

# Cabinet

## 11 June 2020



Time: 2.30 pm

**PLEASE NOTE: This will be a 'virtual meeting', held remotely in accordance with section 78 of the Coronavirus Act 2020 and section 13 of the related regulations.**

**Members of the press and public can view the meeting by clicking on the link provided on the agenda page on the Council's website or calling the number provided.**

**Instructions for members of the Cabinet, officers and other participants to join the meeting have been circulated separately.**

### **Membership:**

**Councillor Zoe Nicholson (Chair); Councillors James MacCleary (Vice-Chair).  
Matthew Bird, Julie Carr, Chris Collier, Johnny Denis, William Meyer, Emily O'Brien  
and Ruth O'Keeffe**

**Quorum: 4**

*Published: Wednesday, 3 June 2020*

## **Agenda**

**1 Minutes of the meeting held on 7 May 2020 (Pages 5 - 8)**

**2 Apologies for absence**

**3 Declarations of interest**

Disclosure by councillors of personal interests in matters on the agenda, the nature of any interest and whether the councillor regards the interest as prejudicial under the terms of the Code of Conduct.

**4 Urgent items**

Items not on the agenda which the Chair of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances as defined in Section 100B(4)(b) of the Local Government Act 1972. A supplementary report will be circulated at the meeting to update the main reports with any late information.

**5 Public question time**

To deal with any questions received from members of the public in accordance with Council Procedure Rule 11 (if any).

**6 Written question from councillors**

To deal with written questions which councillors may wish to put to the Chair of the Cabinet in accordance with Council Procedure Rule 12 (if any).

**7 Matters referred to the Cabinet**

Matters referred to the Cabinet (whether by the Scrutiny Committee or by the Council) for reconsideration by the Cabinet in accordance with the provisions contained in the Scrutiny Procedure Rules or the Budget and Policy Framework Procedure Rules set out in part 4 of the Council's Constitution.

None.

**8 Pension fund divestment from fossil fuel industries (Pages 9 - 10)**

Request submitted to the Leader of the Council by Councillor Adrian Ross, in accordance with the Council's Cabinet Procedure Rules.

**9 Financial assessment of Covid-19 (Pages 11 - 38)**

Report of Chief Finance Officer  
Lead Cabinet member: Councillor Zoe Nicholson

**10 Lewes Football Club - Lease, Dripping Pan, Lewes (Pages 39 - 42)**

Report of Director of Regeneration and Planning  
Lead Cabinet member: Councillor Zoe Nicholson

**11 HRA Capital Programme - Housing Delivery Update (Pages 43 - 50)**

Report of Director of Regeneration and Planning  
Lead Cabinet member: Councillor William Meyer

(This report contains an exempt appendix. Any discussion of this must take place at item 13 following exclusion of the public.)

## 12 Exclusion of the public

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

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

## 13 HRA Capital Programme - Housing Delivery Update - Exempt Appendix A (Pages 51 - 56)

Report of Director of Regeneration and Planning  
Lead Cabinet member: Councillor William Meyer

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

## Information for the public

**Accessibility:** This agenda and accompanying reports are published on the Council's website in PDF format which means you can use the "read out loud" facility of Adobe Acrobat Reader.

**Public participation:** Please contact Democratic Services (see end of agenda) for the relevant deadlines for registering to submit a speech on a matter which is listed on the agenda if applicable. Where speeches are normally allowed at a Committee, live public speaking has temporarily been suspended for remote meetings. However, it remains possible to submit speeches which will be read out to the committee by an Officer.

## 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 meeting while the matter is being considered (unless he/she has obtained a dispensation).

**Councillor right of address:** A member of the Council may submit a question to ask the Chair of a committee or sub-committee on any matter in relation to which the Council has powers or duties or which affect the District and which falls within the terms of reference of that committee or subcommittee.

A member must give notice of the question to the Head of Democratic Services in writing or by electronic mail no later than close of business on the fourth working day before the meeting at which the question is to be asked.

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

## Democratic Services

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

**Email:** [committees@lewes-eastbourne.gov.uk](mailto:committees@lewes-eastbourne.gov.uk)

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## Cabinet

### Minutes of extraordinary meeting held remotely on 7 May 2020 at 3.00 pm

#### Present:

Councillor Zoe Nicholson (Chair)

Councillors James MacCleary (Vice-Chair), Matthew Bird, Julie Carr, Chris Collier, Johnny Denis, William Meyer, Emily O'Brien and Ruth O'Keeffe

#### Officers in attendance:

Robert Cottrill (Chief Executive), Homira Javadi (Chief Finance Officer), Philip Evans (Director of Tourism & Enterprise), Ian Fitzpatrick (Deputy Chief Executive and Director of Regeneration and Planning), Tim Whelan (Director of Service Delivery), Becky Cooke (Assistant Director for Human Resources and Transformation), Peter Finnis (Assistant Director for Corporate Governance), Catherine Knight (Assistant Director of Legal and Democratic Services), Lee Banner (Transformation Programme Manager), Jo Harper (Head of Business Planning and Performance), Jane McCarthy-Penman (Lead on Commercial Business Activities/Projects), Rachel Read (Project Co-ordinator) and Simon Russell (Committee and Civic Services Manager)

#### Also in attendance:

Councillor Isabelle Linington (Leader of the Opposition), Councillor Joe Miller (Chair of Scrutiny Committee) and Councillor Julian Peterson (Chair of Audit and Standards Committee)

#### 66 Welcome

The Chair, Councillor Nicholson welcomed all to the first virtual meeting of the Cabinet, held remotely in accordance with Section 78 of the Coronavirus Act 2020 and section 13 of the related regulations. Thanks were conveyed to officers for their work in implementing remote meetings.

#### 67 Minutes of the meeting held on 10 February 2020

The minutes of the meeting held on 10 February 2020 were submitted and approved and the Chair was authorised to sign them as a correct record.

#### 68 Apologies for absence

None were reported.

**69 Declarations of interest**

None were declared.

**70 Council response to Covid-19**

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, updating them on the establishment and operation of a Community Hub and other changes in business operation to respond to community needs as a result of the Covid-10 pandemic.

The Leader of the Council, Councillor Nicholson and Cabinet members, Councillors Carr, Collier, Denis, MacCleary, Meyer and O'Brien presented the report covering the various areas of the Council's response. This included creation of the Community Hub to distribute food parcels to vulnerable people, the Business Grants Portal going live and response from council services including IT, human resources, customer contact, housing benefit, Homes First and Environment First.

The Cabinet and visiting members praised the community across the District and officer response to the pandemic.

Since publication of the report, the Director of Service Delivery, clarified that 1,568 business had now taken advantage of the business grants scheme, equating to the payment of £19.2 million in grants. 43 charities in the District with retail outlets had been identified as being eligible for the grants and their details had been forwarded to 3VA. The Director of Service Delivery also provided an update on the Rough Sleeper Initiative and confirmed that 35 individuals in Lewes District were currently in emergency accommodation.

**Resolved (Non-key decision):**

To note the contents of the report.

**Reason for decision:**

The Community Hub has been an important part of the council's response to the Covid-19 pandemic locally and this report updates the Cabinet on progress, performance and next steps in this work. The report also provides a summary of the impact of the pandemic across the council's business, focusing on the support provided to staff and on those areas most affected by current circumstances.

**71 Initial financial assessment of Covid-19**

The Cabinet considered the report of the Chief Finance Officer, updating them on the initial financial impact of Covid-19, summary of the local government funding announced to date and associated budgetary implications.

The report detailed that it was estimated that additional costs, including delayed savings programmes, arising from Covid-19 could be as high as

£380,000 per week should the lockdown continue and result in a long-term economic downturn.

It is forecasted that the council could see a reduction of £11.57 million in fees and income this year, whilst its costs could increase by £8.254 million.

Financial updates would be provided to the Cabinet, Audit and Standards Committee and Policy Performance and Advisory Committee on an ongoing basis.

**Resolved (Non-key decision):**

(1) To note the initial financial impact of Covid-19 and associated vulnerability of the authority's budget.

(2) To note the assumptions being made about the ongoing financial impact of Covid-19

**Reason for decision:**

The Council's response to Covid-19 has been and continues to be fast paced. Budgetary assumptions are liable to change and are only given as an indication. This report provides a position statement at this time to keep Cabinet informed.

The meeting ended at 4.21 pm

Councillor Zoe Nicholson (Chair)

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## **Agenda item 8 – Pension fund divestment from fossil fuel industries**

***Submitted to the Leader of the Council, Councillor Zoe Nicholson by Councillor Adrian Ross, in accordance with the Council's Cabinet Procedure Rules***

### **Proposal**

That, in light of the coronavirus crisis, Cabinet write to the Pensions Committee of East Sussex County Council asking it to:

1. Immediately freeze any new investment in the top 200 publicly traded fossil fuel companies
2. Ask all fossil fuel companies in which the pension fund holds investments for a firm commitment to entirely decarbonise by 2030;
3. Commit itself, over the course of the next 4 years, to divest the East Sussex Pension Fund from any investments in companies that do not provide that commitment by March 2021.

### **Rationale**

Prior to the coronavirus crisis, there was extensive evidence that investments in fossil-fuel companies were likely to significantly under-perform other investments.

The coronavirus, and governments' responses to it, have very substantially increased the risk of investment losses from companies involved in the extraction and consumption of fossil fuels. In addition, the crisis and the likely recession and increased unemployment that will ensue, has left Council staff even more reliant on the pension benefits that they have accrued.

Both Lewes District Council (LDC) and East Sussex County Council (ESCC) have recognised and declared climate emergencies and have made commitments to decarbonise. They are under moral, and potentially legal, obligation to act on these.

### **ESCC Pensions Committee Position**

In response to previous divestment requests, the ESCC Pensions Committee has stated that<sup>1</sup>:

1. It is committed to secure the best realistic return over the long-term and to meet the East Sussex Pension Fund's pension commitments within an acceptable level of risk
2. It believes by increasing pressure on oil and gas companies, through active shareholder engagement, it can get companies to improve their corporate behaviour.

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<sup>1</sup> Climate Change and Investment report to LDC Audit & Standards Committee, 18 March 2019

With regard to the first point, the evidence before and since the start of the coronavirus crisis strongly suggests that fossil-fuel investments will not offer good returns at an acceptable level of risk.

The second point is valid, but only insofar as that influence is exercised. The ESCC Pension Committee should therefore ask these companies for a commitment to entirely decarbonise in a timescale consistent with the carbon-reduction commitments made by ESCC and LDC.

The East Sussex Pension Fund's responsible investment policy already says that:

"Ultimately the Fund will always retain the right to disinvest from certain companies or sectors in the event that all other approaches are unsuccessful and it is determined that the investment is no longer aligned with the interests of the Fund or that the issue poses a material financial risk."<sup>2</sup> Furthermore, the East Sussex Pension Committee has accepted the "best practice guidance" of the Local Authority Pension Fund Forum that "The Fund's long-term goal is for 100% of assets to be compatible with the net zero-emissions ambition by c.2050 in line with the Paris agreement".<sup>3</sup>

In preparing to bring this proposal to Cabinet I have compiled supporting evidence in relation to:

- Pension Investment Returns
- Increased Risk of investment losses as a consequence of Coronavirus
- Climate commitments which have been made by Lewes District Council and East Sussex County Council

Officers have advised that Cabinet Procedure Rules require me to provide a concise statement relevant to the issue, for which reason I have not included that supporting evidence here. However, I would like to take the opportunity to highlight key pieces of that evidence for Cabinet members at your meeting and, if you support my proposal, to ask that this supporting evidence accompanies any letter written to the Pensions Committee of East Sussex County Council.

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<sup>2</sup> <https://www.eastsussex.gov.uk/media/12836/investment-strategy-statement-2019.pdf>

<sup>3</sup> <https://divesteastsussex.wordpress.com/questions-answers-at-escs-full-council-meetings/>

# Agenda Item 9

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11 June 2020</b>
<b>Title:</b>	<b>Financial assessment of Covid-19</b>
<b>Report of:</b>	<b>Chief Finance Officer</b>
<b>Cabinet member:</b>	<b>Councillor Zoe Nicholson, Leader of Council, Cabinet member for finance</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To update on the financial impact of Covid-19 and associated budgetary implications</b>
<b>Decision type:</b>	<b>Key</b>
<b>Officer recommendation(s):</b>	<ol style="list-style-type: none"><li><b>1) Cabinet notes the initial financial impact of Covid-19 and associated vulnerability of the authority's budget</b></li><li><b>2) Cabinet notes the assumptions being made about the ongoing financial impact of Covid-19</b></li><li><b>3) Cabinet approves the reserve transfers included in the report</b></li><li><b>4) Cabinet authorises the Chief Executive, in consultation with the Leader of Council, Cabinet member for Finance and the Chief Finance Officer, to make use of monies held in the Council's COVID19 earmarked reserve as he believes most appropriate in order to continue essential service delivery and/or to mitigate the impact of the emergency on residents and/or service users</b></li></ol>
<b>Reasons for recommendations:</b>	<b>The Council's response to Covid-19 has been and continues to be fast paced. Budgetary assumptions are liable to change and are only given as an indication. This report provides a position statement at this time to keep Cabinet informed.</b>
<b>Contact Officer(s):</b>	<b>Name: Homira Javadi</b> <b>Post title: Chief Finance officer</b> <b>Email: <a href="mailto:Homira.Javadi@lewes-eastbourne.gov.uk">Homira.Javadi@lewes-eastbourne.gov.uk</a></b>

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## 1 Background

Cabinet received an initial COVID19 financial impact assessment at its extraordinary meeting on 7<sup>th</sup> May 2020. This was shortly after receiving its share of the first of £1.6bn emergency funding allocation. The Council's share was £39k.

## 2 COVID19 – May update

2.1 The second round of emergency funding was announced on 28 April. This increased the allocation by another £1.6bn. The Council's share of this allocation was £1.02m bringing its overall total to £1.06m.

The following table shows the funding allocations across East Sussex authorities:

2.2

Local Authority	First Tranche of Covid-19 Fundin	Second Tranche of Covid-19 Fundin	Total Covid-19 Additional Funding
East Sussex	£16,297,243	£9,810,215	£26,107,458
East Sussex Fire	£136,730	£633,138	£769,868
Eastbourne	£64,321	£1,026,186	£1,090,507
Hastings	£67,268	£918,693	£985,961
Lewes	£39,501	£1,026,785	£1,066,286
Rother	£41,835	£961,373	£1,003,208
Wealden	£52,005	£1,604,988	£1,656,993
<b>Total East Sussex</b>	<b>£16,698,903</b>	<b>£15,981,378</b>	<b>£32,680,281</b>

2.3 It will be noted the very large increase in allocation between the first and second tranches for the Council is reflective of a similar increase for districts and boroughs. The split between county and district authorities was 65:35 in comparison to 98:2 for the first tranche. This is following provision of financial analysis of impacts by councils, and Officer lobbying through bodies such as District Councils' Network (DCN), Society of District Council Treasurers (SDCT) and political lobbying.

2.4 Following the first financial submission in April, the Ministry of Housing, Communities & Local Government (MHCLG) recently collected the second round of financial data from local authorities on 15 May. The second submission was different to the first one and required additional information and analysis regarding the council tax and business rate collection funds as well as availability of reserves. Still a complex and hard to predict assessment with much depending on factors outside the authority's control, the Council's May's submission was prepared based on available information to date and the developing picture.

2.5 A copy of the submission is provided in appendix A of this report.

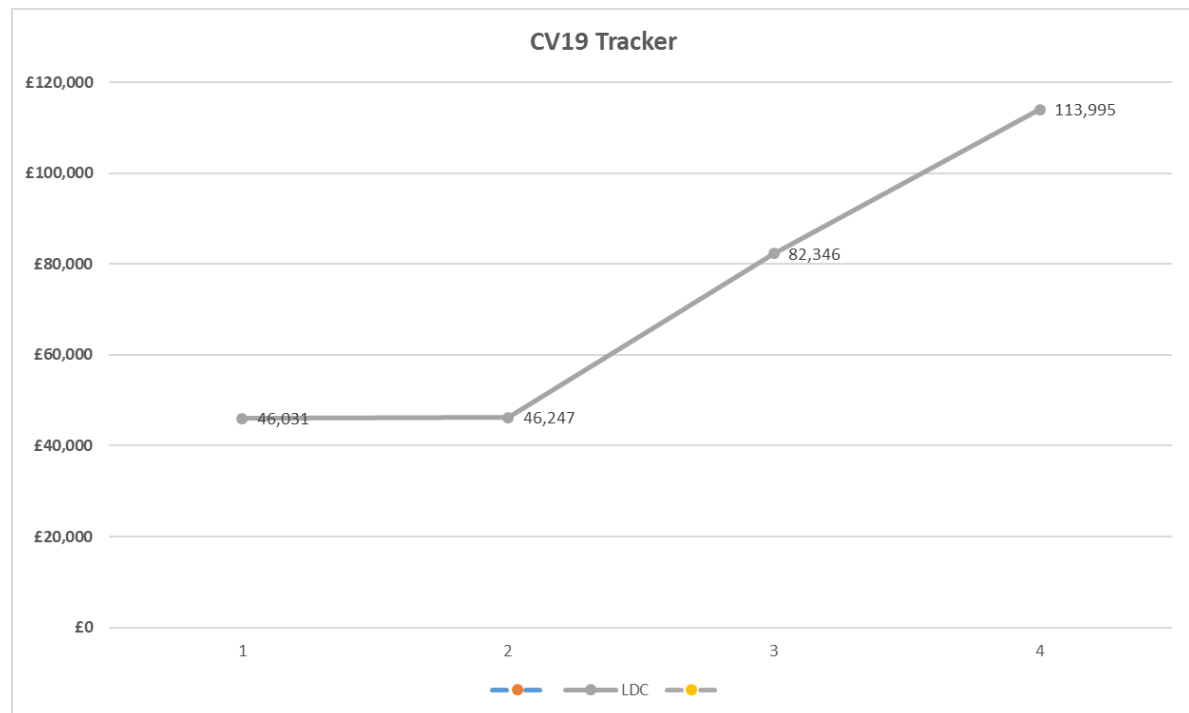
2.6 As previously reported, the Budget set in February 2020, does not take into account the financial impact of the COVID19 response and its financial impacts.

2.7 Whilst the Government has stated that it intends to fully compensate councils for the impact of COVID19, it is currently doubtful that this promise will extend to cover loss of income and any other longer term cost implications impacting on the Council's own resources. To date, relative to the scale of impact the Council has received very limited financial support from central Government to offset impacts on its budget.

2.8 Whilst the current level of additional funding received to date is welcomed but it is also significantly less than the anticipated financial impact on the Council.

2.9 Officers are continuously tracking the financial impact of COVID19 on the Council. Additional codes have been set up to identify COVID19 expenditure and an income and expenditure impacts model has been set up to model the financial impacts on the Council across a range of pessimistic to optimistic scenarios with respect to length of lock down.

An account of COVID19 related expenditure has been kept so that the items are readily identifiable and weekly updates are presented to the Corporate Management Team to ensure ongoing monitoring.



- 2.10 The Council has been focused on responding quickly to residents in the highest needs and made contact with Category A (shielded) residents and where they had a need provided initial food parcels.
- 2.11 It is currently uncertain as to how long the impact of current restrictions or 'lockdown' is likely to last. However, since the relaxation of the lockdown rules, we have been able to revise down many of our earlier assumptions. We have modelled a number of scenarios, based on various different government announcements, as follows:-
- 2.12
- best case scenario – lock down and restrictions will last for 4 month( Full year impact)
  - mid-case scenario – lock down and restrictions, in some form will last for 7 months (Full year Impact)
  - worst case scenario - lockdown and restrictions, in some form will be in place for a full year. ( Full year impact)
- 2.13 The above assumptions are being kept under regular review

	Budget 20/21	April Actual	F/Y Impact	Shortfall	LDC Share	No of Months	No of Months	No of Months	
	£'000	£'000	£'000	£'000	£'000	4 £'000	7 £'000	12 £'000	
Gross Income	77,710								
CTR		22		1,719	263				Increase in CTR
Reduction in Collection Rate		8		580	90				0.5% reduction in collection rate in April
		29		75,410	353	118	206	353	400
Net Rates Payable 1	24,992								
10% reduction ( 15% economic contraction)				3,579					10% reduction - based on 15% -25% economic slowdown forecast
Extended rate relief				8,321					
				13,092	1,432	477	835	1,432	1,500
Car Parks	1,058	0.63	7.5	1,051		350	613	1,051	Base on April's financial performance
Tourism and Enterprise	220	0.46	5.5	214		71	125	214	Base on April's financial performance
Planning Policy	509	15.3	183.2	326		109	190	326	Base on April's financial performance
Building Control	284	5.9	71.1	213		71	124	213	Base on April's financial performance
Fee from Professional Services	149	5.7	67.9	81		27	47	81	Base on April's financial performance
Liability Order Income	70	0.0	0.0	70		23	41	70	Base on April's financial performance
Summons Cost Income	140	0.0	0.0	140		47	82	140	Base on April's financial performance
Licences	488	10.6	127.5	361		120	210	361	Base on April's financial performance
Investment Properties	1,638	10.4	124.4	1,514		505	883	1,514	Base on April's financial performance
Rental Income	374	0.0	70.0	304		101	177	304	Base on April's financial performance
	4,930	49	657	4,273		1,424	2,492	4,273	4,050

<b>Savings Targets</b>										
Various	2,698	0	481	2,217	1,500	1,700	2,217	2,050	Ability to achieve savings and income targets based on impact of lockdown on services and economy	
<b>Housing need</b>										
Homelessness - Emergency Accommodation E		15	250		120	190	250		Estimated based on previous years' experience. Delays in housing development. Increase in ET .	
Homelessness - Temporary Accommodation E		25	375		165	275	360		Estimated based on previous years' experience. Delays in housing development. Increase in TA	
Discretionary Housing Payment E		25	310		180	260	300		Estimated based on previous years' experience. Increase DHP.	
HB Overpayment		30	360		130	275	360		experience. Delays in housing development. Increase HB implications.	
Capital investment - financial support E		10	1,400		100	500	1,100		£500k budget provision & potential Support to WL	
			2,695	2,000	695	1,500	2,370	2,000		
<b>Emergency Response</b>										
Agency Staff		12	144							
Cleaning Expenses		5	60							
Hire of Transport		8	88							
Clothing & Uniforms		2	22							
Contributions		20	220							
ICT Costs		31	124							
Unallocated charges		40	440							
			1,098	1,100	480	840	1,000	650	Based on average of £110k per month	
<b>Additional Grant</b>					4,717	7,614	11,714	10,650		
Emergency allocation					-1,060	-1,060	-1,060			
					3,657	6,554	10,654	10,650		

2.14 An estimate of likely additional spend and loss of income under each scenario are included in the table below:

<b>MHCLG Submission</b>	<b>WCS</b>	<b>MCS</b>	<b>BCS</b>
	£'000	£'000	£'000
Additional spend	5,587	4,040	2,675
Loss of Income	6,127	3,574	2,042
	<b>11,714</b>	<b>7,614</b>	<b>4,717</b>
Use of Emergency Grant	-1060	-1060	-1060
Use of Contingency	-450	-450	-450
<b>Potential short term shortfall</b>	<b>10,204</b>	<b>6,104</b>	<b>3,207</b>

### 2.15 Use of contingency

The Council's approved budget includes a provision of £450k to fund unexpected operational expenditure and to be used as contingency. Use of contingency whilst helpful in reducing the additional estimated net expenditure in relation to COVID19, only makes a small reduction to the significant shortfall against the approved budget as shown above.

The potential combined loss of income and additional costs being incurred are material to the Council's budget and financial position. It can be seen that COVID19 financial impacts are greater on the income side than the expenditure side. This is also reflective of districts and boroughs, which tend to rely on fees and charges income for a greater portion of their budget. As a result districts and boroughs are likely to be proportionately hit harder by COVID19.

### 2.16 An estimate of the likely range for the Council of the net adverse financial impact in 2020-21 is from £3.2m to £10.2m.

The Council's Net Budget requirement for 2020-21 is £14.25m million. As a percentage of the net budget requirement the potential combined loss of income and additional costs could be between 22% and 71%.

The Net budget requirement for 2020-21 has clearly changed since the setting of the budget in February. Although the government has made two grant allocations, significantly increasing the allocations made in the second towards districts and boroughs, it is unclear whether there will be any more and much needed allocations. It is therefore recommended that the Council looks into interim financial arrangements to support its additional expenditure and or loss of income.

2.17 It is further recommended to create a Covid19 Earmarked reserve to the value of £1.8m by allocating £0.8m from unallocated General Fund reserve and £1m from other earmarked reserves (as suggested below) to be available as required and provide additional and funding for a Supplementary Budget. This is to ensure compliance with the Council's finance procedure rules and provide short term funding for all three scenarios. Hopefully the final outcome will be a lesser impact. The reserves will only be drawn down if the loss of income and expenditure incurred is not offset by further government grant support. In this scenario, Officers will also look for cost savings to partially offset the impact on reserves however, it should be noted that depending on the scale of the shortfall in government funding, it might be unlikely that sufficient cost savings can be found in year to bring the council's expenditure back in line with its budget.



2.18 As a general guide it is considered prudent to retain an unallocated balance of 3%- 5% is a reasonable level of general fund reserve to provide a cushion for councils for unexpected events. Our current gross services budget is about £55m (including HB subsidy) which suggests a General Fund reserve of between £2m- £3m – the Council’s General Fund reserve is currently ££3.2m but in addition there are specific reserves for equalisation of business rates, Economic downturn and strategic change. If reserves fall to insufficient levels, which in this context is not anticipated, then the Council will be advised to budget to rebuild the reserves to a sufficient level over the medium to long term. It is quite unlikely that sufficient cost savings will be able to be found in any one year, and so it will take a number of years to rebuild reserves.

Following table provides an analysis of an appropriate levels of short term supplementary budget:

2.19	<b>Loss of Income</b>	<b>6,127</b>	<b>3,574</b>	<b>2,042</b>
		11,714	7,614	4,717
	Use of Emergency Grant	-1060	-1060	-1060
	Use of Contingency	-450	-450	-450
	Potential use of reserves	<b>-1,800</b>	<b>-1,800</b>	<b>-1,800</b>
	Potential short term shortfall	8,404	4,304	1,407
	<b>MHCLG Submission</b>	<b>WCS</b>	<b>MCS</b>	<b>BCS</b>

2.20 **Reserves:** When the 2020-21 Budget was reported to Council on 27th February 2020 officers anticipated the level of available general and revenue fund reserves to be around £10 million. Of this £3.2m is in the unallocated general fund reserve and the remaining £6.8m is in earmarked reserves.

The following table provides an analysis of potential impact of short term use of reserves on GF and Earmarked balances:

2.21	Apr-20	in/out	Adj	2021 rev	2021	Diff
	£'000	£'000	£'000	£'000	£'000	£'000
<b>GF</b>	<b>2,862</b>	<b>400</b>	<b>-800</b>	<b>2,462</b>	<b>3,262</b>	<b>-800</b>
Asset Management	2,316	0	-300	2,016	2,316	-300
NHEPZ	266	660	0	926	926	0
Econ reg	1,124	0	0	1,124	1,124	0
Rev Grant & Cont	468	0	0	468	468	0
Strategic Chg	1,771	-500	-300	971	1,271	-300
V&equ rep	18	0	0	18	18	0
BR Eq	200	202	-104	298	402	-104
Econ DT	296	0	-296	0	296	-296
Covid			1,000			
	<b>6,459</b>	<b>362</b>	<b>0</b>	<b>5,821</b>	<b>6,821</b>	<b>-1,000</b>
	<b>9,321</b>	<b>762</b>	<b>-800</b>	<b>8,283</b>	<b>10,083</b>	<b>-1,800</b>

## 2.22 Summary of overall position

The Council’s finances continue to be very vulnerable in the current situation. Based on our current experience, the Council estimates that the additional costs in the arising from the pandemic so far, including delayed savings programmes, could be of approximately £200k per week. This is an approximate impact and worse-case scenario which takes into account significant loss of income, additional costs including increased demand in homelessness and housing need.

2.23 The Council’s capital programme was carefully developed to address the housing, economic and environmental challenges in the District. The delivery of the Programme is

critical to any post COVID recovery and reigniting the local economy. For any recovery plan to be sustainable, it has to include measure which will increase economic activity, healthy employment and income levels and good housing provision. Conversely, if businesses and households continue to experience lower incomes then lower Council Tax, Business Rates and other income to the Council will remain below those anticipated in the Budget.

These longer term risks emphasise the importance of additional government financial support to local authorities as a consequence of the pandemic and the extra vital work we are carrying out in supporting vulnerable households and local businesses. These matters will be monitored closely and modelled with regular updates to members.

2.24 It is also of considerable concern that the financial impacts on taxation, business rates and fees incomes could take a considerable amount of time to recover, giving rise to a significantly greater medium and longer term financial impact.

2.25 The Council will need to consider and plan for interim and longer term impacts of COVID19. This includes:

**Financial support** - Agreement and availability of Supplementary Budget to provide sufficient financial provision for the next 4-6 months depending on the various assumed scenarios.

### **Options for Mitigation of the financial impacts on the Council**

The main options for mitigating the financial impacts of COVID19 include:

- A) Continue to lobby central Government for additional funding in recognition of the impacts on Councils and their ability to deliver services. The Council is continually to actively work with other councils to lobby hard for additional funding
- B) Look to make offsetting savings and efficiencies where possible including extending remote working, greater use of technology, review of capital programme and financing costs.
- C) Revisit saving and income generating targets – aimed at delivering as many of the targets as possible
- D) Explore options to apply capitalisation to some of the costs and financial impacts to enable the Council to borrow and fund on a long term basis. Lobby government to agree to supported borrowing and annual contribution towards meeting the revenue payments
- E) Temporary use of Reserves to close the gap. The Council has very limited capacity and can only make limited allocation from its reserves.

Although above is not a full list of actions but it provides a sound starting point in putting in place a sustainable financial solution to tackle an unprecedented health, economic and social challenge.

## **3 Financial appraisal**

3.1 It is clear that without adequate government financial support, Lewes like many other councils will find it impossible to manage the medium and long-term financial impact of Covid-19 relying solely on its own scares and limited resources.

Officers will bring regular update reports to Cabinet. It is at least possible that urgent use may need to be made of monies in reserves so as to continue essential service delivery and /or to mitigate the worst impacts of the Covid-19 emergency on residents and service

users. For this reason, it is recommended that the Chief Executive be authorised, in consultation with the Leader of Council and the Chief Finance Officer, to use these monies where this is necessary

#### **4 Legal implications**

4.1 There are none arising directly from this report.

#### **5 Equality analysis**

There are none arising directly from this report.

#### **6 Appendices**

Appendix A – MCHLG Submission (Round 2)

#### **7 Background papers**

Initial financial impact assessment – 7<sup>th</sup> May 2020

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## COVID-19 local authority financial management information

### COVID-19 local authority financial management information

**You are reporting on behalf of:**

Lewes District Council

**Billing or precepting authority:**

Billing authority

This is Round 2 of a data collection designed to help departments across central government understand the impact of the COVID-19 pandemic on local authority finances. This collection is for planning purposes; to help us identify where the greatest pressures are likely to be going forward and to inform our ongoing assessment of likely future costs. The information you provide will not be used for monitoring or auditing purposes. We will also share a summary of the findings with you in due course.

As outlined in Round 1, we recognise that the situation your authority faces is continually changing and we will continue to repeat and refine this collection on a rolling monthly basis. For Round 2, you are asked to restate your April 2020 estimates based on actual/outturn data where available, alongside projected estimates for May 2020 and the full 2020-21 financial year.

**Where full financial year estimates are requested, please estimate these assuming current restrictions remain in place until the end of July 2020, and thereafter the situation reverts entirely back to a position you anticipated prior to COVID-19. Note that this assumption is intended for accounting purposes only and solely to improve consistency in the returns provided and should in no way be interpreted as government policy.**

We appreciate that you might not have precise figures, but your estimates are extremely useful in the absence of robust data. However please ensure to exercise accurate, professional judgement when submitting your estimates. All submissions should be agreed by your authority's S151 Officer but do not require official certification.

Whilst the majority of this form is broadly similar in structure to Round 1, there are some additional sections and questions, and more detailed data required in places. As such, you may need to liaise with relevant colleagues in your authority in order to complete the form.

**Please submit your response through DELTA by 11pm on Friday 15 May 2020.** We cannot accept returns after the closing deadline. You must hit submit on completing the form otherwise your return will not be counted.

For enquiries, please use the contact details below:

For DELTA registration and collection access enquiries: DELTAadmin@communities.gov.uk

For general enquiries relating to the collection: lgfcoviddata@communities.gov.uk

### Section A: Allocation of £3.2bn grant funding by service area

On 19 March 2020, £1.6bn emergency funding was announced to help local authorities respond to the COVID-19 pandemic. On 18 April 2020, a further £1.6bn funding for local authorities was announced. This section relates specifically to your combined allocation from this £3.2bn funding and not any other additional funding which your authority might be receiving to respond to COVID-19.

**Of this £3.2bn funding, your authority has received:**

£ 1,066,286

### Question A1: What proportion of your grant funding have you allocated to the following service areas?

We recognise that some COVID-19-related activities may be cross-cutting, and that you may not have formally allocated the additional funding separately across service areas. However, please estimate as best you can. This should be done using notional allocations to reflect your priority areas of spending pressure if you do not yet have more reliable data/ formal allocation plans available. We do not expect most authorities to use the 'Not yet allocated' category; you should only populate this field if you are certain that your authority does not have plans to use this funding.

Please ensure the following areas of funding are recorded under 'Other' instead of specific service lines: Forgone savings and delayed or stopped projects, all Personal Protective Equipment (PPE) excluding that which falls under Adult Social Care (ASC), and Shielding.

Please provide percentage figures for each service area ensuring that they sum to 100%. If your authority does not provide a service or has not allocated any of this grant funding to a particular service area, you must enter 0%

You may wish to refer to your Round 1 April submission on the use of your initial £1.6bn funding allocation. If completed on DELTA, your Round 1 submission can be found in the DELTA data store. However, please note that the categories used below are more detailed than those used in Round 1 and are therefore not entirely comparable.

For additional information, where available, please click the information (i) button.

The summary RAG rating asks for your overall assessment of the confidence you have in the accuracy of the figures provided. This uses a standard RAG rating system where red reflects estimates based on limited evidence/weak assumptions, and green reflects strong evidence and clearer assumptions.

Service Area	Estimated proportion of grant funding likely to be deployed in this area, (%)
1 - Adult Social Care – additional demand	0 %
2 - Adult Social Care - supporting the market	0 %
3 - Adult Social Care - workforce pressures	0 %
4 - Adult Social Care - PPE	0 %
5 - Adult Social Care - other	0 %
<b>Adult Social Care - sub total</b>	0%
6 - Children's Social Care – workforce pressures	0 %
7 - Children's Social Care – residential care	0 %
8 - Children's Social Care – care leavers	0 %
9 - Children Social Care - other	0 %
<b>Children's Social Care - sub total</b>	0%
10 - Education - SEND	0 %
11 - Education - home to school transport	0 %
12 - Education - other	0 %
	0%

**Education - sub total**

13 - Highways and Transport

0 %

14 - Public Health

0 %

15 - Housing - homelessness services

0 %

16 - Housing - rough sleeping

0 %

17 - Housing - other

0 %

**Housing - sub total**

0%

18 - Cultural & related - Sports, leisure and community facilities

0 %

19 - Cultural & related - other

0 %

**Cultural & related - sub total**

0%

20 - Environment & regulatory - cremation, cemetery and mortuary services

0 %

21 - Environment & regulatory - waste management

0 %

22 - Environment & regulatory - other

0 %

**Environment & regulatory - sub total**

0%

23 - Planning & development

0 %

24 - Police, fire and rescue services

0 %

25 - Finance & corporate - ICT & remote working

0 %

26 - Finance & corporate - revenue & benefits

3 %

27 - Finance & corporate - other

0 %

**Finance & corporate - sub total**

3%

28 - Other - shielding

0 %

29 - Other - PPE (non-Adult Social Care)

0 %

30 - Other - unachieved savings/delayed projects

86 %

31 - Other - excluding service areas listed above

11 %

**Other - sub total**

97%

32 - Not yet allocated

0 %

**Total Percentage Check**

100%

Confidence in accuracy of allocation estimates (RAG rating)

AMBER

**Question A2: If you have allocated any funding to 'Other services', excluding the subcategories listed (i.e. shielding, PPE, forgone savings/delayed projects), please specify.**

Cost include food parcels, community hub, agency staffing and funding for food banks.

Section B: Additional spending pressures due to COVID-19

**Question B1: Compared to what you had budgeted prior to the COVID-19 pandemic, please estimate how much additional money you have spent, and plan to spend, on the following service areas due to pressures caused by COVID-19.**

**We are looking for gross additional spending so please do not deduct any grant funding for Covid costs or other payments you have received when providing estimates.**

As in Section A, we recognise that COVID-19 activities may be cross-cutting across service areas, and it may not be possible to apportion additional spend due to COVID-19 with complete accuracy. However, please estimate as best you can.



Please ensure the following areas of expenditure are recorded under 'Other' instead of specific service lines: Forgone savings and delayed or stopped projects, all Personal Protective Equipment (PPE) related spend excluding spend that falls under Adult Social Care (ASC), and Shielding.

You should report your additional spend estimates in millions, though you can provide figures to the nearest thousand pounds (up to 3 decimal places) if you are able to do so. If your authority does not provide a service or you have not spent any more as a result of COVID-19, you must enter 0 (zero).

If submitted, you may wish to view your Round 1 April form which can be found in the DELTA data store. However, please note that the categories used below ask for more detailed data than in Round 1 and are therefore not entirely consistent. For Round 2, please use actual expenditure/turn-based estimates where possible for April.

Where full financial year estimates are requested, please estimate these **assuming current restrictions remain in place until the end of July 2020, and thereafter reverts entirely back to a situation you anticipated prior to COVID-19. Note that this assumption is intended for accounting purposes only and solely to improve consistency in the returns provided and should in no way be interpreted as government policy.**

For additional information, where available, please click the information (i) button.

<b>Estimated additional spending pressure due to Covid-19</b>			
<b>Service Area</b>	<b>April 2020 (£m)</b>	<b>May 2020 (£m)</b>	<b>Full financial year 2020-21 (£m)</b>
<b>1 - Adult Social Care – additional demand</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>2 - Adult Social Care - supporting the market</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>3 - Adult Social Care - workforce pressures</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>4 - Adult Social Care - PPE</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>5 - Adult Social Care - other</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>ASC sub total</b>	<b>April 2020</b> £ 0.000 m	<b>May 2020</b> £ 0.000 m	<b>Full year 2020-21</b> £ 0.000 m
<b>6 - Children's Social Care – workforce pressures</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>7 - Children's Social Care – residential care</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>8 - Children's Social Care – care leavers</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>9 - Children Social Care - other</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>CSC sub total</b>	<b>April 2020</b> £ 0.000 m	<b>May 2020</b> £ 0.000 m	<b>Full year 2020-21</b> £ 0.000 m
<b>10 - Education - SEND</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m

<b>11 - Education - Home to school transport</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>12 - Education - other</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>Education sub total</b>	<b>April 2020</b>	<b>May 2020</b>	<b>Full year 2020-21</b>
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>13 - Highways and Transport</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>14 - Public Health</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>15 - Housing - homelessness services</b>	April 2020	May 2020	Full year 2020-21
	£ 0.083 m	£ 0.083 m	£ 1.000 m
<b>16 - Housing - rough sleeping</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>17 - Housing - other (excluding HRA)</b>	April 2020	May 2020	Full year 2020-21
	£ 0.083 m	£ 0.083 m	£ 1.000 m
<b>Housing sub total (excluding HRA)</b>	<b>April 2020</b>	<b>May 2020</b>	<b>Full year 2020-21</b>
	£ 0.166 m	£ 0.166 m	£ 2.000 m
<b>18 - Cultural &amp; related - Sports, leisure and community facilities</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>19 - Cultural &amp; related - other</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>Cultural &amp; related sub total</b>	<b>April 2020</b>	<b>May 2020</b>	<b>Full year 2020-21</b>
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>20 - Environment &amp; regulatory - cremation, cemetery and mortuary services</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>21 - Environment &amp; regulatory - waste management</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>22 - Environment &amp; regulatory - other</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>Environment &amp; regulatory sub total</b>	<b>April 2020</b>	<b>May 2020</b>	<b>Full year 2020-21</b>
	£ 0.000 m	£ 0.000 m	£ 0.000 m
	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m

<b>23 - Planning &amp; development</b>			
<b>24 - Police, fire and rescue services</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>25 - Finance &amp; corporate - ICT &amp; remote working</b>	April 2020	May 2020	Full year 2020-21
	£ 0.020 m	£ 0.020 m	£ 0.100 m
<b>26 - Finance &amp; corporate - revenue &amp; benefits</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>27 - Finance &amp; corporate - other</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>Finance &amp; corporate sub total</b>	<b>April 2020</b>	<b>May 2020</b>	<b>Full year 2020-21</b>
	£ 0.020 m	£ 0.020 m	£ 0.100 m
<b>28 - Other - shielding</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>29 - Other - PPE (non-Adult Social Care)</b>	April 2020	May 2020	Full year 2020-21
	£ 0.011 m	£ 0.011 m	£ 0.150 m
<b>30 - Other - unachieved savings/delayed projects</b>	April 2020	May 2020	Full year 2020-21
	£ 0.200 m	£ 0.200 m	£ 2.050 m
<b>31 - Other - excluding service areas listed above</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.400 m
<b>Other sub total</b>	<b>April 2020</b>	<b>May 2020</b>	<b>Full year 2020-21</b>
	£ 0.211 m	£ 0.211 m	£ 2.600 m
<b>TOTAL ESTIMATED SPENDING PRESSURE (General Fund)</b>	<b>April 2020</b>	<b>May 2020</b>	<b>Full year 2020-21</b>
	£ 0.397 m	£ 0.397 m	£ 4.700 m

**Additional Housing Revenue Account (HRA) Pressures:**

<b>32 - HRA - workforce pressures</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>33 - HRA - supplies and materials including PPE</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>34 - HRA - other</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m

<b>HRA total</b>	<b>April 2020</b>	<b>May 2020</b>	<b>Full year 2020-21</b>
	£ 0.000 m	£ 0.000 m	£ 0.000 m

**Question B2: For the selected service lines and total service pressures below, you are asked to express your additional spending as a percentage of your original budgeted expenditure for April, May and 2020-21 prior to the COVID-19 pandemic.**

You should calculate the additional spending pressure due to COVID-19, as reported in Question B1, divided by budgeted spend in this area prior to COVID-19. For example: (additional April ASC spending pressure/original April ASC budget pre-COVID-19)\*100.

You may be able to use your 2020-21 revenue account (RA) submission to inform your original budget baselines if it does not take account of COVID-19 funding and pressures. For April and May, if you do not have a monthly budget profile, you should use 1/12 of your original annual budget for any given spending line. Please enter 0% if you have no additional pressures or do not provide a particular service.

**Estimated additional spending pressure due to Covid-19 as a proportion of budgeted expenditure**

<b>Service Area</b>	<b>April 2020 (%)</b>	<b>May 2020 (%)</b>	<b>Full financial year 2020-21 (%)</b>
<b>1 - Adult Social Care - total</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>2 - Children's Social Care - total</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>3 - Education</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>4 - Highways and Transport</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>5 - Public Health</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>6 - Housing (excluding HRA) - total</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>7 - Cultural &amp; related - total</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>8 - Environment &amp; regulatory - total</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>9 - Planning &amp; development</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>10 - Police, fire and rescue services</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>11 - Finance &amp; corporate - total</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 96 %

<b>12 - Other - total (includes shielding)</b>	April 2020	May 2020	Full Year 2020-21
	<input type="text" value="0 %"/>	<input type="text" value="0 %"/>	<input type="text" value="0 %"/>

<b>TOTAL ESTIMATED SPENDING PRESSURE</b>	April 2020	May 2020	Full Year 2020-21
	<input type="text" value="0 %"/>	<input type="text" value="0 %"/>	<input type="text" value="0 %"/>

**Additional Housing Revenue Account (HRA) Pressure:**

<b>13 - HRA - total</b>	April 2020	May 2020	Full Year 2020-21
	<input type="text" value="0 %"/>	<input type="text" value="0 %"/>	<input type="text" value="0 %"/>

**Question B3: If you have allocated spending pressures to ‘Other services’, excluding the subcategories listed (i.e. shielding, PPE, forgone savings/delayed projects), please specify. Please do not use more than 100 characters.**

Continued spend on food parcels, agency staffing and funding of food banks.

**Question B4: Using the RAG rating below, please assess the confidence you have in the accuracy of the additional expenditure figures provided. This uses a standard RAG rating system where red reflects estimates based on limited evidence/weak assumptions, and green reflects strong evidence and clearer assumptions.**

Confidence in accuracy of spend pressure estimates (RAG rating)

AMBER

**Section C: Income reductions due to COVID-19**

**Question C1: Compared to what you budgeted prior to the Covid-19 pandemic, how much have the following sources of income been reduced due to pressures caused by COVID-19?**

As with Spending Pressures, please provide income loss estimates as best you can. You should report your losses in millions, though you can provide figures to the nearest thousand pounds (up to 3 decimal places) if you are able to do so. Please report your loss estimates using positive figures. In all cases, losses should be reported as the difference between the actual/projected amount to be collected post COVID-19 (including the impact of the business rate measures announced at and since Budget 2020) compared to what was originally expected to be collected prior to COVID-19 and prior to Budget 2020.

If your income has not been affected by COVID-19, you must enter 0 (zero). Additionally, if you are a precepting authority (county council in a two-tier area), you must enter 0 (zero) in the Business Rates and Council Tax lines. Billing authorities should show council tax and business rates losses, including those that will be attributable to preceptors.

If submitted, you may wish to view your Round 1 April form which can be found in the DELTA data store. However, please note that the format for this section has changed. For Round 2, please use actual outturn-based income losses where possible for April 2020.

Where full financial year estimates are requested, please estimate these **assuming current restrictions remain in place until the end of July 2020, and thereafter reverts entirely back to a situation you anticipated prior to COVID-19. Note that this assumption is intended for accounting purposes only and solely to improve consistency in the returns provided and should in no way be interpreted as government policy.**

For additional information, where available, please click the information (i) button.

<b>Estimated income losses £m pressure due to Covid-19</b>			
<b>Income source</b>	<b>April 2020 (£m)</b>	<b>May 2020 (£m)</b>	<b>Full financial year 2020-21 (£m)</b>
<b>1 - Business Rates cash receipt losses</b>	April 2020 £ 1.000 m	May 2020 £ 1.000 m	Full year 2020-21 £ 11.800 m
<b>2 - Council Tax receipt losses - LCTS</b>	April 2020 £ 0.150 m	May 2020 £ 0.150 m	Full year 2020-21 £ 1.750 m
<b>3 - Council Tax receipt losses - payment failure</b>	April 2020 £ 0.050 m	May 2020 £ 0.050 m	Full year 2020-21 £ 0.600 m
<b>4 - Council Tax receipt losses - other</b>	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
<b>Council Tax receipt losses total</b>	<b>April 2020</b> £ 0.200 m	<b>May 2020</b> £ 0.200 m	<b>Full year 2020-21</b> £ 2.350 m
<b>Collection Fund Losses - Total</b>	<b>April 2020</b> £ 1.200 m	<b>May 2020</b> £ 1.200 m	<b>Full year 2020-21</b> £ 14.150 m
<b>5 - Highways and Transport Sales Fees &amp; Charges (SFC) losses</b>	April 2020 £ 0.100 m	May 2020 £ 0.100 m	Full year 2020-21 £ 0.500 m
<b>6 - Cultural &amp; Related SFC losses</b>	April 2020 £ 0.020 m	May 2020 £ 0.020 m	Full year 2020-21 £ 0.150 m
<b>7 - Planning &amp; Development SFC losses</b>	April 2020 £ 0.020 m	May 2020 £ 0.020 m	Full year 2020-21 £ 0.200 m
<b>8 - Other SFC income losses</b>	April 2020 £ 0.050 m	May 2020 £ 0.050 m	Full year 2020-21 £ 0.300 m
<b>Sales, Fees &amp; Charges income losses total</b>	<b>April 2020</b> £ 0.190 m	<b>May 2020</b> £ 0.190 m	<b>Full year 2020-21</b> £ 1.150 m
<b>9 - Commercial income losses</b>	April 2020 £ 0.150 m	May 2020 £ 0.150 m	Full year 2020-21 £ 1.900 m
<b>10 - Other income losses</b>	April 2020 £ 0.100 m	May 2020 £ 0.100 m	Full year 2020-21 £ 1.000 m
<b>Non-collection Fund Losses Total</b>	<b>April 2020</b> £ 0.440 m	<b>May 2020</b> £ 0.440 m	<b>Full year 2020-21</b> £ 4.050 m
<b>TOTAL ESTIMATED INCOME LOSS</b>	<b>April 2020</b> £ 1.640 m	<b>May 2020</b> £ 1.640 m	<b>Full year 2020-21</b> £ 18.200 m

**Additional Housing Revenue Account (HRA) losses:**

<b>11 - HRA - residential rent arrears</b>	April 2020	May 2020	Full year 2020-21
	£ 0.050 m	£ 0.050 m	£ 0.700 m
<b>12 - HRA - commercial rent arrears</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>13 - HRA - losses from voids</b>	April 2020	April 2020	Full year 2020-21
	£ 0.030 m	£ 0.030 m	£ 0.400 m
<b>14 - HRA - other</b>	April 2020	May 2020	Full year 2020-21
	£ 0.000 m	£ 0.000 m	£ 0.000 m
<b>HRA total</b>	<b>April 2020</b>	<b>May 2020</b>	<b>Full year 2020-21</b>
	£ 0.080 m	£ 0.080 m	£ 1.100 m

**Question C2: For the below lines, please express your estimated monthly and full year losses as a proportion of what you had budgeted for that income source in the given period.**

Income losses, as reported in Question C1, should be displayed as a percentage of your budgeted income for each period prior to plans being changed due to the COVID-19 pandemic.

You may be able to use income estimates from your 2020-21 revenue account (RA) submission to inform your income baselines if it does not already take account of COVID-19 funding and pressures. For April and May, if you do not have a monthly budgeted income profile, you should use 1/12 of your original annual projected income for any given line. Please enter 0% if you have no additional pressures or do not provide a particular service.

Please express these figures as positive percentages and enter 0% if you are not reporting any losses.

For additional information, where available, please click the information (i) button.

**Estimated income loss expressed as percentage of budgeted income prior to COVID-19**

<b>Income source</b>	<b>April 2020 (%)</b>	<b>May 2020 (%)</b>	<b>Full financial year 2020-21 (%)</b>
<b>1 - Business Rates cash receipt losses</b>	April 2020	May 2020	Full Year 2020-21
	0 %	0 %	46 %
<b>2 - Council Tax receipt losses - total</b>	April 2020	May 2020	Full Year 2020-21
	0 %	0 %	3 %
<b>3 - Collection fund losses - total</b>	April 2020	May 2020	Full Year 2020-21
	0 %	0 %	14 %
<b>4 - Highways and Transport Sales Fees &amp; Charges (SFC) losses</b>	April 2020	May 2020	Full Year 2020-21
	0 %	0 %	50 %
<b>5 - Cultural &amp; Related SFC losses</b>	April 2020	May 2020	Full Year 2020-21
	0 %	0 %	90 %
<b>6 - Planning &amp; Development SFC losses</b>	April 2020	May 2020	Full Year 2020-21
	0 %	0 %	25 %
<b>7 - Other SFC income losses</b>			

	April 2020	May 2020	Full Year 2020-21
	0 %	0 %	10 %
<b>8 - Sales, Fees &amp; Charges income losses total</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 23 %
<b>9 - Commercial income losses</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 59 %
<b>10 - Other income losses</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 0 %
<b>11 - Non collection fund losses - total</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 49 %
<b>TOTAL ESTIMATED INCOME LOSS</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 16 %
<b>Additional Housing Revenue Account (HRA) losses:</b>			
<b>HRA total</b>	April 2020 0 %	May 2020 0 %	Full Year 2020-21 7 %

**Question C3: If you have recorded any income reduction under 'Other' please specify the reason.**

**Question C4: Using the RAG rating below, please assess the overall confidence you have in the accuracy of the income reduction figures provided. This uses a standard RAG rating system where red reflects estimates based on limited evidence/weak assumptions, and green reflects strong evidence and clearer assumptions.**

Confidence in accuracy of income reduction estimates (RAG rating)



**Question C5: How much of the Business rate loss you have reported in C1 is attributable to the following?**

Please express in £ millions (up to 3 decimal places) and assess the confidence you have in the accuracy of figures.

Reason for Business Rate Loss	April 2020 (£m)	May 2020 (£m)	Full financial year 2020-21 (£m)
COVID-19 reliefs	April 2020 £ 0.700 m	May 2020 £ 0.700 m	Full year 2020-21 £ 8.300 m
Deferrals	April 2020 £ 0.000 m	May 2020 £ 0.000 m	Full year 2020-21 £ 0.000 m
Other	April 2020 £ 0.300 m	May 2020 £ 0.300 m	Full year 2020-21 £ 3.500 m

Confidence in accuracy of business rate loss estimates (RAG rating)

AMBER

The government recognises that there might be a limited number of cases in which it is appropriate for local authorities to furlough workers and claim funding through the Coronavirus Job Retention Scheme (CJRS). This would be in exceptional cases: where staff salaries are largely funded by sales, fees and charges, where there is a significant reduction in these revenue streams which are not already offset by additional grant funding from central government, where these staff cannot be redeployed, and where the alternative would be redundancy.

**Question C6: If you are considering, or have already furloughed staff and made a claim through the CJRS, please include an estimate of the extent to which a reduction in sales, fees and charges are expected to be offset by the CJRS funding you will receive.**

You should report your figure in millions, though you can provide figures to the nearest thousand pounds (up to 3 decimal places)

£ 0.000 m

**Question C7: We are interested in understanding income losses which are irrecoverable and you know will impact on your financial position.**

**Of your non-collection fund income losses (that is, excluding losses from Business Rates and Council Tax), what proportion is already deemed to be irrecoverable in that it will permanently impact on your financial position?**

Please express your estimate as a percentage of your total non-collection fund losses.

April 2020 (% of non collection fund loss)	May 2020 (% of non collection fund loss)	Full year 2020-21 (% of non collection fund loss)
67 %	67 %	64 %

Confidence in accuracy of irrecoverable loss estimates (RAG rating)

AMBER

Section D: Council Tax payment plans and Local Council Tax Support (LCTS)

Please estimate your responses in this section as best you can. However, if for any question in the section you are unable to provide a rough working estimate then leave the box blank and continue to the next question.

**Question D1: How many households – if any – has your authority agreed alternative council tax payment plans with in 2020-21? Please estimate your responses in this section as best you can. However, if for any question in the section you are unable to provide a rough working estimate then leave the box blank and continue to the next question.**

0

**Question D2: If you have agreed alternative arrangements, please also provide further detail on what the alternative payments plans look like. This could include, for example, arrangements to defer payments or to vary the amounts of payments to be taken over different months.**

We are not able to identify alternative payment plans as there is no flag in our system set to flag COVID related arrangements. Any alternative plans will have been set by re-profiling monthly instalments and could have been agreed for reasons other than the [pandemic](#). We have not agreed any alternative payment schemes for customers i.e. payment holidays. As a general rule each case will be assessed on it's individual circumstances and where appropriate mutual agreements will be put in place

The following questions relate to your Local Council Tax Support (LCTS).

**Question D3: Please estimate the total number of working age LCTS caseload and compare this against the authority's expectations for 2020-21, as set out in pre-COVID -19 budget calculations.**

	April 2020	May 2020	Full financial year 2020-21
Total number of working age LCTS caseload	3,005	3,117	3,700
Total <i>expectation</i> of working age LCTS caseload	2,900	2,800	2,700

Confidence in accuracy of LCTS caseload estimates (RAG rating)

AMBER

**Question D4: How many of your current caseload qualifies for 100% council tax support?**

0

Section E: Allocation of £500m Covid-19 Council Tax hardship fund

The Government has made Covid-19 Hardship Fund payments totalling £500m to local authorities.

As stated in the hardship fund guidance, published on 24 March 2020, it is expected that billing authorities will use the fund to provide all recipients of working age local council tax support ('LCTS') during the financial year 2020-21 with a further reduction of £150 in their annual council tax bill.

Where a taxpayer's liability for 2020-21 is, following the application of council tax support, less than £150, then their liability would be reduced to nil. Where a taxpayer's liability for 2020-21 is nil, no reduction to the council tax bill will be available.

Having allocated grant to reduce the council tax bill of working age LCTS recipients by a further £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need.

As before, please estimate your responses as best you can. However, if for any question in this section you are unable to provide a rough working estimate then leave the box blank and continue to the next question.

**Question E1: To date, how many hardship discounts have been applied to council tax liabilities of Working Age LCTS claimants?**

**Question E2: What proportion of your working age Local Council Tax Support caseload does your answer to E1 represent?**

Please express as a percentage.

**Question E3: To date, how much of your council's allocated hardship fund has been earmarked to current recipients of LCTS?**

Please express in £m, up to 3 decimal places.

**Question E4: What proportion of your allocated hardship fund grant funding does your answer to E3 represent?**

Please express as a percentage.

**Question E5: What proportion of your grant funding have you allocated towards other council tax reductions or support outside of the council tax system?**

Please express as percentage.

**Question E6: How many households have received support as set out in E5 in this way to date?**

**Question E7: If you would like to provide some additional commentary on your authority's use of the Hardship Fund, please do so here.**

Section F: Availability of reserves and cashflow difficulties due to Covid-19

**Reserves**

In order to help us understand the impact of Covid-19 on financial sustainability, and on the basis of the funding provided to date, we would like you to provide us with some information on how you anticipate the shock will affect your authority's reserve levels and wider financial strategy.

Please provide information that is consistent with your input on income and expenditure

**Question F1: How much of your current 'other earmarked reserves' and 'unallocated financial reserves' balances could you deploy to meet COVID-19 pressures throughout 2020-21?**

You should report your estimates in millions, though you can provide figures to the nearest thousand pounds (up to 3 decimal places) if you are able to do so, with a RAG rating for confidence in estimates.

**Deployable reserves to meet COVID-19 pressures in 2020-21 (£m)**

**Unallocated financial reserves**

£ 0.800 m

**Other earmarked reserves**

£ 1.000 m

Confidence in accuracy of deployable reserves estimates (RAG rating)

AMBER

**Question F2: If, in the event, you are required to deploy reserves to meet Covid-19 pressures in 2020-21, what impact would using *unallocated reserves* have on your wider financial strategy?**

Please select all that apply

- It would require you to add to reserves in 2021-22
- It would delay planned savings/improvement plans
- Other

**Question F3: If you have selected Other, please specify.**

The level of unallocated reserve available (£800k) is the amount above the minimum balance (£2m) as determined by the S151 Officer when the 2020/21 budget was set. This needs to remain in place to cover any other non Covid-19 emergencies in the district, and to cushion the future impact of delayed savings plans which have been severely impacted by the pandemic.

**Question F4: If, in the event, you are required deploy reserves to meet Covid-19 pressures in 2020-21, what impact would using *other earmarked reserves* have on your wider financial strategy?**

Please select all that apply

- It would require you to add to reserves in 2021-22
- It would delay planned savings/improvement plans
- Other

**Question F5: If you have selected Other, please specify.**

Earmarked reserves are held for specific operational / project related purposes. The available balance of £1m represents 15% of the overall balance available. The Council only maintains reserves that are reasonable and for specific purposes. It does not hold excessive balances and by offering this amount will mean some plans will not proceed or will need to be put on hold. Hopefully this demonstrates that the Council is willing to contribute where it can and to work with Government to resolve this financial crisis.

**Cashflow**

**Question F6. Do you anticipate any difficulties in meeting cash flow requirements over the next three months as a result of pressures caused by Covid-19?**

We are interested in any difficulties in meeting ongoing costs from your existing resources or through normal treasury management activity such as short-term borrowing. Please use the drop-down list provided.

No

Section G: Additional commentary

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**Question G1. If you would like to provide some additional commentary on how the COVID-19 pandemic is impacting your authority's finances and how you are responding, please do so here.**

Many thanks for completing this form, please remember to click submit when you have finished each section and have S151 officer agreement.

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<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11 June 2020</b>
<b>Title:</b>	<b>Lewes Football Club – Lease, Dripping Pan, Lewes</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Zoe Nicholson, Leader of the Council</b>
<b>Ward(s):</b>	<b>Lewes Priory</b>
<b>Purpose of report:</b>	<b>To seek recommendation regarding the grant of a 25 year lease to Lewes Football Club of the Dripping Pan site, subject to further approval from Full Council on 20 July 2020.</b>
<b>Decision type:</b>	<b>Non-Key Decision</b>
<b>Officer recommendation(s):</b>	<b>For Cabinet to recommend to Full Council the grant of a 25-year lease to Lewes FC of the Dripping Pan. For this purpose, the Council will be sitting in its capacity as the sole charitable trustee of the Mountfield Pleasure Ground Trust.</b>
<b>Reasons for recommendations:</b>	<b>To enable Lewes Football Club to seek grant funding to make improvements to the Club’s site. The Dripping Pan forms part of Mountfield Pleasure Ground Trust and as such the final decision in this matter resides with Full Council as sole charitable trustee.</b>
<b>Contact Officer(s):</b>	<b>Name: Mark Langridge-Kemp Post title: Head of Property, Delivery and Compliance E-mail: mark.langridge-kemp@lewes-eastbourne.gov.uk Telephone number: 01323 415876</b>

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## **1 Introduction**

- 1.1 Lewes Football Club was formed in 1885 and has played at the Dripping Pan ever since. The Club has changed how it is constituted over the years and is now a mass-ownership Community Benefit Society. 25,000 fans and visitors attend games at the Club every year and they are the number one away fixture in the non-league calendar. The Dripping Pan forms part of Mountfield Pleasure Ground Trust, of which the Council is the sole charitable trustee.
- 1.2 The Club would like to undertake some improvement works on their existing site. The existing lease ends on 30 November 2025 and a new longer lease is

required in order for the Club to be able to attract grant-funding from external source, including the Football Foundation as grant funders tend to require a long term interest in property.

## **2 Proposal**

2.1 Charities, such as the Mountfield Pleasure Ground Trust, need to obtain best value when disposing (including granting a lease) of charitable land. Charity land can only be disposed of at an undervalue where the disposal is to another charity and the disposing charity has appropriate powers. The Club is not currently a registered charity and therefore a disposal at an undervalue would not be permitted.

2.2 An independent rental valuation of the site has been undertaken and has assessed the market rental value as £5,500; this is in line with the existing rental value of the site. Cabinet is asked to recommend to Full Council that a new 25 year lease be offered to the Club at the market rental value on existing lease terms subject to such variations as may be agreed in the course of negotiation.

## **3. Corporate plan and council policies**

3.1 This proposal meets the aspirations of the Corporate Plan to help empower local groups to be more sustainable.

3.2 In addition, this proposal meets the aims of the adopted Corporate Asset Management Plan by ensuring social and economic value is maximised.

## **4. Financial appraisal**

4.1 The grant of a 25 year lease to Lewes Football Club of the Dripping Pan site would enable the club to undertake some improvement works on their existing site and to make applications for funds, which is required to support their operation by sourcing external grant-funding. The Club will be responsible for maintaining the asset thus reducing the Council's maintenance costs.

Where the Council grants a lease over a property or an item of plant or equipment, the asset is retained within the Council Balance Sheet. The proposal to award the lease at a market rental value of £5,500 ensures the best use of the asset and will have significant benefits to the local community as outline within this report.

## **5. Legal implications**

5.1 The object of the charity, Mountfield Pleasure Ground Trust, is to provide recreation on the charity's property for people living within a specific area of benefit. Generally speaking there is power under the charity's trust to let property on the site and it is not limited to letting property for recreational use. Therefore in principle as long as there is what the Council (as charitable trustee) reasonably considers to be appropriate provision for recreation for the public benefit from the site overall, then a letting to the Football Club will be authorised by the trusts of the charity.



- 5.2 The Charities Act 2011 imposes restrictions on charities when disposing of charitable land. In order for a charity to dispose of land to a non-charity without a Charity Commission order, the charity trustees should follow a set procedure. This involves obtaining a report from a qualified surveyor that covers specific matters and the charity trustee determining that the terms on which the disposal is to be made are the best that can reasonably be obtained for the charity. In effect, this means that a charity has to obtain best consideration for its land.

The Council, as charitable trustee, will comply with all requirements imposed by charity law and any other legal requirements, in granting the lease.

[8787-LDC-KS 12 May 2020]

## **6. Risk management implications**

- 6.1 This proposal will enable the Club to seek grant-funding for site improvements. If a new lease is not entered into then improvements will not be able to be made and the Council's asset will deteriorate.

## **7. Equality analysis**

- 7.1 An Equality and Fairness screening has been undertaken and it is assessed that there are no equality impacts as a result of the proposed new 25 year lease.

## **8. Sustainability implications**

- 8.1 This proposal will help to support the future of this important asset and the sustainability of the Club.

## **9. Appendices**

- None

## **10. Background papers**

- None

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<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11 June 2020</b>
<b>Title:</b>	<b>HRA Capital Programme - Housing Delivery Update</b>
<b>Exemption:</b>	<p>The appendices to this report contain exempt information as defined in Schedule 12A of the Local Government Act 1972.</p> <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>The public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>
<b>Report of:</b>	<b>Ian Fitzpatrick (Deputy Chief Executive / Director of Regeneration and Planning)</b>
<b>Cabinet member:</b>	<b>Councillor William Meyer (Lead Member for Housing)</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To provide an update on the HRA Capital Programme for housing delivery.</b>
<b>Decision type:</b>	<b>Key decision</b>
<b>Officer recommendation(s):</b>	<ol style="list-style-type: none"><li><b>1) To approve the S106 acquisition proposals outlined within Appendix A (exempt) enclosed as part of the HRA Capital Programme for housing delivery subject to contract, valuation, legal advice and the usual due diligence. The overall project costs will be covered by a combination of sales receipts, Right to Buy (RTB) receipts and borrowing as required in accordance with the HRA Business Plan</b></li><li><b>2) To approve a waiver to the Contract Procedural Rules (CPR), as set out in Para. 2.4.1(a) of the CPR to allow the direct selection of the contractor(s) associated with any S106 proposals due to the developer(s) already owning the site(s) and being the only party with whom the Council could contract</b></li><li><b>3) To approve the revised scheme proposal for Saxonbury including the change in budget from £1.5m to £1.8m, the change in tenure and the use of RTB receipts to support the financial viability and delivery of new Council rented homes</b></li></ol>

- 4) To approve a waiver to the CPR, as set out in Para. 2.4.1(a) of the CPR to allow the direct selection of a main contractor for Saxonbury, due to the lack of 4 competitive tenders received in response to the Invitation to Tender**
- 5) To authorise the Director of Regeneration and Planning to carry out all necessary actions to facilitate the proposals outlined at Recommendations 1) and 3) including feasibility, development and determining the terms of all necessary documentation and to sub-delegate those actions as required. To also authorise the Director of Regeneration and Planning to authorise the signature of all necessary documentation to allow the purchase and development of the sites for residential housing as proposed and to let the homes to new tenants and dispose on shared ownership terms as required**
- 6) To approve the increase to the existing feasibility revenue budget as implemented in June 2017 to a total amount of £350,000 to enable the development of the new housing delivery project pipeline as part of the HRA Capital Programme and to delegate authority to the Director of Regeneration and Planning to approve all expenditure, to be sub-delegated as required**
- 7) To authorise and delegate authority to the Director of Regeneration and Planning, in consultation with the Lead Member for Housing and Chief Finance Officer, to carry out all necessary actions to progress and approve all acquisitions (including S106 acquisitions) as part of the HRA Capital Programme and to authorise the signature of all necessary documentation to allow the purchase(s) and further development of S106 sites subject to the development of a sound and financially viable business case presented in accordance with the HRA Business Plan and to let the homes to new tenants and dispose on shared ownership terms as required**
- 8) To note the continued progress of the Council's housing infills programme**

**Reasons for recommendations:**

- 1) To provide an update on the development of the HRA Capital Programme for housing delivery and highlight the opportunities coming forward**
- 2) To present proposals to meet the objectives of the HRA Business Plan to increase the amount, availability and accessibility of diverse Council housing within the district**
- 3) To progress projects that utilise retained Right to Buy receipts from social housing sales to support financial viability**
- 4) To develop existing budgets and approvals to enable the delivery of a consolidated, well-managed pipeline of housing delivery projects in accordance with corporate objectives**

**Contact Officer(s):**

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**1 Introduction**

- 1.1 On 10<sup>th</sup> February 2020 Lewes District Council (LDC) Cabinet agreed the Capital Programme for the Housing Revenue Account (HRA) following approval of the new 30 year Business Plan covering 2019/20 to 2048/49. The Capital Programme includes allocations for both residential property acquisitions and new build development schemes towards meeting the Council's strategic housing objectives and delivery targets. As part of the programme approval it was agreed that:
- Each proposed acquisition shall be individually modelled to ensure financial viability;
  - New build/conversion development schemes shall be brought back to Cabinet each time for approval.
- 1.2 Council officers have been working to develop a consolidated future pipeline of priority housing-led projects to meet the requirements of the Business Plan and focus the activities of the Council's Project Management Office (PMO). To support the potential of the programme's success, specifically property acquisitions, officers will need the autonomy to effectively progress schemes, negotiating and operating within a private market sector environment.

- 1.3 The formation and implementation of a well-managed capital pipeline ensures that the objectives of the Business Plan are met including the commitment and spend of Right to Buy (RTB) receipts. The Council may use the receipts from sales to fund up to 30% of the capital costs of 'replacement housing', spent within three years. The use of receipts can significantly improve financial viability and reduce the Council's reliance on borrowing.
- 1.4 In June 2017 Cabinet approved a £200,000 revenue budget to support the cost of feasibility expenditure to enable HRA schemes. Once projects have been developed to an approved stage the costs can then be capitalised therefore releasing the budget to enable new projects. A proportion of the budget is already committed whilst existing projects progress to the approval stage. The scope and ambition of the Council's capital programme has increased in recent months and additional capacity could greatly support in future delivery.
- 1.5 Cabinet previously approved a programme of housing infill development projects across Lewes district. The various sites are being taken through the feasibility stages to consider design, financial viability and procurement strategies to obtain optimum value. The schemes will be brought back to Cabinet at a future meeting.

## **2 Proposals**

### S106 Acquisitions

- 2.1 The Council has been approached recently by a number of housebuilders who have enquired whether the Council might be interested in acquiring the affordable housing elements of private developments required in accordance with S106 agreements. The number of units per scheme differs but, overall, are relatively small and therefore do not typically attract the interest of other larger Registered Providers.
- 2.2 The acquisition of S106 housing units presents an opportunity for the Council to ensure the affordable housing provision within the district is secured and accessible to meet local needs. This meets the Council's objectives to increase the availability of affordable housing and is in accordance with the HRA Business Plan.
- 2.3 Further details regarding the current acquisition opportunities and the supporting business cases can be found enclosed within Appendix A (exempt).

### Saxonbury

- 2.4 In 2017 Cabinet agreed a project budget of £1.5m to extensively refurbish the property known as 'Saxonbury', which is no longer fit-for-purpose and create 12 new homes. At the time it was proposed 50% of the homes were to be sold on the open market and the remaining sold as shared ownership. The consent of Historic England has recently been obtained and the construction tenders received in March 2020.

- 2.5 The costs of refurbishing the property have increased since the original estimates were presented in 2017. The variances in costs are broadly assessed due to: a) cost increases generally within the construction industry; b) increased fire regulatory requirements, and c) an increase in the requirements and expectations of Historic England. Local housing demand also demonstrates an increase in the immediate need for rented housing. The project has therefore been revised and re-appraised as a 100% Council rented scheme.
- 2.6 The change of tenure, amongst other things, also introduces the use of RTB receipts. This helps to ensure, even with the increased construction and project costs, that the scheme remains financially viable based on the known variables and assumptions and in accordance with the HRA Business Plan.

#### Programme Budget and Delegations

- 2.7 As the scope and pipeline of the HRA Capital Programme continues to be developed a range of projects are already coming forward from both within the existing Council asset portfolio and via other external sources. To properly develop a consolidated capital project pipeline a level of initial feasibility must be undertaken to determine viability and deliverability. The increased scope of the capital programme would therefore benefit from an increase to the existing feasibility revenue budget. Increasing the budget to £350,000 will help enable the pipeline to meet core corporate objectives. Delegating authority to the Director of Regeneration and Planning will also ensure the budget is effectively managed and monitored, together with a streamlined approvals process.
- 2.8 The inclusion of acquisitions within the Capital Programme fundamentally supports the Business Plan. The purchase of properties presents less risk, decreases the requirement for upfront capital and brings forward revenue more quickly than new build schemes are typically able to. The private market can however be very competitive and at times fast paced. To ensure a pipeline of acquisitions is actually deliverable there is merit in Cabinet considering delegating authority to the Director of Regeneration & Planning to make purchasing decisions, in consultation with the Lead Member for Housing.
- 2.9 The Capital Programme for the HRA approved by Cabinet in February of this year referred to acquisitions and new build schemes. S106 acquisitions are, effectively, a hybrid of acquisition and new build as they involve the Council entering into both a purchase contract and a build agreement.

Recommendation 7 seeks to delegate authority for the S106 acquisitions to be dealt with in the same way as other acquisitions (e.g. street property purchases) because the Council often needs to be able to act quickly to acquire the affordable housing and because the S106 schemes are controlled by private developers. New builds carried out by the Council on Council owned land will still be brought back to Cabinet for approval.

### **3 Strategic Outcomes**

3.1 The expected outcomes of the proposals are:

- Increasing the availability of affordable homes to meet local needs;
- Maximising existing assets to support the delivery of corporate objectives;
- Investing in quality homes that support sustainability objectives;
- Utilising procurement practices to meet local employment and training requirements;
- Providing officers with the flexibility and autonomy to develop a consolidated and well managed capital pipeline of housing-led projects.

### **4 Consultation**

4.1 The proposals have been considered as follows:

- Where required the proposals for housing projects have been taken through the statutory planning processes including public consultation;
- The proposals have been considered and supported in principal by the Council's internal Project Review and Sign-off Panel (PRSO).
- Homes First have considered the proposals and support the increase in Council housing availability.

### **5 Business Case**

5.1. The proposals maximise the Council's ability to provide affordable housing within the district, partly through the full utilisation of receipts received from Council homes sold under the RTB.

5.2. The full business cases supporting the S106 acquisition proposals are included and enclosed within Appendix A (exempt). When considering the business case for S106 acquisitions, the risk of not proceeding could ultimately decrease the overall affordable housing provision within the district, due both to a lack of outside market interest and uncertainties in the current economic climate, with a commuted sum being proposed instead.

#### Saxonbury

5.3. The revised scheme has been assessed through an options appraisal process. This takes into account the increased costs, changes in tenure and an added 10% contingency allowance. The financial outcomes demonstrate that, together with the introduction of RTB receipts, the scheme is financially viable and covers the additional project costs arising.

5.4. Should the revised scheme not be approved, the project would only rely upon a market sale model during a time when: a) the private market is at risk; and b) the Council requires more affordable rented homes to meet local housing demands.



## 6 Legal Implications

- 6.1. The Council has the power to both acquire housing into the HRA and erect housing on land acquired by them for the purposes of Part II of the Housing Act 1985 (i.e. land acquired for the provision of housing accommodation) pursuant to section 9 of the Housing Act 1985 (HA 1985). The Council therefore has the power to enter into S106 purchase contracts, any other purchase contracts and development agreements.

The Council can use the same power for Saxonbury to provide sub-market rented housing for its area – i.e. to address a gap in the housing market and meet the needs of the local community. Therefore the Council has the power to undertake the development. It is not necessary to appropriate the land and the development can therefore be accounted for within the HRA.

- 6.2. In disposing of properties, Section 32 of the HA 1985 permits the Council to let on secure tenancies without the requirement for Secretary of State consent. This will therefore deal with the affordable housing.

Section 32 does impose restrictions on certain disposals which require the Secretary of State's consent, however, the Council could use the General Consents 2013 for the disposal of any shared ownership properties using consent A3.5.1 (shared ownership leases for a discount calculated in accordance with that consent).

- 6.3. Legal title matters have been progressed as follows:

- **S106 Acquisitions** - The Council is taking legal advice as the transactions progress to ensure that it acquires good and marketable title to the properties. The Council is also taking advice to ensure that the contractual terms agreed are sufficient to protect the Council's position.
- **Saxonbury** - The Council has taken full advice on any title issues associated with the development and on appropriate ways to address those issues.

- 6.4. The Council's Contract Procedure Rules (CPR) state that four written tenders should be sought for contracts for works of the values presented within this report, however, a waiver of the CPRs is proposed to allow:

- the direct selection of the contractors for S106 acquisitions due to the developer(s) already owning the site(s) and being the only parties with whom the Council could contract.
- the direct selection of a main contractor for Saxonbury, due to lack of that number of tenders being received in response to the Invitation to Tender.

[9143-LDC-PB KS 15.05.20]

## **7 Risk Management**

7.1. The following risks will be managed:

### S106 Acquisitions

- **Risk:** Contractor(s) fail to complete homes due to financial difficulty.
- **Mitigation:** Contractual terms ensure that the Council pays for the delivery of housing on a staged basis.
  
- **Risk:** Scheme fails to deliver any affordable housing.
- **Mitigation:** Acquisitions by the Council will secure the on-site delivery of affordable housing.

7.2. Saxonbury

- Risk: Previous sales risk of reduction in market value.
- Mitigation: The change in tenure to rented homes removes the sales risk.

## **8 Equality Analysis**

8.1. An equality impact assessment has been undertaken and has not identified any equality impacts.

## **9 Sustainability Implications**

9.1. Where appropriate, the design of the proposals will undergo a full review of the sustainability features (both for the construction and usage of future residents) in accordance with Council corporate priorities and in consideration of the financial viability.

## **10 Appendices**

10.1. 

- EXEMPT: Appendix A – S106 Acquisition Proposal(s)

## **11 Background Papers**

11.1 

- HRA Housing Development Update - 26<sup>th</sup> June 2017
- HRA 30 year Business Plan Update – 10<sup>th</sup> February 2020
- HRA Budget 2020/21 – 10<sup>th</sup> February 2020

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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