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# Scrutiny Committee
## 3 February 2020

EASTBOURNE
Borough Council
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 Tony Freebody (Chair); Councillors Dean Sabri (Deputy-Chair) Helen Burton, Peter Diplock, Robin Maxted, Colin Murdoch, Pat Rodohan and Robert Smart**

**Quorum: 2**

*Published: Friday, 24 January 2020*

# Agenda

1 **Minutes of the meeting held on 2 September 2019** (Pages 5 - 14)

2 **Apologies for absence / declaration of substitute members**

3 **Declarations of Disclosable Pecuniary Interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct**

4 **Questions by members of the public**

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

5 **Urgent items of business**

The Chairman to notify the Committee 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 Committee from a member of the public or from a Councillor in respect of an item listed below and to invite the Committee to consider taking such items at the commencement of the meeting.

7 **Annual Eastbourne Borough Community Safety Partnership Report** (Pages 15 - 22)

8 **Update on licensable HMOs - verbal update**

9 **Draft Budget proposals 2020/21** (Pages 23 - 108)

- General fund budget 2020/21 and capital programme
- Housing revenue account budget 2020/21
- Treasury Management and Prudential Indicators 2020/21, Capital Strategy & Investment Strategy

10 **Recycling in the Borough (improving recycling rates)** (Pages 109 - 128)

11 **Corporate Plan 2020-2024** (Pages 129 - 150)

12 **Quarter 2/3 Performance Report** (Pages 151 - 172)

13 **The role of scrutiny in the community and improving resident engagement** (Pages 173 - 176)

14 **Forward Plan of Decisions** (Pages 177 - 198)

To receive the Forward Plan of the Council.

15 **Scrutiny Work Programme** (Pages 199 - 200)

To receive the Scrutiny Work Programme.

# Information for the public

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# 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

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EASTBOURNE
Borough Council

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# Scrutiny Committee

**Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 2 September 2019 at 6.00 pm.**

**Present:**

Councillor Caroline Ansell (Chair)

Councillors Dean Sabri (Deputy-Chair), Helen Burton, Peter Diplock, Pat Rodohan and Robert Smart

**Officers in attendance:**

Tim Whelan (Director of Service Delivery), Jo Harper (Head of Business Planning and Performance), Millie McDevitt (Performance and Programmes Lead), Peter Finnis (Assistant Director for Corporate Governance), Gary Hall (Head of Homes First), Tondra Thom (Planning Policy Lead), Sean Towey (Head of Environment First), Emily Horne (Committee Officer) and Matt Hitchen (Senior Strategy and Commissioning Officer (Planning Policy).

## 11 Minutes of the meeting held on 10 June 2019.

The minutes of the meeting held on 10 June 2019 were submitted and approved, and the Chairman was authorised to sign them as a correct record.

## 12 Apologies for absence

Apologies received from Councillors Murdoch and Maxted.

The Chair reminded Members of a recent communication requesting that, substitutes be arranged where necessary and Democratic Services be advised of those substitutes, prior to the meeting.

## 13 Declarations of Disclosable Pecuniary Interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct

There were no declarations made by Members at the meeting.

## 14 Questions by members of the public

No questions were received.

## 15 Urgent items of business

The Head of Business Planning and Performance requested that, through the Chair, the Climate Emergency report be taken as an urgent item (the reason for urgency was as a result of the item not being included on the Committee's work programme). The report followed the Eastbourne Borough Council resolution 10 July that recognised the Climate Change Emergency and that the Council would work in partnership with local groups and stakeholders to deliver a climate neutral town by 2030.

During discussion the following points were highlighted:

In developing the proposals it was recognised that there was already a great deal of cross-authority work being done on this important issue. This extended more widely across all of Sussex. A communications event took place in the summer of 2019 which brought the leads on climate change and sustainability across the districts, boroughs and county together. It was evident at that point that a number of authorities were doing similar work, with many shared challenges.

It was felt that a resource at district and borough level would provide a more local focus. The appointment would be advertised imminently and there was confidence that, through initial enquiries already made in the sector, the post would be successfully recruited to. In the meantime a meeting with the relevant portfolio holder had been scheduled to decide on how the work programme for the item would be shaped.

Caution was proposed regarding the level of bureaucracy in the programme - between the proposed Officer Working Group and the Member Panel, and the impact of the arrangement on decision making. It was clarified that the new Panel would supersede the previous Member Carbon Reduction Panel. The Eastbourne Carbon Neutral Group was a community led initiative and would work closely with the Council's panel in the future.

**RESOLVED** – to give the Committee's support to the recommendation that Cabinet approve £36k per annum towards the cost of a dedicated post, shared with Lewes District Council, to develop and support the delivery of a Climate Change Strategy.

### 16 Right to address the meeting/order of business

There were no requests to address the meeting.

### 17 Sovereign Centre Task and Finish Group Update

The Head of Commercial Business presented the report to Members that summarised the work of the Sovereign Centre Task and Finish Group. The Group had looked at what options would be available for the Sovereign Centre following the construction of a new leisure centre.

The Group's January 2019 meeting had included discussion with Stiles, Harold, Williams (commercial agents) to obtain professional, commercial advice on a broad view of the options.

The Group recognised that there was a demand for housing in a beach-front location and affordable housing would form part of the development profile. High quality retirement homes and villages were also acknowledged as a national target market. Other options looked at were: beach-front leisure facilities (water-sports), beach huts, and the opportunity for a convenience store (metro/express style of shop).

A mixed use of development was the preferred option for further exploration with a strong focus on a sustainable community in terms of a residential development, and the opportunity for economic growth through tourism and commercially related activity.

During discussion by Members the following points were highlighted:

The Council remained committed to the development of a new Sovereign Leisure Centre. The budget of £29.1 million represented a significant investment and it was incumbent on the Council to recognise its exact position in the market, as part of the process of following due diligence. The Council was working with Clear Sustainable Futures through a process for the joint venture assessing the construction and capital costs, as well as the revenue income opportunities.

It was advised that consideration was being given to a waste to energy facility within the design of the centre, which could enhance the scheme by reducing utility costs and the carbon impact, but would require an additional capital allocation. Councillors asked if there was the option to retro-fit such an energy facility as part of any refurbishment of the Sovereign Centre, but it was confirmed that the design of older buildings and the need to include facilities in the fabric of the building would make it very difficult to develop a viable scheme.

The business case for the new Centre was based on the budget and construction costs for that project alone. There had not been any cross-subsidy from other adjacent schemes to date. There was no 'marriage' value to adjacent sites and the new scheme for the Sovereign Centre was expected to work within its own budget.

Within the options appraisal process it made sense for the design and architectural elements of two builds to be worked on side-by-side, however, in terms of a business-case, the scheme for a new Sovereign Leisure Centre and the scheme for redevelopment of the existing site were two separate business cases (including capital and revenue income). If there were opportunities for cross-subsidising schemes, they would be utilised where beneficial. Officers would provide as up-to-date information as was available supporting the two schemes.

An early assessment of housing provision within the scheme estimated between 200-250 units (apartments) which would be high-density and reflect other areas of Eastbourne. The requirement for affordable housing within a development of this size was 30 percent and would be included in the options appraisal. The Task and Finish Group was mindful of the opportunity to produce a high quality design within the scheme and to attract young professionals who would feed into the economic growth of the Eastbourne.

It was confirmed that the business case reviewed by the Cabinet in July 2018 remained as the relevant report. If a further scheduled review came forward, the Scrutiny Committee would have an opportunity to review it (once fully formed) prior to its consideration by the Cabinet.

**RESOLVED**:

1. To note the outcomes achieved by the task and finish group on reviewing the development options for the Sovereign Leisure site based on commercial advice and guidance sought; and

2. To agree to recommend to Cabinet that the future redevelopment options laid out in section 2.1 of the report (as below) be agreed to progress in principle with further due diligence on the financial and legal implications of each option undertaken;

   Details of options in Section 2.1 of the report:

   1) High quality residential development – the advice given was to look to develop an 'iconic' building which could rival other seaside town regeneration and attract a good level of investment.
   2) Affordable housing – the demand for affordable housing continues to increase and any development would need to be planning policy compliant meaning it would be likely a requirement of permission for residential development to be granted.
   3) Retirement homes / village – coastal towns such as Eastbourne have a good market for older persons housing and agents are actively seeking sites in seafront locations for this style of development.
   4) Beach front leisure/water sports – given the geographical location of the site there are clear opportunities to explore the development of water sports facilities which would enhance the overall development offer
   5) Beach huts – there were examples of significant beach hut expansion on seafront estates in other locations which produce a good commercial return.
   6) Convenience store sub 5,000 sq. ft – this would be a commercial element of a residential scheme on the ground floor.

3. To agree to recommend to Cabinet that a report is provided to a future meeting of Cabinet to allocate a budget for the required enabling works and due diligence to develop an options appraisal and business case to redevelop the site; and

4. To recommend to Cabinet to request a wider public consultation.

**18 Quarter 1 Performance Report**

The Performance and Programme Lead presented the Quarter 1 Performance report that detailed the Council's performance against an agreed set of performance indicators. The points highlighted at the previous Scrutiny Committee meeting for further clarification, had been responded to in the report, or would be covered as part of the presentation to Members at the meeting.

During discussion the following points were made:

- Bandstand - Due to its location by the sea, the Bandstand would require ongoing routine maintenance for its lifetime (including planned maintenances during the winter period).

- Housing - South Downs Housing was a housing association (HA) that worked in partnership with the Council. The HA housed tenants facing homelessness or rough sleeping. South Downs Housing worked with tenants for a two year period to make them 'tenancy ready', and take them out of the cycle of homelessness. South Downs HA currently had 60 Council properties that were tenanted.

- Housing initiatives - A new Housing Solutions Team had been set up and within the last month and 90 households (49 of who were in priority need) had presented as homeless on the day of their interaction, or within the following two weeks. The new team prevented 38 of those households from going into temporary accommodation, with the intervention saving the Council £154,700 in the same month.

- Temporary Accommodation – A Commercial Property Team had been set up alongside the new Housing Solution team to deal with temporary accommodation and was tasked with getting families/individuals out of emergency accommodation and into temporary accommodation (allowing the subsidy to be retained) - also discharging duties to the private sector (including the Council's own housing companies). There was now a private sector stock of housing the Council was able to control. The aspiration was for a zero target in emergency accommodation and the work undertaken was building towards this.

- Housing waiting list - All individuals in need of social housing or in temporary and emergency accommodation were assessed in terms of need and banded. The number of properties that became available for re-let each year was approximately 100, set against approximately 1000 individuals on the waiting list. This demonstrated the value of the private housing investment companies and the importance of affordable house-building on other sites.

- Local Plan - The Council's Housing Delivery action plan set out actions taken towards housing strategy and how developers can be worked with to deliver housing numbers. Policy implications and whether a change of emphasis would provide more opportunities was another area being reviewed, along with the effect of the Community Infrastructure Levy. The Local Plan was previously 'in date' until 2027. Legislation (National Planning Policy Framework NPPF) changed requiring local authorities to update their local plans on a five-year basis. Those authorities that were under-delivering housing numbers were under additional pressure to identify further sites and land.

- The Council's housing target was confirmed as 668 per year and there was insufficient land in Eastbourne to meet this target.

- Abandoned calls - The performance indicators were refreshed on an annual basis by the Cabinet and it was felt that the indicator for abandoned calls did not provide an accurate picture as part of the message provided customers with details of the Council's online facilities. It was agreed that, should there be an adverse change in the levels of abandoned calls by more than 5 percent; a response would be included in the overall commentary in the performance report.

The Head of Environment First provided an update on the Council's Waste Mobilisation Programme and establishment of South East Environmental Services Limited (SEESL). The following points were highlighted:

- Many of the Council's own services had been involved in the successful mobilisation of the SEESL in June 2019 and in its third month of operation significant gains across the service had already been made.

- A depot had been secured early in the process providing more space. Significant investment in the depot had improved safety levels and improved the professionalism of the service.

- New in-cab technology (W360) provided live information on the location of all bins, including missed bins, assisted bins and contaminated bins. The performance information provided by the new white-space IT portal allowed patterns in behaviour and issues to be identified early on.

- A challenging HR process resulted in 97 staff transferred through Transfer of Undertakings (Protection of Employment) (TUPE) to SEESL (including 13 staff previously employed through agencies).

- A new fleet of vehicles had been purchased (including some of Kier's fleet). The increased capacity of the new vehicles reduced the number of journeys to waste disposal sites. Five mechanical sweepers had also been purchased, reducing the dependency on hand-pushed sweepers and improving cleanliness.

- A high level of commitment and energy had been shown by staff in the new service and input into new initiatives to improve the collection service was encouraged.

- The Service was working with Neighbourhood First and the Environment Enforcement Team to ensure businesses were aware of their duty of care with regard to bins. Similar work was commencing in targeted areas to ensure landlords with houses of multiple occupancy (HMOs) were also aware of their responsibilities.

- Complaints via W360 were 68 for July and 11 for August, from a total of 300,000 collections in each period and all Street Cleansing activities. The Service would continue to analyse complaints. The service level agreements (SLAs) included bin deliveries which had been eight weeks (prior to the new service being introduced) and had reduced to two weeks. The SLA target of 10 days had been impacted by the marketing and rolling out of new recycling bins to enhance recycling initiatives.

- The street-cleaning monitoring service was now in-house allowing a more pro-active approach to the education of service users and evidence based enforcement where appropriate and necessary.

- The 50 percent recycling target would be encouraged through smarter collection processes, more education and looking at how waste is managed in the future.

The Head of Environment First thanked the waste services team for the hard work that had contributed to the success of the new service and invited Committee members to visit the team and see first-hand the work being done.

The following points were highlighted during discussion:

The June 2019 recycling rate had increased from approximately 32 percent to approximately 38 percent. Green waste would have been a factor in the increase but a successful programme of community and resident education would have contributed also.

The organisation was aware of the issues around the siting and return of bins. The operatives who collected the bins had already commenced a focus on ensuring they were returned to collection points (within property curtilages). Awareness amongst residents also needed increasing as to where bins should be sited for collection. The siting of communal bins in densely populated areas would be appraised within three years to try and overcome the anti-social behavioural issues around the use and abuse of the bins.

Collection of food waste was not currently a service. The Council had responded to a recent DEFRA consultation and was waiting for the Government to respond with guidance and any available funding (including for food waste).

It was recommended by the Committee that additional performance indicators around waste collection be included in the quarterly performance report.

**RESOLVED:**

1. To note the progress and performance for Q1;
2. To recommend to the Cabinet that additional collection indicators regarding waste performance and how recycling levels can be improved (the details of which will be confirmed by officers) are included in future performance reports; and
3. That where there is any adverse change in the level of contact centre calls answered (of more than 5 percent) information relating to missed calls will then be included in the narrative of the performance report.

**Part B – Finance Performance Report**

The Director of Finance presented the report which provided an overview of the Council's finances in Quarter 1.

The analysis in the report provided a number of key finance headlines. The Committee was advised that the Council continues to experience pressure in managing increased demand for its housing related services including temporary and emergency housing but also provision of housing subsidy. The quarter's financial performance also reflected the general economic slowdown including the added uncertainty and its adverse impact on the Council's commercial income levels.

The Committee was advised that there would be further improvements to the formatting of the report and the reporting timelines. These will be delivered in time for future reporting cycles. . It was also acknowledged there had not been capacity within the finance team to make the planned improvements. The Financial Services were in the process of transitioning to a new structure and having in place the required staffing complement within the next few months. It was anticipated that noticeable improvements would be delivered by the next quarter.

**RESOLVED:**

1. To note the achievements and progress against Corporate Plan priorities for 2019-20, as set out in Part A of the report;
2. Note the General Fund, HRA and Collection Fund financial performance for the quarter, as set out in part B of the report; and
3. Note the amended capital programme as set out in Appendix 4.

## 19 Forward Plan of Decisions

This item was included under discussion in item 10 on the Agenda – Annual Scrutiny Work Programme.

**RESOLVED:** To note the Forward Plan of Decisions.

## 20 Annual Scrutiny Work Programme

The Head of Business Planning and Performance presented the report which asked the Scrutiny Committee to agree its Annual Work Programme for 2019/2020, prior to it going via Cabinet to Full Council for approval on 13 November 2019.

Members agreed the following changes to the Committee's work programme:

**2 December meeting:**
- Sovereign Centre Task (business case review) – this would be brought to an earlier meeting if required.
- Recycling – a report to look at recycling rates in the Borough and how they could be improved.
- Southern Water Treatment – in response to a recent event involving untreated wastewater.
- The Council's process for the inspection of licensed Houses of Multiple Occupancy (HMO's) and how targets are managed – this would be provided as a briefing prior to the 2 December meeting and included on the agenda as part of the performance report.
- The role of scrutiny in the community and improving resident engagement.

**3 February meeting**
- The Budget for 20/21 – the Committee would receive an update on the work undertaken towards the setting of the Council's budget.
- The A27.

**RESOLVED** to agree the Committee's work programme, as set out at Appendix A to the report and subject to the amendments listed above.

## 21 Date of the next meeting

**RESOLVED:** To note that the next meeting of the Scrutiny Committee was scheduled for Monday, 2 December 2019 in the Court Room, Eastbourne Town Hall, Grove Road, Eastbourne, BN21 4UG.

The meeting ended at 8.35 pm

Councillor Caroline Ansell (Chair)

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| **Report to:** | Scrutiny Committee. |
| **Date:** | 3 February 2020. |
| **Title:** | Eastbourne & Lewes Community Safety Partnership – Annual Report (Eastbourne). |
| **Report of:** | Ian Fitzpatrick, Deputy Chief Executive. |
| **Cabinet member:** | Councillor Rebecca Whippy. |
| **Ward(s):** | All. |
| **Purpose of report:** | To enable Scrutiny Committee to consider the current performance of the Eastbourne & Lewes Community Safety Partnership (E&LCSP). |
| **Decision type:** | Approval. |
| **Officer recommendation(s):** | (1) That Scrutiny Committee review the achievements and activities of the Eastbourne & Lewes Community Safety Partnership in 2019/20 and consider any recommendations that they would wish to make to Cabinet. |
| **Reasons for recommendations:** | For Scrutiny Committee to consider progress on delivery of the current Community Safety Plan. |
| **Contact Officer(s):** | Name: Oliver Jones.<br>Post: Strategy & Partnerships Lead - Housing & Communities.<br>E-mail: Oliver.Jones@lewes-eastbourne.gov.uk.<br>Telephone number: 01323 415 464. |

## 1. Introduction.

1.1. Community Safety Partnerships (CSPs) were established under the Crime and Disorder Act 1998, which set out a statutory requirement for public service authorities, referred to as 'responsible authorities', to meet regularly to discuss ways of reducing crime and disorder, addressing incidences of anti-social behaviour and minimising re-offending in their local area.

1.2. Key members of the Eastbourne & Lewes Community Safety Partnership (E&LCSP) include Sussex Police; East Sussex Fire & Rescue Authority; the Sussex Police & Crime Commissioner; NHS clinic commissioning groups; & East Sussex County Council. Membership can be extended to other key local and voluntary partners as appropriate. Eastbourne Borough Council plays a key role in supporting the work of the local CSP, by co-ordinating the agreed strategic plans and reporting performance on behalf of the Partnership.

1.3. Lewes & Eastbourne CSPs have been working on a joint basis since 2017 and in February 2019 the Sussex Police and Crime Commissioner formally endorsed their merger (a legal requirement). The merger helps align the work of the CSP with Sussex Police's district boundaries and provides efficiency savings that allow more of the Commissioner's budget to be allocated to front line priorities. Scrutiny Committee should note that scope is left within the plans to ensure that priorities reflect local issues of concern in each Council area, such as road safety in Lewes and supporting the street community in Eastbourne. The budget allocated by the Sussex Police Crime Commissioner remains ring fenced for use across the Borough.

1.4. A strategic planning meeting of the E&LCSP takes place every quarter, whilst the Eastbourne Joint Action Group meets monthly to identify local issues, incidents and risks and put in place local solutions. The CSP works in partnership with the County level CSP (the East Sussex Safer Communities Partnership) to address pan-County issues such as organised crime, County Lines and offender management.

## 2. Role of the Scrutiny Committee

2.1 Provisions in sections 19 and 20 of the Police and Justice Act 2006 – as amended by section 126 of the Local Government and Public Involvement in Health Act 2007 - enable Scrutiny Committees to bring their unique perspective to bear on how Community Safety Partnerships are tackling crime and disorder.

2.2 Guidance produced by the Home Office on the scrutiny of community safety partnerships makes it clear that it is the role of scrutiny committees to "enhance existing partnership arrangements by developing a clear structure for overseeing and reviewing the delivery of joint responses on community safety and by creating a clearer link between partner agencies and the public on community safety."

2.3 The guidance goes on to say that "the role of scrutiny should be focused on the partnership as a whole, if issues arise which relate specifically to a particular partner organisation, it may be appropriate to refer such issues to the governing bodies of that organisation for action." For example, if concerns relate purely to Police activity, then these should be referred to the Police and Crime Commissioner.

## 3. Our plans.

3.1. CSPs have a statutory duty to set out a Partnership plan and monitor progress. The latest plan, approved by the Partnership in March 2019, took into account key local issues of concern across Eastbourne, such as anti-social behaviour and the local street community, as well as the wider strategic priorities of the Police & Crime Commissioner and the Safer East Sussex Partnership. More specifically, the four identified priorities are:

- Priority 1 – Address the incidence of anti-social behaviour.
- Priority 2 – Proactively respond to emerging threats and priorities based on threat, risk and harm.
- Priority 3 – Contributing to the work of agencies and partnerships that have a leading role in working with victims and offenders.
- Priority 4 –Support Eastbourne's street community and address related incidences of anti-social behaviour.

3.2. CSPs are awarded an annual grant by the PCC, broadly based on population density and crime formula. A review of funding carried out by the PCC in 2018/19 resulted in an increased allocation £48,547 awarded to the CSP in Eastbourne. This is an increase of 28% on the sum awarded in 2018/19 and this additional funding has helped deliver extra programmes and projects that have addressed the above priorities across the town. In addition, the CSP received a £15,000 of 'surge funding', a share of Home Office money allocated to address the nationally recorded increase in serious and violent crime.

## 4. Outcomes and performance management

4.1. Eastbourne continues to be a very low crime area. In 2018/19 the town had a recorded crime rate of 85 crimes per 1000 people, the lowest of the fourteen 'Most Similar Group'[1] official benchmark set of local authorities. The average for the group was 108 crimes per 1000 people.

4.2. The total number of crimes reported in Eastbourne has been stable over the past twelve months, which is in contrast to the steady levels of increase seen over recent years. A total of 8,742[2] crimes were recorded in the year to March 2019, a small fall of 0.3% on the previous year (8,764 crimes). Acquisitive crimes, including burglary (-32%), theft and handling (-11.7%) and vehicle crime (-7.3%) all fell, as did recorded level of criminal damage (-7.3%). Public place violent crime rose by 5%, whilst criminal incidents of domestic abuse rose the most of all recorded categories, up by almost a third (29.6%). Separately recorded reports of anti-social behaviour (2,927 incidents) fell by 17% compared to the previous year (3,512 incidents).

4.3. Key initiatives spearheaded by the Sussex Police & Crime Commissioner to raise awareness of the impact and support available to victims of some crimes such as domestic abuse, hate crime and modern slavery, have met their intended purpose of increasing reported figures. The strict adherence to Home Office crime recording procedures is also a contributory factor to some of these trends, particularly in relation to knife and violent crime.

4.4. These increases have set the tone for the work of the partnership across the last year, which has, within the context of its four priorities, worked to fund and support initiatives that have helped address anti-social behaviour; support organisations tacking domestic abuse; tackle increasing levels of serious and violent crime; and support the local street community. Key highlights and achievements of the work supported by the CSP are set out under each of the four priorities listed below.

### Priority 1 – Address the incidence of anti-social behaviour:

- The Eastbourne Joint Action Group (EJAG) plays an active role in addressing

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[1] 'Most Similar Groups' are districts / boroughs that have been found to be the most similar to each other based on an analysis of demographic, social and economic characteristics which relate to crime. They are driven by census data and published by the Office for National Statistics.

[2] Source: Performance Improvement Branch, Sussex Police.

matters of local concern. Attended by representatives of key local agencies, the group meet monthly to discuss police reports of crime and disorder, identify local hot spots of anti-social behaviour and agree solutions, supported by a budget of £5,000. EJAG is now supported by an officer within the Neighbourhood First team who has a dedicated focus on community safety matters.

- *Operation Blitz* is the local Sussex Police initiative targeted at tackling anti-social behaviour across the town. The operations focus patrols and resources at locations where recent reports of incidents have been made and draw in additional resources at busy times, such as the school holidays. Sussex Police work closely with officers form Neighbourhood First & Homes First to share information and co-ordinate follow up actions
- Re-establishing a regular forum where representatives from foreign language schools, the police and Council meet to discuss measures that help safeguard the 15,000 students who study in the town each year. Following a recorded spike in recorded crimes (19 incidents) targeting students last April they deployed a programme of information sharing, education visits and enforcement actions to address matters. An average of five incidents were reported each month, between May and September, thereafter.

- Additional 'surge' funding received from the Home Office was made available to extend the provision of free places at local summer activity schemes. The funds were also used to provide free lunches and sport activity 'take-away' packs, which helped increase the number of children attending a range of activities run by Wave Leisure and the YMCA across the town. The YMCA activities alone engaged over 250 young people.

**Priority 2 – Proactively respond to emerging threats and priorities based on threat, risk and harm:**

- In partnership with the Safer East Sussex Team, the CSP has worked to raise awareness of *Reboot* the Sussex Early Intervention Youth Programme. This is a county-wide initiative that identifies young people at risk of being drawn into serious violence, gang activity and County Lines. This initiative has worked with 18 young people across the town since its launch in April 2019
- *Streetz,* an initiative that deployed outreach workers to identify 'hotspots' of County Lines recruitment activity, was established with the help of funding from the CSP. The support workers supported those identified as being at risk by signposting them to advice and support services.
- All summer activity programmes funded by the CSP worked alongside local Youth Offending Teams to target free places at those young people identified at being at risk of engaging in serious anti-social behaviour and crime.

**Priority 3 – Contributing to the work of agencies and partnerships that have a leading role in working with victims and offenders:**

- Along with other three CSP's across the County, funding was provided to *Safe from Harm* a project providing emotional and practical support to high-risk victims of hate crime and anti-social behaviour across East Sussex. The programme is set to provide extended support targeted at resolving identified wellbeing needs of 19 victims across the town by the end of the year.
- The CSP funded a domestic abuse learning event for local professionals.

Hosted by the Rita Project, attendees heard the 'lived experience' of six women who have experienced abuse, along with the experience of professionals who supported them. Participants left with a clear understanding of the impact of abuse on individuals. At the time of writing, the CSP is considering a separate bid from the provider of the programme, the Rita Project, to deliver awareness and advice sessions in local schools. The programme has been run in Brighton schools for the last two years.

- By making an annual funding contribution to support Domestic Homicide Reviews. These undertake detailed assessments of the circumstances surrounding individual cases and apply learning to systems, processes and the practice of all agencies involved to help reduce future risk. There are presently four such reviews taking place or scheduled across East Sussex.

**Priority 4 –Support Eastbourne's street community and address related incidences of anti-social behaviour:**

- The Council has worked in partnership with the Kings Way Trust to provide a weekend provision of a welcoming and safe daytime space for the Eastbourne's street community. The service operates for six hours every Saturday and Sunday of the year and provides a hot meal and gateway to advice services. It provided assistance to 52 people in its first week of operation in December. The service is jointly funded by the CSP, Your Eastbourne Bid and ESCC.

## 5. Consultation

5.1. An ongoing process of engagement is in place to help assess and evaluate the success of projects and other measures supported by the Partnership. Over the past year this has involved key operational representatives, including those from Sussex Police, East Sussex Fire & Rescue Authority and the Safer East Sussex team. They have met regularly to; consider the implications of issues raised by the Eastbourne Joint Action Group; analyse crime trends; and respond to emerging threats.

5.2. The most recently available figures provide data for the twelve months to the end of November 2019. These show moderate increases in the level of alcohol related crime and a continued rise in the reporting of domestic abuse, though the rate of increase has slowed. Elsewhere, levels of public place violent crime have stabilised, although the notable falls in acquisitive crime are being reversed, with incidents of burglary, theft and especially vehicle crime all on the rise. We will continue to analyse trends and feed these into the 2020/21 planning process, which will set forthcoming priorities for the CSP plan to be agreed by the Partnership in the Spring.

## 6. Corporate Plan & Council Policies

6.1. The objectives of the E&LCSP continue to be in line with the Eastbourne Corporate Plan by delivering resilient, healthy and engaged communities, by employing strategies that reduce the incidence and fear of crime, tackle anti-social behaviour and work to minimise re-offending. Measures taken to reduce environmental crime raise the quality of the environment for all residents.

## 7. Business case

7.1. The CSP plan sets out the annual approach that the Council, along with other partners, will take to reduce crime and disorder, anti-social behaviour and re-offending across their local area. The current plan identifies clear priorities, agreed with partners, which will help address local issues up to March 2020. The plan is revised and updated each year, with the new plan due to be signed off by the partnership in early Spring 2020. It will be supported by an accompanying spending plan, once we receive confirmation from the Sussex Police & Crime Commissioner of our 2020/21 budget allocation.

## 8. Financial appraisal

8.1. There are no direct financial implications for the Council arising from the recommendations set out in this report. However, a summary of the income and expenditure (forecast) managed by the Council on behalf of the CSP is provided in Appendix 1.

*Deputy Chief Finance Officer consulted 07.01.2020*

## 9. Legal implications

9.1. This report sets out how the Council has complied, and will continue to comply, with its duties under section 6 of the Crime and Disorder Act 1998 and the Crime and Disorder (Formulation and Implementation of Strategy) Regulations 2007.

*Lawyer consulted 30.12.19* *Legal ref: 8828-EBC-OD*

## 10. Risk management implications

10.1. Reviewing the Community Safety Plan and performance each year provides an assurance that the Council is fulfilling its statutory duties and contributes effectively to reducing the incidence of crime and anti-social behaviour and the harm caused to local communities.

## 11. Equality analysis

11.1. This report provides an update on progress in meeting the objectives set out in the current Community Safety Plan and as such does not contain any proposals or specific recommendations. As such there are no direct impacts on the public or employees and so no Equality and Fairness Analysis is associated with this report. The requirement to undertake a full Equality & Fairness Assessment will be assessed when we next review the Eastbourne Community Safety Plan in Spring 2020.

## 12. Environmental impact analysis

12.1. There are no direct environmental impact implications for the Council arising from the recommendations set out in this report.

## 13. Appendices

13.1. Appendix 1 – ECSP Income & Expenditure 2019/20

## 14. Background papers

14.1. The following background papers are associated with this report:

- Eastbourne & Lewes Community Safety Plan.

Appendix 1 – Eastbourne Community Safety Partnership – Income & Expenditure 2019/20

| **EBC - Police & Crime Commissioner Core Grant** | **£** |
|---|---|
| PCC Grant 2018/19 | £48,547.00 |
| | |
| **Spending / committed** | **£** |
| Safe from Harm - SCDA | £10,000.00 |
| Emergency Services Event | £2,500.00 |
| Domestic Homicide Reviews | £3,000.00 |
| White Ribbon | £250.00 |
| Women's Steps to Change | £3,000.00 |
| Women's Steps to Change | -£3,000.00 |
| KWT - Weekend Provision | £10,000.00 |
| Eastbourne Educ. Business | £372.00 |
| Rita project | £1,375.00 |
| ESCC - Eastbourne Streetz funding | £5,000.00 |
| CCTV | £8,460.00 |
| Domain service - ASB host | £98.06 |
| **Total** | **£41,055.06** |
| **Remain** | **£7,491.94** |
| | |
| **Bids to be discussed** | **£** |
| Just Like Us' - Domestic Abuse schools programme | £6,345.00 |
| ESFRS Safety booklets | £1,350.00 |
| **Total** | **£7,695.00** |
| **Remain core funds (subject to bid approval)** | **-£203.06** |

| **EBC - Police & Crime Commissioner Surge Grant** | **£** |
|---|---|
| **PCC Grant 2018/19** | **£15,000.00** |
| | |
| **Spending / committed to date** | **£** |
| YMCA - Skate Park | **£4,201.01** |
| Wave - Open Spaces/ Sport | **£2,548.00** |
| Wave - Open access for activity | **£4,629.00** |
| Wave - EBC positive sport | **£2,548.00** |
| **Total** | **£13,926.01** |
| **Remaining surge funds** | **£1,073.99** |

| **2019/20 Balance overall** | **£870.93** |
|---|---|

| | |
|---|---|
| **Report to:** | **Scrutiny** |
| **Date:** | **3 February 2020** |
| **Title:** | **Draft Budget Proposals 2020/21** |
| **Report of:** | **Chief Finance Officer** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **To provide the Scrutiny Committee with the Draft Budget proposals for 2020/21.** |
| **Officer recommendation(s):** | **(1) That the Scrutiny Committee considers the draft budget proposals for 2020/21**<br><br>**(2) The the Scrutiny Committee responds to the Cabinet with any recommendations it wishes to be considered.** |
| **Reasons for recommendations:** | **To fullfill the role of the Scrutiny Committee through input into the budget setting process.** |
| **Contact Officer(s):** | **Name: Nick Peeters**<br>**Post title: Committee Officer**<br>**E-mail: nick.peeters@lewes-eastbourne.gov.uk**<br>**Telephone number: 01273 415272** |

## 1 Introduction

1.1 This report introduces the suite of reports that form the Council's Draft Budget proposals for 2020/21 and that the Cabinet will consider and propose for approval by Full Council. One of the roles of Scrutiny is to provide a critical friend challenge to the Executive's decision making process and this includes the Council's financial planning process. This is supported through the Constitution within the Council's Budget and Policy Framework, allowing the Scrutiny Committee to input into the budget setting process and further, to be included as a consultee.

1.2 Although it is recognised that 'budget scrutiny' is a difficult area, the Scrutiny Committee has a responsibility to the Borough's residents to ensure that the use of public money is appropriately scrutinised while recognising the regional and national financial pressures faced by local government and the impact of continued reductions in the revenue support grant from central government.

1.3 A key element of Scrutiny's work in looking at the budget proposals is how to 'add value' to the decision making process while avoiding duplicating work done by other committees or groups.

## 2 Draft Budget reports

2.1 The three reports that the Scrutiny Committee will consider and which form the Draft Budget proposals, and which are appendixed to this report are the:

- General fund budget 2020/21 and capital programme
- Housing revenue account budget 2020/21
- Treasury Management and Prudential Indicators 2020/21, Capital Strategy & Investment Strategy

## 3 Financial appraisal

The financial implications of each of the individual budget reports are set out in each Appendix. Although there are no direct financial implications resulting from the recommendation above, if any changes are proposed by the Scrutiny Committee, there may be financial implications to be taken into account by Cabinet in accepting such changes.

## 4 Legal appraisal

There are no direct legal implications as a result of the Scrutiny Committee's consideration of the Draft Budget proposals for 2020/21.

## 5 Equality analysis

Although there is no direct impact on equalties as a result of the Scrutiny Committee's consideration of the Draft Budget proposals for 2020/2, an Equality and Fairness Analysis has been undertaken relating to aspects of the HRA report where potential impacts to protected groups were identified. Changes to charges will impact the protected groups of age and disability, additionally those experiencing homelessness and potentially carers may be impacted.

## 6 Environmental sustainability implications

There are no direct implications on environmental sustainability as a result of the Scrutiny Committee's consideration of the Draft Budget proposals for 2020/21.

## 7 Appendices:

- Appendix 1 – General fund budget 2020/21 and capital programme
- Appendix 2 – Housing revenue account budget 2020/21
- Appendix 3 – Treasury Management and Prudential Indicators 2020/21, Capital Strategy & Investment Strategy

## 8 Background papers

The background papers used in compiling this report were as follows:
There are none.

| | |
|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **5 February 2020** |
| **Title:** | **General Fund Revenue Budget 2020/21 and Capital Programme** |
| **Report of:** | **Chief Finance Officer** |
| **Cabinet member:** | **Councillor Stephen Holt, Cabinet Member for Finance** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **To agree the updated General Fund budget and updated MTFS, together with the updated Capital Programme position.** |
| **Decision type:** | **Budget and policy framework** |
| **Officer recommendation(s):** | **Members are asked to recommend the following proposals to Full Council:** |

**i) The General Fund budget for 2019/20 (Revised) and 2020/21 (original) Appendix 1 including growth and savings proposals for 2020/21 as set out in Appendix 2.**

**ii) An increase in the Council Tax for Eastbourne Borough Council of 2% resulting in a Band D charge for general expenses of £251.71 for 2020/21.**

**iii) The revised General Fund capital programme 2020/21 revised as set out in Appendix 3.**

| | |
|---|---|
| **Reasons for recommendations:** | **The Cabinet has to recommend to Full Council the setting of a revenue budget and associated council tax for the forthcoming financial year by law.** |
| **Contact Officer(s):** | **Name: Homira Javadi**<br>**Post title: Chief Finance Officer**<br>**E-mail: Homira.Javadi@lewes-eastbourne.gov.uk** |

## 1. Background

1.1 The Council published its draft Medium Term Financial Strategy (MTFS) for 2019/20 to 2023/24 in July 2019. This is a key document, which demonstrates alignment with the Council Corporate Plan, and how the Council plans to target its financial resources in line with its key priorities and stated aims and objectives.

1.2 The MTFS included a set of financial assumptions and forecasts up to the financial year 2023/24, based on the most up to date information available at the time.

1.3 This report presents the updated forecast financial position for 2020/21, taking into account the capital strategy and programme approved by Council in February 2019, budget changes identified since the publication of the MTFS and the latest intelligence regarding the 2020/21 local government funding settlement following the Comprehensive Spending Review announcement on 19th December 2019.

The recent snap Parliamentary election called for 12th December 2019, had a significant impact on our normal practice of engagement with members through the draft budget process, due to the requirements to observe purdah protocols in the lead up to the election.

Whilst purdah does not prevent meetings taking place where urgent decisions are required, it does restrict our ability to provide information or engage with politicians on matters which can then be used to advantage, or to the disadvantage of other parties, in election campaigning. Thus, our normal practice of engagement on emerging draft budget proposals, both at informal briefings and at public Scrutiny Committee, Cabinet and Council meetings during the late November/December period was not possible and has resulted in much later and more condensed engagement after the Christmas and New Year period.

## 2. Key Factors

### Comprehensive Spending Review 2019

2.1 Local government in general and district councils in particular continue to operate within a severely challenging financial environment. There have been three Comprehensive Spending Reviews since 2010, each of which has had an impact upon local government's strategic financing:

- **Spending Review 2010:** published in October 2010, established the initial path of reductions to local government grant funding and the introduction of Council Tax Freeze grant. At the same time as the SR10 took effect, New Homes Bonus was launched for the period of the SR.
- **Spending Review 2013:** published in June 2013, continued with the reductions to local government grant funding; the rolling forward of the Council Tax Freeze grant; and the introduction of the Better Care Fund.
- **Spending Review 2015:** published in November 2015, again continued with reductions to local government grant funding; introduced reforms to New Homes Bonus; ended Council Tax Freeze grant, set council tax referendum limits at 2% per annum or £5 for District Councils (whichever was higher); and introduced the Social Care Precept at 2% per annum.

In 2019/20, additional one-off funding was provided for social care and council tax referendum limits were increased to 3%.

As a result of these changes to the local government financial system the Council no longer receives central Government funding in the form of Revenue Support Grant (RSG).

2.2 **The Local Government Finance Settlement** for 2018/19 announced that by 2020/21 local Councils will retain 75% of business rate revenues. However, the timetable for introducing these changes has now been pushed back to 2021/22 and the Government are yet to publish detailed proposals. For the purposes of the Medium Term Financial Strategy the minimum baseline has been assumed.

**Economic Outlook**

On 16 December 2019, the Office for Budget Responsibility (OBR) published its restated March 2019 economic and fiscal outlook.

> The economy ended 2018 growing a little less strongly than expected in October. Survey indicators of current activity have weakened materially, in part reflecting heightened uncertainty prior to the General Election related to Brexit. As a result, the OBR has revised their forecast for Gross Domestic Product (GDP) growth this year down to 1.2% – more than reversing the upward revision they made in October in response to the Government's discretionary fiscal loosening in the Budget. They have not altered their assessment of the outlook for potential output, so the medium-term forecast is little changed: GDP growth still settles down to around 1.5% a year.
>
> They now expect public sector net borrowing to come in at £22.8 billion (1.1% of GDP) this year, down £2.7 billion since October thanks primarily to higher income tax receipts and lower debt interest spending. By 2023/24 the improvement since that October estimate is £6.3 billion, again thanks primarily to higher income tax receipts and lower debt interest spending.
>
> These downward pressures on borrowing are partially offset by the £2.1 billion net cost of 20 policy decisions announced since the Budget – notably the £1.7 billion of additional planned public services spending announced at the Spring Statement. This leaves the expected deficit in 2023/24 at £13.5 billion (0.5% of GDP).
>
> Consumer Price Index (CPI) inflation was above the 2% target throughout 2018, averaging 2.5%. In the fourth quarter of 2018 it had fallen back to 2.3%. CPI inflation fell further in January 2019 to 1.8%, largely reflecting lower gas, electricity and petrol price changes. This was the first time in two years that inflation was below the 2% target. The OBR has revised down their forecast for CPI inflation since October, dipping to 1.9% in 2020, returning to the 2% target thereafter. They have made a larger downward revision to RPI inflation due to the much weaker outlook for house prices in 2019 and 2020.

2.3 On 4 September 2019 the Chancellor delivered his 2019 Spending Round. The key points that are relevant to Local Government are as follows:

a) Confirmation that the Fair Funding Review, Business Rates Review and business rates reset has been deferred by 12 months to 2021/22.

b) £2.9 billion increase in Core Spending power overall. Most of the additional funding is for adults' and children's services, but there is £54m for Homelessness.

c) Funding to remove negative RSG has been continued for 2020/21.

d) 75% business rates pilots will come to an end and there are no new pilots planned for 2020/21.

e) £40m additional funding for Discretionary Housing Payments.

f) £23m to fund a range of measures around Universal Credit – whilst this won't come to districts it will be a positive support for people in the area.

g) Continuation of the Discover England Fund to promote inbound tourism.

h) £241m in 2020/21 in the Towns Fund to regenerate high streets, town centres and local economies.

i) Additional £30m for the Business, Energy, & Industrial Strategy (BEIS) to accelerate the development of decarbonisation schemes.

## 3. Provisional Finance Settlement

3.1 The Provisional Finance Settlement was announced on the 20 December 2019, whilst there is new money from Central Government this has been prioritised for adult and children's social care.

The settlement provides no update on the progress of either the move to further business rates retention or the Review of Relative Needs and Resources (commonly called the Fair Funding Review). However the settlement confirmed that the next business rates revaluation is planned for 2021 and from then on the Government intends to move to a three-yearly revaluation cycle.

The headlines are as follows;

a) No change to the New Homes Bonus threshold of 0.4%. The 2020/21 element of NHB will be paid for one year only. The legacy payments of the bonus in respect of growth in 2019/20 and previous years will continue to be paid in 2020/21. The Government will consult on the future of the housing incentive in the Spring. The Written Ministerial Statement says this will include moving to a new, more targeted approach which is aligned with other measures around planning performance and confirmed that the payments will be phased out;

b) The Rural Services Delivery Grant will remain unchanged at £81 million in 2020/21. The Government is minded to retain the current method of distributing the grant but will consult on this;

c) Business rates baseline will rise in line with inflation;

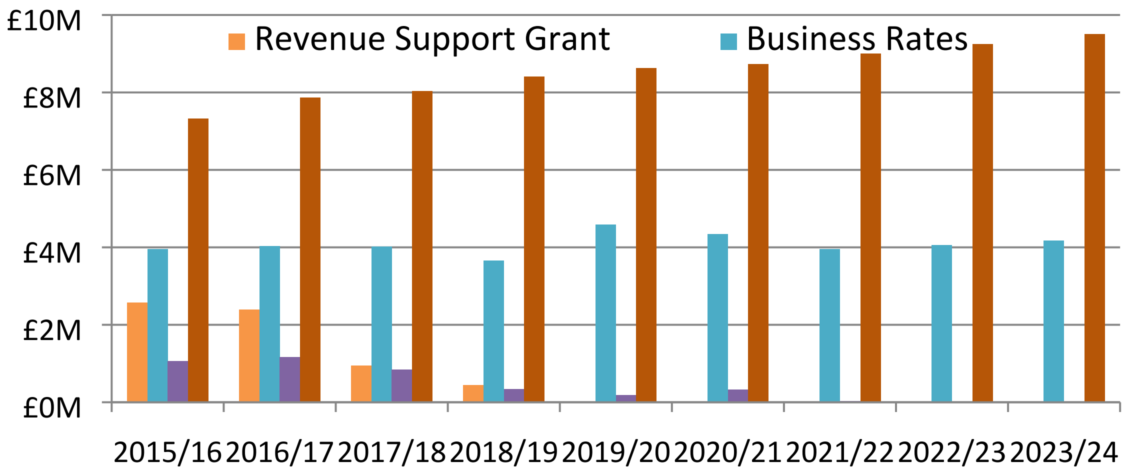
d) £400m compensation for under-indexing the business rates multiplier will be distributed to all councils, The Council's share of this will be confirmed later in the process;

e) Continuation of the option for shire districts with the lowest council tax levels to increase council tax by the higher of 2% or £5. The Government will continue with its policy of not setting referendum limits for parish and town councils, which they will keep under review for future years.

Table 1: Provisional Finance Settlement and Other Funding Resources

| | **2019/20 £m** | **2020/21 £m** | **2021/22 £m** | **2022/23 £m** | **2023/24 £m** |
|---|---|---|---|---|---|
| Business Rates | 4.844 | 4.346 | 3.956 | 4.066 | 4.180 |
| Business Rates – (Deficit) | (0.250) | - | - | - | - |
| New Homes Bonus | 0.183 | 0.332 | 0.026 | 0.011 | - |
| Council Tax | 8.579 | 8.772 | 9.010 | 9.254 | 9.505 |
| Council Tax Surplus/(Deficit) | 0.058 | (0.060) | - | - | - |
| Other Government Grants | 0.132 | 0.132 | 0.132 | 0.132 | 0.132 |
| **Total Resources** | **13.546** | **13.522** | **13.124** | **13.463** | **13.817** |

Graph: Core Funding from 2015/16 to 2023/24 (projected)




Note the above includes annual surpluses and deficits relating to business rates and council tax.

## 4. Council Tax

4.1 The proposal is for an increase in council tax of 2% for 2020/21 which results in a Band D rate of £251.71 for Council services.

4.2 The Council has to give an indication of likely future council tax rises, it is still expected that council tax will rise in line by inflation 2% to 3% per annum for each of the next three years. This is within the Government's target for inflation (1-3%) and the also current ceiling on rises that would otherwise require a referendum.

4.3 Within this context, for 2020/21, the Council will raise £8.8mM from its share of the council tax. This is determined by multiplying the council tax base of Band D equivalent dwellings by the Band d tax rate of £251.71 per annum.

4.4 In addition, there is a deficit of £0.060M payable by EBC to the collection fund due to an overall collection fund deficit of £0.480M.

## 5. 2018/19 Financial Outtrun

5.1 The Council achieved a balanced revenue outturn position for 2018/19 after the flexible use of capital receipts, benefiting from reallocation of £1.1M grant funding and planned used of reserve £1.2M. However, this position masked a number of significant pressures – notably are the significant cost of temporary and emergency accommodation and the impact of economic slowdown on commercial income and business rate.

Table 2: 2018/19 Outturn Variances

| 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 funding 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) |

## 6. 2019/20 Revised Budget

6.1 As part of the budget setting process and subject to approval, 2019/20 estimates will be adjusted to address structural imbalance in some operational budgets (largely relating to non-achievement of income and increased demand for housing need services). Healthy income from the chargeable garden waste service contributed to a more robust revenue budget position. However, some areas of the Council's revenue budget remain under pressure and will require careful monitoring.

6.2 Like most authorities, the Council is faced with a requirement to live within its means and improve and transform services whilst still operating in an environment of Government resource constraints and uncertainty about future funding prospects.

Table 3: 2019/20 Key Movements

| **Analysis of Major Movements** | **£000** |
|---|---|
| Tourism & Enterprise – Net additional service cost | 521 |
| Corporate Landlord – Reduced rental income | 985 |
| Corporate Landlord – Additional running costs | 680 |
| Specialist Advisory – Additional Hsg Benefit Subsidy costs | 1,452 |
| Housing Needs & Standards – Hsg Bad Debt Provisions | 235 |
| Use of Housing Reserves | (1,600) |
| Specialist Advisory – Additional waste contract costs | 200 |
| Bereavement Services – Reduced Crematorium income | 200 |
| Corporate Savings – all services | (1,711) |
| Other net service costs | 108 |
| | **1,070** |

6.3 Due to the pre-election period, 'purdah' and the requirement to reschedule committee meetings, the Council's quarterly monitoring report for Q2 was superseded by the in-depth work undertaken on the 2019/20 revised budget.

## 7. Medium Term Financial Position

7.1 The MTFS sets out the Council's four-year spending and funding plans, and is the financial framework for the development of the detailed 2020/21 budget.

The latest MTFS, as approved by Cabinet on 9th July 2019, forecast budget gaps in each of the next four financial years as follows:

Table 4: Previous MTFS Forecasts

| | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 |
|---|---|---|---|---|
| Budget Forecast | 13,883 | 14,480 | 15,535 | 16,615 |
| External Funding | (13,114) | (12,970) | (12,917) | (12,910) |
| **Annual Budget Gap** | **769** | **1,510** | **2,618** | **3,705** |
| | | | | |
| **Cumulative Budget Gap** | **769** | **2,279** | **TBC** | **TBC** |

7.2 The MTFS has been updated with the latest forecast position. This incorporates the on-going impact of any pressures and mitigations identified in the first quarter's budget monitoring from 2019/20 and newly identified budget pressures. The forecast budget gap for 2020/21 has increased to £4.146M, largely due to the impact of continuing housing demand, economic uncertainty and reduction on some key income streams.

A summary of the revised position, including the updated savings requirement, is shown in following sections.

Table 5: Summary of the Revised MTFS Position

| | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 |
|---|---|---|---|---|---|
| Adjusted Base Budget | 14,616 | 15,698 | 13,034 | 14,766 | 15,585 |
| Additional budget pressures/savings | | (2,232) | 1,732 | 819 | 859 |
| **Initial Budget Forecast** | **14,616** | **13,466** | **14,766** | **15,585** | **16,444** |
| External Funding | (13,546) | (13,522) | (13,124) | (13,463) | (13,817) |
| **Initial Budget Gap** | **1,070** | **(56)** | **1,642** | **2,122** | **2,627** |
| Funding Reallocation | (420) | | | | |
| Business Rates Retention – Pilot | (200) | | | | |
| Devonshire Park Reserve | (450) | | | | |
| **Cumulative Budget Gap / (Surplus)** | **0** | **(56)** | **1,642** | **2,122** | **2,627** |

## 8. Financial Planning Cycle

8.1 A typical financial planning cycle for a local authority is a continual process of review and challenge of future years' budget assumptions over a medium term horizon. This is based on performance against the current year's budget, incorporating the costs and benefits of business change and responding to political and economic factors within the external environment.

Following the publication of this report, work will continue to further validate and monitor delivery against all of the key budget assumptions for 2020/21 and beyond.

Since the publication of the MTFS in July, the Council has reviewed its 2020/21 budget following consideration of the following areas:

- Priority objectives and service plan delivery;
- Planned business change and opportunities for increased value for money;
- Current levels of service demand and performance against budget; and
- The statutory environment that each directorate operates in.

8.2 The key financial assumptions within the MTFS have been refreshed to include the impact of:

- The capital strategy and rolling capital programme approved by Council in February 2019;
- Demographic and service demand pressures, which have been reviewed based on the latest national and local trends and management information available.
- Expenditure and income inflation indices, which have been reviewed using the latest economic data and contract information.
- An assessment of changes to government grants and funding;
- The Council's operational and financial performance in 2018/19 and 2019/20 with due regard given to the on-going impacts in 2020/21
- Validation of MTFS savings proposals.

Full details of the updated financial assumptions are contained within Appendix 4.

## 9. Capital Programme

9.1 As part of the budget setting process, the Council is required to agree a programme of General Fund Capital Programme expenditure for the coming four years (Appendix 3). The capital programme plays an important part in the delivery of the Council's Corporate Plan and Medium-Term Financial Strategy (MTFS), which in turn supports wider service delivery.

Capital expenditure within the Council is split into two main components, the General Fund Capital Programme and the Housing Revenue Account (HRA) Capital Programme.

9.2 Capital programme recognises the spending limitations within the Finance Settlement for 2020/21 on the resources available. Therefore, the programme prioritises delivery to incorporate those projects that are either a statutory requirement or are essential to delivery of the Council's Corporate Plan. The programme includes schemes where the Council has been successful in securing funding from external grants and contributions, and schemes where the Council is pro-actively working with external bodies to secure funding. For these schemes to go ahead it is important that the funding is secured.

The programme has been compiled taking account of the following main principles, to:

- maintain an affordable four-year rolling capital programme;
- ensure capital resources are aligned with the Council's Corporate Plan,
- maximise available resources by actively seeking external funding and disposal of surplus assets; and
- not to anticipate receipts from disposals until they are realised.

The current economic climate also places further emphasis on ensuring that the levels of capital receipts are maximised through improved asset management and through the sale of surplus and underused assets. The Council recognises disposal of its surplus assets key to its overall financing of capital investment and at the same time reduced the demand on the revenue costs of capital.

9.3 Capital Funding Sources - The capital investment proposals contained within this MTFS rely upon an overall funding envelope made up of several sources, including borrowing, capital receipts, capital grants and revenue contributions.

Borrowing - The local Government Act 2003 gave local authorities the ability to borrow for capital expenditure provided that such borrowing was affordable, prudent and sustainable over the medium term. The Council must complete a range of calculations (Prudential Indicators) as part of its annual budget setting process to evidence this. These make sure that the cost of paying for interest charges and repayment of principal by a minimum revenue payment (MRP) each year is considered when drafting the Budget and Medium-Term Financial Strategy. Over the course of this MTFS, prudential borrowing of £73.5M has been assumed for the General Fund Capital Programme.

The Council's General Fund external authorised borrowing limit for 2020/21 is set at £260.6m with an estimated borrowing of £134.6m as at 31 March 2021. The HRA has no borrowing limit/cap as it takes its income from rents and services charges collected from tenants, and spends this money exclusively on building and maintaining housing. Councils are able to borrow money within their HRAs in order to build more homes to provide more income, or even to refurbish or regenerate existing homes. The 2020/21 HRA borrowing is estimated as £43.6m.

Capital Receipts - These are generated when a non-current asset is sold, and the receipt is more than £10K. Capital receipts can only be used to fund capital expenditure or repay borrowing. In determining the overall affordability of its capital programme, the Council is taking a prudent approach of not including anticipated capital receipts as a source of funding in the programme until such a time when the income is received and realised.

9.4 Capital Grant - The Council receives additional grant funding for a variety of purposes and from a range of sources. These include the Ministry of Housing, Communities and Local Government (MHCLG) funding for Disabled Facility Grants and Environment Agency funding for Coastal Management projects.

9.5 Revenue Contributions - Although the Council can use its General Fund to pay for capital expenditure, as it has done in the past, the current financial constraints that are on the Revenue Budget means that this option is limited in the medium term.

9.6 General Fund Capital Reserves - Capital Short Life Asset Reserve – It is anticipated that this reserve will continue to fund assets with a life of less than 10 years, primarily being IT equipment and vehicles purchases.

9.7 HRA Right to Buy (RTB) Capital Receipts – The Right to Buy scheme helps eligible council tenants to buy their home with a discount of up to £84,200 (2020/21). The Council receives the sale proceeds of the Council House.

9.8 HRA Other Capital Receipts - These are generated when a fixed asset is sold, and the receipt is more than £10k. Capital receipts can only be used to fund capital expenditure.

9.9 HRA Contributions – Funding for capital expenditure on housing can be met from within the HRA. The future funding requirements will be informed by the Council's newly revised 30-year HRA business plan.

9.10 HRA Capital Reserves – Although the HRA subsidy system has ceased to exist, transitional arrangements allow the Council to continue to place the Major Repairs Allowance, as detailed in the settlement determination, in the Major Repairs Reserve. This is exclusively available for use on HRA capital expenditure.

## 10. Financial Appraisal

10.1 The Chief Finance Officer is required by the Local Government Act 2003 (Section 25) to report on the following matters:

- the robustness of the estimates made for the purposes of the calculations
- the adequacy of the proposed financial reserves.

This will be included in the final budget report being presented to Full Council on 19 February 2020.

## 11. Legal implications

11.1 Section 151 of the Local Government Act 1972 requires that every local authority make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.

11.2 Sections 32 and 43 of the Local Government Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.

11.3 The Chief Finance Officer, appointed under section 151 mentioned above, has a duty to report on the robustness of estimates and adequacy of reserves under section 25 of the Local Government Act 2003.

## 12. Risk Management implications.

12.1 Appendix 4 provides an analysis of risks associated with the MTFS and mitigating actions.

## 13. Equality analysis

13.1 The equality implications of any individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports.

## 14. Conclusion

14.1 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.

## 15. Appendices

- Appendix 1 - Generl Fund Budget Suimmary
- Appendix 2 – Savings and Growth Proposals
- Appendix 3 – Capital Programme
- Appendix 4 – Risks

## 16. Background papers

The background papers used in compiling this report were as follows:

- Provisional Local Government Finance Settlement 2020/21

**Appendix 1**

## FINANCIAL MONITORING POSITION AS AT 30 SEPTEMBER 2019

| 2019/20 | Full Year Budget | Profiled Budget | Actual to 30th Sept 2019 | Variance to date | | Forecast Full Year Variances | Indicative Revised Budget |
|---|---|---|---|---|---|---|---|
| **SUMMARY** | **£'000** | **£'000** | **£'000** | **£'000** | | **£'000** | **£'000** |
| Corporate Services | 5,365 | 2,753 | 3,184 | 432 | | (1,429) | 3,936 |
| Service Delivery | 4,947 | (4,925) | (2,471) | 2,454 | | 337 | 5,284 |
| Regeneration, Planning & Assets | (298) | (19) | 857 | 876 | | 1,372 | 1,074 |
| Tourism & Enterprise Services | 3,496 | 1,903 | 2,276 | 373 | | 189 | 3,685 |
| **Total Service Expenditure** | **13,510** | **(288)** | **3,847** | **4,135** | | **469** | **13,979** |
| Efficiency Savings | (450) | 87 | 120 | 33 | | 601 | 151 |
| Capital Financing and Interest | 1,763 | 860 | 867 | 7 | | 0 | 1,763 |
| Contributions to/(from) Reserves | (1,277) | 0 | 0 | 0 | | 0 | (1,277) |
| **Net Expenditure** | **13,546** | **659** | **4,834** | **4,175** | | **1,070** | **14,616** |
| **Forecast Increase on Original Full Year Budget** | | | | | | | **1,070** |

The above table shows a budget shortfall of £4.175M at the end of September 2019 which is forecast to reduce to £1.070M by the year end. Details of the latter are contained within the body of the report.

## FORECAST 2020/21 BUDGET

| 2020/21 | 2019/20 Original Budget | Changes from Original Budget | Pay & Contract Inflation (to be allocated) | Capital Financing | Recurring Savings & Growth | Forecast 2020/21 Budget |
|---|---|---|---|---|---|---|
| **SUMMARY** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Corporate Services | 5,365 | 0 | 647 | 0 | (2,620) | 3,392 |
| Service Delivery | 4,947 | 1,773 | 0 | 0 | (1,006) | 5,714 |
| Regeneration, Planning & Assets | (298) | 711 | 0 | 0 | 95 | 508 |
| Tourism & Enterprise Services | 3,496 | 0 | 0 | 0 | (804) | 2,692 |
| **Total Service Expenditure** | **13,510** | **2,484** | **647** | **0** | **(4,335)** | **12,306** |
| Budget Reallocation | (601) | 601 | 0 | 0 | | 0 |
| Corporate Contingencies | 151 | 0 | 0 | 0 | | 151 |
| Capital Financing and Interest | 1,763 | 0 | 0 | 1,023 | (500) | 2,286 |
| Contributions to/(from) Reserves | (1,277) | 0 | 0 | 0 | | (1,277) |
| **Net Expenditure** | **13,546** | **3,085** | **647** | **1,023** | **(4,835)** | **13,466** |

| | |
|---|---|
| **External Funding** | **(13,522)** |
| **Budget Surplus** | **(56)** |

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**Appendix 2**

## 2020/21 Savings and Growth

### CORPORATE SERVICES

| Savings | £000's |
|---|---|
| ICT Savings | (304) |
| Pensions - Lump Sum | (629) |
| Pay & Contractual Inflation | 647 |
| Further efficiency -CMT Savings | (461) |
| Insurance Savings | (100) |
| Funding reallocation | (400) |
| Salary Control - Vacancy Saving | (250) |
| Staffing Reductions | (500) |
| Occupational Health - service provision to LDC | (22) |
| Other smaller items less than £10k | (8) |
| Various service recharges | (171) |
| | **(2,198)** |
| **Growth - Recurring** | |
| Corporate initiatives | 25 |
| HR Admin | 10 |
| Occupational Health Contract | 14 |
| Training budget increase | 30 |
| Local Elections - Contribution to Earmarked Reserves | 30 |
| Printing Services, Internal Recharges Credit | 43 |
| FSS - computer software | 24 |
| Other Smaller Items - less than 10k | 23 |
| | **199** |
| **Growth - Non-Recurring** | |
| Project Postea - Project Manager | 26 |
| | **26** |

### SERVICE DELIVERY

| Budget Changes | £000's |
|---|---|
| Housing Benefit Subsidy costs | 1,215 |
| Reduced Crematorium fees | 150 |
| Bed & Breakfast Costs | 352 |
| Reduced Searches Income | 56 |
| | **1,773** |
| **Savings** | |
| Efficiencies in waste disposal and increased Recycling | (300) |
| Car Parking | (100) |
| HRA Recharges | (100) |
| Grassed Areas, Contributions | (17) |
| Benefits Specialist Fees | (10) |
| Risk Verification Software | (12) |
| Magistrate Court costs | (26) |
| Ctax & NNDR Summons & Liability Order Income | (37) |
| Housing Needs Locata Annual Maintenance | (13) |
| GF Housing Repairs, Management Fee & Rents | (13) |
| Solarbourne | (76) |
| ESCC DESSS Grant for Housing Loans | (28) |
| Licence Fee Income - various | (16) |
| Other smaller items - less than £10k | (15) |
| | **(763)** |
| Further efficiency - CMT challenge | **(1,160)** |
| | **(1,923)** |
| **Growth - Recurring** | |
| Revenues, NNDR & Benefits Main Billing | 10 |
| SPD & NHB Review | 31 |
| Analyse Local Inform CPI | 13 |
| Neopost Lease | 50 |
| Homelink | 12 |
| Other smaller items - less than £10k | 77 |
| CCC Shared Staff Costs | 67 |
| CM Shared Staff Costs | 53 |
| Housing Needs Staff Costs | 90 |
| | **403** |
| **Growth - Non-Recurring** | |
| Additional housing bad debt provision | 182 |
| Additional waste contract costs | 266 |
| Housing Needs staffing | 66 |
| | **514** |

## 2020/21 Savings and Growth

### REGENERATION

| Budget Changes | £000's |
|---|---|
| Corporate Landlord - Reduced rental income | 380 |
| Corporate Landlord - Additional running costs | 331 |
| | **711** |
| **Savings** | |
| Further efficiency - CMT challenge | **(105)** |
| **Growth - Recurring** | |
| Planning Policy - Emergence of Local Plan | **150** |
| **Growth - Non-Recurring** | |
| Sovereign Centre Contract | **50** |

### TOURISM & ENTERPRISE

| Savings | £000's |
|---|---|
| Cultural Exemption | (500) |
| Heritage Tax | (250) |
| Catering Contract | (5) |
| Bandstand | (35) |
| Beach Huts and Chalets | (10) |
| Seafront Buildings and Facilities | (10) |
| Redoubt - Events | (22) |
| Events Development Support | (17) |
| Tourism Catering Administration | (2) |
| The Stage Door Pub | (25) |
| Redoubt Outpost - Catering | (1) |
| Airbourne Catering | (2) |
| | **(879)** |
| Further efficiency - CMT challenge | (735) |
| | **(1,614)** |
| **Growth - Recurring** | |
| Leisure Travel Marketing | 32 |
| Wave Contract | 119 |
| Sovereign Centre Contract | 44 |
| Golf Club - Golf | 57 |
| Beach Huts | 44 |
| Seafront Support Services | 18 |
| Other smaller items less than £10k | 61 |
| Victoria Mansions Heritage Exhibition | 40 |
| | **415** |
| **Growth - Non-Recurring** | |
| Soap Box Event | 12 |
| Devonshire Park Business Plan | 383 |
| | **395** |

**Summary of Capital Programme 2019 to 2023**

| | Original Estimate 2019/20 | Revised Estimate Total 2019/20 | New bids for approval 2020/21 | Revised Estimate Total (Excl new bids) 2020/21 | Estimate Total 2021/22 | Estimate Total 2022/23 |
|---|---|---|---|---|---|---|
| **Capital Programme** | | **£000** | **£000** | **£000** | **£000** | **£000** |
| Community Services | 7,222 | 3,808 | 297 | 1,569 | 300 | 300 |
| Tourism & Leisure | 12,655 | 2,485 | 25 | 8,485 | 17,862 | - |
| Corporate & Core Services | 43,440 | 19,768 | - | 11,847 | 8,314 | 5,423 |
| Asset Management | 2,994 | 7,058 | 4,900 | 821 | 500 | 500 |
| Pier Grant & Coastal Communites Grant | - | 498 | - | - | - | - |
| **Total Programme** | **66,311** | **33,617** | **5,222** | **22,722** | **26,976** | **6,223** |
| **Financed By:-** | | | | | | |
| 1-4-1 RTB Receipts | 998 | 1,593 | - | - | - | - |
| Capital Receipts GF | 1,196 | 862 | - | 551 | 342 | - |
| Grants and Contributions | 8,162 | 3,054 | - | 1,300 | 300 | 300 |
| Revenue Contribution to Capital | 491 | 455 | - | 41 | - | - |
| Section 106 Contributions | 27 | - | - | 27 | - | - |
| GF Borrowing (Committed) | 29,041 | 27,653 | 5,222 | 11,206 | 20,362 | 750 |
| GF Borrowing (Uncommitted) | 26,396 | | - | 9,597 | 5,972 | 5,173 |
| **Total Financing** | **66,311** | **33,617** | **5,222** | **22,722** | **26,976** | **6,223** |

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# Appendix 4

**Updated Financial Assumptions within the MTFS**

The key financial assumptions included within the MTFS are set out below:

a) Pay assumptions:

General pay inflation - assumed at 2.5% from 2020/21 onwards.

Pension contributions - in line with other employers in the Local Government Pensions Scheme (LGPS) the Council makes an annual contribution payment to the Pension Fund to contribute towards the recovery of the deficit on the Fund. This contribution payment is set every three years as part of the triennial valuation of the Fund. Following discussions with the Fund's actuary the MTFS has been updated on the assumption that the contribution payment will reduce by 2% over four years. The employer's contribution rate does not affect individual employee's contributions or pension benefits.

b) Other pay considerations

The estimated cost of pay increments has been built into the MTFS.

c) Inflation Assumptions

Inflation has been calculated for premises and transport related costs including utilities, business rates and fuel based on latest market intelligence and CPI forecasts from Central Government.

d) Flexible Use of Capital Receipts

The Council has agreed a formal efficiency plan (Joint Transformation Programme). This enables the authority consider flexible use of capital receipts to finance qualifying expenditure in 2019/20. The use of these resources is 'one-off' and therefore does not form part of the Council's on-going base budget.

The MTFS has been updated to reflect the flexible use of capital receipts of £400K in 2019/20 but currently assumes no further application in 2020/21. Any new transformation projects that require the use of flexible capital receipts require full Council approval, and as such, an update will be provided as part of the final 2020/21 budget papers.

e) Fees and charges

The Council provides a wide range of discretionary services. It is expected that where possible a market driven pricing to be applied to support cost recovery. The MTFS assumes a 2% across the board increase in fees and charges for its discretionary services. This increase has not been applied to the following income budgets:

- Car parking charges
- Planning fees
- Land charges

Fees and charges assumptions will be fully reviewed in line with anticipated operational delivery and updated for the draft budget, which will include a full refresh of the Council's fees and charges schedule.

f) Funding

At the time of writing this report, it was anticipate that the final local government finance settlement for 2020/21 will be announced in January but currently no date has been provided. The provisional settlement was announced on 20 December 2019 which had inevitable been delayed due to the General Election.

The 2019/20 settlement was the final year of a four year settlement. It had been expected that a new 3 year Comprehensive Spending Review would take place this autumn, however due to continuing political and financial uncertainty surrounding Brexit, this has been postponed. Instead, a single year spending review was announced on 4th September 2019.

The government has announced an increase to current and capital spending of £13.4bn in 2020/21, compared to the OBR's forecast at Spring Statement 2019. Resource Departmental Expenditure Limits (DEL) (excluding depreciation) across government departments will increase from £330.8bn to £352.3bn, representing growth of 4.1%.

Most of the additional funding announced has been allocated to the following priorities:
Health and social care – the government reaffirmed the existing five-year settlement for the NHS, with an additional £33.9bn more per year by 2023/24, compared to 2018/19 budgets, with a real terms 3.1% increase in Resources DEL in 2020/21. There will also be an additional £1bn for adult and children's social care and the government will be consulting on a 2% adult social care precept to enable councils to access a further £0.5bn.

Education and skills - the schools' budget will rise by £2.6bn in 2020/21, which will include per pupil funding of £3,750 at primary and £5,000 at secondary schools. The additional funding is inclusive of £700m more funding in 2020/21 to support children and young people with special educational needs. £400m of additional funding for Further Education has also been announced.

Tackling crime – an extra £750m for policing to pay towards the government's commitment to recruit an additional 20,000 officers by 2023, which forms part of a 6.3% real terms increase in Home Office funding;

Brexit - the Spending Round confirms £2bn of core funding provided to departments for Brexit in 2019/20 will be continued into 2020/21. This money will be used to help pay for the costs of establishing a new relationship with the EU. Brexit preparation grants announced in January 2019 are to be increased to £50,000 per authority.

Local government core spending power is set to increase by £2.9bn, from £46.2bn in 2019/20 to £49.1bn in 2020/21, a real terms increase of 4.3% and cash increase of 6.3%. This compares to a cash increase of £1.7bn between 2015/16 and 2019/20.

Business rates baseline funding will increase in line with CPI which is consistent with assumptions made in the current MTFS.

The Government has subsequently clarified that other than in areas with devolution deals existing business rates pilots (including the Stoke on Trent and Staffordshire pilot) will end in 2020/21.

A technical consultation on the spending review is expected shortly. To date there has been no announcement of the potential council tax referendum limit for 2020/21. However, the increase in Core Spending Power implies a limit of between 2.5% and 3.0%.

The following sections set out the specific funding assumptions that have been applied in the

MTFS in respect of grant funding, New Homes Bonus, Council Tax and Business Rates.

g) Grant funding

The Council no longer receives any Revenue Support Grant.

The existing MTFS includes a forecast reduction in housing benefit administration grant of £1.3M in each year of the MTFS, reflecting reduced caseloads following the introduction of universal credit. Grant funding for all other services has been assumed to remain at 2019/20 levels, except where there have been specific announcements.

The one year Comprehensive Spending Review for 2020/21 announced further funding of £54m in 2020/21 to help reduce homelessness and rough sleeping, this is in addition to the funding already provided in 2019/20. The allocation for the Council will not be determined until the time of the Final Local Government Finance Settlement – due to its one off nature, future provision has not been made for this in the MTFS.

Brexit preparation grant of £35,000 has been received to date by the Council, again further funding for 2020/21 has been committed to via the Comprehensive Spending Review – due to its one off nature provision has not been made for this in the MTFS.

h) New Homes Bonus

New Homes Bonus is paid on a 4 year rolling basis. Income from New Homes Bonus has been budgeted in line with the confirmed grant announcement, with a reducing balance over the medium term due to funding for earlier years dropping out. The MTFS has been updated to reflect current forecasts of house building activity.

i) Council Tax

Council Tax increases at the average Band D rate of £5 have been applied each year based on the current year level. The Council Tax Referendum level for 2020/21 has not been announced. However, implicit within the calculation of local authority core spending power announced as part of the 2019 Comprehensive Spending Review is an increase of between 2.5% and 3%. A 1% change in Council Tax equates to £0.077m in income.
Growth in the Council Tax Base (the number of Band D equivalent dwellings subject to Council Tax) has been applied based on available intelligence and historical trend data.

j) Business Rates

An additional £0.300m of income relating to Business Rates has been added to the funding budget. This additional funding is due to the Business Rates collection fund being in surplus at the end of 2018/19 and is net of additional provision for appeals.

It is anticipated that the Council's income from Business Rates will increase at an inflationary amount during future years, if there are significant developments undertaken within the District this is likely to increase future revenue in the form of growth. However, the timing and value of any benefit will be impacted by the baseline resets applied as part of the Business Rates Retention scheme

k) Business Rates Retention Pilot

The Council has for a number of years participated in a Business Rates pool with the local district and borough councils in East Sussex. The pool was successful in its application for a 75%

Business Rates Pilot for 2019/20 and this has resulted in a projected financial benefit to the Council of £0.200m in the current year. This additional money is 'one off' and is not included in the MTFS as an ongoing income.

Following the 2019 Comprehensive Spending Review announcement on 4th September the pool has now been informed that the current pilot will come to an end in 2019/20. Agreement has been reached with neighbouring authorities to continue the existing pooling arrangements for 2020/21, and the MTFS has been updated to reflect the impact of this.

| | |
|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **05 February 2020** |
| **Subject:** | **Housing Revenue Account (HRA) Revenue Budget and Rent Setting 2020/21 and HRA Capital Programme 2019-23** |
| **Report of:** | **Chief Finance Officer** |
| **Cabinet member:** | **Councillor Stephen Holt, Cabinet Member for Finance** |
| **Ward(s):** | **ALL** |
| **Purpose of the report:** | To agree the detailed HRA budget proposals, rent levels, service charges and heating costs for 2020/21, and the HRA Capital Programme 2019/23. |
| **Decision type:** | Key Decision |
| **Recommendations:** | Cabinet is asked to recommend the following proposals to full Council: |

i) The HRA budget for 2020/21 and revised 2019/20 budget as set out in **Appendix 1.**

ii) That social and affordable rents (including Shared Ownership) are increased by 2.7% in line with government policy.

iii) That service charges for general needs properties are increased by 2.7% (CPI +1%).

iv) That the service charge for the Older Persons' Sheltered Accommodations increases by an average of 0.5%.

v) That the Support charges for Sheltered Housing Residents are set at £7.70 per unit, per week, increase of 20p.

vi) That heating costs are increased by 2.7% (CPI+1%) in line with estimated costs set at a level designed to recover the actual cost.

vii) That water charges are increased by 2.7% (CPI+1%) designed to recover the estimated cost of metered consumption.

viii) Garage rents are increased by 3.4% (September RPI+1).

| | | |
|---|---|---|
| **Recommendation cont.:** | ix) | To give delegated authority to the Chief Executive, in consultation with the Cabinet Portfolio holders for Financial Services and Direct Assistance Service and the Chief Finance Officer to finalise Eastbourne Homes' Management Fee and Delivery Plan. |
| | x) | The HRA Capital Programme as set out in **Appendix 2** |

**Reasons for recommendations:** The Cabinet has to recommend to Full Council the setting of the HRA revenue and capital budget and the level of social and affordable housing rents for the forthcoming year.

**Contact Officer(s)**
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## 1.0 Introduction

1.1 The Housing Revenue Account (HRA) records expenditure and income on running the council's housing stock and closely related services or facilities provided primarily for the benefit of the council's own tenants.

The HRA is a statutory ring-fenced account required to be self-financing, as such, expenditure has to be entirely supported from rental and other income with the main tool for the future financial management of the HRA being the 30-Year Business Plan.

1.2 The Business plan has recently been updated and shows income matching expenditure after year 2. This is because any excess balance over the minimum set balance of £1.7m will be used to fund the Capital Programme before borrowing is used. The revenue reserve will not increase over the 30 years as resources are diverted to repay loans.

As outlined in the previous report, any significant changes to the assumptions underpinning the Business Plan will trigger a full review to assess the impact, however, there will be an annual review and update carried out.

1.3 This report reflects the recommendations made by Eastbourne Homes Limited in relation to the increase in rent levels, service and other charges.

## 2 Proposal

### 2.1 2020/21 HRA Revenue Budget

2.1.1 The 2020/21 budget mirrors the HRA 30-Year Business Plan and is attached at Appendix 1.

2.1.2 For the 2020/21 budget, £3.581m shortfall is expected compared to shortfall of £608k in 2019/20, increase cost of £2.973m. The increase in shortfall is as a result of £3.656m revenue contribution to the Capital Programme in 2020/21 compared to a contribution of £680k in 2019/20, an increase of £2.976m.

This reflects the modelling in the HRA 30-Year Business Plan and is consistent with the Council using its reserves and balances to fund the Capital Programme prior to taking out new borrowing. Once this contribution is made, there will still be £1.749m in the HRA working balance.

2.1.3 Key variances between 2019/20 and 2020/21 are:

- Rent, Service Charge and Other Income – increased income of £124k
- Depreciation – increased cost of £73k
- Loan Charges – an increased cost of £30k
- Interest Receivable – an income reduction of £25k
- Management Costs – a reduced cost of £7k

2.1.4 The Major Repairs Reserve is funded from cash backed depreciation of £4.307m plus inflation per year and is expected to breakeven in the short, medium and long term. Setting depreciation at this level may require review once the results of the imminent stock survey are received and the demands of the asset management plan in the longer term are better understood. The Major Repairs Reserve is used solely to finance the capital programme.

2.1.5 From April 2012 local authorities with retained housing stock became "self-financing'. This meant that they were able to fully retain the money they receive in rent in order to plan and provide services to their current and future tenants. As part of becoming self-financing Eastbourne BC took on debt distributed by Government based on their ability to service that debt. The HRA debt outstanding at 31.03.19 was £42.649m which was the maximum borrowing permitted under the self-financing settlement. Now that the Government has removed the 'borrowing cap' in the HRA to enable Councils to build more homes, the outstanding debt at 31.03.21 is estimated to increase to £43.650m.

2.1.6 The Council's treasury management advisors are predicting a gradual rise in interest rates going forward into 2020/21 and the interest budget has been prepared on this basis.

2.1.7 The 2019/20 revised budget is expected to be in deficit by £608k compared to a £3k deficit predicted in the original budget. The deficit will be funded from balances and is mainly as a result of an additional revenue contribution to capital expenditure of £680k. In addition, a £200k transfer from reserves will no longer take place. Other, less significant variances are as follows:

- a net increase in rental income of £190k
- an increase in Supervision and Management costs of £21k
- interest adjustments resulting in reduced costs of £106k

2.1.8 The Housing Revenue Account (HRA) Business Plan is a strategic planning document to assist the officers and members of the Council, working together with tenants and leaseholders, in the management and maintenance of the

Council's housing stock over the next 30 years in ensuring our Homes always meet the Fitness for Human Habitation test.

The Business Plan is also a statement of the viability of Eastbourne Borough Council HRA over the next 30 years and a statement of our aspirations as Landlord drawing attention to the particular strengths of the Landlord service and highlights the approach of that service and the HRA into the future based on a policy of maintaining a minimum level of HRA balance at £1.7m to ensure that the HRA remains sustainable in the event of any unforeseen risk arising.

As part of the Council's commitment the Business Plan has been reviewed and as a result it is proposing a capital programme which includes investment in new builds (£27m), the acquisition of new properties (£7m) and annual works to current properties of circa £4m. This increased investment will be enabled by additional borrowing, revenue contributions and applying capital receipts and reserves. Full details are contained in section 2.8.

2.1.9 The forecast balances on HRA and Reserves are as follows:

| | **HRA Working Balance** | **Major Repairs Reserve (MRR)** | **Housing Regeneration & Investment Reserve** (to be updated) |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Balance at 01.04.19** | **5,938** | **1,064** | **2,883** |
| Surplus/(Deficit) | (608) | | |
| Revenue Contribution | | | 500 |
| Depreciation | | 4,234 | |
| Expenditure Financed from Reserves | | (5,298) | (662) |
| **Estimated Balance 31.03.20** | **5,330** | **0** | **2,721** |
| Surplus/(Deficit) | (3,581) | | |
| Revenue Contribution | | | |
| Depreciation | | 4,307 | |
| Expenditure Financed from MRR | | (4,307) | |
| **Estimated Balance 31.03.21** | **1,749** | **0** | **2,721** |

## 2.2 Rent Levels for 2020/21

2.2.1 The Council has been following the Government's guidance for rents for social housing since December 2001. This has been subject to various legislative changes in recent years and, in 2020/21, rents can be increased by Consumer Prices Index (CPI) + 1% after four years of 1% rent reductions. The average weekly rent is £79.86 (2018: £77.75)

2.2.2 Although rents for Shared Ownership properties are excluded from Government guidance, the terms of the lease for these properties determine that we should set their rents in line with the socially rented properties. Therefore, it is recommended that rents for all Shared Ownership properties are increased by

2.7%.

**2.3 Service Charges**

2.3.1 For properties in shared blocks, these charges cover common services such as communal heating, lighting, equipment maintenance contracts, cleaning and grounds maintenance. In Older Persons Sheltered Accommodation the charges additionally include On-Site Co-ordinators, lift maintenance contracts, communal furniture, carpet maintenance and internal re-decorations. These costs should be charged separately from the rent in those properties to which they apply.

2.3.2 For general needs the average service charge decrease is 2% to ensure that costs relating to communal areas are reasonably recovered. In monetary terms, this is an average decrease of 0.14 per unit, per week.

2.3.3 For Retirement Court properties in blocks, the average service charge increase is 0.5% to ensure the Council recovers as much communal costs as reasonable which translates to £0.13 per week in monetary terms.

**2.4 Support Charge for Sheltered Housing**

2.4.1 To cover the withdrawal of the Supporting People funding 2016 for the provision of the on-site co-ordinator service, a charge was introduced to continue the vital work within the Sheltered Housing blocks.

2.4.2 Following the implementation of the Joint Transformation Programme a review of the resources required by the Supported Housing service is to be carried out once the work on the realignment of the budgets has been completed. It is recommended that the support charge of £7.70 per unit per week is implemented which is the first increase in 5 years which also reduces pressure on HRA pending the completion of the review.

2.4.3 The above review is to be completed by the second quarter in 2020/21, it is therefore recommended that delegated authority be given to the Director of Service Delivery, in consultation with the Portfolio Holders for Financial Services and Direct Assistance Service, to set the Supported Housing Service Charge that covers the costs incurred in the provision of the service.

**2.5 Heating Costs - Older Persons Sheltered Accommodation**

2.5.1 These charges are set in line with known price decreases or increases predicted by the Department of Energy and Climate Change. For 2020/21, it is recommended that the average charge decrease is 4.2%. This is an average decrease of 8p per week for tenants that pay these charges.

**2.6 Water Charges**

2.6.1 Following the decrease implemented in 2019/20 and in order that actual costs can be recovered, it is recommended for 2020/21 that the charge increase by 2.7%, representing £0.11 per week for tenants that pay these charge.

**2.7 Garage Rents**

2.7.1 It is recommended that garage rents increase by September RPI +1% which amounts to 3.4% following years of no increase, disposals and repurposing of some designated garage sites.

**2.8 Capital Programme**

2.8.1 The Capital Programme set out in Appendix 2 reflects the proposals contained within the HRA 30-Year Business Plan. Over the 4 year period (covering 2019/20 to 2022/23), a total of £52m has been budgeted with £12.8m earmarked in the 2020/21, representing 25% of the total Capital Programme.

2.8.2 The Council will continue to ensure that priority is given to the continued maintenance of its assets to ensure that homes are decent and very well maintained. To this end, the major works element of the programme is in line with the budget set last year and the 30-Year HRA Business Plan model.

Funding of these works is from the Major Repairs Reserve Fund. If the imminent stock survey work shows that investment needs to vary significantly from the amount shown in Appendix 2, then this allocation will be revisited and the revised requirement reported back to Cabinet, highlighting the likely impact on the Business Plan.

2.8.3 As the HRA debt cap has been lifted, the Capital Programme includes sums for the acquisition of properties (13 in 2020/21 and 11 in 2022/23) and new build (predominantly the Bedfordwell Road scheme). It should be noted that acquisitions are based on cost modelling and not actual acquisitions in process.

As properties are identified, each will be modelled to ensure “viability” (that the annual costs associated with the purchase and upkeep of the property will not exceed the rental income). The Bedfordwell Road scheme has been added to the Capital Programme on the basis of the costs outlined in the report elsewhere on this agenda. It should be noted that this scheme presents a challenge to the Eastbourne HRA 30-Year Business Plan and, once it has been transferred to the HRA, will need to be monitored closely and carefully to ensure that it stays on track- otherwise there could be a significant impact in the medium term.

2.8.4 A provision of £500k has been made in 2020/21for a sustainability pilot to take place. This will help Eastbourne Borough Council move towards meeting its target of achieving zero carbon emissions and full climate resilience by 2030. The Business Plan report on this agenda which preceded this report sets out the steps to be taken to ensure that this budget is spent efficiently and effectively to achieve maximum benefit from the pilot.

2.9 **Eastbourne Homes Ltd Management Fee**

2.9.1 The Management Fee covers both operational and administration costs as well as responsive and cyclical maintenance.

2.9.2 The fee for 2019/20 was set at £7,650,000. It is proposed that the management fee for 2020/21 will be £7,748,000. This takes into account reducing the fee for one-off additions made in 2019/20 and increasing it for new enhanced services to be discussed and agreed with the Board of Eastbourne Homes Ltd. Inflation has also been added.

2.9.3 To formally agree the management fee, Members are asked to delegate this responsibility to the Chief Executive, in consultation with the Cabinet portfolio holders for Community Service and Finance Services and the Chief Finance Officer.

## 3 Outcome Expected and Performance Management

3.1 The HRA budget will be monitored regularly during 2020/21 and performance will be reported to members quarterly.

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

## 4 Consultation

4.1 The rent increase reflects the requirements under The Direction on the Rent Standard 2019 together with the Rent Policy Statement for Social Housing February 2019.

4.2 A copy of this report will be considered by the Board of Eastbourne Homes Ltd in March 2020 and by the Scrutiny Committee on 3rd February 2020. Any feedback will be reported verbally.

## 5 Corporate Plan and Council Policies

5.1 Housing & Development is one of the key themes that shaped the vision for Eastbourne set out in the 2016-2020 Corporate Plan. The proposals contained within this report flow directly from the HRA 30-Year Business Plan, which itself aligns with the draft 2020-2024 Corporate Plan, currently under development. Key (current and future) Council policies, plans and strategies will all be aligned to help deliver the objectives and goals of the HRA 30-Year Business Plan, including the Housing Strategy, Commercial Strategy, Allocations Policy, Homelessness Strategy, Local Plan, Tenancy Policy and Town Centre Strategy.

## 6 Business Case and Alternative Option(s) Considered

6.1 The capital and revenue budgets, rents and service charges have been set in line with Government policy and with the HRA 30-Year Business Plan, which was previously considered on this agenda.

## 7 Financial Appraisal

7.1 This is included in the main body of the report.

## 8 Legal Implications

8.1 Local housing authorities are required by Section 74 of the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA) unless the Secretary of State has consented to their not doing so. The account must show credits and debits arising from the authorities' activities as landlord. The HRA identifies the major elements of housing revenue expenditure, such as maintenance, administration and contributions to capital costs, and how there are funded by rents and other income.

8.2 Section 76 of the 1989 Act states that budgets must be set for the HRA on an annual basis in January or February before the start of the financial year. A local authority may not budget for an overall deficit on the HRA and all reasonable steps must be taken to avoid a deficit.

8.3 Section 24 of the Housing Act 1985 gives local authorities the power to make reasonable charges for the tenancy or occupation of dwellings. Rent setting must be seen in the context of the statutory duty to set a balanced HRA budget.

8.4 The Welfare Reform and Work Act 2016, passed in March 2016, set the rent setting policy for 4 years whereby social rents in England were to be reduced by 1%. In October 2017 the government confirmed details for future social rents and from 2020/21 providers will be able to increase rents up to a limit of CPI plus 1% each year. This policy is designed to provide more certainty over rent levels.

8.5 Under The Local Authorities (Functions and Responsibilities) Regulations 2000, the task of formulating a plan for determining the Council's minimum revenue provision (i.e. its budget) is the responsibility of Cabinet, whilst the approval or adoption of that plan is the responsibility of the full Council. This explains why Cabinet is being asked to recommend its budget proposals to Council.

## 9 Risk Management Implications

9.1 The 2020/21 Budget and Capital Programme will require close monitoring in the forthcoming year to ensure that they, and therefore the 30-Year HRA Business Plan, remain on track. Any large variances to expenditure or income will need to be reviewed and, if significant or ongoing, modelled into the Business Plan to assess the impact and likely mitigation. In particular, the Bedfordwell Road scheme will need constant monitoring, as any variation to costs or timelines could render the HRA 30-Year Business Plan unviable in the medium term.

9.2 Levels of voids and debts will also require close monitoring to ensure that rent and service charge increases are not causing greater levels of non-payment. Timely action will need to be taken if performance targets are not being met.

## 10 Equality Analysis

10.1 An Equality and Fairness Analysis has been undertaken on these proposals. This has concluded that;

10.2 Changes to charges will impact the protected groups of age and disability, additionally those experiencing homelessness and potentially carers may be impacted.

10.3 Communication around any change to charges must be clear and timely, and contain information on how concerns may be channelled. Concerned residents (or their carers) should have a clear avenue to raise concerns or receive further information. Alternative formats should be arranged upon request.

## 11 Sustainability Implications

11.1 Setting aside £500k in 2020/21 in the HRA Business Plan will help Eastbourne Borough Council meet its target of becoming carbon neutral by 2030.

## 12 Appendices

- Appendix 1 - HRA 2019/20 Revised Revenue Budget and 2020/21 Budget
- Appendix 2 - HRA Capital Programme 2019/20-2022/23

## 13 Background Papers

- HRA 2020/21 Budget Working Papers
- HRA 30-Year Business Plan Model
- HRA Right to Buy Model
- Equalities and Fairness Analysis

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# Appendix 1

## HOUSING REVENUE ACCOUNT

| 2019-20 Original Budget £' 000 | 2019-20 Revised Budget £'000 | | 2020-21 Budget £' 000 |
|---|---|---|---|
| | | **INCOME** | |
| (14,083) | (14,349) | Gross Rents | (14,448) |
| (1,000) | (1,000) | Charges for Services | (1,025) |
| **(15,083)** | **(15,349)** | **GROSS INCOME** | **(15,473)** |
| | | **EXPENDITURE** | |
| 7,650 | 7,650 | Management Fee | 7,834 |
| 1,327 | 1,348 | Supervision and Management | 1,157 |
| 127 | 203 | Provision for Doubtful Debts | 203 |
| 4,234 | 4,234 | Depreciation and Impairment of Fixed Assets | 4,307 |
| **13,338** | **13,435** | **GROSS EXPENDITURE** | **13,501** |
| **(1,745)** | **(1,914)** | **NET COST OF SERVICES** | **(1,972)** |
| **1,961** | **1,917** | **Loan Charges - Interest** | **1,947** |
| **(13)** | **(75)** | **Interest Receivable** | **(50)** |
| **203** | **(72)** | **NET OPERATING SURPLUS** | **(75)** |
| **-200** | **0** | **Transfer from Reserves** | |
| | **680** | **Revenue Contribution to Capital Expenditure** | **3,656** |
| **3** | **608** | **HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT** | **3,581** |
| | | **HOUSING REVENUE ACCOUNT WORKING BALANCE** | |
| **(5,306)** | **(5,938)** | **In Hand at 1st April** | **(5,330)** |
| 3 | 608 | Transfer (To)/ From Working Balance | 3,581 |
| **(5,303)** | **(5,330)** | **In Hand at 31st March** | **(1,749)** |

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# Appendix 2

## OUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2019/20 - 2022/2

| Scheme | Approved Allocation 2019/20 £000 | Revised Allocation 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|---|---|---|---|---|
| **Managed By Eastbourne Homes Ltd** | | | | | |
| Major Works Annual Allocation | 4,951 | 4,334 | 4,388 | 4,442 | 4,535 |
| Sustainability Initiatives Pilot | - | - | 500 | - | - |
| **New Build** | 1,300 | 2,211 | 4,099 | 14,154 | 6,288 |
| **Acquisitions Annual Allocation** | - | - | 3,748 | - | 3,332 |
| **Total HRA Capital Programme** | **6,251** | **6,545** | **12,735** | **18,596** | **14,155** |
| Funded By: | | | | | |
| RTB Capital Receipts | 563 | 455 | 465 | 475 | 486 |
| RTB 1-1 Receipts | 390 | 112 | 1,306 | 635 | 1,262 |
| Other Capital Receipts | - | - | - | - | 4,366 |
| Major Repairs Reserve | 5,298 | 5,298 | 4,307 | 4,403 | 4,493 |
| Other Reserves | - | - | 2,000 | 2,041 | - |
| Revenue Contributions | - | 680 | 3,656 | 91 | 130 |
| Borrowing | - | - | 1,001 | 10,951 | 3,418 |
| **Total Financing** | **6,251** | **6,545** | **12,735** | **18,596** | **14,155** |

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| | |
|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **5 February 2020** |
| **Title:** | **Treasury Management and Prudential Indicators 2020/21, Capital Strategy & Investment Strategy** |
| **Report of:** | **Chief Finance Officer** |
| **Cabinet member:** | **Councillor Holt, Cabinet member for Financial Services** |
| **Ward(s):** | **All** |
| **Purpose of the report:** | **To approve the Council's Annual Treasury Management Strategy, Capital Strategy & investment Strategy together with the Treasury and Prudential Indicators for the next financial year.** |
| **Decision type:** | **Budget and policy framework** |
| **Recommendation:** | **Cabinet is asked to recommend the following proposals to full Council to :**<br>**a. Approve the Treasury Management Strategy and Annual Investment Strategy for 2020/21 as set out in Appendix A;**<br>**b. Approve the Minimum Revenue Provision Policy Statement 2020/21 as set out at paragraph 8;**<br>**c. Approve the Prudential and Treasury Indicators 2020/21 to 2022/23, as set out at paragraph 6;**<br>**d. Approve the Capital Strategy set out in Appendix E.** |
| **Reasons for recommendations:** | **It is a requirement of the budget setting process for the Council to review and approve the Prudential and Treasury indicators, Treasury Strategy, Capital Strategy and Investment Strategy.** |
| **Contact Officer:** | **Ola Owolabi, Deputy Chief Finance Officer**<br>**Telephone: 01323 415083**<br>**E-mail address: Ola.Owolabi@lewes-eastbourne.gov.uk** |

## 1. Introduction

1.1 The Prudential and Treasury Indicators and Treasury Strategy covers:

- the capital prudentail indicators;
- the Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are

to be organised) including treasury indicators; and

- an investment strategy (the parameters on how investments are to be managed);
- Capital Strategy.

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

1.3 CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.4 The report include the Capital Strategy (Appendix E), which provide a longer-term focus on the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The aim of the capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The Capital Strategy covers the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.5 **Policy on the use of external service providers**

The Council uses Link as its external treasury management advisorsm, and recognises that responsibility for treasury management decisions remains with the Council at all times. It also recognises that there is value in employing external providers of treasury management services in order to have access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

## 2. End of year investment report

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

## 3. Outcome expected and performance management

3.1 Loans, Investments and Prudential Indicators will be monitored regularly during

2020/21 and performance will be reported to members quarterly.

**4. Financial appraisal**

4.1 These are included in the main body of the report.

**5. Legal implications**

5.1 This report covers the requirements of the Local Government Act 2003, the CIFPA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

**6. Equality analysis**

6.1 The equality implications of decisions relating to Treasury Management covered in this report are addressed within other relevant Council reports or as part of programmed equality analysis.

**7. Minimum Revenue Provision (MRP)**

7.1 A consultant was commissioned to review the Council MRP, which has resulted in a revision to the MRP methodology recommendation. The current methodology for borrowing incurred before 1 April 2008 is based on using an equal instalment method and other appropriate options. The alternative now proposed was an annuity method. Under this revised methodology, MRP will be lower in the early years and increases over time. This is considered a prudent approach as it reflects the time value of money (i.e. the impact of inflation) as well as providing a charge that is better matched to how the benefits of the asset financed by borrowing are consumed over its useful life. That is, a method that reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years. The revised MRP Policy Statement (Section 8) therefore reflects this change in policy which, if approved, will be introduced during 2019/20.

**8. Conclusion**

8.1 Capital prudential indicators are set to demonstrate plans for borrowing are affordable. The movement in the Capital Financing Requirement (CFR) forecasts for 2019/20, 2020/21, 2021/22 and 2022/23 are set as £27.1m, £25.7m, £36.0m and £7.9m respectively. This borrowing has been reflected in the Capital Financing Requirement, which sets out the Council's outlining requirement for borrowing, and includes both the use of internal resources and external borrowing.

8.2 The proposed Minimum Revenue Provision Policy is updated to ensure that prudent provision is made for the repayment of borrowing.

8.3 All Treasury indicators have been set to reflect the treasury strategy and funding requirements of the capital programme.

**Appendices**

| | |
|---|---|
| **A** | Treasury Management Strategy Statement, Minimum Revenue Provision and Annual Investment Strategy. |
| **B** | The Treasury Management Role of the Section 151 Officer. |
| **C** | Counterparty List. |
| **D** | Link Asset Services on the Economic Background and Forward View. |
| **E** | Capital Strategy. |

**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;
- Council Budget 5th February 2020;
- Finance Matters and Performance Monitoring Reports 2019;
- CIPFA Prudential Property Investment.

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

**APPENDIX 'A'**

# Treasury Management Strategy Statement,
# Minimum Revenue Provision
# and
# Annual Investment Strategy.

# 2020/21

# CONTENTS

## 1. INTRODUCTION

The Treasury Management Policy and Strategy is one of the Council's key financial strategy documents and sets out the Council's approach to the management of its treasury management activities.

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

*"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and the Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury management strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing investments and for giving priority to the security and liquidity of those investments.

This strategy is updated annually to reflect changes in circumstances that may affect the strategy.

## 2. TREASURY MANAGEMENT REPORTING

The Council/Members are required to receive and approve, as a minimum, 3 reports annually which incorporate a variety of policies, forecasts and actuals as follows;

a. **Annual treasury strategy** (issued February and includes);
   a. A Minimum Revenue Provision (MRP) policy (this reflects capital expenditure previously financed by borrowing and how the principal element is charged to revenue over time);
   b. The treasury management strategies (how the investments and borrowings are to be organised) including treasury prudential indicators and limits;
   c. An investment strategy (the parameters on how investments are to be managed).
b. **Mid-year update** – (issued November / December and provides an);
   a. update for members with the progress of the treasury management activities undertaken for the period April to September and
   b. opportunity for amending prudential indicators and any policies if necessary.
c. **Annual outturn** – (issued June and contains);
   a. details of actual treasury operations undertaken in the previous financial year.

Each of the above 3 reports are required to be adequately scrutinised by the Eastbourne Borough Council Audit and Governance Committee before being recommended to the Cabinet and Council for final approval. This Council delegates responsibility for implementation and monitoring treasury management to Cabinet and responsibility for the execution and administration of treasury management decisions to the Section 151 Officer;

The Council has adopted the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (Revised 2018) including the creation and maintenance of a Treasury Management Policy Statement stating the policies, objectives and approach to risk management of the Council's treasury management activities.

## 3. TREASURY MANAGEMENT POLICY STATEMENT

The policies and objectives of the Council's treasury management activities are as follows:

*a.* This Council defines its treasury management activities as - *'The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.*

*b.* This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

*c.* This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

## 4. CAPITAL STRATEGY

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report (Appendix E) which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance, CIPFA Prudential Property Investment and CIPFA Prudential Code have not been adhered to. If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

Most of the capital expenditure incurred by authorities requires risks to be managed, particularly in relation to whether the assets acquired will provide the benefits projected for them and whether estimates of acquisition and running costings and income generation will be reliable. These considerations will impact on decisions regarding whether it would be prudent to borrow to fund such expenditure. Reductions in government funding have meant that local authorities have been under growing pressure to incur capital expenditure with the objective of generating revenue income that will compensate for reductions in government funding.

CIPFA concerns relating to the rapid expansion of acquisitions of commercial property and its relationship with CIPFA's statement in its Prudential Code that authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Where authorities exceed the limits of the Prudential Code and the wider Prudential Framework this places a strain on the credibility of the Prudential Framework to secure the prudent management of local authority finances. The view expressed in the Prudential Code effectively reflects the circumstances where there is no specific or projected need to borrow but an opportunity has been identified to make an investment return greater than the authority's cost of borrowing. For local authorities, who have access to borrowing at relatively low rates, there are tempting opportunities to generate income at no net capital or revenue cost.

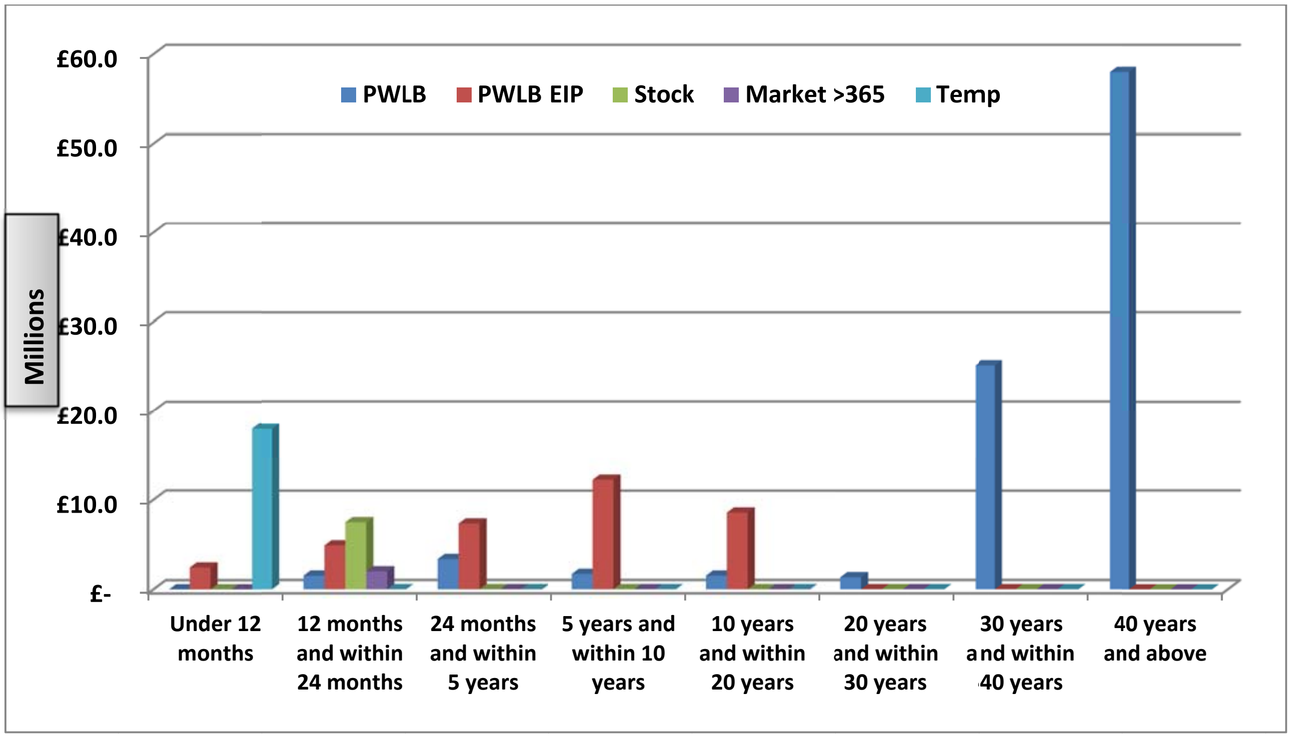
The Prudential Framework (including statutory guidance and the Prudential Code itself) allows local authorities the flexibility to take their own decisions; provided that the decisions taken are prudent, affordable and sustainable and that they have regard to the statutory guidance. However, local authorities will need to ensure if they acquire commercial property with substantial investment returns that they have a clear rationale for such acquisitions. If after having regard to the statutory guidance and the Prudential Code local authorities decide to depart from such guidance, they can only do so where a robust and reasonable argument can be put that an alternative approach will still meet the authority's various duties under Chapter 1 of the Local Government Act 2003.

## 5. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2020/21

### 5.1 Current Borrowing Position

The Council's long-term external borrowing (excluding finance lease arrangements) is projected to be £155.6m at 31 March 2020 with the majority sourced from the Public Works Loan Board (PWLB) at fixed interest rates of between 1.6% - 8.8%, with a weighted average rate of 3.7%. The PWLB allows local authorities to repay loans early and either pay a premium or obtain a discount according to a formula based on current interest rates.

The Council's debt maturity profile as at December 2019, showing the outstanding level of loans each year, is shown in **Graph 1** below:




### 5.2 Prospects for Interest Rates

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

| Link Asset Services Interest Rate View | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 |
| Bank Rate View | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.25 | 1.25 | 1.25 | 1.25 |
| 3 Month LIBID | 0.70 | 0.70 | 0.70 | 0.80 | 0.90 | 1.00 | 1.00 | 1.00 | 1.10 | 1.20 | 1.30 | 1.30 | 1.30 | 1.30 |
| 6 Month LIBID | 0.80 | 0.80 | 0.80 | 0.90 | 1.00 | 1.10 | 1.10 | 1.20 | 1.30 | 1.40 | 1.50 | 1.50 | 1.50 | 1.50 |
| 12 Month LIBID | 1.00 | 1.00 | 1.00 | 1.10 | 1.20 | 1.30 | 1.30 | 1.40 | 1.50 | 1.60 | 1.70 | 1.70 | 1.70 | 1.70 |
| 5yr PWLB Rate | 2.30 | 2.40 | 2.40 | 2.50 | 2.50 | 2.60 | 2.70 | 2.80 | 2.90 | 2.90 | 3.00 | 3.10 | 3.20 | 3.20 |
| 10yr PWLB Rate | 2.60 | 2.70 | 2.70 | 2.70 | 2.80 | 2.90 | 3.00 | 3.10 | 3.20 | 3.20 | 3.30 | 3.30 | 3.40 | 3.50 |
| 25yr PWLB Rate | 3.20 | 3.30 | 3.40 | 3.40 | 3.50 | 3.60 | 3.70 | 3.70 | 3.80 | 3.90 | 4.00 | 4.00 | 4.10 | 4.10 |
| 50yr PWLB Rate | 3.10 | 3.20 | 3.30 | 3.30 | 3.40 | 3.50 | 3.60 | 3.60 | 3.70 | 3.80 | 3.90 | 3.90 | 4.00 | 4.00 |

The above forecasts have been based on an assumption that there is some sort of muddle through to an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and more recently, due to the impending general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then it is likely the MPC would cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a "gradual pace and to a limited extent". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were an eventual Brexit with no agreement on the terms of trade between the UK and EU, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth.

**Bond yields / PWLB rates**. There has been much speculation recently that we are currently in a bond market bubble. However, given the context that there are heightened expectations that the US could be heading for a recession, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this and how strong the correlation is likely to be is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

### 5.3 Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.

- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. The gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%.

- While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

### 5.4 Borrowing Strategy for 2020/21

Capital Investment can be paid for using cash from one or more of the following sources:

- Cash from existing and/or new capital resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves);
- Cash raised by borrowing externally;
- Cash being held for other purposes (e.g. earmarked reserves or working capital) but used in the short term for capital investment. This is known as 'internal borrowing' as there will be a future needs to borrow externally once the cash is required for the other purposes.

Under the CIPFA Prudential Code an authority is responsible for deciding its own level of affordable borrowing within set prudential indicator limits (see section 6).

Borrowing does not have to take place immediately to finance its related capital investment and may be deferred or borrowed in advance of need within policy. The Council's primary objective when borrowing is to strike an appropriately low risk balance between securing low interest rates and achieving cost certainty over the period for which funds are required.

When MRP is not required to repay debt, it will accumulate as cash balances which will then be invested. **Graph 1** (on page 10) shows that most of the Council's debt is long dated and matures from May 2020 to September 2068. The Council's Draft Revenue Budget and Capital Programme 2020/21 to 2022/23 forecasts £106.4m of capital investment over the next three years with £32.9m to be met from existing or new resources. The amount of new borrowing required over this period is therefore £73.5m as shown in **Table 2** below.

| **Capital Expenditure**<br>**Table 2a** | **2018/19**<br>**Actual** | **2019/20**<br>**Estimate** | **2020/21**<br>**Estimate** | **2021/22**<br>**Estimate** | **2022/23**<br>**Estimate** |
|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** |
| General Fund | 37.6 | 14.6 | 16.2 | 19.0 | 1.0 |
| HRA | 4.7 | 6.5 | 12.7 | 18.6 | 14.1 |
| Commercial Activities/non-financial investments | 4.0 | 19.0 | 11.6 | 8.0 | 5.2 |
| **Total** | **46.3** | **40.1** | **40.5** | **45.6** | **20.3** |
| **Financed by:** | | | | | |
| Capital receipts | 9.2 | 3.0 | 2.3 | 1.5 | 6.1 |
| Capital grants | 4.2 | 3.1 | 1.6 | 0.3 | 0.3 |
| Capital reserves | 4.2 | 5.2 | 6.3 | 6.4 | 4.5 |
| Revenue | 0.5 | 1.1 | 3.7 | 0.1 | 0.1 |
| **Net borrowing needed for the year** | **28.2** | **27.7** | **26.9** | **37.3** | **9.3** |

As existing and forecast future resources are insufficient to meet the level of spend, the borrowing need might initially be met through internal borrowing. This is to use the Council's own surplus funds until external borrowing is required. Internal borrowing reduces borrowing costs and risk as there is less exposure of external investments. The benefits of internal borrowing need to be monitored and weighed against deferring new external borrowing into future years when long-term borrowing rates could rise.

| **Table 2b** | **2018/19**<br>**Actual** | **2019/20**<br>**Estimate** | **2020/21**<br>**Estimate** | **2021/22**<br>**Estimate** | **2022/23**<br>**Estimate** |
|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Capital Financing Requirement** | | | | | |
| CFR – General Fund | 103.3 | 115.4 | 147.5 | 176.1 | 183.4 |
| CFR - housing | 42.6 | 42.6 | 43.6 | 54.6 | 58.0 |
| Commercial Activities/non-financial investments | 4.0 | 19.0 | 11.6 | 8.0 | 5.2 |
| **Total CFR** | **149.9** | **177.0** | **202.7** | **238.7** | **246.6** |
| **Movement in CFR** | **27.3** | **27.1** | **25.7** | **36.0** | **7.9** |

| **Movement in CFR represented by** | | | | | |
|---|---|---|---|---|---|
| Net financing needed for the year (above) | 28.2 | 27.7 | 26.9 | 37.3 | 9.3 |
| Less MRP/VRP and other financing movements | (0.9) | (0.6) | (1.2) | (1.3) | (1.4) |
| **Movement in CFR** | **27.3** | **27.1** | **25.7** | **36.0** | **7.9** |

The amount that notionally should have been borrowed is known as the **capital financing requirement (CFR)**. The CFR and actual borrowing may be different at a point in time and the difference is either an under or over borrowing amount. The Council is required to repay an element of the CFR each year through a revenue charge. This is known as the minimum revenue provision (MRP) and is currently estimated (revised) to be £1.2m for 2020/21. MRP will cause a reduction in the CFR annually.

**Table 3** below includes the figures from Table 2 and shows the actual external borrowing against the capital financing requirement, identifying any under or over borrowing.

| **Table 3** | **2018/19 Actual** | **2019/20 Estimate** | **2020/21 Estimate** | **2021/22 Estimate** | **2022/23 Estimate** |
|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** |
| **External borrowing** | | | | | |
| GF Borrowing at 1 April | 58.6 | 81.0 | 108.7 | 134.6 | 160.9 |
| GF Expected change in borrowing | 22.3 | 27.7 | 25.9 | 26.3 | 5.9 |
| Other long-term liabilities (OLTL) | 0.5 | 0.1 | - | - | - |
| Expected change in OLTL | (0.4) | (0.1) | - | - | - |
| **GF Actual gross borrowing at 31 March** | **81.0** | **108.7** | **134.6** | **160.9** | **166.8** |
| HRA Borrowing at 1 April | 42.6 | 42.6 | 42.6 | 43.6 | 54.6 |
| HRA Expected change in borrowing | - | - | 1.0 | 11.0 | 3.4 |
| **HRA Actual gross borrowing at 31 March** | **42.6** | **42.6** | **43.6** | **54.6** | **58.0** |
| | | | | | |
| **Total Borrowing at 31 March** | **123.6** | **151.3** | **178.2** | **215.5** | **224.8** |
| Total CFR – the borrowing need | 149.9 | 177.0 | 202.7 | 238.7 | 246.6 |
| Under/ (over) borrowing | 26.3 | 25.7 | 24.5 | 23.2 | 21.8 |

The Council is currently maintaining an under-borrowed position as it previously took advantage of historic low borrowing rates. As at the end of 2019/20, the Council is projected to be under borrowed by £25.7m, £24.5m in 2020/21 and then only moving around the margin until 2022/23. This means that the capital financial requirement has been financed by existing resources and loan debt.

### 5.5 Borrowing other than with the PWLB

The Council has previously borrowed mainly from the PWLB, but will continue to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates. Any new borrowing taken out will be completed with regard to the limits, indicators, the economic environment, the cost of carrying this debt ahead of need, and interest rate forecasts. The S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

**Municipal Bond Agency** - It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority may make use of this new source of borrowing as and when appropriate.

### 5.6 Policy on Borrowing in Advance of Need

The Council will not borrow purely in order to profit from investment of extra sums borrowed. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### 5.7 Debt Rescheduling

Officers continue to regularly review opportunities for debt rescheduling, but there has been a considerable widening of the difference between new borrowing and repayment rates, which has made PWLB debt restructuring now much less attractive. Consideration would have to be given to the large premiums (cash payments) which would be incurred by prematurely repaying existing PWLB loans. It is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing. However, some interest savings might still be achievable through using other market loans, in rescheduling exercises rather than using PWLB borrowing as the source of replacement financing.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

### 5.8 New financial institutions as a source of borrowing

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree to which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed. Therefore, the strategy is to continue to seek opportunity to reduce the overall level of Council's debt where prudent to do so, thus providing in future years cost reduction in terms of lower debt repayments costs, and potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be agreed by the S151 Officer.

### 5.9 Continual Review

Treasury officers continue to review the need to borrow taking into consideration the potential increases in borrrowing costs, the need to finance new capital expenditure, refinancing maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Chief Finance Officer will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

## 6. PRUDENTIAL AND TREASURY INDICATORS 2020/21 to 2023/24

6.1 The Council's capital expenditure plans are a key driver of treasury management activities. The output of the capital expenditure plans are reflected in prudential indicators. Local Authorities are required to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Code sets out the indicators that must be used but does not suggest limits or ratios as these are for the authority to set itself.

6.2 The Prudential Indicators for 2020/21 to 2023/24 are set out in **Table 4** below:

| **Table 4** | **2019/20 Estimate** | **2020/21 Estimate** | **2021/22 Estimate** | **2022/23 Estimate** |
|---|---|---|---|---|
| **Capital Expenditure £m (gross)**<br>Council's capital expenditure plans | £40.1m | £40.5m | £45.6m | £20.3m |
| **Capital Financing Requirement £m**<br>Measures the underlying need to borrow for capital purposes (including Leases) | £177.0m | £202.7m | £238.7m | £246.6m |
| **Ratio of financing costs to net revenue stream**<br>Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream | 23.1% | 26.8% | 31.3% | 34.8% |
| **Incremental impact of capital investment decisions on council tax £**<br>Identifies the revenue costs associated with proposed changes to the three year programme compared to the existing approved commitments | (£5.67) | £27.09 | £15.44 | £10.33 |

6.3 The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2020/21 to 2023/24 are set out in **Table 5** below:

| **Table 5** | **2019/20 Estimate** | **2020/21 Estimate** | **2021/22 Estimate** | **2022/23 Estimate** |
|---|---|---|---|---|
| **Authorised Limit for External Debt £m*** | 202.7 | 225.4 | 257.9 | 260.6 |
| **The Authorised Limit -** The authorised limit represents a limit beyond which external debt is prohibited and it is the maximum amount of debt that the Council can legally owe. This limit is set by Council and can only be revised by Council approval. It reflects the level of external borrowing which, while not desirable, could be afforded in the short term, but is not sustainable in the longer. The current limit is set at 10% above the Operational Boundary. | | | | |
| **Operational boundary for external debt £m*** | 187.1 | 210.4 | 242.9 | 245.6 |
| **The Operational Boundary - This** is the expected borrowing position of the Council during the year, taking account of the timing of various funding streams. The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. This indicator may be breached temporarily for operational reasons. | | | | |
| **Upper limit for fixed interest rate exposure*** Identifies a maximum limit for fixed interest rates for borrowing and investments. | 100% | 100% | 100% | 100% |
| **Upper limit for variable interest rate exposure*** Identifies a maximum limit for variable interest rates for borrowing and investments. | 25% | 25% | 25% | 25% |
| **Maturity Structure of Borrowings*** The Council needs to set upper and lower limits with respect to the maturity structure of its borrowing: | | | | |
| Upper limit for under 12 months | *75%* | *75%* | *75%* | *75%* |
| Lower limit for under 12 months | *0%* | *0%* | *0%* | *0%* |
| Upper limit for 12 months to 2 years | *75%* | *75%* | *75%* | *75%* |
| Lower limit for over 12 months to 2 years | *0%* | *0%* | *0%* | *0%* |
| Upper limit for 2 years to 5 years | *75%* | *75%* | *75%* | *75%* |
| Lower limit for 2 years to 5 years | *0%* | *0%* | *0%* | *0%* |
| Upper limit for 5 years to 10 years | *75%* | *75%* | *75%* | *75%* |
| Lower limit for 5 years to 10 years | *0%* | *0%* | *0%* | *0%* |
| Upper limit for over 10 years | *75%* | *75%* | *75%* | *75%* |
| Lower limit for over 10 years | *0%* | *0%* | *0%* | *0%* |

*Note-*
**the Treasury Indicators above have been calculated and determined by Officers in compliance with the Treasury Management Code of Practice.*

6.4 The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

**6.5 Borrowing Limit and the Group Activities (i.e., Investment Company Eastbourne Limited)**

In May 2018, the Council's wholly owned the Investment Company Eastbourne Limited (ICE) entered into a deal with a private company in respect of a property in Leicester. ICE is acting as the principal guarantor of a £48m refinancing loan to a private company, with the Council being the ultimate guarantor. ICE is also providing a rental guarantee in respect of shortfalls of rental income, again with the Council being the ultimate guarantor. In return for providing this guarantee, ICE has received an initial guarantee fee and will receive an annual guarantee fee. The timing and amount of any payments arising from both the loan guarantee and the rental guarantee are uncertain, as they could result from a number of default or income shortfall events. However, a default event would also give rise to circumstances that are reflected as a Contingent Asset at the end of the loan term. Assuming no default event occurs; the property will be jointly marketed and sold, with ICE being entitled to stipulated amounts and proportions of the net sale proceeds.

Therefore, the calculation of the Authorised limits in relation to Group Accounts is set out in the Prudential Code Guidance notes as follows: "*The balance sheet used for the preparation of the indicators required by the Code is the authority's own balance sheet, i.e. the balance sheet from the single entity financial statements. The capital expenditure or borrowing of companies (or other bodies) in which an authority has an interest should not be included within these indicators'*. It remains the case that where an authority has interests in companies or other similar related entities, the authority needs to have regard to its financial commitments and obligations to those bodies when deciding whether borrowing is affordable. The operational boundary should be based on the authority's estimate of most likely scenario – prudent, but not worst-case, and the authorised limit itself must be set only in relation to borrowing that would appear on the authority's own balance sheet from the single entity financial statements.

## 7. ANNUAL INVESTMENT STRATEGY

### 7.1 Investment Policy

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (Appendix E). The Council’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”);
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”);
- CIPFA Treasury Management Guidance Notes 2018;
- CIPFA Prudential Property Investment.

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return). The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as **“credit default swaps”** and overlay that information on top of the credit ratings.
- **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

### 7.2 Investment Strategy for 2020/21

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

### 7.3 Investment returns expectations.

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.00%

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

- 2019/20 0.75%
- 2020/21 0.75%
- 2021/22 1.00%
- 2022/23 1.25%
- 2023/24 1.50%
- 2024/25 1.75%
- Later years 2.25%

The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.

The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside. In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

**7.4 Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

**Table 6**

| Upper limit for principal sums invested for longer than 365 days | | | |
|---|---|---|---|
| **Description** | **2020/21** | **2021/22** | **2022/23** |
| Principal sums invested for longer than 365 days | £2m | £2m | £2m |

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

### 7.5 Specified and Non-Specified Investments

This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use, under the categories of 'specified' and 'non-specified' investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.

An investment is a **specified investment** if all of the following apply:

- the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
- the investment is not a long term investment (i.e. up to 365 days);
- the making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended];
- the investment is made with a body or in an investment scheme of high credit quality (i.e. a minimum credit rating as outlined in this strategy) or with one of the following public-sector bodies:
    - The United Kingdom Government;
    - A local authority in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland;

As a result of the change in accounting standards for 2019/20 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

### 7.6 Creditworthiness Policy

The Treasury Management Strategy needs to set limits on the amount of money and the time period the Council can invest with any given counterparty. In order to do this the Council uses the Credit Rating given to the counterparty by the three main Credit Rating Agencies (Fitch, Moody's and Standard and Poor's). This forms part of the consistent risk based approach that is used across all of the financial strategies.

Treasury Officers regularly review both the investment portfolio and counterparty risk and make use of market data to inform their decision making. The officers are members of various benchmarking groups to ensure the investment portfolio is current and performing as other similar sized Local Authorities.

The Council as part of its due diligence in managing creditworthiness, uses amongst other information, a tool provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three credit rating agencies.

The Link Asset Services credit worthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue reliance to just one agency's ratings.

This modelling approach combines credit ratings with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swaps (CDS) spreads to give early warning of likely changes in credit ratings;

- sovereign ratings to select counterparties from only the most creditworthy countries.

This weighted scoring system then produces an end product of a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

The Council (in addition to other due diligence consideration) will use counterparties within the following durational bands provided they have a minimum AA+ soverign rating from three rating agencies:

- Yellow *5 years*
- *Purple* *2 years*
- *Blue* *1 year (semi nationalised UK Bank – NatWest/RBS)*
- *Orange* *1 year*
- *Red* *6 months*
- *Green* *100 days*
- *No Colour* *Not to be used*

| ***Y*** | ***P*** | ***B*** | ***O*** | ***R*** | ***G*** | ***N/C*** |
|---|---|---|---|---|---|---|
| *Up to 5yrs* | *Up to 2yrs* | *Up to 1yr* | *Up to 1yrs* | *Up to 6 months* | *Up to 100 days* | *Not to be used* |

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

The primary principle governing the Council's investment criteria is the security of its investments, although the return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;
- It has sufficient liquidity in its investments.

All credit ratings are monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services credit worthiness service. If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings, the Council will be advised of information re movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list. The counterparties in which the Council will invest its cash surpluses is based on officers assessment of investment security, risk factors, market intelligence, a diverse but manageable portfolio and their participation in the local authority market.

**Table 7** below summarises the types of specified investment counterparties available to the Council, and the maximum amount and maturity periods placed on each of these. Further details are contained in Appendix C.

### 7.7 Criteria for Specified Investments:

| Table 7 | Country/ Domicile | Instrument | Maximum investments | Max. maturity period |
|---|---|---|---|---|
| Debt Management and Deposit Facilities (DMADF) | UK | Term Deposits (TD) | unlimited | 1 yr |
| Government Treasury bills | UK | TD | unlimited | 1 yr |
| UK Local Authorities | UK | TD | £5m | 1 yr |
| Lloyds Banking Group<br>• Lloyds Bank<br>• Bank of Scotland | UK | TD (including callable deposits),<br><br>Certificate of Deposits (CD's) | £5m | 1 yr |
| RBS/NatWest Group<br>• Royal Bank of Scotland<br>• NatWest | UK | | £5m | 1 yr |
| HSBC | UK | | £5m | 1 yr |
| Barclays | UK | | £5m | 1 yr |
| Santander | UK | | £5m | 6 mths |
| Goldman Sachs Investment Bank | UK | | £5m | 6 mths |
| Standard Chartered Bank | UK | | £5m | 6 mths |
| Nationwide Building Society | UK | | £5m | 6 mths |
| Coventry Building Society | UK | | £5m | 6 mths |
| Individual Money Market Funds (MMF) | UK/Ireland/ EU domiciled | AAA rated Money Market Funds | £10m | Instant access |
| ***Counterparties in select countries (non-UK) with a Sovereign Rating of at least AA+*** | | | | |
| Australia & New Zealand Banking Group | Australia | TD / CD's | £5m | 1 yr |
| Commonwealth Bank of Australia | Australia | TD / CD's | £5m | 1 yr |
| National Australia Bank | Australia | TD / CD's | £5m | 1 yr |
| Westpac Banking Corporation | Australia | TD / CD's | £5m | 1 yr |
| Royal Bank of Canada | Canada | TD / CD's | £5m | 1 yr |
| Toronto-Dominion Bank | Canada | TD / CD's | £5m | 1 yr |
| Development Bank of Singapore | Singapore | TD / CD's | £5m | 1 yr |
| Overseas Chinese Banking Corp | Singapore | TD / CD's | £5m | 1 yr |

| Table 7 | Country/ Domicile | Instrument | Maximum investments | Max. maturity period |
|---|---|---|---|---|
| United Overseas Bank | Singapore | TD / CD's | £5m | 1 yr |
| Svenska Handelsbanken | Sweden | TD / CD's | £5m | 1 yr |
| Nordea Bank AB | Sweden | TD / CD's | £5m | 1 yr |
| ABN Amro Bank | Netherlands | TD / CD's | £5m | 1 yr |
| Cooperative Rabobank | Netherlands | TD / CD's | £5m | 1 yr |
| ING Bank NV | Netherlands | TD / CD's | £5m | 1 yr |
| DZ Bank AG | Germany | TD / CD's | £5m | 1 yr |
| UBS AG | Switzerland | TD / CD's | £5m | 1 yr |
| Credit Suisse AG | Switzerland | TD / CD's | £5m | 1 yr |
| Danske Bank | Denmark | TD / CD's | £5m | 1 yr |

**7.8** **Non-Specified investments** are any other types of investment that are not defined as specified. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in **Table 8** below:

| Table 8 | Minimum credit criteria | Maximum investments | Period |
|---|---|---|---|
| UK Local Authorities | Government Backed | £2m | 2 years |

The maximum amount that can be invested will be monitored in relation to the Council surplus monies and the level of reserves. The approved counterparty list will be maintained by referring to an up-to-date credit rating agency reports, and the Council will liaise regularly with brokers for updates. Counterparties may be added to or removed from the list only with the approval of the Chief Finance Officer. A detailed list of specified and non-specified investments that form the counterparty list is shown in Appendix C.

**UK Local Authorities -** Should a suitable opportunity in the market occur to lend to other Local Authorities of more than a 1 year duration, at a reasonable level of return the deal would be classed as a low risk Non-Specified Investment.

### 7.9 Non treasury management investments

This Council invests in non-treasury management (policy) investments. These do not form part of the treasury management strategy. However, Members are advised that the following non treasury investments are currently in place as at 31 December 2019:

| Investment | Facility £000 | Int Rate |
|---|---|---|
| CloudConnX | 357 | 1.5%+Base |

| Investment | Facility £000 | Int Rate |
|---|---|---|
| EHIC – Loan Facility | 23,738 | 4.50% |
| EHIC - Credit Facility | 250 | 2%+Base |
| Aspiration Homes Loan Facility | 5,468 | 4.50% |
| Aspiration Homes – Credit Facility | 100 | 2%+Base |
| Seachange (Site 6 Sov Harbour) (Excl capitalised interest) | 850 | 3.00% |
| Seachange (Sov Harbour Innovation Mall) (Excl capitalised interest) | 1,400 | 3.00% |

### 7.10 Risk and Sensitivity Analysis

Treasury management risks are identified in the Council's approved Treasury Management Practices. The main risks to the Council's treasury activities are:

- liquidity risk (inadequate cash resources);
- market or interest rate risk (fluctuations in interest rate levels and thereby in the value of investments);
- inflation risks (exposure to inflation);
- credit and counterparty risk (security of investments);
- refinancing risks (impact of debt maturing in future years); and
- legal and regulatory risk (i.e. non-compliance with statutory and regulatory requirements, risk of fraud).

Treasury Officers, in conjunction with the treasury advisers, will monitor these risks closely and particular focus will be applied to:

- the global economy – indicators and their impact on interest rates will be monitored closely. Investment and borrowing portfolios will be positioned according to changes in the global economic climate;
- Counterparty risk – the Council follows a robust credit worthiness methodology and continues to monitor counterparties and sovereign ratings closely particularly within the Eurozone.

### 7.11 Lending to third parties

The Council has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken. Loans of this nature will be approved by Cabinet. The primary aims of the Investment Strategy are the security of its capital, liquidity of its capital and to obtain a return on its capital commensurate with levels of security and liquidity. These aims are crucial in determining whether to proceed with a potential loan. In order to ensure security of the Council's capital, extensive financial due diligence must be completed prior to any loan or investment being agreed. The Council will use specialist advisors to complete financial checks to ascertain the creditworthiness of the third party. Where necessary, additional guarantees deemed will be sought. This will be via security against assets and/or through guarantees from a parent company.

## 8. MINIMUM REVENUE PROVISION POLICY STATEMENT – 2020/21

The statutory requirement for local authorities to charge the Revenue Account each year with a specific sum for debt repayment. A variety of options is provided to councils to determine for the financial year an amount of minimum revenue provision (MRP) that it considers to be prudent. This replaces the previous requirement that the minimum sum should be 4% of the Council's Capital Financing Requirement (CFR).

A Statement on the Council's policy for its annual MRP should be submitted to the Full Council for approval before the start the financial year to which the provision relate. The Council is therefore legally obliged to have regard to CLG MRP guidance in the same way as applies to other statutory guidance such as the CIPFA Prudential Code, the CIPFA Treasury Management Code and the CLG guidance on Investments.

The MRP guidance offers four options under which MRP might be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).

The guidance also requires an annual review of MRP policy being undertaken and it is appropriate that this is done as part of this annual Treasury Management Policy and Strategy.
The International Financial Reporting Standards (IFRS) involves some leases (being reclassified as finance leases instead of operating leases) coming onto the Council's Balance Sheet as long term liabilities. This accounting treatment impacts on the Capital Financing Requirement with an annual MRP provision being required. To ensure that this change has no overall financial impact on Local Authorities, the Government has updated their "Statutory MRP Guidance" which allows MRP to be equivalent to the existing lease rental payments and "capital repayment element" of annual payments.

In 2019/20, a review of MRP was undertaken and a change was made to the method of calculating MRP on debt prior to 2008 from a reducing balance to an annuity method. The change was made to bring the calculation in line with post 2008 debt and resulted in a re-profiling of the MRP charge.

The policy from 2020/21 and in future years is therefore as follows:-

For borrowing incurred before 1 April 2008, the MRP policy will be:

- Annuity basis over a maximum of 50 years.

From borrowing incurred after 1 April 2008, the MRP policy will be:
- Asset Life Method (annuity method) – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations, with a maximum useful economic life of 50 years. This option will also be applied for any expenditure capitalised under a capitalisation directive.

For finance leases that come onto the Balance Sheet, the MRP policy will be:

- Asset Life Method (annuity method) - The MRP will be calculated according to the flow of benefits from the asset, and where the principal repayments increase over the life of the asset. Any related MRP will be equivalent to the "capital repayment element" of the annual charge payable.

There is the option to charge more than the prudent provision of MRP each year through a Voluntary Revenue Provision (VRP).

These options provide for a reduction in the borrowing need over approximately the asset's life. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. Repayments included in annual PFI or finance leases are applied as MRP.

For loans to third parties that are being used to fund expenditure that is classed as capital in nature, the policy will be to set aside the repayments of principal as capital receipts to finance the initial capital advance in lieu of making an MRP.

In view of the variety of different types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure.

This approach also allows the Council to defer the introduction of an MRP charge for new capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the capital spending. This approach is beneficial for projects that take more than one year to complete and is therefore included as part of the MRP policy.

Half-yearly review of the Council's MRP Policy will be undertaken and reported to Members as part of the Mid-Year Treasury Management Strategy report.

## 9. SCHEME OF DELEGATION

### 9.1 Full Council

In line with best practice, Full Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals. These reports are:

**i. Treasury Management Policy and Strategy Report**

The report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

**ii. A Mid-Year Review Report and a Year End Stewardship Report**

These will update members with the progress of the capital position, amending prudential indicators as necessary, and indicating whether the treasury strategy is meeting the strategy or whether any policies require revision. The reports also provide details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### 9.2 Cabinet

- Approval of the Treasury Management quarterly update reports;
- Approval of the Treasury Management outturn report.

### 9.3 Eastbourne Borough Council Audit and Governance Committee

- Scrutiny of performance against the strategy.

### 9.4 Training

Treasury Management training for committee members will be delivered as required to facilitate more informed decision making and challenge processes. The Council further acknowledges the importance of ensuring that all Members and staff involved in the treasury management function receive adequate training and are fully equipped to undertake the duties and responsibilities allocated to them. In order to assist with this undertaking, a Member training event was provided on 22 January 2020 and similar events will be provided when required. Officers will continue to attend courses/seminars presented by CIPFA and other suitable professional organisations.

## 10. OTHER TREASURY ISSUES

### 10.1 Banking Services

Lloyds, which is part Government owned, currently provides banking services for the Council.

### 10.2 Policy on the use of External Service Providers

The Council uses Link Asset Services as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

**The Treasury Management Role of the Section 151 Officer**

The S151 (responsible) officer-

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

Role extended by the revised CIPFA Treasury Management and Prudential Codes 2017as set out below.

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above.

## APPENDIX 'C' - COUNTERPARTY LIST 2020/21

| 20202/21 Counterparty/Bank List | Fitch Rating Long Term Status | Long Term | Short Term | Viability | Moody's Ratings Long Term Status | Long Term | Short Term | S&P Ratings Long Term Status | Long Term | Short Term | Suggested Link Duration | *EBC Duration* | CDS Price | Invest. Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Australia** | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | | |
| Australia and New Zealand Banking Group Ltd. | NO | AA- | F1+ | aa- | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | 30.70 | £5 |
| Commonwealth Bank of Australia | NO | AA- | F1+ | aa- | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | 32.65 | £5 |
| Macquarie Bank Ltd. | SB | A | F1 | a | SB | A2 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | | £5 |
| National Australia Bank Ltd. | NO | AA- | F1+ | aa- | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | 32.65 | £5 |
| Westpac Banking Corp. | NO | AA- | F1+ | aa- | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | 38.54 | £5 |
| **Belgium** | SB | AA- | | | SB | Aa3 | | SB | AA | | Not Applicable | Not Applicable | | |
| BNP Paribas Fortis | SB | A+ | F1 | a | SB | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | | £5 |
| KBC Bank N.V. | SB | A+ | F1 | a | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | £5 |
| **Canada** | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | | |
| Bank of Montreal | SB | AA- | F1+ | aa- | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | £5 |
| Bank of Nova Scotia | SB | AA- | F1+ | aa- | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | £5 |
| Canadian Imperial Bank of Commerce | SB | AA- | F1+ | aa- | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | £5 |
| National Bank of Canada | SB | A+ | F1 | a+ | SB | Aa3 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | |
| Royal Bank of Canada | SB | AA | F1+ | aa | SB | Aa2 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| Toronto-Dominion Bank | SB | AA- | F1+ | aa- | SB | Aa1 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| **Denmark** | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | | |
| Danske A/S | NO | A | F1 | a | NO | A2 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | 31.50 | £5 |
| **Finland** | PO | AA+ | | | SB | Aa1 | | SB | AA+ | | Not Applicable | Not Applicable | | |
| Nordea Bank Abp | NO | AA- | F1+ | aa- | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| OP Corporate Bank plc | | WD | WD | | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| **France** | SB | AA | | | PO | Aa2 | | SB | AA | | Not Applicable | Not Applicable | | |
| BNP Paribas | SB | A+ | F1 | a+ | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 26.28 | £5 |
| Credit Agricole Corporate and Investment Bank | SB | A+ | F1 | WD | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 20.42 | £5 |
| Credit Agricole S.A. | SB | A+ | F1 | a+ | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 24.30 | £5 |
| Credit Industriel et Commercial | SB | A+ | F1 | a+ | SB | Aa3 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | £5 |
| Societe Generale | SB | A | F1 | a | SB | A1 | P-1 | PO | A | A-1 | R - 6 mths | R - 6 mths | 28.04 | £5 |
| **Germany** | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | | |
| Bayerische Landesbank | SB | A- | F1 | bbb+ | SB | Aa3 | P-1 | | NR | NR | R - 6 mths | R - 6 mths | | £5 |
| Commerzbank AG | NO | BBB+ | F1 | bbb+ | SB | A1 | P-1 | NO | A- | A-2 | G - 100 days | G - 100 days | 40.09 | £5 |
| Deutsche Bank AG | EO | BBB | F2 | bbb | NO | A3 | P-2 | SB | BBB+ | A-2 | N/C - 0 mths | N/C - 0 mths | | |
| DZ BANK AG Deutsche Zentral-Genossenschaftsbank | SB | AA- | F1+ | | NO | Aa1 | P-1 | NO | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| Landesbank Baden-Wuerttemberg | SB | A- | F1 | bbb+ | SB | Aa3 | P-1 | | NR | NR | R - 6 mths | R - 6 mths | | £5 |
| Landesbank Berlin AG | | | | | SB | Aa2 | P-1 | | | | O - 12 mths | O - 12 mths | | £5 |
| Landesbank Hessen-Thueringen Girozentrale | SB | A+ | F1+ | | SB | Aa3 | P-1 | SB | A | A-1 | O - 12 mths | O - 12 mths | 50.14 | £5 |
| Landwirtschaftliche Rentenbank | SB | AAA | F1+ | | SB | Aaa | P-1 | SB | AAA | A-1+ | P - 24 mths | P - 24 mths | | £5 |
| Norddeutsche Landesbank Girozentrale | NW | A- | F1 | f | PW | Baa2 | P-2 | | NR | NR | N/C - 0 mths | N/C - 0 mths | | |
| NRW.BANK | SB | AAA | F1+ | | SB | Aa1 | P-1 | SB | AA | A-1+ | P - 24 mths | P - 24 mths | | £5 |

| 2020/21 Counterparty/Bank List | Fitch Rating Long Term Status | Long Term | Short Term | Viability | Moody's Ratings Long Term Status | Long Term | Short Term | S&P Ratings Long Term Status | Long Term | Short Term | Suggested Link Duration | *EBC Duration* | CDS Price | Invest. Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Netherlands** | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | | |
| ABN AMRO Bank N.V. | NO | A+ | F1 | a | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | £5 |
| Bank Nederlandse Gemeenten N.V. | SB | AAA | F1+ | | SB | Aaa | P-1 | SB | AAA | A-1+ | P - 24 mths | P - 24 mths | | £5 |
| Cooperatieve Rabobank U.A. | NO | AA- | F1+ | a+ | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 19.53 | £5 |
| ING Bank N.V. | SB | AA- | F1+ | a+ | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 19.52 | £5 |
| Nederlandse Waterschapsbank N.V. | | | | | SB | Aaa | P-1 | SB | AAA | A-1+ | P - 24 mths | P - 24 mths | | £5 |
| **Qatar** | SB | AA- | | | SB | Aa3 | | SB | AA- | | Not Applicable | Not Applicable | | |
| Qatar National Bank | SB | A+ | F1 | bbb+ | SB | Aa3 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | 72.94 | £5 |
| **Singapore** | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | | |
| DBS Bank Ltd. | SB | AA- | F1+ | aa- | SB | Aa1 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| Oversea-Chinese Banking Corp. Ltd. | SB | AA- | F1+ | aa- | SB | Aa1 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| United Overseas Bank Ltd. | SB | AA- | F1+ | aa- | SB | Aa1 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| **Sweden** | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | | |
| Skandinaviska Enskilda Banken AB | SB | AA- | F1+ | aa- | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | £5 |
| Svenska Handelsbanken AB | SB | AA | F1+ | aa | SB | Aa2 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| Swedbank AB | NW | AA- | F1+ | aa- | NO | Aa2 | P-1 | NO | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| **Switzerland** | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | | |
| Credit Suisse AG | PO | A | F1 | a- | PO | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | 44.50 | £5 |
| UBS AG | SB | AA- | F1+ | a+ | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 24.47 | £5 |
| **United Arab Emirates** | SB | AA | | | SB | Aa2 | | SB | AA | | Not Applicable | Not Applicable | | |
| First Abu Dhabi Bank PJSC | SB | AA- | F1+ | a- | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| **United Kingdom** | NW | AA | | | NO | Aa2 | | NO | AA | | Not Applicable | Not Applicable | | |
| Abbey National Treasury Services PLC | NW | A | F1 | | NO | Aa3 | P-1 | | | | R - 6 mths | R - 6 mths | | £5 |
| Bank of Scotland PLC (RFB) | NW | A+ | F1 | a | NO | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 35.01 | £5 |
| Barclays Bank PLC (NRFB) | NW | A+ | F1 | a | PO | A2 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | 43.32 | £5 |
| Barclays Bank UK PLC (RFB) | NW | A+ | F1 | a | NO | A1 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | £5 |
| Close Brothers Ltd | NW | A | F1 | a | NO | Aa3 | P-1 | | | | R - 6 mths | R - 6 mths | | £5 |
| Clydesdale Bank PLC | NW | A- | F2 | bbb+ | SB | Baa1 | P-2 | SB | BBB+ | A-2 | N/C - 0 mths | N/C - 0 mths | | |
| Co-operative Bank PLC (The) | NW | B | B | b | PO | B3 | NP | | | | N/C - 0 mths | N/C - 0 mths | | |
| Goldman Sachs International Bank | SB | A | F1 | | SB | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | 51.72 | £5 |
| Handelsbanken Plc | SB | AA | F1+ | | | | | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| HSBC Bank PLC (NRFB) | NW | A+ | F1+ | a | SB | Aa3 | P-1 | NO | AA- | A-1+ | O - 12 mths | O - 12 mths | 30.73 | £5 |
| HSBC UK Bank Plc (RFB) | NW | A+ | F1+ | a | | | | NO | AA- | A-1+ | O - 12 mths | O - 12 mths | | £5 |
| Lloyds Bank Corporate Markets Plc (NRFB) | NW | A | F1 | | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | £5 |
| Lloyds Bank Plc (RFB) | NW | A+ | F1 | a | NO | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 34.49 | £5 |
| NatWest Markets Plc (NRFB) | NW | A | F1 | WD | PO | Baa2 | P-2 | SB | A- | A-2 | G - 100 days | G - 100 days | 56.45 | £5 |
| Santander UK PLC | NW | A+ | F1 | a | NO | Aa3 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | £5 |
| Standard Chartered Bank | SB | A+ | F1 | a | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | 29.88 | £5 |
| Sumitomo Mitsui Banking Corporation Europe Ltd | SB | A | F1 | | SB | A1 | P-1 | PO | A | A-1 | R - 6 mths | R - 6 mths | 35.29 | £5 |
| Coventry Building Society | NW | A- | F1 | a- | NO | A2 | P-1 | | | | R - 6 mths | R - 6 mths | | £5 |

| 20202/21 Counterparty/Bank List | Fitch Rating<br>Long Term Status | Long Term | Short Term | Viability | Moody's Ratings<br>Long Term Status | Long Term | Short Term | S&P Ratings<br>Long Term Status | Long Term | Short Term | Suggested Link Duration | *EBC Duration* | CDS Price | Invest. Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Leeds Building Society | NW | A- | F1 | a- | NO | A3 | P-2 | | | | G - 100 days | G - 100 days | | £5 |
| Nationwide Building Society | NW | A | F1 | a | NO | Aa3 | P-1 | PO | A | A-1 | R - 6 mths | R - 6 mths | | £5 |
| Nottingham Building Society | | | | | NO | Baa1 | P-2 | | | | N/C - 0 mths | N/C - 0 mths | | |
| Principality Building Society | NW | BBB+ | F2 | bbb+ | SB | Baa2 | P-2 | | | | N/C - 0 mths | N/C - 0 mths | | |
| Skipton Building Society | NW | A- | F1 | a- | SB | Baa1 | P-2 | | | | G - 100 days | G - 100 days | | £5 |
| West Bromwich Building Society | | | | | PO | Ba3 | NP | | | | N/C - 0 mths | N/C - 0 mths | | |
| Yorkshire Building Society | NW | A- | F1 | a- | NO | A3 | P-2 | | | | G - 100 days | G - 100 days | | £5 |
| National Westminster Bank PLC (RFB) | NW | A+ | F1 | a | PO | A1 | P-1 | SB | A | A-1 | B - 12 mths | B - 12 mths | | £5 |
| The Royal Bank of Scotland Plc (RFB) | NW | A+ | F1 | a | PO | A1 | P-1 | SB | A | A-1 | B - 12 mths | B - 12 mths | | £5 |
| United States | SB | AAA | | | | Aaa | | SB | AA+ | | Not Applicable | Not Applicable | 8.23 | |
| Bank of America N.A. | SB | AA- | F1+ | a+ | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | £5 |
| Bank of New York Mellon, The | SB | AA | F1+ | aa- | SB | Aa1 | P-1 | SB | AA- | A-1+ | P - 24 mths | P - 24 mths | 40.35 | £5 |
| Citibank N.A. | SB | A+ | F1 | a | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 42.58 | £5 |
| JPMorgan Chase Bank N.A. | SB | AA | F1+ | aa- | SB | Aa1 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | £5 |
| Wells Fargo Bank, NA | SB | AA- | F1+ | a+ | SB | Aa1 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 36.08 | £5 |

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| ***Yellow*** | ***Purple*** | ***Blue*** | ***Orange*** | ***Red*** | ***Green*** | ***No Colour*** |
|---|---|---|---|---|---|---|
| | | | | | | |
| *Up to 5yrs* | *Up to 2yrs* | *Up to 1yr (semi nationalised UK bank NatWest/RBS)* | *Up to 1yr* | *Up to 6 months* | *Up to 100 days* | *Not to be used* |

**Watches and Outlooks:** *SB- Stable Outlook; NO- Negative Outlook; NW- Negative Watch; PO- Positive Outlook; PW- Positive Watch; EO- Evolving Outlook; EW- Evolving Watch; WD- Rating Withdrawn.*

| **Non-Specified Investments:** | | | |
|---|---|---|---|
| | **Minimum credit Criteria** | **Maximum Investments** | **Period** |
| UK Local Authorities | Government Backed | £2m | 2 years |

## APPENDIX 'D'

### Link Asset Services on the Economic Background and Forward View

### ECONOMIC BACKGROUND

**UK. Brexit.** 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January; however, there are still uncertainties as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020.

While the Bank of England went through the routine of producing another quarterly Inflation Report, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers are worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that is worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence the MPC views inflation as causing little concern in the near future.

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and both of the largest parties have made significant promises in their election manifestos to increase government spending. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure. In addition, it has to be borne in mind that even if the post-election Parliament agrees the deal on 31 January 2020, the current transition period for negotiating the details of the terms of a trade deal with the EU only runs until 31 December 2020. This could prove to be an unrealistically short timetable for such major negotiations which leaves open two possibilities; one the need for an extension of negotiations, probably two years, or a no deal Brexit in December 2020.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in October to 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market,** growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, this was about half of what had been expected. The unemployment rate fell back again to a 44 year low of 3.8% on the Independent Labour Organisation measure in September, despite the fall in numbers employed, due to numbers leaving the work force. Wage inflation has been edging down from a high point of 3.9% in July to 3.8% in August and now 3.6% in September, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 1.9%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

In the **political arena**, a general election could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

**USA.** President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 1.9% in quarter 3; it is expected to fall further. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy is cooling, while inflationary pressures are also weakening; CPI inflation fell from 2.3% to 2.0% in September.

**The Fed** finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy $60bn, whereas it had been reducing its balance sheet by $50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt).

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

However, in early November, a phase one deal was agreed between the US and China to roll back some of the tariffs which gives some hope of resolving this dispute.

**EUROZONE. Growth** has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

**The European Central Bank (ECB)** ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels "at least through the end of 2019", but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September, it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period;** (at its October meeting it said this would start in November at €20bn per month - a relatively small amount compared to the previous buying programme). It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments will need to help stimulate growth by 'growth friendly' fiscal policy.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

## INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.** On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.

- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has diminished.

**The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

**Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.

- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but his time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some $19trn of corporate debt in major western economies,** if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is $15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks,** for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

**Upside risks to current forecasts for UK gilt yields and PWLB rates**

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation,** whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

**APPENDIX 'E'**

## Capital Strategy

## 1. Introduction

1.1 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in Eastbourne Borough Council (EBC) along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

1.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

## 2. Capital Expenditure and Financing

### 2.1 Expenditure

2.1.1 Capital expenditure occurs when the Council spends money on assets such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below a deminimis level are not capitalised and are charged to revenue in year.

2.1.2 Further details on the Council's capitalisation policy can be found in the 2018/19 Statement of Accounts.

2.1.3 In 2020/21, EBC is planning capital expenditure of £40.5 million (and £65.3 million over the next two years) as summarised in Table 1 below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure*

| **Capital Expenditure** | **2019/20 Estimate** | **2020/21 Estimate** | **2021/22 Estimate** | **2022/23 Estimate** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| General Fund | 14.6 | 16.2 | 19.0 | 1.0 |
| HRA | 6.5 | 12.7 | 18.6 | 14.1 |
| Commercial Activities/non-financial investments | 19.0 | 11.6 | 8.0 | 5.2 |
| **Total** | **40.1** | **40.5** | **45.6** | **20.3** |

2.1.4 The main General Fund capital projects scheduled for 2020/21 are as follows:

| **Scheme** | **£m** |
|---|---|
| Loan Facility to EHICL | 4.2 |
| Sovereign Centre | 8.0 |
| Loan Facility to Aspiration Homes | 3.0 |
| Asset improvements | 8.2 |
| Other schemes | 2.0 |
| **Total** | **25.4** |

2.1.5 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that the Council's housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and includes £26.7 million allocated to the New Build Programme over the (four-year) forecast period, which is expected to deliver 24 new homes.

**Governance**

2.1.6 The evaluation, prioritisation and acceptance of capital schemes onto the Capital Programme is carried out in accordance with strict criteria that ensures that added schemes reflect Council priorities and can be delivered within available resources (e.g. due priority is given to schemes yielding savings and/or generating income as well as meeting a Council priority).

2.1.7 The draft Capital Programme is then subject to formal Scrutiny prior to setting the budget (followed by Cabinet and full Council approval).

## 2.2 Financing

2.2.1 All capital expenditure must be financed, either from external sources (Government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is presented in Table 2 below.

*Table 2: Capital Financing*

| **Description** | **2019/20 budget** | **2020/21 budget** | **2021/22 budget** | **2022/23 budget** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| External sources | 3.1 | 1.3 | 0.3 | 0.3 |
| Own resources | 9.3 | 12.3 | 8.0 | 10.7 |
| Debt | 27.7 | 26.9 | 37.3 | 9.3 |
| **TOTAL** | **40.1** | **40.5** | **45.6** | **20.3** |

2.2.2 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as "Minimum Revenue Provision" (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are presented in Table 3 below.

*Table 3: Repayment of Debt Finance*

| | **2019/20 estimate** | **2020/21 budget** | **2021/22 budget** | **2022/23 budget** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| Own resources | 0.5 | 1.2 | 1.3 | 1.4 |

2.2.3 The Council's annual MRP statement can be found within Appendix A (Section 8) above.

2.2.4 The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £25.7 million in 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is presented in Table 4 below.

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement (CFR)*

| | **31.3.2020 budget** | **31.3.2021 budget** | **31.3.2022 budget** | **31.3.2023 budget** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| General Fund services | 115.4 | 147.5 | 176.1 | 183.4 |
| Council housing (HRA) | 42.6 | 43.6 | 54.6 | 58.0 |
| Capital investments | 19.0 | 11.6 | 8.0 | 5.2 |
| **TOTAL CFR** | **177.0** | **202.7** | **238.7** | **246.6** |

## 3. Asset Management

### 3.1 Asset Management Strategy

3.1.1 The Council recognises the importance of ensuring that capital assets continue to be of long-term use especially in a rapidly changing operational and technological backdrop. Consequently, at the time of preparing this Capital Strategy, a new Asset Management Strategy (AMS) is under development. Led by the Asset Management team and backed by a comprehensive review of Council assets, the AMS will take a longer-term view comprising:

- 'Good' information about existing assets;
- The optimal asset base for the efficient delivery of Council objectives;
- The gap between existing assets and optimal assets;
- Strategies for purchasing and constructing new assets, investment in existing assets, transferring of assets to other organisations and the disposal of surplus assets; and
- Plans for individual assets.

### 3.2 Asset Disposals

3.2.1 When a capital asset is no longer needed, it may be sold so that the proceeds (known as capital receipts) can be spent on new assets or to repay debt. The Council is also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council takes a prudent approach of assuming future capital receipts only when there is a high probability of realisation.

## 4. Treasury Management

### 4.1 Introduction

4.1.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is not cash rich as it utilises all of its available cash before borrowing which in the current climate is more economic.

4.1.2 As at 31 December the Council had borrowing of £151.3 million at an average interest rate of 2.61% and cash balances of £7.8 million held on an interest bearing current account at a rate of 0.65%.

### 4.2 Borrowing

4.2.1 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.9%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

4.2.2 Projected levels of the Council's total outstanding debt (which comprises borrowing and leases) are shown below in Table 6, compared with the Capital Financing Requirement (Table 4 above).

*Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement*

| | **31.3.2019 Actual** | **31.3.2020 budget** | **31.3.2021 budget** | **31.3.2022 budget** | **31.3.2023 budget** |
|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** |
| Debt (incl. leases) | 123.6 | 151.3 | 178.2 | 215.5 | 224.8 |
| Capital Financing Requirement | 149.9 | 177.0 | 202.7 | 238.7 | 246.6 |

4.2.3 Statutory guidance is that debt should remain below the Capital Financing Requirement, except in the short-term. As can be seen from Table 6, the Council expects to comply with this in the medium term.

*Affordable Borrowing Limit*

4.2.4 The Council is legally obliged to set an affordable borrowing limit (also termed the "Authorised Limit" for external debt) each year. In line with statutory guidance, a lower "Operational Boundary" is also set as a warning level should debt approach the limit.

*Table 7: Prudential Indicators: Authorised Limit and Operational Boundary for External Debt*

| | 2019/20 limit | 2020/21 limit | 2021/22 limit | 2022/23 limit |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| Authorised limit – total external debt | 202.1 | 225.4 | 257.9 | 260.6 |
| Operational boundary – total external debt | 187.1 | 210.4 | 242.9 | 245.6 |

4.2.5 Further details on borrowing are contained in the Treasury Management Strategy.

**4.3 Investments**

4.3.1 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

*(Treasury Management) Investment Strategy*

4.3.2 The Council's Investment Strategy is to prioritise security and liquidity over yield; focussing on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely in selected high-quality banks, to minimise the risk of loss.

**Risk management:**

4.3.3 The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

**4.4 Governance**

4.4.1 Treasury management decisions are made on a daily basis and are therefore delegated to the CFO, who must act in line with the Treasury Management Strategy approved by the Council. Annual outturn reports on treasury management are also approved by the Council (following recommendation from Eastbourne Borough Council Audit and Governance Committee), whereas mid-year updates are reported exclusively to the Eastbourne Borough Council Audit and Governance Committee. Quarterly performance reports are also submitted to Cabinet.

## 5. Investments for Service Purposes

5.1 The Council will sometimes make investments for service delivery purposes where there is a strategic case for doing so, for example the new Waste Company. Given its public service objectives, the Council is willing to take more risk than with treasury investments, nevertheless the arrangements feature cost reduction incentives, from which the Council will benefit.

*Governance*

5.2 Decisions on service investments are made by the Council's Cabinet and require the support of a full business case.

## 6. Commercial Investments

6.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition. In the context of the Capital Strategy, the council is using capital to invest in property to provide a positive surplus/financial return.

6.1.2 The council may fund the purchase of the property by borrowing money, normally from the Debt Management Office as part of HM Treasury. The rental income paid by the tenant should exceed the cost of repaying the borrowed money each year. The annual surplus then supports the council's budget position, and enables the council to continue to provide services for local people. The reasons for buying and owning property investments are primarily

- Financial returns to fund services to residents
- Market and economic opportunity.
- Economic development and regeneration activity in the Borough.

6.1.3 Historically, property has provided strong investment returns in terms of capital growth generation of stable income. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. The strategy makes it clear that the council will continue to invest prudently on a commercial basis and to take advantage of opportunities as they present themselves, supported by our robust governance process.

### 6.2 Current Investments

6.2.1 In recent years, the Council has invested in commercial property in the borough on a selective basis, usually where there is a fit with corporate priorities and a positive financial return that can be used to contribute towards the protection of local services. As at 31st March 2019, the commercial property portfolios include a retail park, sports complex, members club and commercial units with an estimated Fair Value of £25.7 million. Estimated gross income for 2019/20 is £1.8 million.

## 6.3 Commercial Investment Strategy

6.3.1 However, in recognition of the continued shortfall in local government funding and commitments, the Council will (following the February Cabinet approval) have in a Commercial Investment Strategy with a view to achieving a step change increase in commercial investment and trading by the Council.

6.3.2 CIPFA's guidance on borrowing to invest follows the MHCLG's concern at what they perceive to be, the increasing risk taken on by local authorities following a sharp increase in Public Works Loan Board (PWLB) borrowing by councils to invest in commercial property. CIPFA has made clear that Councils should not borrow to invest commercially and their Capital Investment Strategy must make it clear as to where they depart from this principle and why. However, it has been recognised that local investments that are primarily designed for regeneration or service delivery purposes and which have a knock-on positive impact to the revenue budgets are not intended to be covered by this principle.

6.3.3 Councils have to demonstrate that such investments are "proportionate" to their resources. The Council's approach will incorporate the CIPFA guidance when it is published; this will enhance the other risk management features that are being developed; this includes a strict governance framework, the use of real estate investment experts and diversified portfolios. The aim is to offset principle risks such as falling capital values and 'voids'. However, (within a tightly controlled framework) the Council ultimately accepts a higher risk on commercial investments compared to its prudent treasury investment that has primarily focused to date on protecting the principal.

6.3.4 The Council considers investing in housing properties and commercial investments within the borough to be related to its temporary accommodation strategy and local regeneration. It will invest commercially but in relation to the services it provides or to build and strengthen the local economy, with the related benefit of increased business rates.

## 6.4 Governance

6.4.1 The Governance arrangements are stipulated within the Commercial Investment Strategy that will be approved at the Cabinet February 2020 meeting.

# 7. Other Liabilities

## 7.1 Outstanding Commitments

7.1.1 The Council also has the following outstanding commitments:

- The Council has also set aside £x million (as at 31st March 2019) to cover the financial risk associated with Business Rates appeals lodged with the Valuation Office Agency (VOA).

**7.2 Guarantees**

7.2.1 A 30-year Business Plan for the Council's HRA has been developed, which is currently generating sufficient rental income each year to run an efficient and effective housing management service, whilst at the same time servicing the outstanding debt. However, if the HRA is unable to repay the outstanding debt at any point in the future, the Council (through its General Fund) is liable to repay any remaining balance. The remaining balance on HRA debt as at 31st March 2019 was £42.6 million).

**7.3 Governance**

7.3.1 Decisions on incurring new discretionary liabilities are taken by Directors and Heads of Service in consultation with the CFO. For example, in accordance with the Financial Procedure Rules credit arrangements, such as leasing agreements, cannot be entered into without the prior approval of the CFO.

## 8. Revenue Implications

**8.1 Financing Cost**

8.1.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, Business Rates and general Government grants.

Table 8: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream (General Fund)

| **Description** | **2019/20 Estimate** | **2020/21 Estimate** | **2021/22 Estimate** | **2022/23 Estimate** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| Financing Costs (£m) | 1.5 | 2.5 | 3.0 | 3.4 |
| Proportion of Net Revenue Stream | 10.3 | 16.7 | 20.3 | 22.8 |

Table 9: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream (HRA)

| **Description** | **2019/20 Estimate** | **2020/21 Estimate** | **2021/22 Estimate** | **2022/23 Estimate** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| Financing Costs (£m) | 1.9 | 1.5 | 1.6 | 1.8 |
| Proportion of Net Revenue Stream | 12.8 | 10.2 | 11.0 | 12.0 |

8.1.2 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for many [occasionally up to 50] years into the future.

**8.2 "Prudence, Affordability and Sustainability"**

8.2.1 The CFO is satisfied that the proposed Capital Programme (Section 2) is prudent, affordable and sustainable based on the following:

*Prudence*

- Prudential indicators 8 and 9 presented above (Paragraph 8.1.1) are within expected and controllable parameters. Thus:
  - *Prudential Indicator 8 (General Fund) - Proportion of Financing Costs to Net Revenue Stream* – the growth in financing costs reflects the Council's ambitions for capital investment in its strategic priorities over the medium-term.
  - *Prudential Indicator 9 (HRA) - Proportion of Financing Costs to Net Revenue Stream* – the indicator profile mirrors the HRA 30-Year Business Plan.
- *Underlying Prudent Assumptions* – a prudent set of assumptions have been used in formulating the Capital Programme. This is illustrated in the approach to capital receipts whereby the proceeds are not assumed within projections until the associated sale is completed and the money received by the Council; and
- *Repairs and Maintenance* – the approach to asset maintenance is professionally guided with assets maintained in a condition commensurate with usage and expected life, addressing those items that could affect ongoing and future maintenance, in the most appropriate and cost effective manner.

*Affordability*

- The estimated 'revenue consequences' of the Capital Programme (£106.4 million over three years) have been included in the 2020/21 Budget and Medium-Term Financial Strategy (MTFS), extending to 2022/23; and
- The MTFS includes a reserves strategy, which includes contingency funds in the event that projections are not as expected (further supported by CFO report to Council under Section 25 of the Local Government Act 2003 on the robustness of estimates and the adequacy of financial reserves and balances).

*Sustainability*

- Capital schemes that are expected to deliver long-term revenue savings/generate income are given due priority. For example, the Hampden Retail Park.
- As explained in Section 3.1 above, the Asset Management Strategy will represent an enhancement to the Council approach to asset planning through (especially) taking a longer-term view. This includes providing for future operational need, balancing the requirement to achieve optimal performance, whilst taking account of technological change and managing the risk of obsolescence.

## 9. Knowledge and Skills

### 9.1 Officers

9.1.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Most notably:

- *Finance* - the Chief Finance Officer (CFO) and the Deputy Chief Finance Officers (DCFO's) are qualified (ACCA/ CIPFA) accountants with many years of public and private sector experiences. The Council sponsors junior staff to study for relevant professional qualifications including AAT, CIPFA and ACCA. The Council also supports training courses and conferences across all aspects of accounting.

- *Property* – the Head of Property and Facilities Shared Service (PFSS) – a qualified property expert - is responsible for Asset Management within the Council. PFSS comprises the Asset Development, Building and Maintenance, Corporate Landlord and development functions of the Council. Each area has appropriately qualified professionals within their individual specialism. The Head of PFSS plays a key role in the Council's approach to commercial investment and trading (highlighted above in Section 6).

9.1.2 The Council also has a separate Housing team that is responsible for overseeing social housing developments within the borough.

**9.2 External Advisors**

9.2.1 Where the Council does not have the relevant knowledge and skills required, judicious use is made of external advisers and consultants that are experts/specialists in their field. The Council currently employs Link Asset Services as Treasury Management advisers, and the Asset Management team will commission property advisors as appropriate (e.g. development managers, valuers etc.) to support their work where required to ensure that the Council has access to knowledge and skills commensurate with risk.

**9.3 Councillors**

9.3.1 May 2019 will see the election for some new councillors. Duly elected councillors will therefore all receive training appropriate to their role in the new Council.

9.3.2 Specifically with regard to Treasury Management, the Council acknowledges the importance of ensuring that members have appropriate capacity, skills and information to effectively undertake their role. To this end, newly elected Eastbourne councillors with Treasury Management responsibilities will receive tailored training sessions from the Council's Treasury Management advisors (Link Asset Services).

## 10. CFO Statement on the Capital Strategy

**10.1 Prudential Code**

10.1.1 Paragraph 24 of the recently updated Prudential Code determines that…."the Chief Finance Officer should report explicitly on the affordability and risk associated with the Capital Strategy".

10.1.2 Accordingly, it is the opinion of the CFO that the Capital Strategy as presented is affordable, and associated risk has been identified and is being adequately managed.

**10.2 Affordability**

10.2.1 The Capital Strategy is affordable and there is a range of evidence to support this assertion, including:

- *Capital Programme* – the Programme as presented above (in Section 2.1) is supported by a robust and resilient MTFS extending through until 2022/23 that contains adequate revenue provision, including sufficient reserves in the event that plans and assumptions do not materialise as expected.

- *Asset Management* – as presented above (in Section 3.1) a new Asset Management Strategy is under development, which is taking a strategic longer-term (i.e. beyond 2022/23) view of the Council's asset base. A fundamental aim of the Strategy is to achieve the optimum balance between future operational need and affordability, which will be reflected in its component parts including strategies for purchasing and constructing new assets, investment in existing assets, transferring of assets to other organisations and the disposal of surplus assets.
- *Commercial Investment* – as presented above (in Section 6.2) the Commercial Investment Strategy is also under development. The primary aim of the Strategy long-term is income generation to replace the shortfall in Government funding. The Strategy is progressing positively towards the delivery stage and its success will be critical to the long-term affordability of the Capital Strategy.

**10.3 Risk**

10.3.1 The risk associated with the Capital Strategy has been identified and is being adequately managed. Evidence to support this assertion includes:

- *Treasury Management Strategy* – the Council will formally approve a Treasury Management Strategy for 2020/21, at the Council meeting on 19 February 2020, in accordance with CIPFA's "Treasury Management in the Public Services: Code of Practice 2017". That Strategy was developed by the Council's (professionally qualified and experienced) Finance team and informed by specialist advisors Link Asset Services and other relevant and extant professional guidance.
- *Investment Strategy* – the Council will also formally approve an Investment Strategy for 2019/20, at the Council meeting on 20 February 2019, in accordance with MHCLG's "Statutory Guidance on Local Government Investments (3rd Edition) 2017". As with the Treasury Management Strategy, the Investment Strategy was developed by the Finance team and informed by specialist advisors Link Asset Service and other relevant and extant professional guidance.
- *Commercial Activities* – as noted above (in Paragraph 6.2) the Council is committed to significantly expanding the scale of its commercial activities in the medium-term as part of its Commercial Investment Strategy. It is recognised and accepted that increased commercial activity brings with it additional risk. The Strategy is therefore being developed in accordance with contemporary best practice. This includes the engagement of professional advisors on the commercial, financial and legal aspects of the project and the preparation of full supporting business cases prior to the commencement of both in-house and arm's length trading activities, strictly in accordance with HM Treasury's 'five-case model' ("The Green Book: Central Government Guidance on Appraisal and Evaluation").

**11. Capital Strategy Updates**

11.1 The Capital Strategy is a 'living document' and will be periodically, usually annually, updated to reflect changing local circumstances and other significant developments. However, the development of the Asset Management Strategy and the Commercial Investment Strategy (explained above in Sections 3 and 6) are both major initiatives that could have a material impact on the Strategy as early as 2020/21, once full details are known. In the event that this happens, the Capital Strategy will be updated and re-presented to full Council.

| | |
|---|---|
| **Report to:** | **Scrutiny Committee** |
| **Date:** | **3 February 2020** |
| **Title:** | **Improving recycling** |
| **Report of:** | **Tim Whelan, Director of Service Delivery** |
| **Cabinet member:** | **Councillor Colin Swansborough, Portfolio Holder for Place Services** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **The report provides information on recycling performance for Scrutiny's consideration. Scrutiny Committee is invited to provide commentary and make recommendations for policy development on how best to adapt the waste and recycling service to meet challenging national targets.** |
| **Officer recommendation(s):** | **(1) That Scrutiny Committee considers the report and agrees any recommendations it may wish to make to Cabinet.** |
| **Reasons for recommendations:** | Defra's Resources and Waste Strategy 2018 set out the UK Government's ambitions for higher recycling rates and increased resource efficiency at a time when rates across the country have plateaued. Scrutiny requested a report to help inform policy development to improve recycling locally. |
| **Contact Officer(s):** | **Name: Jane Goodall**<br>**Post title: Strategy and Partnership Lead, Quality Environment**<br>**E-mail: jane.goodall@lewes-eastbourne.gov.uk**<br>**Telephone number: 01323 415383** |

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## 1 Introduction

1.1 Defra's Resources and Waste Strategy 2018 set out the UK Government's ambitions for higher recycling rates and increased resource efficiency:

- The target recycling rate for household waste is 50% by 2020, increasing to 65% of waste recycled by 2035, at a time when rates across the country have plateaued.
- The indications are that separate food waste collections will be mandatory and could be introduced in 2023, with resource from government provided to support implementation.

1.2 The percentage of household waste which has been sent by Eastbourne Borough Council for reuse, recycling and composting:

- Provisional rate for the 12 months to November 2019: 34.6%
- 2018/19, confirmed as: 35.2%

1.3 This report considers what these challenging targets mean for Eastbourne, given current performance and ambitions to increase the recycling rate.

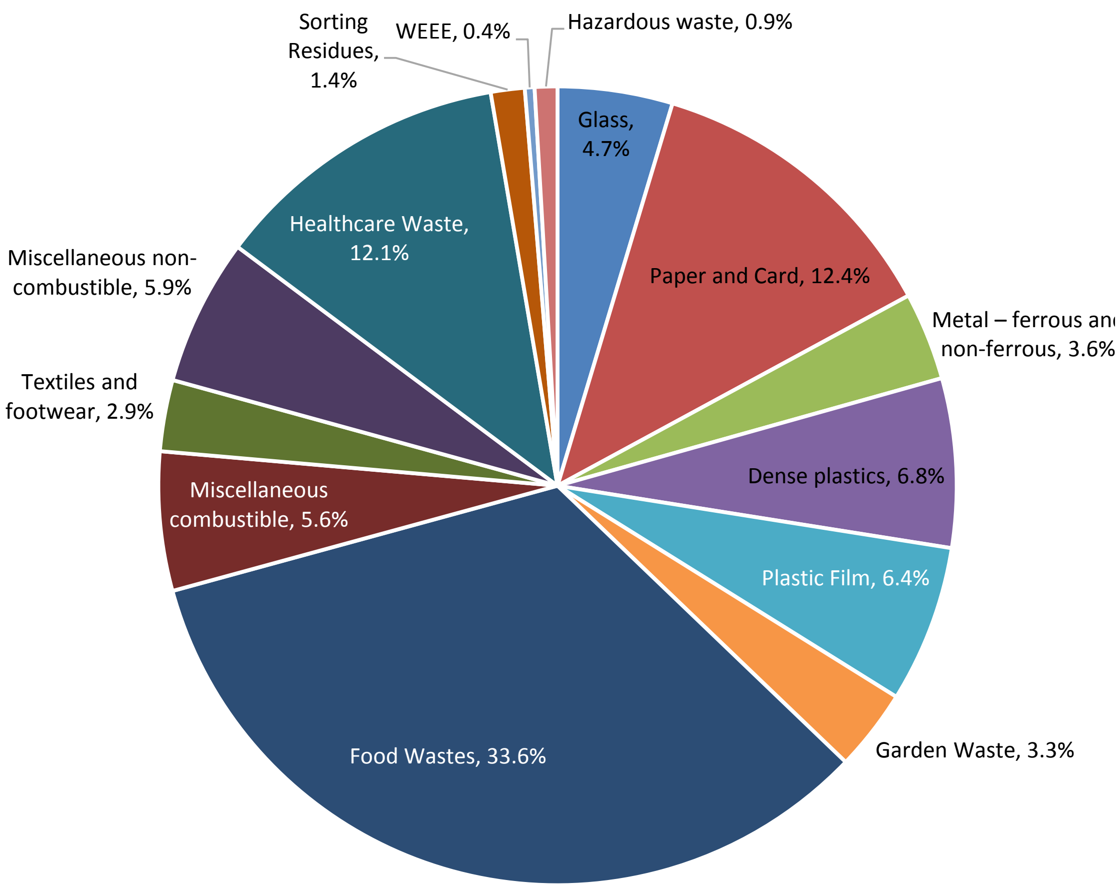
## 2 Background

2.1 The council's waste collection service is provided by South East Environmental Services Ltd (SEESL), as Environment First, and is structured as follows:

| Refuse | Recycling | Garden waste |
|---|---|---|
| Weekly | Fortnightly | Fortnightly, charged-for |

2.2 From the waste composition analysis carried out on behalf of the East Sussex Joint Waste Partnership in June 2017, there is strong evidence that recyclable material is still in the residual waste stream (see Figure 1 and Appendix 1). According to this report, over a quarter of the residual waste collected in Eastbourne could have been recycled at the kerbside.

Figure 1: Overall composition of residual waste in Eastbourne

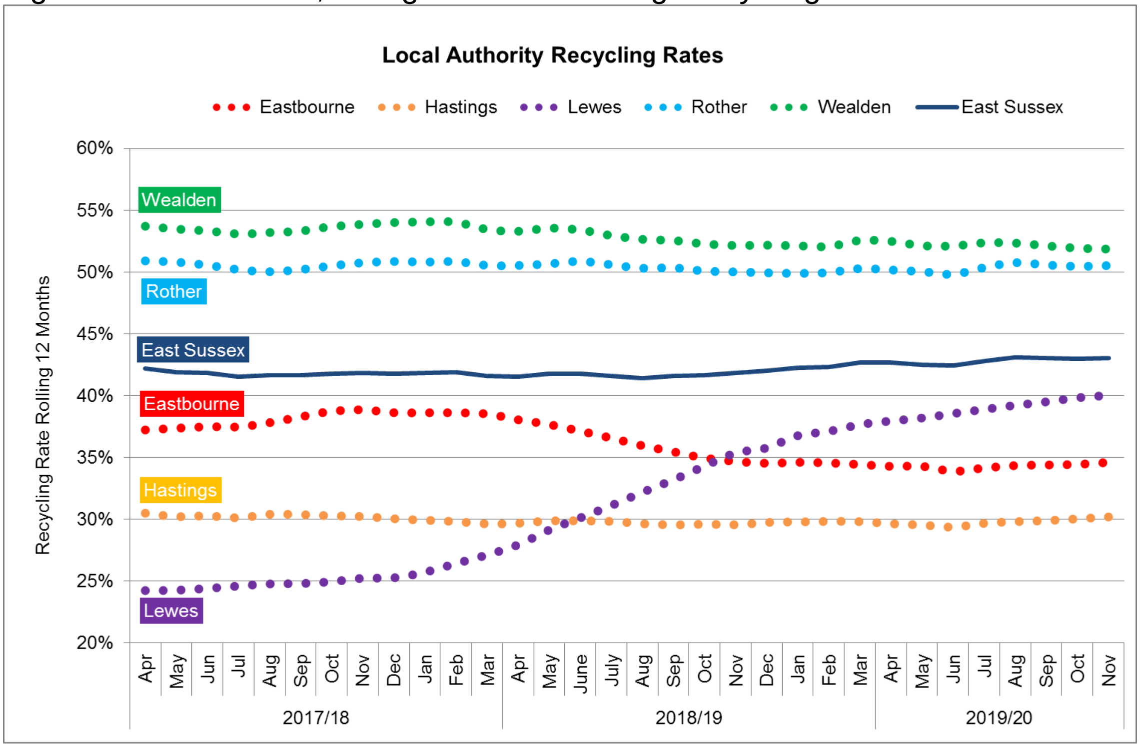



2.3 Broadly, the 'interventions' to improve recycling performance set out in this report, below, fall under the following: resident engagement, crew behaviour and changes to collections.

## 3 Current performance, dry mixed recycling

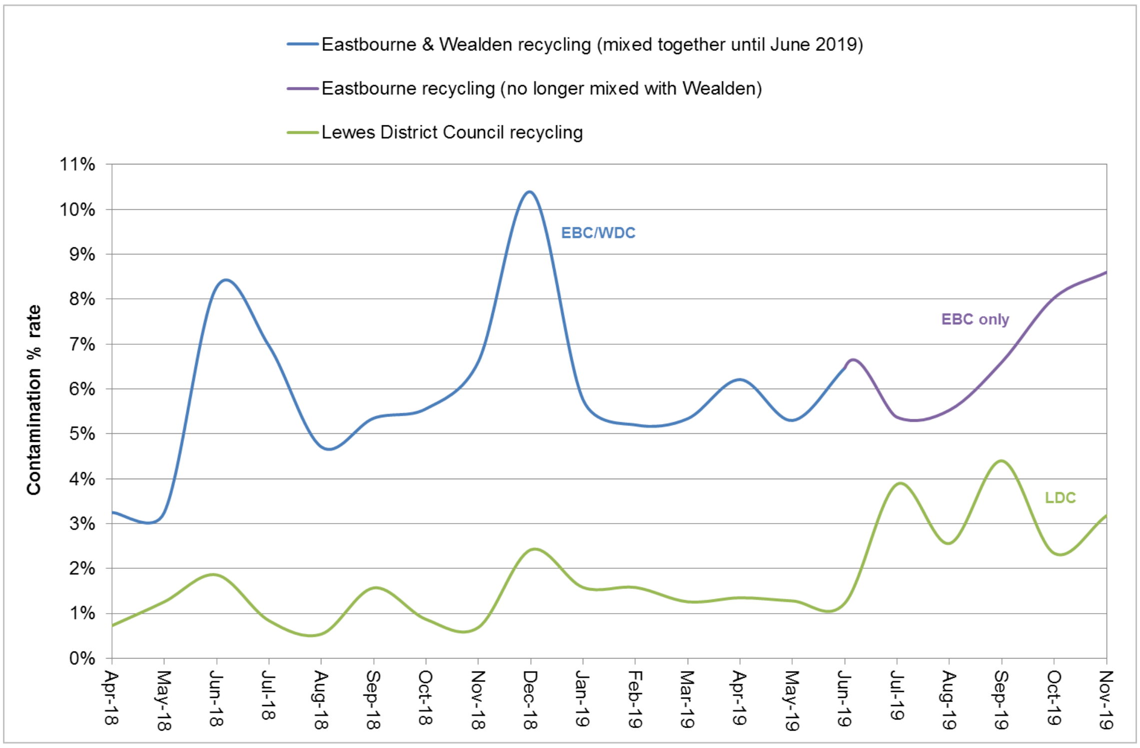
3.1 Figure 2, below, shows the latest local authority recycling rates for East Sussex including districts and boroughs, to November 2019, which is the most recently available data for the area:

Figure 2: East Sussex, rolling 12 month average recycling rates.




3.2 Highly contaminated loads of recycling are rejected at either the transfer station in Polegate or at Crayford Material Recovery Facility (and the rejected load is deducted from the recycling tonnage figure). This entails additional cost and transportation, to have the rejected material incinerated, and means the loss of clean recycling mixed in with the contaminated material.

Figure 3: Dry mixed recycling contamination rates.




3.3 Recycling quality dropped slightly during 2019. Materials such as food, textiles and hygiene waste are some of the main contaminants. It is important that only clean material is placed in the recycling container and that contamination is reduced as much as possible.

Figure 4: A summary of prohibited material (contamination) levels for both EBC and LDC recycling.

| | LDC / Avg. Main Type | EBC Avg. Main Type |
|---|---|---|
| **September** | **4.40%** | **6.60%** |
| | Textiles | Textiles |
| | Green Waste | Food |
| | Beverage cartons | Wood |
| **October** | **2.34%** | **8.03%** |
| | Textiles | Food |
| | Wood | Textiles |
| | Beverage cartons | Wood |
| **November** | **3.18%** | **8.60%** |
| | Textiles | Food |
| | Food | Textiles |
| | Beverage cartons | Wood |

## 4 Current performance, garden waste

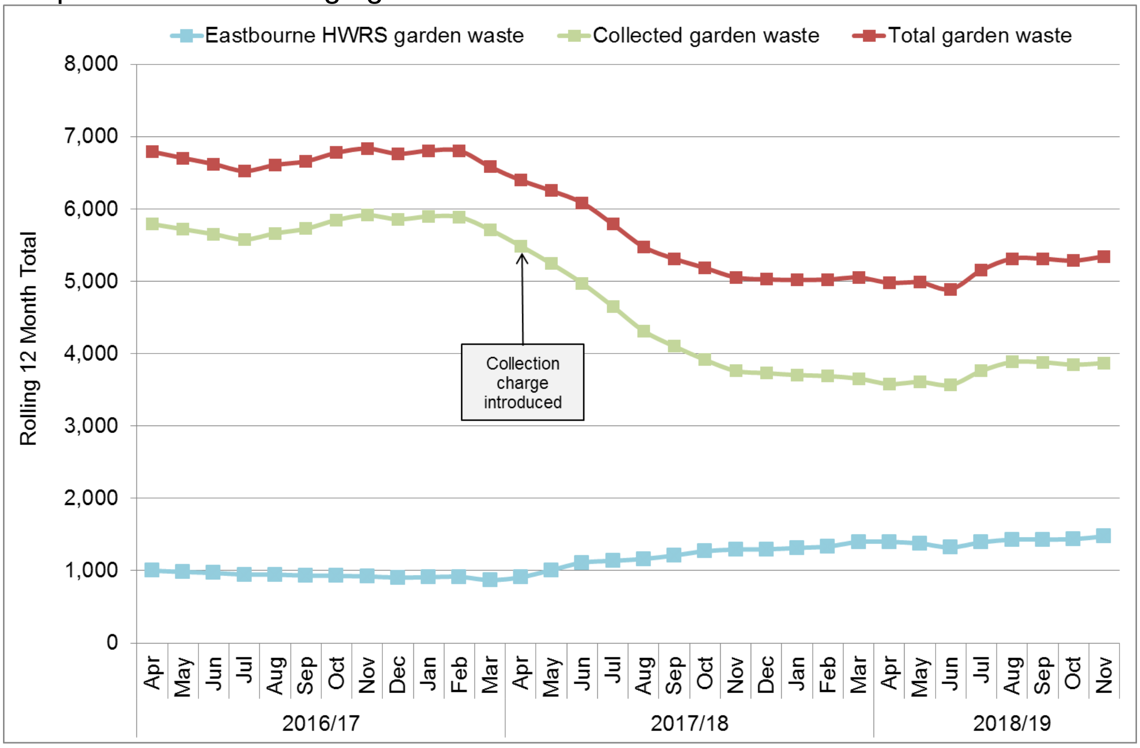
4.1 Collected garden waste adds to the recycling total and some neighbouring, rural authorities rely on this waste stream for circa 15% of their recycling performance. Arguably, composting garden waste at home/on site is the most environmentally beneficial approach (as there is no haulage). It is also better for the taxpayer due to reduced disposal costs.

4.2 When the charged-for garden waste service was introduced in Eastbourne, garden waste collected from residents dropped by 1,843 tonnes (32%) per annum[1], during the same period, garden waste at Eastbourne Household Waste Recycling Site (HWRS) increased by 605 tonnes (69%). Overall there was a net reduction of 1,239 tonnes of garden waste (19%) in Eastbourne. When the collection charge was implemented, residents unwilling to pay were offered a free home composter as an alternative and this is a contributory factor to the reduction in the amount of local authority managed garden waste.
As a consequence, the recycling rate for Eastbourne fell by about 3%, as anticipated. Please note that Eastbourne's recycling rate does not include garden waste taken to Eastbourne HWRS because this is allocated to ESCC's county-wide recycling rate rather than the rates of individual district or borough councils.

4.3 The charged-for garden waste service was launched in 2018. By year end, 2018/19, there were 12,000 customers and this number has been going up incrementally through 2019/20.

[1] This is tonnage for the 12 month period to November 2019, compared with the 12 months to March 2018 prior to the introduction of the collection charge.

Figure 5: Collected & HWRS garden waste rolling 12 month average, illustrating the point at which charging was introduced.




## 5 Action to date

5.1 Since July 2019, SEESL has been performing well (for example, reduced missed bins) and EBC offers an extra recycling container to households as required.

5.2 Resident education and engagement is effective – the team behind the improved performance in Lewes district is now working on campaigns for Eastbourne. See Appendix 2 for examples of communications and engagement.

5.3 ESCC has taken responsibility for the management of kerbside recycling disposal following the early exit of Kier, who had sub-contracted disposal of recycling to Viridor. ESCC has a new contract with Viridor which began on 29 June 2019. Since then, residents have been able to put glass in their recycling bin (rather than in a separate box) along with a wide range of other materials, making recycling even easier.

5.4 Other measures in recent months have included tidying up bring sites and educating residents, for example those living in HMOs (houses in multiple occupation), about how to recycle. The aim has been to reduce fly-tipping, reduce contamination and increase recycling.

5.5 There are plans to roll out 14 recycling-on-the-go bins across the town centre through February. If the material collected is 'clean', it will contribute to the overall recycling rate.

## 6 How to improve

6.1 Critical to our future success is continuing communications and engagement using a range of media, educating residents and crews (e.g. to check for contamination). Our partners at ESCC and Viridor are working with EBC on promoting the kerbside recycling service to residents.

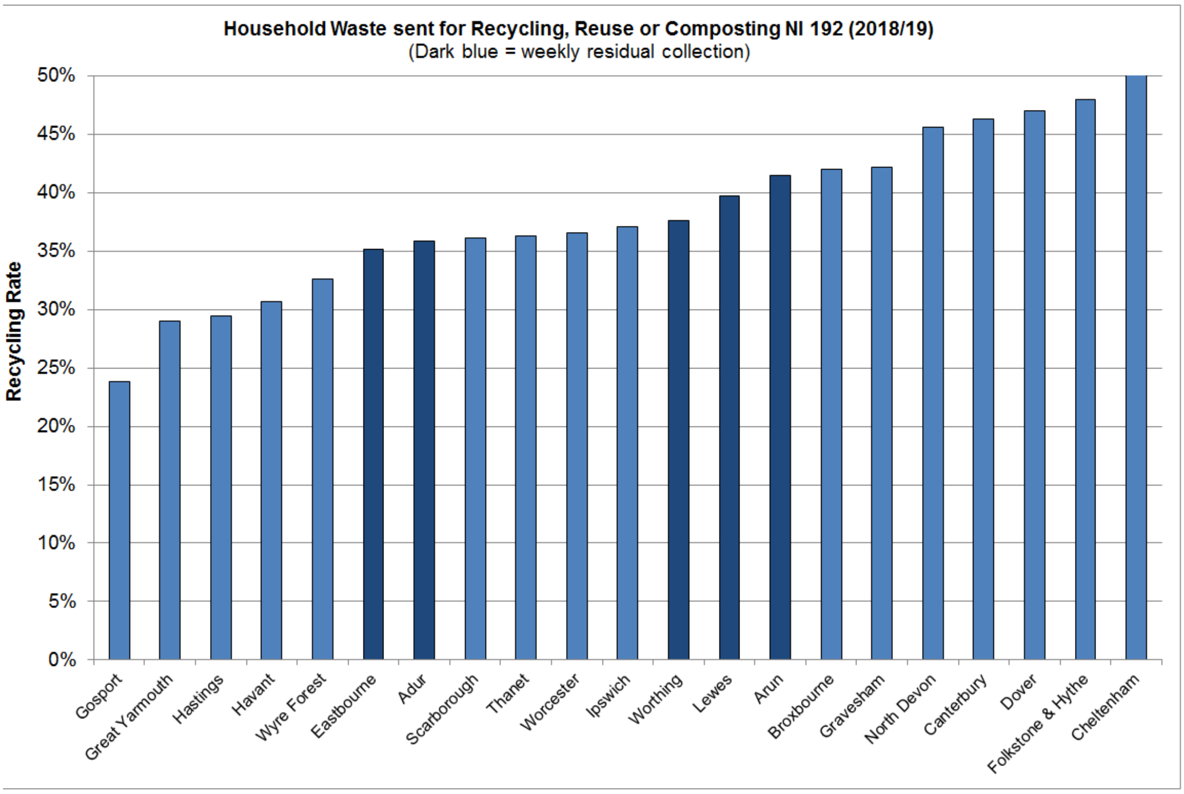
6.2 In terms of changes to the service, other councils have been successful in driving up recycling rates and achieving operational efficiencies by offering alternate weekly collections of waste and recycling.

6.3 The experience at Ashford Borough Council provides a useful example. Ashford made a commitment to improve its recycling performance in 2012, as the worst in England at that time, with a performance of 12%. Ashford achieved a nationally recognised most improved recycling performance of 43% in 2013/14 after wholesale changes to the service including implementing alternate weekly collections and a weekly food waste collection. This improved further to 55% for 2014/15.

6.4 It is not recommended to introduce a separate food waste collection service until the national picture is clear and resource is in place to support implementation. In the meantime, food waste minimisation will be an objective of our communications and engagement work.

6.5 Figure 6, below, shows Eastbourne comparator authorities, 2018/19 (see Appendix 3 for more detail) – the top performers do not collect waste weekly. Just one in six councils in the UK still collect non-recyclable waste from the majority of homes in their area every week. Alternate weekly waste collections were introduced across Adur and Worthing in September 2019 in a bid to boost recycling. Some councils, such as Falkirk and Conwy, have moved to monthly collections while several do collections every three weeks.

Figure 6: Eastbourne comparator authorities, 2018/19




**Since this chart was produced, Adur Worthing moved to alternate weekly collections.*

## 7 Financial appraisal

7.1 There are no direct financial implications arising from this report.
The Environment Bill has some significant financial implications (food and garden waste) and it is not yet understood how any new requirements will be supported financially by central government.

## 8 Legal implications

8.1 There are no legal implications arising directly from this report, as its purpose is purely to assist with policy development. It is a proper function of Scrutiny Committee to consider the policy issues and to make any recommendations it thinks appropriate to Cabinet.

*Lawyer consulted 21.01.20* *Legal ref: 008889-EBC-OD*

## 9 Risk management implications

9.1 This report is strategic in nature. It is noted that there are reputational risks associated with not achieving the target recycling rate of 50%.

## 10 Equality analysis

10.1 An Equality Analysis is not constructive in this instance

## 11 Environmental sustainability implications

11.1 Eastbourne Borough Council's goal is to minimise waste and to recycle or reuse as part of a circular economy approach to tackle the climate and nature emergency. To that end, improving recycling rates is a strategic council objective. Moreover, optimising waste collection operations to reduce fleet mileage would contribute to a lower carbon footprint and improved air quality in Eastbourne.

## 12 Appendices

- Appendix 1 – Waste composition analysis, 2017
- Appendix 2 – Examples of waste communications in Eastbourne
- Appendix 3 – EBC's comparator authorities

## 13 Background papers

The background papers used in compiling this report were as follows:
**(please provide a URL link to each paper – remove this text from final version)**

- The assistance of the waste team at ESCC in providing data for this report is acknowledged
- https://www.adur-worthing.gov.uk/bin-collections/

## Appendix 1: Extract from Waste Compositional Analysis, East Sussex Joint Waste Partnership, June 2017

### Eastbourne Borough Council

The weekly waste arising was calculated as 9.47 kg/hh/wk, the highest in East Sussex.
Table 7 and Figure 3 show the residual composition profile for the area.
Food waste accounted for the largest proportion of the sample, 33.6%. Paper and card accounted for 12.4%, healthcare waste (which includes disposable nappies and sanitary products, as well as pet excrement and bedding) made up 12.1% of the materials, dense plastic 6.8% and plastic film accounted for 6.4%.

*Table 7: Overall composition of residual waste in Eastbourne, June 2017*

| Primary category | % Composition | Weight kg/hh/wk |
|---|---|---|
| Glass | 4.7% | 0.44 |
| Paper and Card | 12.4% | 1.16 |
| Metal – ferrous and non-ferrous | 3.6% | 0.35 |
| Dense plastics | 6.8% | 0.65 |
| Plastic Film | 6.4% | 0.60 |
| Garden Waste | 3.3% | 0.33 |
| Food Wastes | 33.6% | 3.11 |
| Miscellaneous combustible | 5.6% | 0.56 |
| Textiles and footwear | 2.9% | 0.29 |

| Primary category | % Composition | Weight kg/hh/wk |
|---|---|---|
| Miscellaneous non-combustible | 5.9% | 0.52 |
| Healthcare Waste | 12.1% | 1.21 |
| Fines | 1.4% | 0.13 |
| WEEE | 0.4% | 0.04 |
| Hazardous waste | 0.9% | 0.09 |
| **Total** | **100.0%** | **9.47** |

Appendix 2: Examples of waste communications in Eastbourne

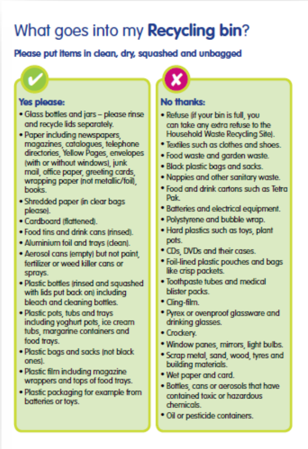
*New waste service branding as of June 2019*

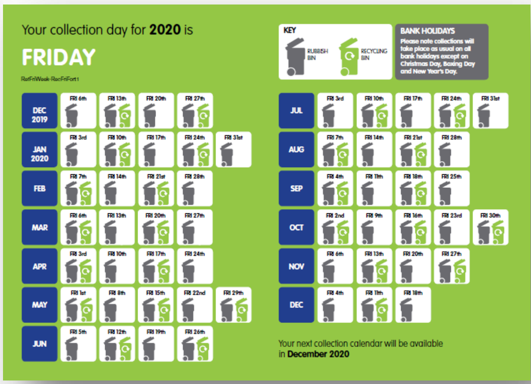
ENVIRONMENT FIRST
South East Environmental Services Ltd



Launch publicity

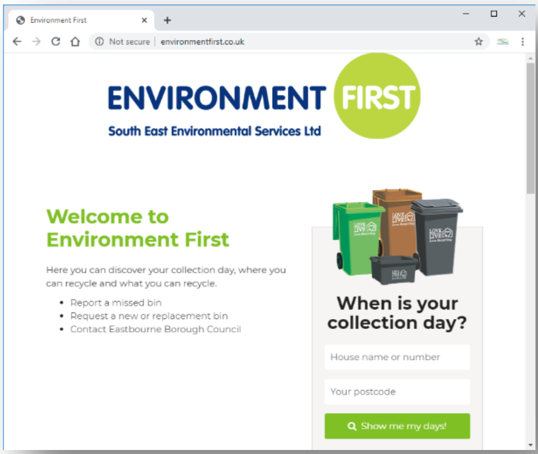
Borough-wide waste calendars, distributed November / December 2019

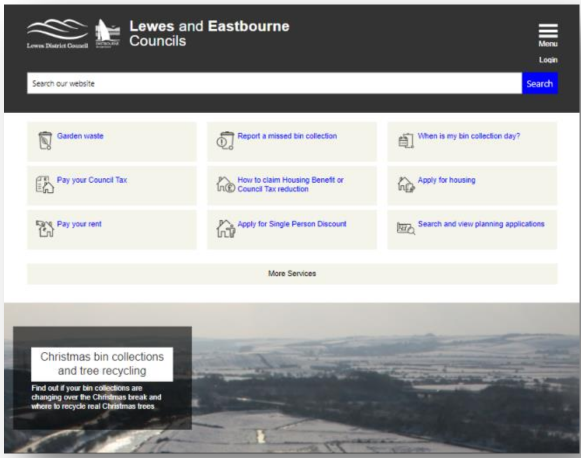



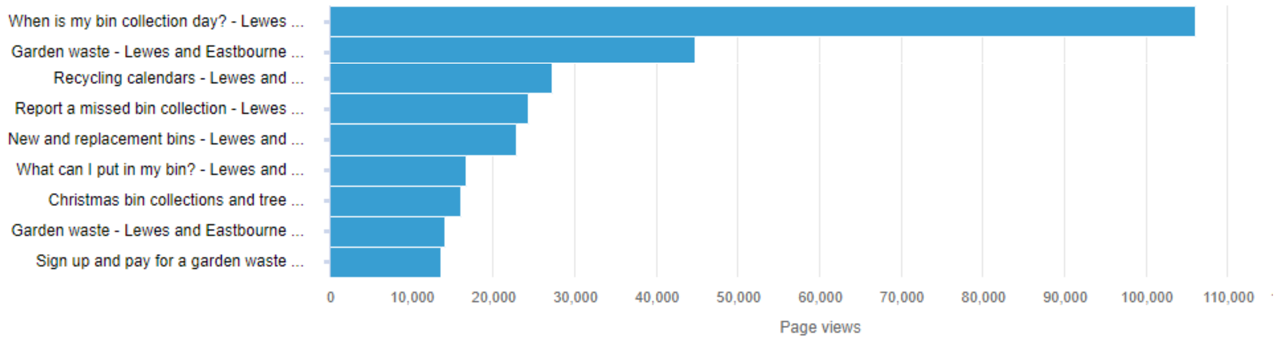




Presence at community events


## EnvironmentFirst.co.uk and EBC webite

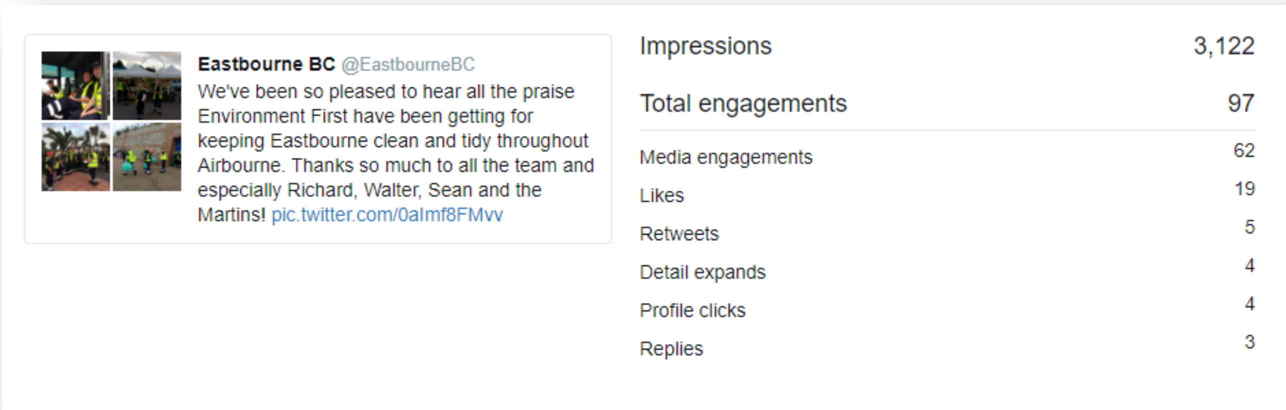


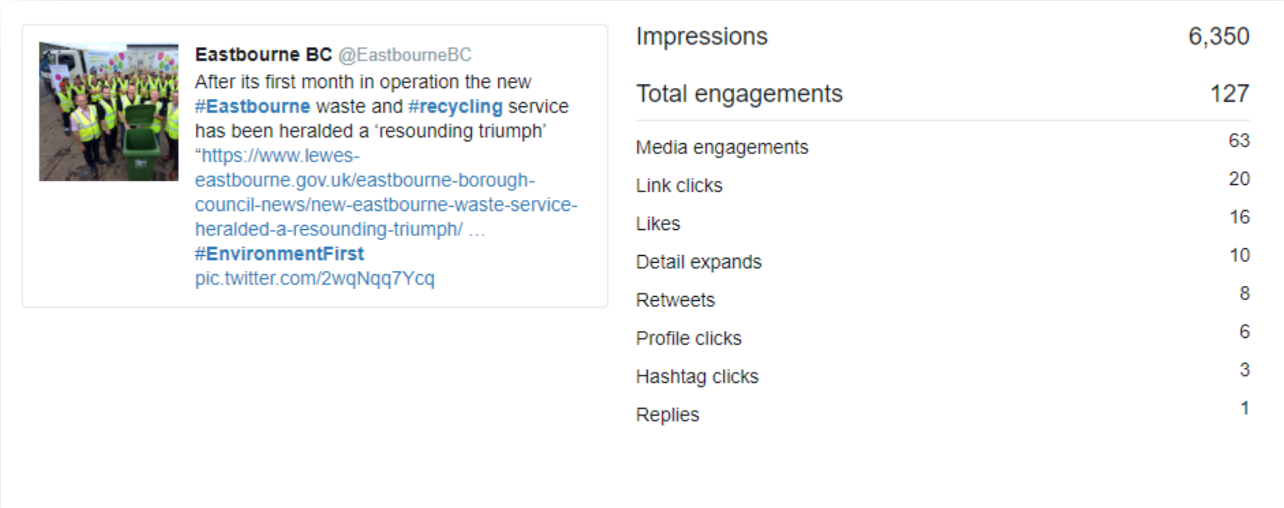




*Page views of most popular web content during 2019*

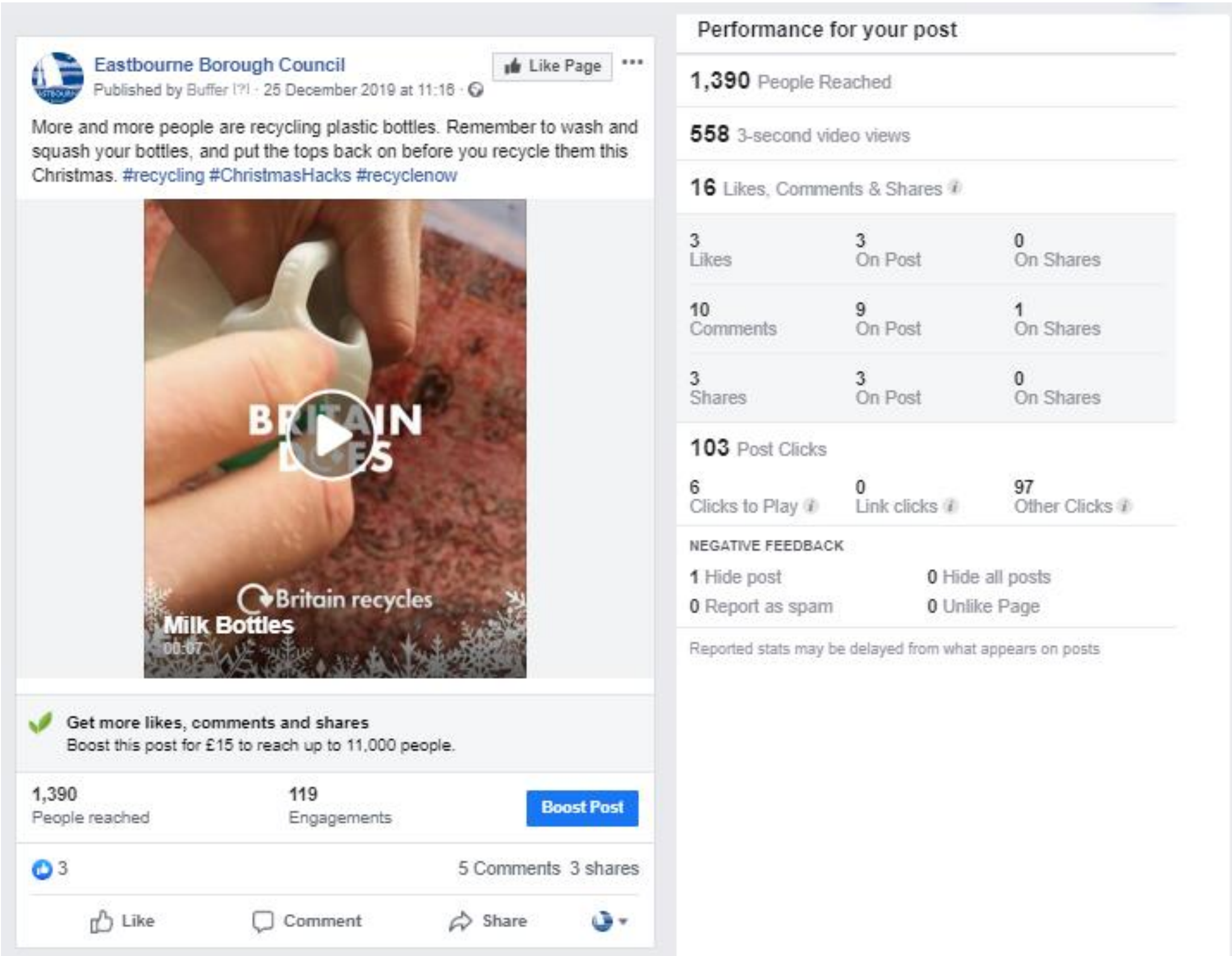
## Examples of social media activity





**Eastbourne BC** @EastbourneBC
After its first month in operation the new **#Eastbourne** waste and **#recycling** service has been heralded a 'resounding triumph' "https://www.lewes-eastbourne.gov.uk/eastbourne-borough-council-news/new-eastbourne-waste-service-heralded-a-resounding-triumph/ … **#EnvironmentFirst** pic.twitter.com/2wqNqq7Ycq

| | |
|---|---|
| Impressions | 6,350 |
| Total engagements | 127 |
| Media engagements | 63 |
| Link clicks | 20 |
| Likes | 16 |
| Detail expands | 10 |
| Retweets | 8 |
| Profile clicks | 6 |
| Hashtag clicks | 3 |
| Replies | 1 |



Eastbourne Borough Council
Published by Buffer [?] · 25 December 2019 at 11:16
Like Page

More and more people are recycling plastic bottles. Remember to wash and squash your bottles, and put the tops back on before you recycle them this Christmas. #recycling #ChristmasHacks #recyclenow



Get more likes, comments and shares
Boost this post for £15 to reach up to 11,000 people.

1,390 People reached
119 Engagements
Boost Post

3
5 Comments 3 shares
Like Comment Share

Performance for your post

**1,390** People Reached

**558** 3-second video views

**16** Likes, Comments & Shares

| | | |
|---|---|---|
| 3 Likes | 3 On Post | 0 On Shares |
| 10 Comments | 9 On Post | 1 On Shares |
| 3 Shares | 3 On Post | 0 On Shares |

**103** Post Clicks

| | | |
|---|---|---|
| 6 Clicks to Play | 0 Link clicks | 97 Other Clicks |

NEGATIVE FEEDBACK

| | |
|---|---|
| 1 Hide post | 0 Hide all posts |
| 0 Report as spam | 0 Unlike Page |

Reported stats may be delayed from what appears on posts

Post Details

Eastbourne Borough Council
Published by Buffer [?] · 13 August 2019

Broken glass can't go in the recycling bin, but when you throw it away please make sure it's contained safely - double bagged, or in a strong container. Refuse operatives might have to handle your rubbish bags, and that can really hurt if there are shards of glass sticking through the bin bag!

Get more likes, comments and shares
Boost this post for £15 to reach up to 11,000 people.

7,866 People reached | 1,846 Engagements | Boost Post

Sreelal Ak and Kevin John · 14 Comments · 6 shares

Like · Comment · Share

**Performance for your post**

7,866 People Reached

111 Reactions, comments & shares

| | | |
|---|---|---|
| 20 Like | 2 On post | 18 On shares |
| 4 Haha | 0 On post | 4 On shares |
| 1 Wow | 1 On post | 0 On shares |
| 80 Comments | 18 On Post | 62 On Shares |
| 6 Shares | 6 On Post | 0 On Shares |

1,735 Post Clicks

| | | |
|---|---|---|
| 57 Photo views | 0 Link clicks | 1,678 Other Clicks |

NEGATIVE FEEDBACK

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|---|---|
| 4 Hide post | 1 Hide all posts |
| 0 Report as spam | 0 Unlike Page |

Reported stats may be delayed from what appears on posts

Post Details

Eastbourne Borough Council
Published by Buffer [?] · 26 June 2019

Glass bottles and jars are getting easier to recycle, starting this July. Just ensure they're clean and dry and put them straight in your main recycling bin. You can reuse your old glass recycling box or dispose of it at your household waste recycling site


Get more likes, comments and shares
Boost this post for £15 to reach up to 11,000 people.

1,670 People reached | 146 Engagements | Boost Post

Melanie Watson, Sharon Webb and 6 others · 5 Comments · 9 shares

Like · Comment · Share

**Performance for your post**

1,670 People Reached

38 Reactions, comments & shares

| | | |
|---|---|---|
| 13 Like | 8 On post | 5 On shares |
| 1 Love | 0 On post | 1 On shares |
| 1 Haha | 0 On post | 1 On shares |
| 14 Comments | 12 On Post | 2 On Shares |
| 9 Shares | 9 On Post | 0 On Shares |

108 Post Clicks

| | | |
|---|---|---|
| 13 Photo views | 0 Link clicks | 95 Other Clicks |

NEGATIVE FEEDBACK

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|---|---|
| 1 Hide post | 0 Hide all posts |
| 0 Report as spam | 0 Unlike Page |

Reported stats may be delayed from what appears on posts

Post Details

**Eastbourne Borough Council**
Published by Buffer [?] · 24 July 2019

Like Page

Stop #plastic pollution - reuse or recycle it. Report littering here https://buff.ly/32qpqw0


Get more likes, comments and shares
Boost this post for £15 to reach up to 11,000 people.

**Performance for your post**

775 People Reached

8 Reactions, comments & shares

| | | |
|---|---|---|
| 5 Like | 5 On post | 0 On shares |
| 1 Love | 1 On post | 0 On shares |
| 1 Comments | 1 On Post | 0 On Shares |
| 1 Shares | 1 On Post | 0 On Shares |

17 Post Clicks

| | | |
|---|---|---|
| 4 Photo views | 1 Link clicks | 12 Other Clicks |

NEGATIVE FEEDBACK

| | |
|---|---|
| 0 Hide post | 0 Hide all posts |
| 0 Report as spam | 0 Unlike Page |

Reported stats may be delayed from what appears on posts

## Appendix 3 - EBC's comparator authorities, in order of recycling rate – Note 2017/18

| Local Authority | Residual frequency | Recycling scheme | Recycling frequency | Mixed plastics ? | Carton collecti on? | Garden waste charge ? | Food? | Residual household waste per household (kg/HH) (Ex NI191) | Percent of household waste sent for reuse, recycling or composting (Ex NI192) | Collected household waste per person (kg) (Ex BVPI 84a) |
|---|---|---|---|---|---|---|---|---:|---:|---:|
| Cheltenham | Fortnightly, but weekly communal | Multi-stream | Fortnightly | Yes | No | Yes | Yes | 448.6 | 48.5% | 404.8 |
| Gravesham | Fortnightly | Co-mingled | Fortnightly | Yes | Yes | Yes | Yes | 343.6 | 47.3% | 292.8 |
| North Devon | Fortnightly | Multi-stream | Fortnightly | Yes | No | Yes | Yes | 458.0 | 45.5% | 395.3 |
| Folkstone & Hythe | Fortnightly, but weekly communal | Two stream | Fortnightly | Yes | Yes | Yes | Yes | 400.2 | 45.3% | 331.6 |
| Canterbury | Fortnightly | Two stream | Fortnightly | Yes | Yes | Yes | Yes | 470.5 | 43.5% | 338.3 |
| Wyre Forest | Fortnightly, but weekly communal | Co-mingled | Fortnightly | Yes | Yes | Yes | No | 459.5 | 42.9% | 374.9 |
| Ipswich | Fortnightly | Co-mingled | Fortnightly | Yes | No | No but coming 2019 | Yes | 533.8 | 41.8% | 380.7 |
| Arun | Weekly | Co-mingled | Fortnightly | Yes | Yes | Yes | No | 431.7 | 40.7% | 293.0 |
| Broxbourne | Fortnightly | Multi-stream | Fortnightly | Yes | Yes | Yes | Yes | 447.0 | 40.6% | 350.5 |
| Eastbourne | Weekly | Co-mingled (as of July 2019) | Fortnightly | Yes | No as of July 2019 | Yes | No | 465.1 | 38.9% | 358.0 |

## Appendix 3 Continued - EBC's comparator authorities, in order of recycling rate – Note 2017/18

| Local Authority | Residual frequency | Recycling scheme | Recycling frequency | Mixed plastics ? | Carton collection? | Garden waste charge ? | Food? | Residual household waste per household (kg/HH) (Ex NI191) | Percent of household waste sent for reuse, recycling or composting (Ex NI192) | Collected household waste per person (kg) (Ex BVPI 84a) |
|---|---|---|---|---|---|---|---|---:|---:|---:|
| Eastbourne | Weekly | Co-mingled (as of July 2019) | Fortnightly | Yes | No as of July 2019 | Yes | No | 465.1 | 38.9% | 358.0 |
| Dover | Fortnightly | Two stream | Fortnightly | Yes | No | Yes | Yes | 542.3 | 38.0% | 383.1 |
| Scarborough | Fortnightly | Co-mingled | Fortnightly | Yes | Yes | Yes | No | 501.2 | 37.0% | 418.5 |
| Worthing | Fortnightly as of Sep 2019 | Co-mingled | Fortnightly | Yes | Yes | Yes | No | 503.3 | 35.8% | 354.9 |
| Worcester | Fortnightly | Co-mingled | Fortnightly | Yes | Yes | Yes | No | 449.4 | 35.7% | 311.6 |
| Thanet | Fortnightly, but weekly sacks and communal | Two stream | Fortnightly | Yes | Yes | Yes | Yes | 452.5 | 34.9% | 328.9 |
| Adur | Fortnightly as of Sep 2019 | Co-mingled | Fortnightly | Yes | Yes | Yes | No | 505.0 | 33.8% | 337.7 |
| Great Yarmouth | Fortnightly, but weely sacks and communal | Co-mingled | Fortnightly | Yes | Yes | Yes | No | 524.9 | 31.9% | 368.8 |
| Havant | Fortnightly | Co-mingled | Fortnightly | No | Not clear | Yes | No | 504.4 | 30.7% | 318.4 |
| Hastings | Fortnightly, but weekly sacks | Co-mingled (as of July 2019) | Fortnightly | Yes | No as of July 2019 | Yes | No | 495.3 | 29.6% | 328.0 |
| Lewes | Weekly | Co-mingled | Fortnightly | Yes | No | Yes | Yes | 502.1 | 26.7% | 299.5 |
| Gosport | Fortnightly | Co-mingled | Fortnightly | No | No | Yes | No | 500.6 | 23.0% | 280.7 |

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# Agenda Item 11

| | |
|---|---|
| **Report to:** | **Scrutiny** |
| **Date:** | **3 February 2020** |
| **Title:** | **Corporate Plan 2020-24** |
| **Report of:** | **Director of Regeneration and Planning** |
| **Cabinet members:** | **Councillor David Tutt, Leader of the Council** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **For Scrutiny to consider the draft Eastbourne Council Corporate Plan 2020 – 24 and make any recommendations to Cabinet** |
| **Decision type:** | **Budget and policy framework** |
| **Officer recommendation(s):** | **1) To consider the draft Corporate Plan for 2020-2024 and**<br><br>**(2) To make recommendations to Cabinet** |
| **Reasons for recommendations:** | **To enable the Council to set out its strategic vision, objectives and priority projects for the next four years and provide a firm basis for forward planning and performance management.** |
| **Contact Officer(s):** | **Name: Millie McDevitt**<br>**Post title: Performance and Programmes lead**<br>**E-mail: Millie.Mcdevitt@lewes-eastbourne.gov.uk**<br>**Telephone number: 01323415637** |

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## 1 Introduction

1.1 The Corporate Plan is a key document. It sets out the council's commitments to its residents and businesses and outlines a programme of important strategic objectives and the projects that will deliver these for the district. It is important to bear in mind that the next four year's priorities are set against an uncertain and challenging financial backdrop which requires the council to make the best possible use of its resources.

1.2 Whilst there is not a statutory requirement to produce a Corporate Plan, it remains important to ensure the authority has a robust framework within which to monitor and assess performance and achievements.

1.3 Progress against outputs and projects set out in the plan will be reported to members on a quarterly basis, as part of normal performance management arrangements (through both Scrutiny and Cabinet).

## 2 Development of the Corporate Plan

2.1 The draft Corporate Plan has been prepared for Scrutiny Members consideration having regard to the following:

a. The Council's existing programme of transformation projects, community initiatives and policy commitments;

b. The needs and aspirations of the people who live and work in Eastbourne

c. The priorities expressed by the Administration during and since the elections in May 2019 ; and

d. The financial and policy drivers likely to impact the Council in the short to medium term.

## 3. Consultation

Whilst there is no formal requirement to consult there will be targeted stakeholder consultation where key partners are asked their views on the current draft.

## 4 Adoption and delivery of the Corporate Plan

4.1 Following adoption by Members, the final Council Plan will be published on the Council website. Although a four year plan, it is considered a dynamic document that will develop over time and therefore will be subject to annual review and refresh, with appropriate consultation, throughout its lifespan.

4.2 Progress against key success measures and project deliverables contained within the document will be reported to Members on a regular basis, as part of the council's usual performance management arrangements.

## 5 Financial appraisal

5.1 The financial aspects of all projects and actions within the Corporate Plan will be included within the approved budget for 2020/21 and the Medium Term Finance Strategy, or (in the case of new initiatives which may still be at an early planning stage) will be subject to future reports to, and approval by, Cabinet.

## 6 Legal implications

6.1 There are no legal Implications arising from this report.

## 7 Risk management implications

7.1 The risk management implications of individual decisions relating to the projects and initiatives covered in this report will be addressed as part of the planning and delivery of those individual projects.

## 8 Equality analysis

8.1 Equality Analyses are being undertaken in relation to the individual projects which make up the Council Plan, and therefore it has not been considered necessary to undertake an overarching analysis of the Plan as a whole.

## 9 Environmental sustainability implications

Sustainability implications will be considered for each individual project and is a prime consideration for all areas of the council's work as outlined in the Corporate Plan.

## 10 Appendices

- Appendix 1 – Draft Corporate Plan 2020-24

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EASTBOURNE
Borough Council

Working in partnership with **Eastbourne Homes**

# CORPORATE PLAN
## 2020-2024

# INTRODUCTION
## From the LEADER

Cllr David Tutt

**Welcome to Eastbourne Borough Council's corporate plan. This sets out our ambitions and vision for how we will provide outstanding customer service and provide Eastbourne's communities and visitors with a a great place to live, work and enjoy. Underlying all our work, is the climate emergency which we declared in 2019 and we will be working closely with partners to achieve a zero carbon town by 2030.**

The council plays a key role in community leadership and enabling the long-term sustainability and resilience of our communities. This is particularly important as we continue to redevelop and regenerate Eastbourne as well as provide new homes,

How we will work over the next 4 years is shown through our priority themes. These reflect our vision to deliver a clean and attractive zero carbon town, producing less waste than before, with a high quality built environment, excellent parks and open spaces, served by a number of good transport options.

To deliver this, we will work closely with partners such as the East Sussex college group, the Community Safety partnership, local charities and social enterprises as well as the local community.

> *A 'sustainable thread runs throughout all areas of our work*

# EASTBOURNE – FACTS and FIGURES

**Population**
**103,251**

Population increased by 7.9%. Below average for South East England (8.7%)

Population predicted to grow by 203 to 114,870

**Economic**

74.7% in employment
57.6% employed by an organisation/ company and 16.4% self-employed
62%= full-time
38% = part-time
29% of Eastbourne areas in the 3 most deprived national deciles

**Working age**

In 2017, £357.4m spent by tourists to Eastbourne. 80% of overnight visitors stay in paid accommodation (hotels, b&bs etc)

25% of employment is tourism related.

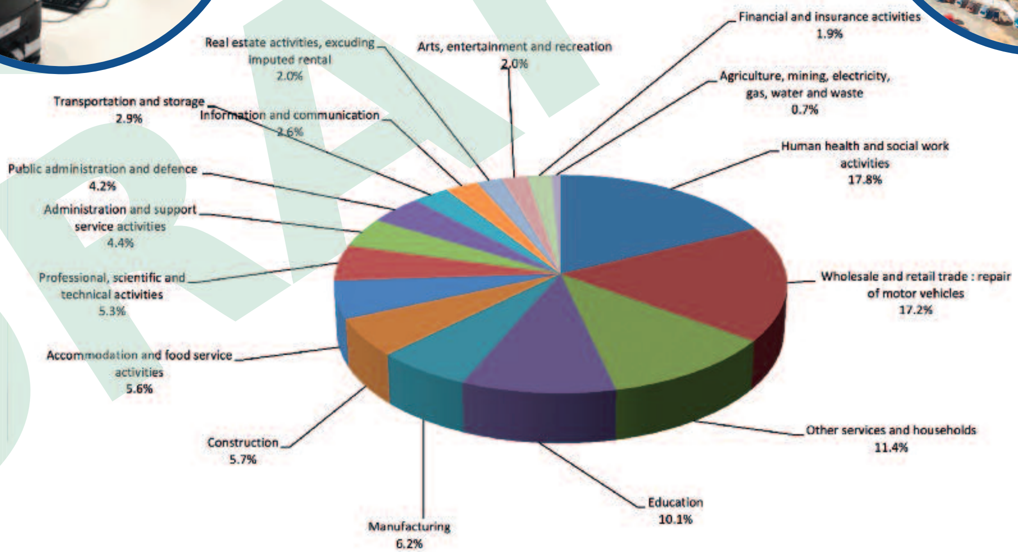
Page 135

**Households**

Projected households to 2031: 58,500

Average house price (2018): £262,099 vs £225,086 (2015)

**% Breakdown of Industries**



# CUSTOMER CHARTER

## OUR PROMISE to you

**We aspire to provide outstanding customer service and provide Eastbourne's communities with a great place to live, work and enjoy. Our commitment to you is enshrined in our new customer charter and you will see us delivering your services through our visible teams of Customer First, Neighbourhood First, Homes First and Environment First.**

### As a valued customer you can expect us to:

**Be fair**

- treat you as an individual
- deliver a professional service
- be honest about what we can and can't do
- provide services that do not unfairly discriminate against or disadvantage anyone in the community

**Be respectful**

- listen to you
- be courteous, polite and helpful at all times
- maintain your privacy and confidentiality
- do what we say we will do

**Be accessible**

- provide modern, efficient online services 24 hours a day, seven days a week
- communicate clearly
- publish clear, concise and up to date information on our website
- respond to customer enquiries sent through all channels including social media profiles
- offer reasonable adjustments to those needing help accessing our information or services

**Be accountable**

- give our name so you know who you are dealing with
- focus on delivering our core responsibilities
- clearly signpost how you can provide feedback on our services

**Be efficient**

- be knowledgeable, giving accurate information
- provide online channels that enable you to access our services at your convenience
- communicate with you electronically, wherever appropriate, but offering other methods if needed
- make the best use of council resources to ensure we are providing value for money

**Learn**

- aim to get things right first time and learn from experience
- take complaints seriously and seek to resolve any issues at the earliest opportunity

**In return, we ask that you:**

- treat our staff with respect
- give us the correct information at the right time
- tell us when something changes
- share your views with us on council matters that are important to you
- tell us about anything we can do to overcome barriers to accessing our services.

# GROWTH & PROSPERITY
## EASTBOURNE in 2024

**We will have a prosperous and thriving and sustainable economy which provides opportunities for businesses to grow and invest, supports employment and skills, invests in housing and regeneration along with the infrastructure to support economic growth. Eastbourne will continue to be an outstanding destination for tourism, arts, leisure, heritage and culture.**

**Our success measures are:**

- Tourism figures
- Town centre vacancy rates
- Maintaining high numbers of bandstand patrons
- Business rates and rent collection figures
- Business Improvement District (BID) Levy collected by EBC on behalf of BID Levy Company

*RIGHT Congress Theatre and Welcome Building*

# GROWTH & PROSPERITY

## EASTBOURNE in 2024 will be:

### Outstanding in tourism & leisure

**Achieved through**

- New Sovereign Leisure Centre
- A Hotel of Excellence: which will provide students and apprentices 'real time' hotel training opportunities, by working in and experiencing the day to day operations and service departments of an operational hotel
- An exciting arts and events programme, including world-class musical performances, theatre productions and a wide variety of bandstand performances

### Attractive & Thriving

**Achieved through**

- Protecting and enhancing the heritage environment
- Continuing to improve the public realm in the town centre and provide a continuous pedestrian link between the railway station and the seafront'
- Continuing to deliver a pipeline of projects through partnerships
- Exploring the development of a micro-brewery

### Supporting and attracting business

**Achieved through**

- Delivery of Fishermen's Quay at Sovereign Harbour
- Revitalising Sovereign Harbour Innovation Park
- Using the Business Improvement District Levy to fund improvements in the safety and security and the look of the town centre
- A local Industrial strategy which will define how areas will maximise their productivity whilst minimising environmental impact



# GROWTH & PROSPERITY
## EASTBOURNE in 2024 will have:

### Improved infrastructure

**Achieved through**

- Continuing to lobby Government for a new A27 dual carriageway beween Lewes and Polegate
- New integrated cycling and walking routes
- Implementing the Transport for South East strategy
- Support for high speed rail services to the town and support for reduced train journey time between Eastbourne and London

### Exciting cultural events

**Achieved through**

- A vibrant and broad ranging events programme
- Successfully hosting the International Lawn Tennis tournament annually
- Delivering increased conference and exhibition trade at Devonshire Quarter

*RIGHT* *Winter Garden*

# HOUSING & DEVELOPMENT
## EASTBOURNE in 2024:

**We will work alongside residents to deliver decent, safe and well managed housing, meeting the needs of residents by; investing in our homes; creating communities that work; and responding to homelessness and housing needs through maximizing the provision of new affordable housing.**

**Our success measures are:**

- the number of new homes built or purchased
- reducing the number of families housed in emergency accommodation
- increasing the levels of satisfaction across housing services
- increasing the numbers of residents helped to remain independent and in their homes
- efficient processing of planning applications.

# HOUSING & DEVELOPMENT
## EASTBOURNE in 2024 will be:

### Addressing Homelessness

**Achieved through**

- Focussing on prevention, to support households at risk of homelessness.
- Working in partnerships to address the number of rough sleepers in the town and support them in finding suitable accommodation
- Bringing empty homes back into use

### Promoting homes that sustain health & wellbeing

**Achieved through**

- Exploring how technology can be used to maintain home independence and implementing relevant initiatives
- Further use of  grant funding to extend independent living
- Developing integrated health, housing and care strategies.

# HOUSING & DEVELOPMENT

## EASTBOURNE in 2024 will have:

### Promoting access to housing that meets modern standards

**Achieved through**

- Effective development pipeline within the Council's Housing Companies
- Promoting accessible low cost rental and home ownership initiatives
- Reducing the environmental impact that privately owned homes have on the environment.

### Safe, well managed and decent homes

**Achieved through**

- Giving residents a voice in how their homes & communities are managed
- Reducing the environmental impact that Council owned homes have on the environment

### Locations regenerated and more housing

**Achieved through**

- Agreeing a new Local Plan that sets delivery targets that meet local housing needs
- Working with public sector partners to utilise shared assets
- Working with public / private sector partners to deliver new affordable housing
- Identifying sustainable locations for development
- Transitioning to the delivery of new carbon-neutral & environmentally friendly homes
- 'Living above the shop': encouraging and repurposing premises above shops and commercial units to be used as residential accommodation

# QUALITY ENVIRONMENT
## EASTBOURNE in 2024:

**We will have a clean and attractive zero carbon town, producing less waste with better air quality than before. The town will have a high quality built environment, excellent parks, open spaces and be served by a number of good transport options.**

**Our success measures are:**

- Percentage of household waste recycled
- Number of fly-tips
- Annual figure of food inspections
- Reducing the incidents of graffiti

# QUALITY ENVIRONMENT

## EASTBOURNE in 2024 will be:

### Effectively tackling waste

**Achieved through**

- Waste reduction education campaigns
- An effective local authority controlled waste company (South East Environmental Services)
- Waste crime addressed

### Protecting the environment

**Achieved through**

- Following a contaminated land strategy
- Additional land burial sites
- Enhancing biodiversity of public and open spaces

### A low carbon place

**Achieved through**

- Implementing an air quality strategy which is ambitious but achievable
- Electric vehicle charging points throughout the borough
- Residents cycling and using public transport more through improved infrastructure






# QUALITY ENVIRONMENT

## EASTBOURNE in 2024 will have:

### Sustainable open spaces

**Achieved through**

- A comprehensive Downland strategy
- Improved parks and open spaces

# THRIVING COMMUNITIES
## EASTBOURNE in 2020-24

**Our vision is for strong communities where individual residents and their different organisations and support networks have the resources they need to be healthy, feel safe, and thrive. Key to this is our work with partners through the Eastbourne Youth Partnership and the Community Safety Partnership, and with partners in the police, health services and the county council. We will also promote equality and foster positive relationships.**

**Our success measures are:**

- Reducing levels of crime per 1000 population compared with similar areas
- Benefits processing times
- Surveys demonstrate residents feel safer



# THRIVING COMMUNITIES

## EASTBOURNE in 2020-24 will:

### Promote inclusion and address deprivation

**Achieved through:**

- Fostering positive relations between communities
- A more accessible town (using our disability access audit as a starting point)
- Working with local residents to help understand inequality and putting in place measures to reduce isolation
- Promoting financial independence by improving access to education, training and employment

### Promote physical health and mental well-being

**Achieved through:**

- Working with Wave Leisure, other activity providers and the East Sussex Public Health team to promote physical activity
- Improving the facilities provided at the Sovereign Leisure Centre
- Promoting walking and cycling as both leisure and commuting activities



# THRIVING COMMUNITIES

## EASTBOURNE in 2020-24 will have:

### Actively engaged communities

**Achieved through**

- Supporting the activities of local voluntary and community groups
- Working with partners to represent the interests of identified groups
- Supporting staff across the council to take part in voluntary activites

### Safe communities

**Achieved through**

- Identifying and addressing risks and emerging threats such as 'cuckooing' and County Lines
- Ensuring that new developments and regeneration schemes adhere to 'secure by design' principles
- Working with the police and other local agencies to tackle local crime and disorder, by identifying emerging threats and targeting measures to address these

*LEFT* ***Nominated Neighbour Scheme*** *is a partnership between Eastbourne and Lewes District Council – with Sussex Police – to promote Safer Communities*

### Safe residents

**Achieved through**

- Working with partners to uncover and tackle domestic abuse and hate crime
- Safeguarding children and vulnerable adults through clear procedures to identify them and secure required interventions
- Working closely with partners to tackle modern slavery and human trafficking
- Running campaigns that promote safey in the home

# BEST USE OF RESOURCES

**Eastbourne Borough Council will ensure the best possible use of its limited resources to deliver high quality customer services. Whilst doing so, we will embed sustainability into our procurement practices and make considered purchasing decisions such as finding alternatives to single-use plastics. We will also become more efficient in our use of energy at our sites, making targeted improvements where cost effective to do so.**

## Commercialisation and increasing revenue

**Achieved through**

- Reinvigorating Hampden Retail Park and Victoria Mansions
- New commercial ventures through partnerships
- Maximising value of property portfolio

## Delivering high quality customer services

**Achieved through**

- Improving online engagement and digital services
- Responding to customer feedback to improve our services

## Delivering value for money services and responsibly managing risk

**Achieved through**

- Automation
- Council tax and business rates which help deliver residents' services efficiently
- Preparing for and responding to local and national challenges

## Generating Social Value

**Achieved through**

- Responsible procurement practices including through our Joint venture company Clear Futures
- Ensuring staff wellbeing through following work practices that protect and look after staff's physical and mental health
- Having a workforce and culture that reflects the diversity of the local community and providing diversity training and recruitment and selection practice

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|---|---|
| **Report to:** | **Scrutiny** |
| **Date:** | **3 February 2020** |
| **Title:** | **Portfolio Progress and Performance Report 2019/20- Quarter 3 (1 October-31 December 2019)** |
| **Report of:** | **Ian Fitzpatrick, Director of Regeneration and Planning** |
| **Cabinet member:** | **Councillor Colin Swansborough, Portfolio Holder** |
| **Ward(s):** | All |
| **Purpose of report:** | To consider the Council's progress and performance in respect of key projects and targets for the third quarter of the year (October-December 2019) as shown in Appendix 1 and make recommendations to Cabinet. Performance out-turn of the second quarter is also contained in this report as this was not presented at the usual time due to purdah (December General election). |
| **Decision type:** | Non-key |
| **Officer recommendation(s):** | Note progress and performance for Quarter 3 and 2 |
| **Reasons for recommendations:** | To enable Scrutiny members to consider specific aspects of the Council's progress and performance. |
| **Contact Officer(s):** | Name: Millie McDevitt<br>Post title: Projects and Performance Lead<br>E-mail: Millie.McDevitt@lewes-eastbourne.gov.uk<br>Telephone number: 01273 085637 / 01323 415637 |

## 1 Introduction

1.1 The Council has an annual cycle for the preparation, implementation and monitoring of its business plans and budgets. This cycle enables us regularly to review the Council's work, and the targets it sets for performance, to ensure these continue to reflect customer needs and Council aspirations.

1.2 It is important to monitor and assess progress and performance on a regular basis, to ensure the Council continues to deliver priority outcomes and excellent services to its customers and communities.

1.3 This report sets out the Council's performance against its targets and projects for the third quarter of 2019/20 (the period running from 1st October to 31 December 2019).

## 2 Themes and Priority Visions

The Corporate Plan was developed with four themes to focus delivery of improvement activity for the borough. Each of these themes had its own priority vision for how the authority and its stakeholders wanted Eastbourne to develop. Performance is measured against these themes and objectives.


## 3

3.1 Appendix 1 provides a high level summary of progress and performance arranged by Cabinet portfolio. The summary shows where performance and projects are 'on track/on target' and where there are areas of risk, concern or under-performance. Where performance or projects are 'off track/below target', an explanation of the management action being taken to address this is also provided.

3.2 Detailed project/performance tracking information is recorded in the Council's performance management information system (Pentana (formerly known as Covalent). The system uses the following symbols to indicate the current status of projects and performance targets:

3.3 **Community Ward Projects - Devolved Budget**

The last section of Appendix 1 details the devolved budget spend by ward and the projects that have been supported through this scheme so far this year. Each ward has a total of £10,000 available to spend each year on schemes requested by the local community.

## 4 Financial Appraisal

4.1 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 reports (also reported to Cabinet each quarter) as there is a clear link between performance and budgets/resources.

**5. Legal Implications**

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

**6 Risk Management Implications**

6.1 It is important that corporate performance is monitored regularly otherwise there is a risk that reductions in service levels, or projects falling behind schedule, are not addressed in a timely way.

**7 Equality Analysis**

7.1 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.

**8 Appendices**

8.1 Appendix 1 – Portfolio Progress and Performance Report (Quarter 3 2019/20)

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**Appendix 1**

# Eastbourne Borough Council Corporate Performance Report Q3 2019-20



| Key | | | |
|---|---|---|---|
| ✔ | Performance that is at or above target<br>Project is on track | ● | Performance that is below target<br>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<br>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 Growth & Prosperity 2019/20

**1.1 Growth & Prosperity Projects & Programmes**

**1.2 Growth & Prosperity Key Performance Indicators**

## 1.1 Growth & Prosperity Projects & Programmes

| Project / Initiative | Description | Target completion | Status | Update |
|---|---|---|---|---|
| Sovereign Harbour Innovation Park (SHIP) | New contemporary business premises at Sovereign Harbour Innovation Park to be delivered by Sea Change Sussex. | Q4 2021/22 | ✔ | Occupancy of Pacific House remains at around 90%. |
| Eastbourne Town Centre Improvement Scheme (Town Centre Public Realm Improvements) | Significant improvements to the pedestrian environment in Terminus Road, Cornfield Road and Gildredge Road to be delivered alongside the extension to the Arndale. Joint Partnership Project with ESCC. | Q3 2019/20 | ✔ | Mildren were issued with their completion certificate on 13th December, marking the end of the work and the start of the 12 month defects (guarantee) period. The Project Director has agreed a list of snagging with Mildren and they will be working through as much of the snagging as they can. Any remaining snagging works will be undertaken in early January. |
| Extension to Arndale Shopping Centre (The Beacon) | Led and financed by Legal and General (Performance Retail Limited Partnership PRLP). An £85m scheme to provide 22 new retail units, 7 restaurants and multi screen cinema. | Q2 2019/20 | ✔ | The Council received the REVO gold award in the category of Regenerate. |
| Wish Tower Restaurant | Scheme to deliver a flagship restaurant | Q3 2019/20 | ✔ | Project complete. Bistrot Pierre opened to the public on 15 November 2019. |
| 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 | ⚠ | Outstanding Vinci works of the Welcome Building and Congress Theatre are almost complete; a few issues remain.<br><br>Winter Garden: production kitchen design progressing; scope of remaining work established however costs to be interrogated further prior to commencement. Live music potential to be investigated by soft market testing.<br><br>Outstanding non-Vinci work streams ongoing (Highways revisions, external signage, planting, etc).<br><br>Draft final account due end Q1 2020. |
| Sovereign Centre Review | Construction of new leisure centre on existing Sovereign Centre car park to provide leisure, 8 lane and diving/training pools, ten pin bowling and 'clip and climb' facilities, cafe; and children's zone. Project also includes reviewing options for site of existing facility. | Q4 2019/20 | ⚠ | Planning documents prepared; application submission on hold pending feasibility study of SHARC energy scheme.<br><br>EBC to review final CSF stage 2 proposals in Jan 2020. Awaiting final CSF stage 2 proposals. |

| Project / Initiative | Description | Target completion | Status | Update |
|---|---|---|---|---|
| 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 2019/20 | | Project complete. The community centre has been handed over to Wave Leisure. Final snagging works are being undertaken.<br><br>The Community Centre held a Local Plan consultation event on 5 December and was used as a polling station on 12 December. |
| 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 | | Final phase of remediation works nearing completion - asbestos has been uncovered in the recently uncovered western section. Developer selection underway. Application to the Environment Agency for retaining stockpiles on site under a waste exemption has been submitted. |
| Hampden Retail Park | The acquisition and development of Hampden Retail Park as part of the Property Acquisition and Investment Strategy (PAIS). | Q2 2019/20 | | Stage 2 has been received and responded to.<br><br>Currently negotiating with prospective tenants for occupation of units. Scheme expected to be received Q1 2020/21. |



# CPR Ebn 1 Growth & Prosperity 2019/20

**1.1 Growth & Prosperity Projects & Programmes**

**1.2 Growth & Prosperity Key Performance Indicators**

## 1.2 Growth & Prosperity Key Performance Indicators

| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| Town centre vacant retail business space | 10.4% | 5.35% | 7.3% | **7.92%** | **10.4%** | | | Eastbourne Town Centre's shop vacancy rate was 7.9% at quarter 3, an increase of 0.62% from quarter 2. National Springboard Quarter 3 reporting fell to 10%. The council is working with local partners on initiatives to enhance footfall and attract new retailers to the town.<br><br>Anticipating closure of Debenhams in Jan 2020 and the team are in close contact with the appointed agents for the Debenhams site. |

| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| Increase numbers of bandstand patrons | 43,000 | 18,555 | 60,251 | 5,088 | n/a | | | The Bandstand extended the season this year and was open in October. A total of 5088 patrons attended the Tribute Shows on Fridays and Saturdays during this month. |
| Percentage of Council Tax collected during the year - Eastbourne | 97.06% | 28.38% | 54.89% | **81.90%** | **82.44%** | | | Although collection is still below target by 0.54%, it has improved since Q2 when collection was 0.64% below target. There are 1,200 accounts with outstanding debts that will be sent to the enforcement agents in January to be recovered. We expect collection to further improve in the final quarter. |
| Percentage of Business Rates collected during the year - Eastbourne | 98.50% | 28.68% | 53.73% | **79.05%** | **81.10%** | | | Whilst the collection rate is still below target, it has improved since last month when it was 2.21% below target. The expectation is that this will continue to improve during the course of quarter 4. |
| Number of visitors to Eastbourne (day visitors and staying trips) Annual | 5,066,000 | Not measured for Quarters | | Not measured for Quarters | | | | Annual PI - to be reported in Q4 1920 |
| Total tourist spend in Eastbourne (Annual) | £357,442,000 | Not measured for Quarters | | Not measured for Quarters | | | | Annual PI - to be reported in Q4 1920 |
| Total day visitor spend in Eastbourne (Annual) | £145,747,000 | Not measured for Quarters | | Not measured for Quarters | | | | Annual PI - to be reported in Q4 1920 |
| Total holiday accommodation spend in Eastbourne (Annual) | £211,695,000 | Not measured for Quarters | | Not measured for Quarters | | | | Annual PI - to be reported in Q4 1920 |

# CPR Ebn 2 Housing 2019/20

## 2.1 Housing Projects & Programmes

## 2.2 Housing Key Performance Indicators

| Project / Initiative | Description | Target completion | Status | Update |
|---|---|---|---|---|
| Housing Development Programme - Ebn | 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 | | A report will be presented to February Cabinet finalising the method of delivery and budget on the development of Bedfordwell Road which will provide 96 new homes for the town. |
| Rough Sleeping Project | Reduce homelessness. | Q4 2019/20 | | The project continues to expand with weekend support provision being explored in partnership with the Community Safety Partnership. Funding for the project is until March 2020. The MHCLG are currently reviewing the RSI alongside sister projects. The 5 local authorities (including Eastbourne and Hastings) have submitted a joint bid to MHCLG for a further years RSI funding (March 2020 – March 2021). An increase in the Outreach service, emergency accommodation units and multi-disciplinary team has been proposed. Verified Rough Sleepers: Oct: 38 Nov:27 Dec:41 |



# CPR Ebn 2 Housing 2019/20

## 2.1 Housing Projects & Programmes

## 2.2 Housing Key Performance Indicators

## 2.2 Housing Key Performance Indicators

| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| Number of new affordable homes | 30 | 0 | 12 | **17** | **17** | | | 12 new homes were completed in Northbourne Road and 5 new homes acquired through Aspiration Homes LLP at St Luke's Terrace |
| (Ann) Net additional new homes provided | 274 | | | | | | | Annual PI - data due April 2020 |

| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| DFGs - Time taken from council receiving a fully complete application to the council approving the grant | 28 days | 3 days | 1 days | **1 day** | **28 days** | | | Performance output remains high |
| Number of Licensed HMO's Inspected per Quarter | At least 50 | 12 | 19 | **15** | **At least 12.5** | | | Performance has exceeded the target |
| Taking everything into account, percentage of tenants satisfied or dissatisfied with overall Homes First service | 90% | 81% | 87% | **93%** | **90%** | | | |
| Rent arrears of current tenants (expressed as a percentage of rent debit) (E) | 2% | 3.84% | 4.07% | **4.68%** | **2%** | | | Universal credit has impacted on rent arrears due to varied payment dates. 72% of our Universal Credit Claimants are in rent arrears. We have added eight additional Direct debit dates to allow rent payments to be taken in line with the Universal credit payments.<br><br>This also reported to EHL board which is aware of the issues that lead to tenant rent arrears and consideration is being given, by the board, how they can financially support additional resources to work with tenants who are having difficulties maintaining their rent payments.<br><br>The expectation is that team performance will continue to further improve over the coming months.<br><br>This will happen with the implementation an improvement plan focusing on greater caseworker ownership of their individual rent arrears caseload, with an emphasis on reaching a monetary team collection target by the 31st March 2020. |
| Average void relet time key to key (month & YTD) (E) | 20.0 | 17.8 | 15.2 | **18.2** | **21.0** | | | The re-let time for the quarter started off well below target in October. This continued in November. December was above target due to one property which had significant delays in re-letting as a result of unsuitable candidates and multiple refusals.<br>The overall figure for the quarter is within target, which is a significant improvement in comparison to last year. We continue to monitor void and lettings during weekly meetings and this will continue in order to closely manage performance going forward. |
| Number of households living in emergency (nightly paid) accommodation (E) | 0 | 158 | 181 | **158** | **0- Data only** | | | At the end of Q3 there were 158 households in emergency accommodation in Eastbourne. This is down from 181 at the end of Q2, a reduction of 12.7%.<br><br>Despite this, demand for housing and homelessness services remained high during |

| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| | | | | | | | | this quarter.<br><br>Between 1 October and 31 December 333 households presented to Eastbourne Borough Council in need of housing support. 193 of these 333 households were either homeless on the day or at immediate risk of homelessness (i.e. within the next two weeks).<br><br>Out of these 193 households, 173 were provided with immediate housing solutions and 20 households were placed into emergency accommodation. Our Temporary Accommodation and Commercial Lettings team have moved 112 out of emergency accommodation.<br><br>Work continues in the new year to reduce the overall number of households in EA. This includes reviewing our re-alignment of work streams, initially carried out in July 19, and reviewing our homelessness strategy. |

# CPR Ebn 3 Thriving Communities 2019/20

**3.1 Thriving Communities Key Performance Indicators**

**3.2 Projects & Programmes**

## 3.1 Thriving Communities Key Performance Indicators

| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| Average days to process new claims for housing/council tax benefit (E) | **22** | 22 | 19 | **19** | **22** | | | Performance remains ahead of target. |
| Average days to process change of circs (housing/council tax benefit) (E) | **8** | 9 | 8 | **7** | **8** | | | Performance remains ahead of target. |
| Improve our ranking compared to similar authorities in relation to all crime - Eastbourne | **5** | 1 | 1 | **1** | **5** | | | Eastbourne has maintained its ranking as the lowest area for crime per 1,000 population compared with other areas in its most similar group. |

# CPR Ebn 4 Quality Environment 2019/20

**4.1 Quality Environment Projects and Programmes**

**4.2 Quality Environment Key Performance Indicators**

## 4.2 Quality Environment Key Performance Indicators

| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| Increase the percentage of Major Planning Applications processed within 13 weeks | 65% | 100% | 67% | **100%** | **65%** | | | 3 major applications processed in Q3. |
| Increase the percentage of minor planning applications processed within 8 weeks | 75% | 82% | 90% | **79%** | **75%** | | | 31 of 39 applications processed within deadline. |
| Increase the percentage of other planning applications processed within 8 weeks | 75% | 90% | 96% | **100%** | **75%** | | | All 54 applications received processed within 8 weeks. |
| Percentage of local searches that are returned within 10 working days of receipt | 80% | 98.69% | 98.49% | **100%** | **80%** | | | Performance is above target. |
| Percentage of household waste sent for reuse, recycling and composting | 38.00% | 35.21% | 36.69% | **tbc** | **38.00%** | | | TBC figures as used average of previous months to extrapolate Dec. Figures due from ESCC in Jan. |
| % Container Deliveries on Time | 100% | New PI | 28.45% | **49.03%** | **100%** | | | The team are presently delivering containers within the five day SLA.<br><br>The challenge in Q3 was due to the fact EBC ran a successful campaign for additional recycling bins for households which saw an increase in demand (additional 1000) and helps improve recycling rates.<br><br>In Q3 a total of 277 out of 565 bins were delivered on time. |
| Number of missed bins (per 100,000) | 100 | New PI | 40.5 | **36.33** | **100** | | | Total number of all (refuse, recycling & garden waste) missed bin collections per 100,000. The average for Q3 (36.3) is lower than the average of 40.5 for Q2. |
| Missed Assisted Collections | 0% | New PI | 0.12% | **0.09%** | **0%** | | | This is a holding figure from September as we collect the data. This reflects 21 missed assisted collections from over 22,000. |
| Total number of reported fly-tipping incidents | 480 | 127 | 117 | **155** | **80** | | | The total number of fly tips year to date is 399. |

| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| | | | | | | | | The majority of the fly tips are of small van size and consist of household waste and domestic items such as mattresses and white goods in the town centre and appears mainly from areas where there are houses of multiple occupancy. They are to be encouraged to use the bulky waste collection facility available. A ward map review shows Devonshire, Hampden Park and Langney with the most reported fly tips.<br><br>The total number of reports for Q3 has increased by 38 from Q2. Improvements to bring site bins, a poster campaign in partnership with Keep Britain Tidy and the purchase of two roaming cameras should see an improvement, moving forward. |

# CPR Ebn 5 Best Use of Resources 2019/20

5.1 Best Use of Resources Key Performance Indicators

5.2 Best Use of Resources Projects and Programmes

## 5.1 Best Use of Resources Key Performance Indicators



| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| Number of new sign-ups to the Councils' social media channels | **600** | 471 | 442 | **532** | **150** | | | |
| Increase the percentage of calls to the contact centre answered within 60 seconds - Ebn | **80%** | 47.33% | 86.05% | **76.48%** | **80%** | | | The Customer Advisors continue to work hard on trying to maintain the improved stats from Q2 where we hit and exceeded the SLA of 80% of all calls answered within 60seconds for October but then dipped below for November and December where Quarter 3 as a whole was 76.48%.<br><br>For the first 3 weeks of October (1st to 25th) we managed to hit and exceed our SLA by achieving 87.2% of calls answered within 60seconds. We were then unable to achieve these stats for the remaining week of October after the election was called, the whole of November and then the first 12 days of December until the election took place – this was in despite of additional measures being put in place to bring up the call performance; for example reduced staff in the contact centres and post room as well as enforced half an hour lunches to all Customer Advisors. From the 12th to the 31st December we were then able to achieve and exceed our performance SLA by reaching 87.9%.<br><br>Although we were just shy of hitting out SLA for Q3 this was largely down to the snap General Election which put a lot of additional pressure on the call and contact centres where we already had a 9FTE vacancy or in training on top of long term sick.<br><br>We are hopeful that as we enter the new calendar year and Quarter 4, our stats will improve greatly without the pressure of the Election and our remaining new staff finishing their training.<br><br>**Performance Improvement Plan:** To ensure our continued projected increase in performance, our last recruitment round saw our then current vacancies filled with start dates agreed from the 6th January. In addition to another recruitment round new 2FTE vacancy, we will be exploring the additional help of Agency Staff to help handle the influx of calls from January to March as we approach Garden Waste |

| KPI Description | Annual Target 2019/20 | Q1 2019/20 | Q2 2019/20 | Q3 2019/20 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| | | | | | | | | renewals and Annual Billing - which saw 250k+ letters being issued in March 2019 alone. |
| Average days lost per FTE employee due to sickness (J) | **8.0 days** | 2.2 days | 2.1 days | 2.72 days | **2.0 days** | | | Q3 sickness absence increased from Q2, although we would expect an increase during the winter months. It is less than Q3 2018-19 which was 2.79 days. Removing LDC Waste Services (we have jointly report Eastbourne/ Lewes staffing0, the Q3 figure reduces to 2.29 days. Waste Services on its own is 5.46 days.<br><br>Sickness absence rates remained high in Q3 at over 2 days per full time equivalent employee. HR Business Partners continue to support managers in robustly managing attendance issues. There is a range of support offered to those staff absent from work due to sickness including our employee assistance programme which which is designed to support employees with all sorts of work life issues providing support and guidance on a range of issues – 24 hours a day, 365 days a year. We also ensure that absent employees receive regular communication from their line manager, have welfare visits and that we obtain professional medial advise. It remains noting that the average national public sector sickness absence for 2017/18 was 8.5 days (these are currently the most up to date figures published) and that absence rates nationally remain considerably higher. |
| Social media responsiveness rate | **80%** | 89.67% | 87% | **95%** | **80%** | | | 'Response rate' is the percentage of new messages received via our Facebook page that we respond to on the day the message is received. |

# Devolved ward budget scheme 2019/2020 - Summary by ward to end of Quarter 3 – (1 April - 31 December 2019)

| Ward | Project | Description | Project Spend to Date |
|---|---|---|---|
| **Devonshire** | Allchorn Pleasure Boat | Restoration of Allchorn Pleasure Boat | £1,250.00 |
| | Friends of Prince Park Fun Day | Funds to provide gazebos and entertainment for the annual Friends of Prince Park Fun Day | £750.00 |
| | Community Stuff | Funding for a gazebo during rainy days for Community Stuff's holiday activities. | £631.94 |
| | Pride 2019 | Funding towards Eastbourne Pride event (20th July 2019), the annual march and party to be held in Princes Park. | £2,000.00 |
| | Holding Space | Holding space will provide a safe and support space for families whose child has mental illness. There will be access to support treatment, information and therapies. Holding Space will educate and empower children and their families to manage their mental health. | £1,000.00 |
| | Friends of Seaside Rec | The money will assist with the cost of a security door on the proposed cafe area. | £1,000.00 |
| | Trees | Replacement tree at Tideswell Road | £250.00 |
| | | **Total spend to end of Quarter 3:** | **£6,881.94** |
| **Hampden Park** | Trees Community Association Summer Fun Event | An event that aims to offer a low cost and fun event that grows community spirit and hopefully raise some funds for volunteer-led community activities. | £700.00 |
| | Age Concern | Shed project in Brassey Parade run by Age Concern | £1,800.00 |
| | Defibrillators | Up keep of Defibrillators in Hampden Park | £300.00 |
| | Trees | To plant 8 trees and create a bee friendly flower bed at the top of Lottbridge Drive. | £2,000.00 |
| | Bear Workshops | Parenting classes | £350.00 |
| | | **Total spend to end of Quarter 3:** | **£5,150.00** |
| **Langney** | Diversionary Sports | Funding for Shinewater Diversionary Sports Summer 2019. Tuesday, Wednesday and | £1,500.00 |

| Ward | Project | Description | Project Spend to Date |
|---|---|---|---|
| | | Thursday through school summer holidays from 23rd July to 31st August 1pm – 3pm. This would encourage youngsters to participate in sports activities. | |
| | Shinewater Woodland Project | Woodland Adventurers at Shinewater Primary School. Outdoor Learning Project. This includes a Woodland Tots programme for pre-school children and their parents from the Shinewater wider community to join in. Woodland site is used every day. Funding will go towards purchase of woodchips. | £440.00 |
| | Theatre Project | Opportunity for schoolchildren from Shinewater Primary School to visit Royal Hippodrome for a Christmas performance of family show "The Lost Toys Big Christmas Adventure". Access to the arts for children who may not otherwise get the opportunity to experience live theatre. | £500.00 |
| | Community Garden | Community Garden at The Causeway School. To develop wider community involvement and make the area adapted for disability friendly especially for pupils from Hazel Court school. | £1,000.00 |
| | Defibrillators | Replacement pads and batteries for Langney defibrillators. | £500.00 |
| | | **Total spend to end of Quarter 3:** | **£3,940.00** |
| **Meads** | Eastbourne Heritage Centre | Funding towards the 2019 exhibition | £600.00 |
| | Little Chelsea Traders Association | Funding towards Little Christmas 2019 | £1,000.00 |
| | ROMPA Defibrillator | External cabinet for defibrillator at ROMPA tennis club to enable public access 24/7. | £595.14 |
| | Silver Sunday | Silver Sunday event 6th October 2019: National initiative on social prescribing through Lighthouse Medical Practice who will nominate 100 of their patients to participate in a special afternoon to appraise them of a wide range of activities in which they might participate to combat social isolation. | £200.00 |
| | MCA Christmas Lights | Additional Christmas light for Meads St. | £150.00 |

| Ward | Project | Description | Project Spend to Date |
|---|---|---|---|
| | Just Friends | Just Friends Christmas lunch for people living alone | £250.00 |
| | Meads Village Allotments | To assist in the purchase of the Meads Village Allotments by a Community Interest Company to preserve the allotments for the residents of Meads in perpetuity | £4,000.00 |
| | Helen Gardens Defibrillator | To install a defibrillator at Helen Gardens through the EBC Seafront Office | £500.00 |
| | A Band of Brothers | To help the "Band of Brothers" in Eastbourne with their rites-of-passage mentoring programme (Quest) to young men involved with the Criminal Justice System | £2,000.00 |
| | Eastbourne Society | The Eastbourne Society need a high quality wireless radio microphone | £470.00 |
| | | **Total spend to end of Quarter 3:** | **£9,765.14** |
| **Old Town** | Pashley Down Infant School | Pashley Down, a vibrant and popular community school here in Old Town, are seeking funding to replace elements of their outside learning space. | £500.00 |
| | Noah's Ark Playgroup | Noah’s Ark is a longstanding playgroup in Old Town that runs weekly during term time for children up to school age. They use their premises free of charge, but much of the play equipment is tired and well beyond its useful life. A small amount from the devolved budget would have a large impact on the enjoyment of the children and the range of equipment able to be offered. | £250.00 |
| | Bear Workshops | Bear Workshops – a specific resource for soon-to-be-dads to allow them to be trained and prepared for fatherhood and the birth of their baby. The places on the course funded by this application to the devolved budget will be reserved for dads who live in Old Town who otherwise wouldn’t be able to attend such a course. In this way the project will enhance community facilities and accessibility in the | £250.00 |

| Ward | Project | Description | Project Spend to Date |
|---|---|---|---|
| | | ward. There are very few courses that specifically address dads and what they can do and the part they can play in the arrival of a baby and the months after. | |
| | Tree Planting | Tree planting on Greenfield Road, near the junction of Greenfield Road and Green Street. The aim is to replace recently removed trees, due to disease. | £250.00 |
| | | **Total spend to end of Quarter 3:** | **£1,250.00** |
| **Ratton** | Ratton School Garden | Funds allocated to make a garden for local residents to sit in | £400.00 |
| | | **Total spend to end of Quarter 3:** | **£400.00** |
| **St Anthony's** | Defiant Sports | Funding assistance for the delivery of outreach sports opportunities provided via 'Defiant Sports', specifically the provision of an adult football group and the Children with SEND football sessions. | £250.00 |
| | | **Total spend to end of Quarter 3:** | **£250.00** |
| **Sovereign** | **No schemes to end of Quarter 3** | | |
| | | **Total spend to end of Quarter 3:** | **£0** |
| **Upperton** | Holding Space | "Holding Space" provides a safe space for families caring for a child with mental illness. They provide advice, support and information. | £500.00 |
| | Memory Lane | "Memory Lane Eastbourne" provides social activities for people with dementia and their carers | £200.00 |
| | Community Wise | Upperton Neighbourhood Panel - Empowering the community giving people the help needed to manage their own community. To meet four times a year at Community Wise. | £100.00 |
| | Heart Beat Fund | Eastbourne Defibrillator Partnership - "The Heart Beat Fund" - Replace Electropads and Batteries in four public access defibrillators in Upperton | £500.00 |
| | Children's Climate Library | Funding for books and trolleys to take to | £150.00 |

| Ward | Project | Description | Project Spend to Date |
|---|---|---|---|
| | | creative sessions and events. | |
| | Heart of Eastbourne Project | Bringing life to the "Heart of Eastbourne" Project. This will encourage wildflower growth, providing nesting boxes for swifts, encourage biodiversity. | £1,000.00 |
| | | **Total spend to end of Quarter 3:** | **£2,450.00** |

| | |
|---|---|
| **Number of schemes to end of Quarter 3** | **39** |
| **All wards total spend to end of Quarter 3** | **£30,087.08** |

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| **Report to:** | **Scrutiny Committee** |
| **Date:** | **3 February 2020** |
| **Title:** | **The role of scrutiny in the community and improving resident engagement** |
| **Report of:** | **Deputy Chief Executive** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **To consider how local residents can be more engaged in scrutiny.** |
| **Officer recommendation(s):** | **That the Committee consider the report and agree any actions they wish to take, or recommend to the Cabinet.** |
| **Reasons for recommendations:** | **To enable the Committee to consider how it might wish to further engage local residents in the activities of scrutiny.** |
| **Contact Officer(s):** | **Name: Jo Harper**<br>**Post title: Head of Business Planning and Performance**<br>**E-mail: jo.harper@lewes-eastbourne.gov.uk**<br>**Telephone number: 01273 085049** |

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## 1 Introduction

1.1 The Committee agreed, as part of its work programme for 2019/20, to receive a report on the role of scrutiny in the community and looking at what opportunities there might be to develop resident engagement in scrutiny. In the development of this report the activities of other councils have been investigated in order to learn from best practice.

1.2 The report has drawn on ‘Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities’ published by the Ministry of Housing, Communities and Local Government in May 2019. The Centre for Public Scrutiny (CfPS) and Local Government Association (LGA) have also provided very useful sources of guidance and best practice examples.

1.3 The purpose of scrutiny is to discuss and make recommendations on the development of policies and to hold the Executive to account for their actions. Scrutiny committees can also investigate any issues which affect the local area or the area’s inhabitants.

1.4 Guidance encourages scrutiny committees to ‘tackles issues of direct relevance to local people’ (LGA Councillors Workbook on Scrutiny). The same guidance also notes that ‘the involvement of the public provides a unique perspective on how well public services are being delivered and how they could be improved, from the point of view of those receiving and using the services.'

1.5 There are three main ways in which Scrutiny Committees can engage local residents in their work; by keeping them informed, by seeking their input into the development of the Committee's work programme, and through specific engagement activities within Scrutiny Reviews. This report explores each of these areas in turn, for Members' consideration.

**2 Informing residents**

2.1 It is helpful to let local people know about what the scrutiny committee is doing. Many councils have a 'scrutiny area' on their websites where they explain clearly scrutiny's role and provide information about recent reviews and their outcomes. Such an area could easily be added to the EBC website.

2.2 In addition, the outcome of a successful piece of scrutiny – such as one which has resulted in tangible benefits for local people – can be publicised through press releases or other media statements (including social media). As well as letting people know about the positive improvement, such communication can help to raise the profile of scrutiny and stimulate more interest in future reviews.

**3 Resident involvement in work planning**

3.1 The CfPS, in their Guide to Scrutiny observes that, "in a way, asking how to engage the public in scrutiny's work is the wrong question. Meaningful public engagement starts with ensuring that the public has a clear stake in scrutiny and its work programme, and that there is a transparent opportunity for the public to use a variety of means to influence that work programme." Giving local people the opportunity to put forward their ideas about what the committee should be scrutinising is a good way to ensure the committee's work is relevant and well focused.

3.2 One way of doing this could be to have an on-line form on the council's website where people can submit their ideas for scrutiny. These ideas could then be considered as part of the work programme item at the next scrutiny meeting. Further to this, at the start of each new council year, the committee could publicise this process to actively seek contributions ahead of setting their work plan for the year.

3.3 It is important to be aware, however, that the subject of scrutiny reviews should be in line with corporate objectives and make good use of council and council officer time. As a result of public engagement, or indeed a member proposal, it may be that a suggestion is made for a scrutiny review which could be deemed to be not in line with council objectives or not good use of officer time. This could be because the subject matter has already been recently reviewed, where there is no prospect of a tangible outcome, or where it is clearly politically motivated. In these instances the committee will be advised by the proper officer regarding the appropriateness of the proposed review's inclusion in the work programme.

**4 Resident engagement in scrutiny reviews**

4.1 Depending on the subject of a scrutiny review, it may be appropriate to seek the views of local residents. MHCLG Statutory Guidance states; “it is likely that formal ‘consultation’ with the public on the scrutiny work programme will be ineffective. Asking individual scrutiny member to have conversations with individuals and groups in their own local areas can work better….Listening to and participating in conversations in places where local people come together, including in online forums, can help authorities engage people on their own terms and yield more positive results.”

4.2 When agreeing the scope of any scrutiny review, the committee should consider who relevant stakeholders would be, and if this would include local residents. If so, it would be helpful to agree how to engage with residents and seek their views, at an early stage of the review process. The council’s Business Planning and Performance Team have considerable experience and expertise in this area which the committee could call on in these circumstances.

## 5 Financial appraisal

5.1 The recommendation is to enable the Committee to consider how it might wish to further engage local residents in the activities of scrutiny. There are no direct immediate financial implications arising from the recommendation in this report. Staffing and any other costs associated with the report’s recommendation are to be contained within existing department revenue budgets.

## 6 Legal implications

6.1 There are no legal implications arising directly from this report.

***Lawyer consulted 30.12.19*** ***Legal ref: 8834-EBC-OD***

## 7 Risk management implications

7.1 Any public engagement carries the risk of raising expectations which may not then be met by the committee or the council. Members should bear this in mind when undertaking engagement activities, and make sure expectations are managed carefully through clear communications. It should also be borne in mind that engagement activities can be time-consuming to do well. The limitations of officer time should therefore always be a consideration when planning such activities.

## 8 Equality analysis

8.1 An Equality analysis has been undertaken on these proposals. This has concluded that;

With meaningful engagement around public participation in scrutiny, the proposals in the corresponding report have the potential to positively impact all protected groups, as well as supporting the council in its regard to the equality aims, as set out in the Public Sector Equality Duty. A consistent offer around reasonable adjustments and alternative formats will help the council to meet the equality aims, and encourage participation in democratic processes from protected groups.

## 9 Sustainability and/or carbon reduction implications

9.1 This report contains no direct sustainability or carbon reduction implications. Should the Scrutiny Committee decide to undertake engagement activities, consideration should be given to ensuring the methods used are mindful of the carbon impact. Examples of this could be; not producing paper unnecessarily when electronic methods could be used instead, and minimising the need for travel by producing videos or holding video conferences to enable engagement.

## 10 Appendices

None

## 11 Background papers

- Centre for Public Scrutiny - Good Scrutiny Guide http://www.cfps.org.uk/wp-content/uploads/CfPS-Good-Scrutiny-Guide-v3-WEB-SINGLE-PAGES.pdf
- Local Government Association – A Councillors Workbook on Scrutiny https://www.local.gov.uk/councillors-workbook-scrutiny
- MHCLG Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/800048/Statutory_Guidance_on_Overview_and_Scrutiny_in_Local_and_Combined_Authorities.pdf

Agenda Item 14

EASTBOURNE
Borough Council

Working in partnership with **Eastbourne Homes**

**January 2020**

# FORWARD PLAN OF DECISIONS

| | |
|---|---|
| Period covered by this Plan: | 1 January to 30 April 2020 |
| Date of publication: | 6 January 2020 |

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

**Councillor Alan Shuttleworth** (Deputy Leader and Deputy Chair of Cabinet): Direct assistance services including revenues and benefits, housing and community development, and bereavement services.

**Councillor Margaret Bannister**: Tourism and leisure services

**Councillor Jonathan Dow**: Climate change.

**Councillor Stephen Holt**: Financial services including accountancy, audit, purchasing and payments).

**Councillor Colin Swansborough**: Place services and special projects.

**Councillor Rebecca Whippy**: Disabilities and community safety

Please see the explanatory note appended to this Plan for further information and details of how to make representations and otherwise contact the Council on matters listed in the Plan. Documents referred to will be available at least 5 clear working days before the date for decision.

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Corporate performance - quarter 2 and quarter 3 2019/20**<br><br>To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets over Q2 and Q3 2019/20 period.<br><br>(Lead Cabinet member: Councillor Colin Swansborough, Councillor Stephen Holt) | All Wards | Key | Cabinet | 5 Feb 2020 | Part exempt<br><br>Exempt information reason: 3 | Not applicable | Report | Director of Regeneration and Planning (Ian Fitzpatrick), Chief Finance Officer (Homira Javadi)<br><br>Andrew Clarke, Deputy Chief Finance Officer (Financial Planning) Tel: 01323 415691 andrew.clarke@lewes-eastbourne.gov.uk **or** Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance) ola.owolabi@lewes-eastbourne.gov.uk<br><br>Millie McDevitt, Performance and Programmes Lead Tel: 01273 085637 millie.mcdevitt@lewes-eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **General fund budget 2020/21 and capital programme**<br><br>To recommend full Council to set the 2020/21 budget and council tax at their meeting in February 2020.<br><br>(Lead Cabinet member: Councillor Stephen Holt) | All Wards | Budget and policy framework | Cabinet<br><br>Full Council | 5 Feb 2020<br><br>19 Feb 2020 | Open | The budget is subject to a wide and varied consultation process which will be conducted alongside the Corporate Plan (see separate listing). This will include consultation with the business and voluntary/community sectors. The Council's Scrutiny Committee will also have a formal opportunity of considering the proposals. | Report | Chief Finance Officer (Homira Javadi)<br><br>Andrew Clarke, Deputy Chief Finance Officer (Financial Planning)<br>Tel: 01323 415691<br>andrew.clarke@lewes-eastbourne.gov.uk<br><br>Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance)<br>ola.owolabi@lewes-eastbourne.gov.uk |

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|---|---|---|---|---|---|---|---|---|
| **Treasury Management and Prudential Indicators 2020/21, Capital Strategy & Investment Strategy**<br><br>To approve the Council's Annual Treasury Management Strategy, Capital Strategy & investment Strategy together with the Treasury and Prudential Indicators for the next financial year.<br><br>(Lead Cabinet member: Councillor Stephen Holt) | All Wards | Budget and policy framework | Cabinet<br><br>Full Council | 5 Feb 2020<br><br>19 Feb 2020 | Open | None, other than provided for the main budget proposals (see separate item). | Report | Chief Finance Officer (Homira Javadi)<br><br>Andrew Clarke, Deputy Chief Finance Officer (Financial Planning)<br>Tel: 01323 415691<br>andrew.clarke@lewes-eastbourne.gov.uk ,<br><br>Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance)<br>ola.owolabi@lewes-eastbourne.gov.uk |

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|---|---|---|---|---|---|---|---|---|
| **Housing revenue account budget 2020/21**<br><br>Recommendations to full Council in respect of the housing revenue account for 2020/21.<br><br>(Lead Cabinet member: Councillor Stephen Holt, Councillor Alan Shuttleworth) | All Wards | Budget and policy framework | Cabinet<br><br>Full Council | 5 Feb 2020<br><br>19 Feb 2020 | Open | Consultation with tenants via newsletter and focus groups and consideration at Eastbourne Homes Ltd Board. | Report | Chief Finance Officer (Homira Javadi), Director of Service Delivery (Tim Whelan)<br><br>Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance) ola.owolabi@lewes-eastbourne.gov.uk,<br><br>Andrew Clarke, Deputy Chief Finance Officer (Financial Planning) Tel: 01323 415691 andrew.clarke@lewes-eastbourne.gov.uk |

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| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Council tax and business rate base 2020/21**<br><br>The Council is required to set its council tax base and the expected business rate income for the forthcoming year. These calculations are used as the basis for the amount of income the Council will precept from the collection fund.<br><br>(Lead Cabinet member: Councillor Stephen Holt) | All Wards | Key | Cabinet | 5 Feb 2020 | Open | None | Report | Chief Finance Officer (Homira Javadi)<br><br>Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance) ola.owolabi@lewes-eastbourne.gov.uk,<br><br>Andrew Clarke, Deputy Chief Finance Officer (Financial Planning) Tel: 01323 415691 andrew.clarke@lewes-eastbourne.gov.uk |

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|---|---|---|---|---|---|---|---|---|
| **Eastbourne Carbon Neutral 2030**<br><br>To present an initial action plan for Cabinet's consideration<br><br>(Lead Cabinet member: Councillor Jonathan Dow) | All Wards | Non-Key | Cabinet | 5 Feb 2020 | Open | Consultation with Climate Change Strategic Panel and Eastbourne Carbon Neutral 2030 partnership body | Report | Director of Regeneration and Planning (Ian Fitzpatrick)<br><br>Kate Richardson, Strategy and Partnership Lead for Sustainability kate.richardson@lewes-eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Community grants programme - small grants**<br><br>To agree small grants to voluntary organisations awarded by the borough council in Eastbourne for the year and agree priorities for small grants for the upcoming year.<br><br>(Lead Cabinet member: Councillor Alan Shuttleworth) | All Wards | Key | Cabinet | 5 Feb 2020 | Part exempt<br><br>Exempt information reason: 3 | Application process advertised widely in the community | Report | Director of Regeneration and Planning<br>(Ian Fitzpatrick)<br><br>Oliver Jones, Strategy and Partnership Lead<br>Tel: 01323 415464<br>Oliver.Jones@lewes-eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Draft Housing Strategy**<br><br>Update to Eastbourne's housing strategy, the cover report will ask Cabinet for approval of the draft and recommend means of consultation.<br><br>(Lead Cabinet member: Councillor Alan Shuttleworth) | All Wards | Key | Cabinet | 5 Feb 2020 | Open | None | Report | Director of Regeneration and Planning<br>(Ian Fitzpatrick)<br><br>Oliver Jones, Strategy and Partnership Lead<br>Tel: 01323 415464<br>Oliver.Jones@lewes-eastbourne.gov.uk |
| **Downland Whole Estate Plan**<br><br>For Cabinet to approve the Downland Whole Estate Plan<br><br>(Lead Cabinet member: Councillor Jonathan Dow) | All Wards | Key | Cabinet | 5 Feb 2020 | Open | Public consultation date to be confirmed | Report | Director of Regeneration and Planning<br>(Ian Fitzpatrick)<br><br>Mark Langridge Kemp, Head of Property, Delivery and Compliance<br>Tel: 07900 057102<br>mark.langridge-kemp@eastbourne.gov.uk |

# Forthcoming decisions

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|---|---|---|---|---|---|---|---|---|
| **Bandstand and Promenade Improvements**<br><br>For Cabinet to note a report on future repairs required for the Bandstand and adjacent promenade and consider allocating required funding from the Council's capital programme.<br><br>(Lead Cabinet member: Councillor Margaret Bannister) | All Wards | Key | Cabinet | 5 Feb 2020 | Open | None | Report | Director of Regeneration and Planning<br>(Ian Fitzpatrick)<br><br>Mark Langridge Kemp, Head of Property, Delivery and Compliance<br>Tel: 07900 057102<br>mark.langridge-kemp@eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Seafront Lighting Repairs and Replacement**<br><br>To note the cost of repairs and replacement of the Council's seafront lighting and agree that capital funds be set aside in order to carry out the necessary works.<br><br>(Lead Cabinet member: Councillor Jonathan Dow) | All Wards | Key | Cabinet | 5 Feb 2020 | Open | None | Report | Director of Regeneration and Planning<br>(Ian Fitzpatrick)<br><br>Mark Langridge Kemp, Head of Property, Delivery and Compliance<br>Tel: 07900 057102<br>mark.langridge-kemp@eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Corporate Plan 2020-24**<br><br>Corporate Plan for 2020-24 which sets out the vision and key projects for the Council.<br><br>(Lead Cabinet member: Councillor David Tutt) | All Wards | Budget and policy framework | Cabinet<br><br>Full Council | 5 Feb 2020<br><br>19 Feb 2020 | Open | Will be considered by the Scrutiny Committee | Report | Director of Regeneration and Planning<br>(Ian Fitzpatrick)<br><br>Millie McDevitt, Performance and Programmes Lead<br>Tel: 01273 085637<br>millie.mcdevitt@lewes-eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Housing Revenue Account (HRA) 30-Year Business Plan Update**<br><br>The report will present a new HRA 30-Year Business Plan covering the years from 2019-20 to 2048-49, describe the assumptions that underpin it and highlight the changes in approach, policy and aspirations when compared to previous plans.<br><br>(Lead Cabinet member: Councillor Alan Shuttleworth) | All Wards | Key | Cabinet | 5 Feb 2020 | Open | None | Report | Director of Regeneration and Planning (Ian Fitzpatrick), Chief Finance Officer (Homira Javadi)<br><br>Helen Waring, HRA Business Plan Consultant<br>Tel: 07522 186807<br>Helen.Waring@lewes-eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **East Sussex College Group - Partnership Working**<br><br>To provide an update on the informal joint working between the council and East Sussex College Group to date and to propose a formal partnership to support the mutual delivery of strategic objectives.<br><br>(Lead Cabinet member: Councillor Colin Swansborough) | All Wards | Key | Cabinet | 5 Feb 2020 | Open | Not applicable | Report | Assistant Director for Human Resources and Transformation<br>(Becky Cooke)<br><br>Lee Banner,<br>Transformation Programme Manager<br>Tel: 01323 415763<br>lee.banner@lewes-eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Redundancy and redeployment**<br><br>To receive and note a report (if submitted to this meeting) giving details of employees currently subject to this policy and related financial implications.<br><br>(Lead Cabinet member: Councillor Colin Swansborough) | All Wards | Key | Cabinet | 5 Feb 2020 | Fully exempt<br><br>Exempt information reasons: 1, 2 | Consultation with UNISON and the affected individuals takes place. It also provides for corporate resources to be made available to assist in the search for alternative employment both inside and externally to the Council. | Report | Assistant Director for Human Resources and Transformation (Becky Cooke)<br><br>Helen Knight, Head of Human Resources Tel: 01323 415063 helen.knight@lewes-eastbourne.gov.uk |

# Forthcoming decisions

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|---|---|---|---|---|---|---|---|---|
| **Community safety partnership annual report**<br><br>Receipt of annual report to note.<br><br>(Lead Cabinet member: Councillor Rebecca Whippy) | All Wards | Non-Key | Cabinet | 18 Mar 2020 | Open | The LCSP Community Safety Plan was developed following consultation at meetings and workshops with relevant partners and stakeholders. | Report | Director of Regeneration and Planning<br>(Ian Fitzpatrick)<br><br>Oliver Jones, Strategy and Partnership Lead<br>Tel: 01323 415464<br>Oliver.Jones@lewes-eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Commercial Investment Strategy**<br><br>The Commercial Investment Strategy will set out the Councils approach to asset, development and business opportunities which the Council may pursue. It will also outline their priority areas for consideration of investment and the associated targets which need to be achieved.<br><br>(Lead Cabinet member: Councillor Stephen Holt) | All Wards | Budget and policy framework | Cabinet<br><br>Full Council | 18 Mar 2020<br><br>6 May 2020 | Open | To be confirmed. | Report | Director of Regeneration and Planning<br>(Ian Fitzpatrick)<br><br>Jessica Haines, Head of Commercial Business<br>Tel: 07814921262<br>jessica.haines@lewes-eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Grounds Maintenance - Procurement and Provision**<br><br>Options for future Grounds Maintenance provision in EBC.<br><br>(Lead Cabinet member: Councillor Jonathan Dow) | All Wards | Key | Cabinet | 18 Mar 2020 | Fully exempt<br><br>Exempt information reason: 3 | Not applicable | Report | Director of Service Delivery (Tim Whelan)<br><br>Lee Michael, Specialist Services Manager<br>Tel: 01323 415266<br>Lee.Michael@lewes-eastbourne.gov.uk |

# Forthcoming decisions

| Title, description and lead cabinet member: | Ward(s): | Decision type: | Decision maker: | Expected date of decision: | Expected exemption class:<br><br>(Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) | Consultation arrangements proposed or undertaken (where known): | Documents to be submitted: | Lead Chief Officer/ Contact Officer: |
|---|---|---|---|---|---|---|---|---|
| **Redundancy and redeployment**<br><br>To receive and note a report (if submitted to this meeting) giving details of employees currently subject this policy and related financial implications.<br><br>(Lead Cabinet member: Councillor Colin Swansborough) | All Wards | Key | Cabinet | 18 Mar 2020 | Fully exempt<br><br>Exempt information reasons: 1, 2 | Consultation with UNISON and the affected individuals takes place. It also provides for corporate resources to be made available to assist in the search for alternative employment both inside and externally to the Council. | Report | Assistant Director for Human Resources and Transformation (Becky Cooke)<br><br>Helen Knight, Head of Human Resources Tel: 01323 415063 helen.knight@lewes-eastbourne.gov.uk |

# Explanatory Note

The Council is required to publish information about all key decisions at least 28 days in advance of the decision being taken.

This plan is a list of the decisions likely to be taken over the coming four months. The list is not exhaustive as not all decisions are known that far in advance. The Plan is updated and re-published monthly.

The forward plan shows details of key decisions intended to be taken by the Cabinet and Chief Officers under their delegated powers.

The plan shows:-

- the subject of the decisions
- what wards are affected
- the decision type
- who will make the decision
- when those decisions will be made
- expected exemption class (open, part exempt or fully exempt.)
- what the consultation arrangements are
- what documents relating to those decisions will be available
- who you can contact about the decision and how to obtain copies of those documents referred to in the plan

## What is a key decision?

"Key decisions" relate to a decision, which is likely:-

(1) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or

(2) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the Council's area.

## What is budget and policy framework?

When a decision is marked as “budget and policy framework”, it requires the approval of Full Council.

## Confidential and exempt information

From time to time, the forward plan will indicate matters (or part thereof) which may need to be considered in private, during which time the press and public will be excluded. This is in accordance with the provisions of Regulation 5(2) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Any representations that such matters should not be considered in private should be sent to the contact officer.

Information given to the Council by a Government Department on terms which forbid its disclosure to the public, information which cannot be publicly disclosed by a Court Order and information, the disclosure of which is prohibited by an enactment are all legally defined as “Confidential Information” and must not be disclosed. All other local authority information which it is desired should not be disclosed has to be categorised under one or more of the following “Exempt Information” reasons (as given under Schedule 12A of the Local Government Act 1972) and subject to the public interest test.

| Category | Condition No. |
|---|---|
| 1. Information relating to any individual. | See conditions 9 and 10 below. |
| 2. Information which is likely to reveal the identity of an individual. | See conditions 9 and 10 below. |
| 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information). | See conditions 8, 9, 10 and 12 below. |
| 4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority. | See conditions 9, 10, 11 and 12 below. |
| 5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. | See conditions 9 and 10 below. |
| 6. Information which reveals that the authority proposes—<br><br>(a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or<br><br>(b) to make an order or direction under any enactment. | See conditions 9, 10 and 12 below. |
| 7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime. | See conditions 9 and 10 below. |

| **Conditions** |
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| 8. Information is not exempt information if it is required to be registered under:<br>(a) the Companies Acts (as defined in section 2 of the Companies Act 2006;<br>(b) the Friendly Societies Act 1974;<br>(c) the Friendly Societies Act 1992;<br>(d) the Industrial and Provident Societies Acts 1965 to 1978;<br>(e) the Building Societies Act 1986; or<br>(f) the Charities Act 1993. |

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| “Financial or business affairs” includes contemplated as well as past or current activities. |
| 9. Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992. |
| 10. Information which:<br>(a) falls within any of paragraphs 1 to 7 above; and<br>(b) is not prevented from being exempt by virtue of paragraph 8 or 9 above,<br>is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. |
| 11. “Labour relations matter” means:<br>(a) any of the matters specified in paragraphs (a) to (g) of section 218(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (matters which may be the subject of a trade dispute, within the meaning of that Act); or<br>(b) any dispute about a matter falling within paragraph (a) above;<br>and for the purposes of this definition the enactments mentioned in paragraph (a) above, with the necessary modifications, shall apply in relation to office-holders under the authority as they apply in relation to employees of the authority;<br><br>“Office-holder”, in relation to the authority, means the holder of any paid office appointments to which are or may be made or confirmed by the authority or by any joint board on which the authority is represented or by any person who holds any such office or is an employee of the authority.<br><br>“Employee” means a person employed under a contract of service. |
| 12. "The authority" is a reference to the council or a committee or sub-committee of the council or a joint committee of more than one council. |

## Further information

The plan is available for inspection, free of charge upon request from Reception at the Town Hall, Grove Road, Eastbourne between 9.00 a.m. and 5.00 p.m. on Monday to Friday of each weekday (except for public holidays), and on the Council's website at http://www.lewes-eastbourne.gov.uk/councillors-committees-and-meetings/cabinet-and-committees/

If you have any questions about the Forward Plan please contact Simon Russell, Committee and Civic Services Manager, on (01323) 415021, or e-mail simon.russell@lewes-eastbourne.gov.uk.

# Scrutiny Annual Work Programme 2019/2020

EASTBOURNE Borough Council
www.eastbourne.gov.uk

| Subject | Lead Officer | Date of meeting |
|---|---|---|
| Update on licensable HMOs | Gary Hall (Head of Homes First) gary.hall@lewes-eastbourne.gov.uk | 3 February 2020 |
| Annual Eastbourne Borough Community Safety Partnership Report | Oliver Jones (Strategy & Partnerships Lead), oliver.jones@lewes-eastbourne.gov.uk | |
| Draft Budget proposals 2020/21 | Homira Javadi (Chief Finance Officer) | |
| Quarter 2/3 Performance Report | Millie McDevitt (Performance & Programme Lead) millie.mcdevitt@lewes-eastbourne.gov.uk | |
| Corporate Plan | Millie McDevitt (Performance & Programme Lead) millie.mcdevitt@lewes-eastbourne.gov.uk | |
| The role of scrutiny in the community and improving resident engagement | Jo Harper (Head of Business Planning and Performance) jo.harper@lewes-eastbourne.gov.uk | |
| Recycling in the Borough (improving recycling rates) | Jane Goodall (Strategy and Partnership Lead) jane.goodall@lewes-eastbourne.gov.uk | |
| Forward Plan of Decisions | Simon Russell (Committee & Civic Services Manager) simon.russell@lewes-eastbourne.gov.uk | |
| Scrutiny Work Programme 2019/2020 | Nick Peeters (Democratic Services Officer) nick.peeters@tunbridgewells.gov.uk | |

**Other topics for consideration**

- Southern Water Treatment - in response to recent issues involving untreated wastewater

# Scrutiny Annual Work Programme 2019/2020

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- Sovereign Centre - business case review
- The A27 congestion, improvements and safety