordance with the approved Establishment List and is equated to an appropriate revenue budget provision (including on-costs and overheads).
- 6.2.71. Ensure the Chief Executive (or the Officer delegated by them) has approved any changes in employment conditions where the full year cost of such changes would exceed £1,000.
- 6.2.72. Monitor staff activity to ensure adequate control over costs such as sickness, overtime, training and temporary staff.
- 6.2.73. Ensure that the staffing budget is not exceeded without prior authority from the CFO / Head of Human Resources and that it is managed to enable the agreed level of service to be provided.
- 6.2.74. Ensure that the Head of Human Resources and the CFO are immediately informed if the staffing budget is likely to be significantly overspent or underspent.

Member Responsibilities

- 6.2.75. Submit claims for Member travel and subsistence allowances on a monthly basis (or within three months of incurring the travel or subsistence) and, in any event, within one month of year end.

6.3 Taxation

The Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all Officers to be aware of their role. The creation and use of Local Authority Trading Companies (LATC's), has resulted in added Tax considerations, including Corporation Tax and 'different VAT rules'.

CFO Responsibilities

- 6.3.1. Complete Council VAT returns and annual Partial Exemption calculations in accordance with HMRC timescales.
- 6.3.2. Discharge Tax related responsibilities for Council-owned trading companies (LATCs), including all Corporation Tax and VAT duties and returns.
- 6.3.3. Provide details to the HMRC regarding the Construction Industry Scheme (CIS).
- 6.3.4. Maintain up-to-date guidance for Council employees on taxation issues.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 6.3.5. Ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- 6.3.6. Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary CIS requirements.
- 6.3.7. Ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- 6.3.8. Follow the guidance on taxation issued by the CFO.

6.4. Trading Accounts and Business Units (including Local Authority Trading Companies)

Trading accounts and business units have been growing in importance for many years as local councils have progressively developed a more commercial culture. Under proper accounting practices, Councils are required to keep trading accounts for services provided on a basis other than a straightforward recharge of cost in accordance with the Accounting Code of Practice.

Ongoing reductions in Government support is further increasing the rate of 'council commercialisation'. Councils are seeking ever more innovative ways to achieve financial self-sufficiency, with legislative changes (notably the introduction of a "general power of competence" under Section 1 of the Localism Act 2011) aiding the proliferation of local authority trading companies.

CFO Responsibilities

- 6.4.1. Advise on the establishment and operation of trading accounts and business units.
- 6.4.2. Advise on the establishment and operation of local authority trading companies, including the professional financial appraisal of proposed commercial investments, projects and trading opportunities.
- 6.4.3. Prepare financial statements for local authority trading companies in accordance with relevant proper accounting practice.
- 6.4.4. Ensure compliance with all relevant extant companies and tax legislation in respect of local authority trading companies, including the preparation of taxation and other financial returns.
- 6.4.5. Arrange and maintain adequate insurance cover for local authority trading companies, where appropriate.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 6.4.6. Follow CFO advice on the establishment and operation of trading accounts and business units.
- 6.4.7. Follow CFO advice on the establishment and operation of local authority trading companies. In particular, it is essential that the robustness of all commercial proposals is established through CFO input at the concept and development stage(s).
- 6.4.8. Consult with the CFO where a business unit wishes to enter into a third party contract where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
- 6.4.9. Ensure that appropriate accounting principles (as guided by the CFO) are applied in relation to Council trading accounts, and statutory accounts required for trading companies, including any tax implications, where applicable.
- 6.4.10. Ensure that each business unit and trading company prepares an annual business plan.

7. EXTERNAL ARRANGEMENTS

Partnerships- Partnerships can exist in many forms and play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Councils are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Councils still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user and community wishes.

Councils will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. Councils will be measured by what they achieve in partnership with others.

Jointly Controlled Operations (JCO's) are activities undertaken by the Council in conjunction with partners that involve the use of assets and resources of the partners, rather than the establishment of a separate entity.

7.1.1. A partner is defined as either:

- (a) An organisation (private or public) undertaking, part funding or participating as a beneficiary in a project; or
- (b) A body whose nature or status gives it a right or obligation to support the project

CFO Responsibilities

7.1.2. Advise on effective controls and the key elements of entering into any partnership, including JCO's, to ensure that resources are not wasted. Examples include, but are not limited to:

- (a) A scheme appraisal for financial viability in both the current and future years, together with capital/revenue cash flow forecasts for at least three years
- (b) Risk appraisal and management
- (c) Resourcing, including taxation / VAT issues
- (d) Audit, security and control requirements

- (e) Carry-forward arrangements; and
 - (f) Ensure that an annual business plan is prepared.
- 7.1.3. Ensure that the partnership accounting and governance arrangements comply with all relevant regulations and codes of practice.
- Directors/ Assistant Directors and Heads of Service Responsibilities**
- 7.1.4. Ensure that, before entering into any agreement with external bodies, including the terms of operation, the CFO is consulted and the Cabinet approval is obtained.
- 7.1.5. Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the CFO.
- 7.1.6. Ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the CFO.
- 7.1.7. Ensure that arrangements are in place for cessation of a partnership, including an exit strategy.
- 7.1.8. Ensure that such agreements and arrangements do not impact adversely upon existing Council services.
- 7.1.9. Ensure that all agreements and arrangements are properly documented.
- 7.1.10. Provide appropriate information to the CFO to determine if any requirement for a note to be entered into the Council's Statement of Accounts in accordance with relevant accounting Codes of Practice is required.

7.2 External Funding

External funding is an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Councils are increasingly encouraged to provide seamless service delivery through working closely with communities, other agencies and private service providers.

In some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall corporate/spending plans.

CFO Responsibilities

- 7.2.1. Ensure that arrangements are approved in advance by Cabinet.
- 7.2.3. Ensure that funding notified by external bodies is received and properly recorded in the Council's accounts.

- 7.2.4. Ensure that match-funding requirements are considered prior to entering into agreements and that future revenue budgets reflect these requirements.
- 7.2.5. Ensure that internal and external audit requirements are met.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 7.2.6. Ensure that the CFO is consulted prior to the completion of all applications for external funding and is provided with a written copy of all grant approvals, together with grant and auditing conditions, and that all claims for funds are made in conjunction with Finance staff and submitted by the due date.
- 7.2.7. Ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.
- 7.2.8. Records of achievements against key targets to be met must be maintained for both financial and Non-Financial indicators.
- 7.2.9. Documentation must be made available for access by either internal and/or external audit where required.
- 7.2.10. To ensure that the retention and archiving of records complies with the conditions and requirements of the funding body.

7.3 Working with Third Parties

Legislation has enabled the Council to provide a range of services to other bodies for some time. Such work may enable a unit to maintain economies of scale and existing expertise. Such services may increasingly be delivered through local authority trading companies.

Whatever service-delivery arrangements are used (either 'in house' or through a company), robust procedures should be in place to ensure that any risks associated with such work are minimised, and that such work is legal.

CFO Responsibilities

- 7.3.1. Advise on appropriate service delivery arrangements for third party working proposals.
- 7.3.2. Where work is to be delivered through a trading company, ensure compliance with the Rules in respect of that.
- 7.3.3. Issue guidance with regard to the financial aspects of third party contracts.
- 7.3.4. Provide financial information in order for the relevant Director/Assistant Director and Head of Service to monitor the contract.

- 7.3.5 Arrange and maintain adequate insurance cover for third party contracts through corporate policy, where appropriate.

Directors/ Assistant Directors and Heads of Service Responsibilities

- 7.3.6. Follow CFO advice on appropriate service delivery arrangements for third party working proposals.
- 7.3.7. Where work is to be delivered through a trading company, ensure compliance with the Rules in respect of that.
- 7.3.8. Ensure that potential proposals are properly costed in advance in accordance with CFO guidance. It is essential that no contract is subsidised by the Council.
- 7.3.9. Ensure Cabinet approval is obtained before negotiations are concluded to work for third parties.
- 7.3.10. Maintain third party contracts register in accordance with procedures specified by CFO and ensure all contracts are properly documented.
- 7.3.11. Ensure that, wherever possible, payment is received in advance of service delivery, but in any event, payments must be promptly paid in accordance with the contract.
- 7.3.12. Ensure service area has the appropriate expertise to undertake the contract.
- 7.3.13. Ensure contracts do not adversely impact on services provided for the Council.
- 7.3.14. Provide appropriate information to CFO to determine any Accounting Code of Practice requirements.

Report to:	Cabinet
Date:	9 July 2019
Title:	Access Audit
Report of:	Cllr Rebecca Whippy (Cabinet member for disabilities and community safety)
Ward(s):	All
Purpose of report:	To seek Cabinet's agreement for an audit to be undertaken to determine current levels of accessibility of public buildings and services for disabled people
Decision type:	Non-key decision
Officer recommendation(s):	That Cabinet agree in principle to an access audit being undertaken, subject to a detailed scope being developed including resourcing requirements.
Reasons for recommendations:	An access audit would enable the council to determine the current levels of accessibility for disabled people of public buildings and services in the Borough. As well as raising the profile of access issues the audit could also act as a catalyst for driving improvements in accessibility. It would also help ensure that the council is fulfilling its duties under the Public Sector Equality Duty.
Contact Officer(s):	Name: Jo Harper Post title: Head of Business Planning and Performance E-mail: jo.harper@lewes-eastbourne.gov.uk Telephone number: 01273 085049

1 Introduction

- 1.1 The council recognises that some groups experience stereotyping and unfair discrimination in society, and some groups are, or become, isolated through a number of barriers such as physical and mental disability, culture and language, deprivation and a lack of knowledge. The Council is committed to challenging all forms of inequality and takes its obligations to promote equality of opportunity and foster good relations very seriously. This commitment is set out in the council's Equality and Fairness Policy.
- 1.2 For disabled people the environment in which they live can create barriers which limit their lives, in terms of not being able to access facilities and services. The Equality Act 2010 places a duty on providers of goods, services and facilities to make reasonable adjustments in order to avoid a disabled person being placed

at a “substantial disadvantage” compared with non-disabled people when accessing services and facilities.

1.3 In addition, the Equality Act 2010 sets out in Public Sector Equality Duty ((PSED) also known as the general duty or the equality duty) which requires us, when we are carrying out our business, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between people who share a protected characteristic (which includes disability) and people who do not share it; and
- Foster good relations between people who share a protected characteristic (which includes disability) and people who do not share it.

1.4 When considering the ways in which disabled people may experience discrimination, the council is mindful of the range of types of disability which can impact on people’s lives, and that the nature of the disability is not always visible. Physical disability, visual Impairment, being deaf or hard of hearing, having mental health conditions, a learning disability, an acquired brain injury or autism spectrum disorder are all forms of disability covered by the Equality Act.

1.5 The council agrees an equalities and fairness action plan each year, which sets out what it will do to further its commitments with the Equality and Fairness Policy and to meet its commitment under the Equality Act and the PSED. The most recent action plan was agreed by Cabinet in March 2019. At that meeting it was noted by the Cabinet that training had been arranged and delivered on Access Issues, including the process of undertaking access audits, to Neighbourhood First teams and ensure Neighbourhood Officers are able to respond confidently and effectively to customer enquiries relating to access issues.

2 Responding to Access Issues

2.1 An access audit is the examination of an existing building, its facilities and services, against predetermined criteria to assess its usability. The audit may address, for example; physical access, building facilities, lighting and colour contrast, acoustics, signage and wayfinding, means of escape/evacuation, policies and staff training.

2.2 The council recognises the importance of undertaking access audits as a part of ensuring our buildings, facilities and services are accessible to disabled people. As mentioned above, officers in the council Neighbourhood First Team have been trained to understand access issues and to be able to undertake simple access audits as part of their role. This training is updated and refreshed as new staff join the team.

2.3 In addition, the council supports a Disability Involvement Group (DIG) which comprises representatives of local disability organisations. This group was established to represent the views of disabled people in Eastbourne, to obtain equality for all disabled people, to share information in the spirit of education and learning, to advise on improved access to services in Eastbourne, to help shape future service delivery in Eastbourne and to improve the evidence base of the

experience and outcomes of disabled people and the ability to deliver a fair, inclusive sustainable environment in Eastbourne for all disabled people.

- 2.4 The DIG has always highlighted the importance of accessibility as part of their work. To this end, the group organised an Access Day last year which was funded through their annual grant of £500 from the council. The event, which took place at The Beacon aimed to encourage disabled people to try something new, raised awareness about the importance of disabled access and encouraged conversations between disabled people, businesses and venues.

3 Proposal for an Access Audit

- 3.1 To further the council's commitment to the PSED, it is proposed that a full access audit be undertaken to build on the work already progressed, as set out in section 2 above. The intention of the audit would be to raise the profile of access issues and act as a catalyst for driving improvements in accessibility in the Borough. The audit would focus on the full range of disabilities (as per para 1.4), not just those limited by issues of physical access.

- 3.2 Further work is needed to fully scope the audit and to determine the resource requirements, but at this stage, Cabinet's agreement is sought for a scoping exercise to be undertaken, including consultation with relevant partner bodies (in particular the DIG), in order to draw up a more detailed, costed proposal for Cabinet's consideration. As part of this, consideration will be given to the introduction of an accreditation scheme for organisations and businesses. It is proposed that the audit would be undertaken in autumn/winter 2019 in order to inform development of the equality and fairness action plan for the following year.

4 Financial appraisal

- 4.1 If the recommendations of this report are approved, the financial implications of undertaking an access audit will be determined as part of the scoping exercise and will be presented in a future report.

5 Legal implications

- 5.1 If the recommendations of this report are approved, the legal implications of undertaking an access audit will be determined as part of the scoping exercise and will be presented in a future report.

6 Risk management implications

- 6.1 If the recommendations of this report are approved, the risk implications will be determined as part of the scoping exercise and will be presented in a future report.

7 Equality analysis

- 7.1 If the recommendations of this report are approved, an equality and fairness analysis will be undertaken and be presented in a future report.

8 Background papers

- Equality and fairness policy - https://www.lewes-eastbourne.gov.uk/_resources/assets/inline/full/0/264960.pdf

Report to:	Cabinet
Date:	9 July 2019
Title:	Enabling the supply of temporary homes for homeless families
Report of:	Ian Fitzpatrick, Director of Regeneration and Planning
Cabinet member:	Councillor Alan Shuttleworth
Ward(s):	All
Purpose of report:	This report presents an outline of the plans to put in place a new cost-effective supply of temporary accommodation, to provide homes for families to whom the council has accepted a duty under homelessness legislation.
Decision type:	Key decision
Officer recommendation(s):	(1) For Cabinet to note the plan set out in the report, as to how the Council proposes to reduce the increased cost of temporary accommodation. (2) For Cabinet to agree delegated authority for the Director of Regeneration & Planning, in consultation with the Cabinet member for housing, to enter into Head & Underleases with Eastbourne Homes Investment Company Limited.
Reasons for recommendations:	To provide Cabinet with assurance that the project meets the Council's strategic objectives, by reducing the high costs of using emergency accommodation.
Contact Officer(s):	Name: Oliver Jones Post: Strategy & Partnerships Lead - Housing & Communities E-mail: Oliver.Jones@lewes-eastbourne.gov.uk Telephone number: 01323 415 464

1 Introduction.

- 1.1 This paper outlines new plans to purchase homes using the Council owned housing investment vehicle, Eastbourne Homes Investment Company Limited (EHICL), which would then be leased by the Council for use as temporary accommodation. Implementation of the new leasing scheme will help reduce reliance on costly placements with emergency accommodation providers.
- 1.2 The use of emergency placements in accommodation has increased significantly over the past year, as the availability of good quality, affordable temporary homes across Eastbourne has struggled to keep up with the rising numbers of homeless presentations. Increases in responsibilities of the Council under the Homelessness Reduction Act, high levels of evictions resulting from the

implementation of Universal Credit, and a reduced supply of accessible market rented accommodation for those on low incomes, are all contributory factors.

1.3 Although down from 192 households last December, the 165 families in emergency accommodation in mid-June still constitutes a 40% increase compared with the position in May 2018. There has been an accompanying increase in the costs of providing emergency accommodation and the net costs of housing 165 households for a full year, could cost up to £1.17M. Clearly this is the key driver for intervention, although it must also be borne in mind that the costs of using of this type of accommodation are more than financial. Emergency accommodation can be cramped, will often necessitate the use of shared facilities, and may be located away from residents' familiar neighbourhoods, schools or places of employment. These factors have been shown to have an adverse impact on the well-being of adults and children alike, so the Council would want to minimise the time spent in such accommodation.

1.4 It is recognised that providing a supply of good quality temporary accommodation will not, in itself, solve or reduce homelessness across the borough. As such, it should be viewed as part of a wider approach that focusses on prevention and seeks to increase the availability of permanent affordable homes. Addressing both is a key priority for the Council and work to review the strategic approach that underpins this will begin immediately and progress across the summer. The resultant revisions to our housing strategy (due to be presented to Cabinet later in the year) will set the context for the policies that the Council puts in place to support different tenures, deliver its own housing investment plans and address homelessness.

2. Our plans.

2.1 The approach of the Council will continue to support people in finding long term homes. However, recognising the demands on the supply of housing across all tenures in Eastbourne, the plans set out here underpin an approach to minimise costs, whilst wider strategic housing interventions to increase supply can be put in place. To address more immediate needs, it is proposed that the Council secure a supply of temporary accommodation from EHICL, which has been acquiring street properties over the past 3 years. The scheme will complement the existing street purchase programme, which has already helped a small number of homeless families secure permanent accommodation in EHICL homes. The new leasing scheme differs in a number of key aspects:

Current plan	New plan
Use EHICL homes for permanent discharge of duty.	Use EHICL homes as medium term, settled, temporary accommodation.
Homes to be purchased / allocated 'one by one'.	Agreement in place to lease up to 70 homes during the first year.
Homes let by EHICL at full market rent.	EBC to pay full market rent to EHICL and let homes to housing needs referrals claiming Housing Benefit at the Local Housing Allowance rate. The

	Council would then fund the difference.
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2.2 The scheme has the potential to considerably reduce the overall cost of providing temporary accommodation, as it is less costly for the Council to pay the gap between LHA and the market rent each week, than it is for the Council to pay for a week of emergency accommodation. More detailed financial forecasts are given in the business case, but it is anticipated that putting in place a scheme of 70 leased homes could save £352,000 each year. In addition, the homes will better suit the needs of families, so improving the wellbeing of residents.

2.3 Although the scheme will provide a new and valuable form of temporary accommodation, the Council will continue to source homes from other private landlords and from within its own housing stock.

3 Consultation

3.1 A project team has been in place since March. Representatives from operational teams including Commercial Business, Neighbourhood Management and Housing Needs, have been successfully working alongside representatives from Finance, Legal and HR to work up proposals, develop the feasibility plans and secure Corporate Management Team approval. The team took over formal project management in May and has agreed an action plan, identified key risks and set out the critical path items that will help deliver the project on time. Regular briefings are provided at team meetings to report progress and gather feedback from affected staff.

4 Outcome expected and performance management

4.1 Key outcomes of the project include:

- A full temporary accommodation needs assessment – analysis of demand confirms that the majority of households have a need for 1-3 bedroom properties, which can mostly be met by allocation to 1-2 bedroom sized temporary homes. A small number of 3-bed homes will also be required.
- A confirmed purchasing ambition – the plans aim to provide a sustainable stock of up to 70 homes for households with children, that takes into account accompanying measures to reduce demand and improve case management. A separate project is working with supported housing providers to identify move on accommodation for single households.
- Agreed heads of terms, template lease and tenancy agreement – the lease agreements will protect the interests of signature parties, whilst the tenancy will give tenants rights, without conferring security of tenure.
- Agreed allocation policies and procedures - to help ensure that purchases are let and re-let in an efficient and fair manner.
- A new management function within the Housing Needs team – to provide a dedicated resource to manage all temporary homes, minimise the use of emergency placements and help secure permanent housing options in private, affordable and social rented homes.
- An agreed financial and savings plan – the business case has been verified and approved by the Finance team, whilst a decision for approval of the

terms set out by the Council will be presented to the EHICL Board in July.

4.2 Key measures that will be used to measure the success of the plans include the:

- Number of purchases and completed leases versus target.
- Number of households in emergency accommodation.
- Average length of stay in emergency accommodation.
- Number of families in emergency accommodation beyond 6-weeks.
- Overall spend on emergency accommodation – versus cost reduction target.

5 Corporate plan and council policies

5.1 Outcomes from the project will meet the Council's broader strategic objectives by reducing the financial cost of using emergency accommodation and providing safer, well managed homes.

6 Business case

6.1 A copy of the savings plan is shown in Appendix 1. This models the impact of housing 70 of the 165 households presently living in emergency accommodation, across a full year. Based on the council meeting the costs of paying the gap between local housing allowance and the full market rent, rather than continuing to house these families in emergency accommodation, the direct saving is forecast to be £352,000. To demonstrate the direct saving, the model assumes that demand for temporary accommodation remains at 165 homes, although the plans being taken to boost preventative activities, improve case management and better manage temporary accommodation should see costs fall further. Increasing the size of the scheme to 100 homes could increase savings, but the initial assessment is that 70 homes, alongside the other sources of temporary homes and demand reduction activities, is enough to provide a sustainable supply.

6.2 Cabinet is now asked to agree that delegated authority be granted to the Director of Regeneration and Planning, to enter into an agreement to lease up to 70 homes from EHICL, thereby guaranteeing the viability of the scheme.

7 Financial appraisal

7.1 As outlined in the report, the proposed plans for the lease of homes have the potential to significantly reduce the Council's revenue costs in respect of the provision of emergency accommodation.

10 June 2019 Ref: EBC-BM

8 Legal implications

8.1 The approach set out in paragraph 6.1 is based on EHICL purchasing existing long leases ("Head Leases") in blocks of flats where the freehold is owned by the Council. EHICL will then let the flats to the Council using underleases ("Underleases"), and the Council will use the flats for temporary accommodation.

- 8.2 A draft Underlease has been prepared and will have to be agreed with EHICL. The Underlease depends heavily on the contents of the Head Lease. The Underlease cannot be in conflict with the Head Lease. Generally, the Underlease is on substantially the same terms as the Head Lease. Some key parts of the current draft Underlease are as follows:
- Duration: Five years with break rights for both parties.
 - Financial terms: In addition to the rent, the Council is liable to pay an amount equivalent to the sums payable by EHICL for the Management Charges due from EHICL under the Head Lease. Management Charges cover matters such as maintenance of the block.
 - Use and occupation: The Council is to use the flat for temporary housing accommodation in accordance with the Housing Act 1985. This is particularly important, in that occupation of temporary housing accommodation under the Housing Act 1985 is excluded from security of tenure. The end result is that occupiers will not have security of tenure against the Council and EHICL if the terms of the Underlease are followed.
 - General: A number of EHICL's obligations in the Head Lease are passed on to the Council with modifications where appropriate.
- 8.3 The precise terms of each Underlease will depend on what is required at the time and may vary from what is set out above. However, Underleases should always include the obligation to use the flat for temporary housing accommodation so as to avoid security of tenure.
- 8.4 The Director of Regeneration and Planning has delegated authority to acquire land in connection with the Council's functions. This includes authority to take leases of land. The Director's delegated authority could be used to authorise individual Underleases of flats (acting on behalf of the Council).

14 June 2019 Ref: 8342-EBC-MR

9 Risk management implications

- 9.1 Risks were identified and rated across all themes of the project, to assess the likelihood and impact they posed to the plans. Four high risk items relating to allocation policies and procedures, as well as the management of the new homes were identified. Steps have been taken to address all of these, by including tasks that will deliver clear procedures and put in place a fully skilled and resourced management team. The scoring and mitigations relating to these items are set out in appendix 2.

10 Equality analysis

- 10.1 A full equality and fairness analysis has considered the impact of the plans on both customers and staff. This concluded that the outcomes of a successfully deployed scheme will increase the provision of better quality, more affordable temporary accommodation, so have a positive effect on the wellbeing and

finances of those households that benefit directly.

- 10.2 A full analysis has been carried out to assess the needs of those households presently living in emergency accommodation. This found that the scheme will have a higher impact (costs and wellbeing) by re-housing households with children, so the scheme target families presently living in emergency accommodation first. To redress this, a separate piece of work is being undertaken by the Housing Needs team, who are working directly with supported housing providers to increase the amount of 'move-on' accommodation for single person households.
- 10.3 The needs assessment also identified up to seven households where disabilities are driving priority need, so the purchasing strategy will actively pursue the acquisition of suitable accommodation for these households, using Disabled Facility Grants to fund adaptations as required.
- 10.4 The scheme does not reflect any change in the way we will deal with our statutory responsibilities in meeting the Council's homelessness duty, or any other preventative advice services delivered by the team, so is not subject to public consultation. Meanwhile, the approach to allocations will follow the wider guidance provided by the existing Council policies that take steps to deliver a transparent service, that monitors the allocation and letting of all homes.

11 Appendices

- 11.1 The following appendices are attached to this report:
- Appendix 1 – Savings plan.
 - Appendix 2 – Key risks.

12 Background papers

- 12.1 The following background papers are associated with this report:
- Equalities and fairness analysis.

Appendix 1 – EHICL TA leasing scheme – Savings plan

Weekly rent / LHA figures - EHICL (£p.a.)	1-bed flat	2-bed flat	3-bed house
Weekly rent	£150.00	£173.08	£219.23
LHA	£108.00	£140.19	£165.11
Shortfall	£42.00	£32.89	£54.12
Annual shortfall	£2,184.00	£1,710.28	£2,814.24

EHICL TA scheme cost (£p.a.)	1-bed	2-bed	3-bed	Total cost
3 homes (1x1b, 1x2b, 1x3b)	£2,184.00	£1,710.28	£2,814.24	£6,708.52
70 homes (1b x 30, 2b x 30, 3b x 10)	£65,520.00	£51,308.40	£28,142.40	£144,970.80
100 homes (1b x 45 2b x 45, 3b x 10)	£98,280.00	£76,962.60	£28,142.40	£203,385.00

Retained EA cost (base=186 homes)	TA cost	EA cost	Total
70 homes (1b x 30, 2b x 30, 3b x 10)	£144,971	£674,897	£819,867
100 homes (1b x 45 2b x 45, 3b x 10)	£203,385	£461,771	£665,156

Total TA+EA cost (£p.a.)	70 homes (1b x 30, 2b x 30, 3b x 10)	100 homes (1b x 45 2b x 45, 3b x 10)
EHICL TA scheme	£144,971	£203,385
Retained EA	£674,897	£461,771
Total TA+EA cost	£819,867	£665,156
Current EA cost (net budget and FSG)	£1,172,189	£1,172,189
Saving	£352,321	£507,032

Costs summary

£p.a.	70 homes (1b x 30, 2b x 30, 3b x 10)	100 homes (1b x 45 2b x 45, 3b x 10)
Annual cost - LHA top-up (1-bed)	£65,520.00	£98,280.00
Annual cost - LHA top-up (2-bed)	£51,308.40	£76,962.60
Annual cost - LHA top-up (3-bed)	£28,142.40	£28,142.40
Costs of new TA scheme	£144,970.80	£203,385.00
Cost of retained EA vs 165 nits)	£674,897	£461,771
Total costs of new scheme	£819,867.31	£665,156.30
Cost - current EA	£1,172,189	£1,172,189
Saving	£352,321.69	£507,032.70

Appendix 2 - Key Risks

Risk	Likely-hood	Impact on ability to reduce EA	Score	Mitigation
Unclear procedures between acquisitions and allocations teams delays the placement of households.	4	4	16	<ul style="list-style-type: none"> • Develop clear and simple end-to-end processes & procedures that met the needs of the scheme. • Train staff and teams to optimise effective deployment.
The present structure does not foster the specialist skills and knowledge needed to manage the scheme, or related forms of TA.	5	4	20	<ul style="list-style-type: none"> • Reach early decision on whether a specialist resource be created to manage all forms of TA. • Train staff and teams to optimise effective deployment.
The present structure in HN / neighbourhood teams does provide sufficient resource to manage the scheme or related forms of TA.	4	4	16	<ul style="list-style-type: none"> • Evaluate impact of additional homes on resources and ensure that allocated staff (specialist or otherwise) are allocated capacity to manage effectively.
Complex procedures build in error and delays to processing acquisitions, allocations, sign-ups and move on.	4	4	16	<ul style="list-style-type: none"> • Develop clear and simple end-to-end processes & procedures that met the needs of the scheme. • Train staff and teams to optimise effective deployment.