

Cabinet

14 July 2021



Working in partnership with **Eastbourne Homes**

Time and venue:

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

Note: This meeting is a public meeting. However, the number of public seats are limited and need to be carefully managed to ensure the meeting is covid-secure. For this reason, we would like to ask that anyone intending to attend as a member of the public, contact Democratic Services in advance by email: committees@lewes-eastbourne.gov.uk or phone: 01323 415021. Anyone attending the meeting will be asked to check in at the venue and to wear a face covering.

Membership:

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

Quorum: 3

Published: Tuesday, 6 July 2021

Agenda

1 Minutes of the meeting held on 2 June 2021 (Pages 5 - 8)

2 Apologies for absence

3 Declaration of members' interests (Please see note at end of agenda)

4 Questions by members of the public

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

5 Urgent items of business

The Chairman to notify the Cabinet of any items of urgent business to be added to the agenda.

6 Right to address the meeting/order of business

The Chairman to report any requests received to address the Cabinet from a member of the public or from a Councillor in respect of an item listed below and to invite the Cabinet to consider taking such items at the commencement of the meeting.

7 Recovery and reset programme (Pages 9 - 14)

Report of Chief Executive
Lead Cabinet member: Councillor David Tutt

8 Corporate Plan- Year 1 Review (Pages 15 - 26)

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet Member: Councillor David Tutt

9 Corporate performance - quarter 4 - 2020/21 (Pages 27 - 50)

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Colin Swansborough

10 Provisional revenue and capital outturn 2020/21 (Pages 51 - 64)

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

11 Treasury management annual report 2020/21 (Pages 65 - 82)

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

12 Housing development update (Pages 83 - 90)

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Alan Shuttleworth

(This report contains an exempt appendix. Any discussion of this must take place at item 14 following exclusion of the public.)

13 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).

14 Housing development update - Exempt Appendix 1 (Pages 91 - 94)

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Alan Shuttleworth

Exempt information reasons 3 – Information relating to the financial and business affairs of any particular person (including the authority holding that information)

Information for the public

Accessibility:

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

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Public participation:

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

Information for Councillors

Disclosure of interests:

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

In the case of a disclosable pecuniary interest (DPI), if the interest is not registered (nor the subject of a pending notification) details of the nature of the interest must be reported to the meeting by the member and subsequently notified in writing to the Monitoring Officer within 28 days.

If a member has a DPI or other prejudicial interest he/she must leave the room when the matter is being considered (unless he/she has obtained a dispensation).

Councillor right of address:

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

Democratic Services

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Working in partnership with **Eastbourne Homes**

Cabinet

Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 2 June 2021 at 6.00 pm.

Present:

Councillor David Tutt (Chair).

Councillors Stephen Holt (Deputy-Chair), Margaret Bannister, Alan Shuttleworth and Colin Swansborough.

Officers in attendance:

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), Jo Harper (Head of Business Planning and Performance) and Simon Russell (Head of Democratic Services).

Also in attendance:

Councillor Penny di Cara (Opposition Deputy Leader), Councillor Kshama Shore OBE (Shadow Cabinet Member) and Councillor Robert Smart (Opposition Leader).

1 Minutes of the meeting held on 22 March 2021

The minutes of the meeting held on 22 March 2021 were submitted and approved and the Chair was authorised to sign them as a correct record.

2 Apologies for absence

Apologies for absence were reported from Councillors Dow and Whippy.

3 Declaration of members' interests

None were declared.

4 Recovery and Reset

The Cabinet considered the report of the Chief Executive, updating them on progress of the Recovery and Reset Programme.

Visiting members, Councillors Shore and Smart addressed the Cabinet on this item. The Cabinet welcomed Councillor Shore to her first meeting and thanked her for her contribution.

The Council faced a significant budget shortfall over the next four years because of the Covid-19 pandemic. To meet the budget shortfall in both 21/22

and 22/23, Cabinet were being asked to endorse some initial service and organisational changes which required early implementation, detailed at section 4 of the report. A full set of proposals would be presented to the next meeting of Cabinet in July. The Head of Business Planning and Performance confirmed that an equality and fairness analysis, taking into account the views of the Equality and Fairness Stakeholder Group had been received and considered by Cabinet when making their decision.

Officers were commended for their work in securing a grant of £1.87 million from the Culture Recovery Fund. The grant would be used to support the reopening and provision of key cultural services, which were critical in supporting the borough's tourism economy. Work was progressing on spending the grant by the end of June deadline.

Resolved (Key decision):

(1) To note the progress made with the Recovery and Reset Programme.

(2) To agree the service and organisational change proposals set out at paragraph 4.1 of the report.

(3) To formally approve acceptance of the Culture Recovery Fund grant of £1.871m from the Arts Council.

(4) To delegate authority to the Chief Executive, in consultation with the Cabinet Member for Tourism and Leisure Services, to oversee delivery of the agreed plan for spend in accordance with the Culture Recovery Fund aims and objectives, and for the Chief Finance Officer to update the budget accordingly.

Reason for decisions:

The Recovery and Reset Programme provides a structured and accountable approach for delivering the level of significant organisational change needed to respond to current and future challenges.

5 Eastbourne Biodiversity Strategy

The Cabinet considered the report of the Director of Service Delivery, introducing a proposed Biodiversity Strategy and associated work plan.

Visiting member, Councillor Di Cara addressed the Cabinet on this item.

The Cabinet advised that the list of partner organisations would continue to grow as the strategy was implemented. The Director of Service Delivery added that financial monitoring would take place on a weekly and monthly basis to carefully determine whether budgets would need to be realigned to meet all the objectives and actions in the strategy. The Director of Service Delivery also reassured that disability access would be a key consideration for any new schemes and initiatives.

Thanks were conveyed to officers for their work in putting the strategy together.

Resolved (Key decision):

(1) To approve the Eastbourne Borough Council Biodiversity Strategy 2021-2025 set out at Appendix 1 to the report.

(2) To approve the associated Action Plan, set out at Appendix 2 of the Biodiversity Strategy.

Reason for decisions:

To set out the principles and approach to supporting biodiversity and to provide a framework and work plan for Eastbourne Borough Council in its collaborative approach to protecting and enhancing natural assets.

6 Planning Enforcement Policy Document

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, seeking their approval for the adoption and publication of the Council Enforcement Policy document and to use it for managing/processing planning enforcement related matters.

Resolved (Key decision):

(1) To agree the publication and use of the Planning Enforcement Policy, set out at Appendix 1 to the report.

(2) To provide delegated authority to the Director of Regeneration and Planning, in consultation with the Portfolio Holder for Planning and Infrastructure, to make minor or technical amendments to the Planning Enforcement Policy prior to their publication or as otherwise required following publication.

Reason for decisions:

(1) To publicise the Council's expectations for the delivery of the planning enforcement function.

(2) To make minor amendments to address technical or drafting issues.

7 Exclusion of the public

Resolved:

That the public be excluded from the remainder of the remote meeting as otherwise there was a likelihood of disclosure to them of exempt information as defined in schedule 12A of the Local Government Act 1972. The relevant paragraph of schedule 12A and a description of the exempt information was shown below. (The requisite notice having been given under

regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)

8 Redundancy and redeployment - activity update

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

The Cabinet expressed their sincere thanks for the service of those staff that had left the authority during the pandemic.

Resolved (Key decision):

(1) To note the actions taken to manage implications of change for displaced individuals through support, redeployment and assistance with self-marketing under the redundancy and redeployment procedure.

(2) To agree the financial implications of severance for those identified.

Reasons for decisions:

(1) The Corporate Management Team (CMT) is able to offer Voluntary Redundancy on a discretionary basis and made the decision during 2020, as a result of the significant financial challenges as a result of the Covid-19 pandemic, to take applications for a limited 2-week period.

(2) These applications were individually considered by CMT in September 2020 and those approved and accepted then had mutually agreed leaving dates between October 2020 and 31 March 2021. This meant that following information transfer and handovers, these presented in year savings.

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

The meeting ended at 6.55 pm

Councillor David Tutt (Chair)

Report to:	Cabinet
Date:	14 July 2021
Title:	Recovery and Reset
Report of:	Robert Cottrill, Chief Executive
Cabinet member:	Cllr David Tutt, Leader of the Council
Ward(s):	All
Purpose of report:	To update on progress of the Recovery and Reset Programme
Decision type:	Key
Officer recommendation(s):	1) Note the progress made with the Recovery and Reset Programme, and 2) Agree the Priority Based Budget proposals at Appendix A.
Reasons for recommendations:	The Recovery and Reset Programme provides a structured and accountable approach for delivering the level of significant organisational change needed to respond to current and future challenges.
Contact Officer(s):	Name: Jo Harper Post title: Head of Business Planning and Performance E-mail: jo.harper@lewes-eastbourne.gov.uk Telephone number: 01273 085049

1 Introduction

- 1.1 Cabinet will recall that the purpose of the Recovery and Reset programme is to tackle the financial, organisational and borough-wide challenges we are facing. These challenges result from the Covid-19 pandemic, the resultant economic climate and the changing needs and demands of our residents, all of which need to be addressed in a sustainable way. The council faces a significant budget shortfall over the next four years (Medium Term Financial Strategy (MTFS) period), and in response to this has established the Recovery and Reset Programme (R&R) which is making good progress and delivering changes in the way the council operates to meet these challenges and to oversee the council's response to the Covid pandemic.

1.2 The R&R programme has four pillars; best use of digital, reshaping delivery, best use of assets, and restart. The proposals set out in this report have been developed within the context of this programme.

2. Financial context

2.1 Because of the extreme financial pressures being experienced by the council, it was necessary to seek support from central Government. This was provided in the form of a capitalisation direction in February 2021 (effectively allowing us to borrow or use capital receipts) to fund revenue expenditure not exceeding £6.8m, for the financial year 2020/21 and up to £6m for 2021/22. Beyond this, into 2022/23, the council needs to reach a financially balanced position without the requirement for further capitalisation.

2.2 In accepting the capitalisation direction, the council committed to an external assurance review being undertaken. The review was expected to commence in March and be completed by end of May 2021. At the time of writing, MHCLG were yet to complete their procurement process for the commissioning of a reviewer. It is therefore likely that the review will take place much later than indicated in the ministerial directive and completed in the autumn of 2021.

2.3 The table below sets out the budget challenges which are being tackled through Recovery and Reset. This reflects the pressures identified in the MTFs previously reported to Cabinet last September. The figures include reductions in income and increased costs as a result of the current financial challenges, and also the additional cost of financing the capitalisation directions;

	21/22 £'000	22/23 £'000
<i>Capitalisation</i>	6,000	-
Revenue budget shortfall after capitalisation (including costs of loan repayments). To be updated as part of the outturn review process.	910	6,572
Less Recovery and Reset Savings (Appendix A)	(2,398)	(5,571)
Remaining shortfall / (surplus)	(1,488)	1,001

3. Priority Based Budgeting

In June 2021 the Cabinet received a report which explained the priority based budgeting work being undertaken to reduce the need for borrowing and to address the projected budget shortfall in 2022/23. A number of service and organisational changes were approved at that meeting. It was noted that a further report would present what further changes would need to be made to address the financial situation.

3.1 Through the priority based budgeting approach, each area of the council's expenditure has been scrutinised, and a range of budget reduction options

prepared for members' consideration. For each service area, three levels of reduction were tested, with weight being given to;

- Where efficiencies could be achieved without reduction in service levels
- Minimising the potential impact on residents
- Whether the service was statutory or discretionary
- Managing and mitigating any risks associated with the service change
- Whether the change could be short-term and reversible

3.2 The table at Appendix A sets out the proposals that have been developed as a result of these considerations, including those highlighted in the June Cabinet report. Some of these proposals will deliver a level of budget reduction in the current financial year, whilst others will not yield savings, or increased income generation, until 2022/23. This report seeks Cabinet's agreement to these budget reductions and income targets being adopted and council budgets revised accordingly.

3.3 The proposals at appendix A ensure a balanced budget for 2021/22 and, further, will allow for a reduced borrowing requirement. The proposals also go a considerable way in delivering the reductions needed for 2022/23. At the time of writing, work continues at pace to finalise plans which will address the remaining budget gap. These plans will be presented to Cabinet in the early autumn.

3.4 It is intended that these budget reductions will not be permanent. It is hoped that the unprecedented financial climate brought about by the pandemic and the resultant economic downturn, particularly affecting tourism-based economies such as Eastbourne, will improve significantly over coming years. This being the case, the council will be in a position to re-invest in services and reverse the unavoidable service reductions that have had to be made for this year and next.

4 Implementing the service and organisational change proposals

4.1 Of the proposals at Appendix A, there were some that would require a significant lead in time to enable their implementation. For this reason, members agreement was sought at the last meeting of Cabinet to enable plans to be actioned. For the remainder of the proposals, subject to Cabinet's agreement, action will be taken following this meeting to make the service and staffing changes needed to enable the savings to be delivered.

4.2 Where the service area reshaping proposals would result in changes to staffing, full consultation with take place with all those affected and with unions to ensure a fair and legally compliant process. The organisation will aim to minimise compulsory redundancies by seeking applications for voluntary redundancy and by using redeployment where possible. All appropriate support will be given to those staff affected by the service changes.

5 Consultation

5.1 The service and organisational changes that were presented in June were identified as having the potential for some differential impact on particular groups within the community, including those with protected characteristics

under the Equality Act. Those changes were given early consideration because of their potential impact. Views were actively requested from community representatives prior to the presentation of that report regarding any mitigating measures that might need to be considered. The remaining proposal set out at Appendix A are not considered to have potential for significant differential impact on particular groups within the community, and therefore further consultation has not been deemed necessary.

6 Corporate plan and council policies

- 6.1 The proposals in this report do not significantly adversely impact on the councils' long-term strategic aims as set out in the Corporate Plan and associated policies.

7 Business case and alternative option(s) considered

- 7.1 In arriving at the proposals in this report extensive options appraisal work was undertaken across all areas of council expenditure, using a Priority Based Budgeting approach. It is considered that the recommendations in this report provide the least disruptive and most sustainable way for the council to address its short term financial challenges.

8 Financial appraisal

- 8.1 Section 2.3 of the report shows a surplus of £1.488m in 2021/22 due to delivering some of the savings earlier than initially anticipated and a remaining shortfall of £1.001m in 2022/23 which will be addressed as other options are identified.

The ability of the Council to demonstrate it can deliver the savings identified will be assessed as part of the MHCLG external assurance review and will inform whether the Council will receive the £6m capitalisation direction for 2021/22.

9 Legal implications

- 9.1 The priority based budgeting proposals recommended for Cabinet approval are necessary to achieve financial sustainability over the medium term; they also represent a reasonable and proportionate set of measures, taking into account the factors at paragraph 3.1 above. This, together with the equality considerations mentioned at 5.1, makes the proposals acceptable in public law terms, once approved by Cabinet.

Lawyer consulted 14.06.21

Legal ref: 09851-EBC

10 Risk management implications

- 10.1 The risks within R&R are regularly assessed and managed as part of the R&R and project management activities. The identification and management of any significant risks in relation to the programme will be reported to CMT and the R&R Member Board, along with mitigation plans to address them. With regard to the priority based budgeting proposals specifically, all have been subject to

project management discipline including appropriate risk and impact assessment processes.

11 Equality analysis

11.1 An Equality & Fairness Analysis has been undertaken on these proposals. The outcomes of this was reported to Cabinet in July. Screening of the additional proposals did not find any further risk of adverse impact on groups with particular protected characteristics.

12 Environmental sustainability implications

12.1 The proposals in this report do not adversely impact on the councils' long-term carbon reduction aims, as set out in the EBC Climate Emergency Strategy.

13 Appendices

Appendix A : Priority Based Budgeting proposals

14 Background papers

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

- MHCLG capitalisation conditions

Appendix A - Priority Based Budgeting – proposed savings

short name	2021/22 £'000	2022/23 £'000	June 21 Cabinet agreed	Type of service or organisational change
Reshaping Services				
HR reshaping	13	13		Efficiency
IT reshaping	54	54		Efficiency
Homes First reshaping	75	650		Efficiency
Environment First reshaping	25	50		Efficiency
Customer contact reshaping	60	60		Efficiency
Neighbourhood first reshaping	115	140		Efficiency
Legal reshaping	50	50		Efficiency
CMT reshaping	108	108		Efficiency
Conferences reshaping	30	30		Efficiency
Visitors team reshaping	40	40		Efficiency
Tourism & Enterprise marketing and PR reshaping	35	35		Efficiency
Heritage service reshaping	50	68		Efficiency
Financial services reshaping	0	80		Efficiency
Bus Plan & Perf reshaping	100	200		Service change
Planning policy - reshaping	50	50		Efficiency
Voluntary & Community Grants incl Ward Budgets	125	270	✓	Service change
Contract cleaning	50	100		Contract review
Refuse - AWC	206	249		Service change
Weed control	21	21		Service change
Street Cleansing	75	150	✓	Service change
Grounds maintenance	0	400	✓	Service change
Coastal engineering (parades)	36	48	✓	Service change
Public conveniences	0	150	✓	Service change
Consolidate grounds maintenance operations.	0	100		Efficiency
Events programme - cost neutral	100	100	✓	Service change
Events programme - Airbourne	145	145	✓	Efficiency
Bulky waste - cease free collections	20	40	✓	Service change
Trade waste	0	150		Income
Garden waste	0	40	✓	Service change
CT reduction for second homes	0	22	✓	Policy change
Pre app planning advice	15	15		Income
RESHAPING TOTAL	1,598	3,634		
Best Use of Assets				
Leisure centre	0	20		Contract change
Sovereign Leisure Centre	0	100		Income/Contract change
Cultural exemption	0	500		Income
Congress	60	100	✓	Income
Golf course	0	43		Income
Welcome building - vaccination centre	30	0		Income
Devonshire park theatre	280	280	✓	Income
Close 1 GR and let out	250	350		Income
Victoria Mansion (food street)	0	80		Income
HPR - Relet	0	145		Income
Rental income recovery	0	90		Income
Asset rationalisation	50	75		Income
DORO shares	120	120		Income
Langney Playing Fields	10	10		Income
Sale of Cornish Cottages	0	30		Income
ASSETS TOTAL	800	1,943		
TOTAL SAVINGS	2,398	5,571		
Budget gap	910	6,572		
Surplus / (Deficit)	1,488	(1,001)		

Agenda Item 8

Report to:	Cabinet
Date:	14 July 2021
Title:	Corporate Plan: Year 1 review
Report of:	Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning
Cabinet member:	Councillor David Tutt, Leader of the Council
Ward(s):	All
Purpose of report:	To consider the Council's progress with the Corporate Plan 2020-24 aspirations
Decision type:	Non-key
Officer recommendation(s):	To note progress with the Corporate Plan aspirations
Reasons for recommendations:	To enable Cabinet members to consider specific aspects of the Council's progress and performance.
Contact Officer(s):	Name: Millie McDevitt Post title: Organisational Effectiveness and Performance Lead E-mail: Millie.McDevitt@lewes-eastbourne.gov.uk Telephone number: 01273 085637 / 01323 415637

1 Introduction

- 1.1 This report sets out the results of a review which has been undertaken of the Council's four-year plan (2020 – 2024) at the end of the first year. The report enables the Cabinet to consider the successes and achievements to date and to approve the further development and refinement of the Plan as it moves into its second year.

2 Overview

- 2.1 Soon after the adoption by Full Council of the Corporate Plan in February 2020, a global pandemic was declared. Despite the borough being in lockdown for much of 2020/21, significant progress has been made towards achieving the goals and objectives of the EBC Corporate Plan.
- 2.2 **Performance:** This has been a year of exceptional performance, despite the Covid-19 pandemic. All service areas very quickly changed how they delivered their services to ensure that staff were able to work efficiently and productively in a Covid-safe way. At the same time, residents' needs and those of other

customers have been at the forefront of the council's operations, with service areas ensuring that they were able to meet needs.

2.3 **Projects:** Where possible, corporate projects have continued. Due to obvious covid related restrictions, some projects experienced delays.

2.4 **Key Achievements:**

Appendix 1 provides a fuller list of EBC's achievements against its corporate plan commitments. Some key achievements include:

1. Supporting businesses during the pandemic through the fast-tracked distribution of Government grants to small businesses and launching a dedicated online portal to receive and process applications quickly using automation. The portal continues to be used as the delivery mechanism to deliver the most recent restart grant scheme. In total since March 2020 the **Council has delivered £39.2m in grants to support Eastbourne businesses.**
2. Full refuse, street cleaning and recycling waste services continued despite Covid-19.
3. 148 rough sleepers newly accommodated in 2020.
4. Disability access audits of over 10 public buildings and amenities. These have resulted in changes to buildings and the way services are delivered to promote inclusion of disabled people.
5. Eastbourne Carbon neutral 2030- A plan for action/ strategy produced.
6. The opening of a new Visitor centre in the Welcome Building.

3 Corporate plan : 2021 onwards

3.1 The Corporate Plan aspirations remain but, as with any multi-year plan, delivery and implementation of certain activities will need to continue to be kept under review, particularly given the seismic effects of Covid-19. As has been reported throughout 2020-21, and in line with most local councils, Eastbourne Borough Council has suffered financially during the pandemic, not least of all through a loss of income from our tourism sector. Because of this, the exact details of delivery of the corporate plan and timings thereof will continue to be evaluated to ensure that it still remains appropriate and relevant to delivering the needs and requirements of Eastbourne's residents, businesses, voluntary and community organisations and other valued members of the community.

4 Financial appraisal

4.1 Project and performance monitoring and reporting arrangements are contained within existing estimates. Corporate performance information should also be considered alongside the Council's financial update reports (also reported to

Cabinet each quarter) as there is a clear link between performance and budgets/resources.

5 Legal implications

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

6 Risk management implications

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

7 Equality analysis

7.1 The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports or as part of programmed equality analysis.

8 Appendices

- Appendix 1 – Corporate Plan year 1 achievements

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EBC Corporate Plan 2020-24: Year 1 progress (April 2020-March 2021)

GROWTH & PROSPERITY	
4 year goals	Yr 1 2020-21 progress against 4 year goals
<p>1. Outstanding in tourism & leisure</p> <p>and</p> <p>Exciting Cultural Events</p>	<ul style="list-style-type: none"> • Tourism figures impacted by C-19 but despite this the Congress Theatre, largest venue in the south east, transformed into a cinema during October half-term. • The 40th anniversary of the Beachy Head Marathon was a runaway success. The event saw the marathon, half marathon and 10K races spread over 3 days to combat overcrowding and had strict Covid-safe measures in place. • New Visitor Centre opened in The Welcome Building • Refurbishment of the Beachy Head centre • Visit Eastbourne- German version launched to help attract foreign visitors.
<p>2. Attractive & Thriving town</p>	<ul style="list-style-type: none"> • Expansion of College Conservation area • Eastbourne Town Centre Movement & Access: phase 2 key stakeholder consultations. • Support for re-opening the town centre.
<p>3. Supporting and attracting business</p>	<ul style="list-style-type: none"> • Retail vacancy rate over 20/21 = 11.26% vs national = 11.5% • 858 accounts were awarded Expanded Retail Relief (business rates holiday). This was a 100% reduction in their rates and ran from 1st April 2020 to 31st March 2021 and amounted to £25,336,384. • Support for businesses during pandemic included fast-tracked distribution of Government grants to small businesses and retails, leisure and hospitality sector. CV-19 Business Grants expenditure since March 2020 exceeds £39.2 million which equates to approximately 4,400 businesses. 'Additional Restrictions Grant'- £1.3m awarded to 384 businesses Exceptional Hardship – paid a total of £602k to 195 businesses Taxi Drivers – paid a total of £170k to 340 drivers Adaptations Grants – paid a total of £256k to 186 businesses Business Futures BID fund - £50k to Eastbourne Hospitality Association

	<ul style="list-style-type: none"> • Launched new website 'eatlocal.info' to showcase and support local businesses. Website provides details of local food and drink services offering deliveries. • Launched new website 'shoplocal.info' promote local independent businesses. • Launched new website 'makelocal.info' to promote local manufacturers. • Free licences for outdoor seating to support Eastbourne businesses.
4.Improved Infrastructure	<ul style="list-style-type: none"> • Social distancing signage throughout the town • New cycle racks throughout the town • Emergency Active Travel Fund: ESCC were allocated £1,820,200 to start the delivery of Tranche 2 projects. The programme included measures to support safer and inclusive walking and cycling, with a specific emphasis on walking measures. As part of the programme, ESCC will be carrying out minor footway repairs which include installing dropped kerbing, some tactile crossing points, footway widening, resurfacing and vegetation clearance.
HOUSING & DEVELOPMENT	
4 year goals	Yr 1 2020-21 progress against 4 year goals
1.Address homelessness	<ul style="list-style-type: none"> • Households in Emergency accommodation: March 2021 – 122 vs 148 March 2020 • 148 rough sleepers newly accommodated in 2020 • EBC - Rough Sleeper Initiative (RSI) / Rapid Re-housing Pathway activity: <ul style="list-style-type: none"> ➢ Current rough sleeper verified count =4 ➢ Current emergency accommodation (EA) placements = 62 ➢ EA placements since March 2020 = 152 • Headline preventative work: <ul style="list-style-type: none"> ➢ Funding a homelessness advice and education programme delivered by YMCA. ➢ Targeting discretionary housing payment at those at risk of eviction, who can demonstrate viability going forward

	<ul style="list-style-type: none"> ➤ Supporting / sustaining vulnerable tenant / homeowners via referrals to STEPS / Southdown Housing. ➤ Funding advice services via CAB / BHT
2.Promoting homes that sustain health & well-being	<ul style="list-style-type: none"> • Disabled facilities grant: 54 approved; total spend: £753,300; average spend per home: £13,000 • STEPS – no. cases / positive outcomes STEPS -561
3.Good access to housing that meet modern standards	<ul style="list-style-type: none"> • Promoting access to low-cost through our forging key relationships with local private rental sector landlords – dedicated liaison role now in place. • 80-Bed Care home under construction at 282 Kings Drive
4.Safe, well managed decent homes	<ul style="list-style-type: none"> • Overall resident satisfaction : 74,9% (new methodology based on 10-point scale means cannot be compared to last year
5.Locations regenerated and more housing	<ul style="list-style-type: none"> • 230 new homes built in total • 63 affordable homes with permission to build • 977 homes with permission (including those under construction)
Quality Environment	
4 year goals	Yr 1 2020-21 progress against 4 year goals
1.Effectively tackling waste	<ul style="list-style-type: none"> • SEESL continuing full waste services despite C-19. Household, recycling, clinical and garden waste collections operated as normal in the town.
2.Protecting the Environment	<ul style="list-style-type: none"> • EBC has supported Treebourne in its successful grant funding applications, crowd funder appeal and project planning and implementation.https://treebourne.org/ Total funding from Trees for Cities = £20,669.95 Total funding from Urban Tree Challenge Fund = £14,250, including year 2 and 3 maintenance funding This has resulted in nature regeneration projects in Sevenoaks and Tugwell parks in Eastbourne: • Over 14,000 trees planted, along with hedges and climbing plants; wildflower planting.

	<ul style="list-style-type: none"> • Wildlife habitat (bird/bat boxes) installed • New equipment bought, tree guards fitted, mulching taking place. • Changes to Eastbourne Borough Council's grass cutting regime resulted in an increase of wildflowers and insects in green spaces across the town. • Diseased Die Ashback removed- By removing the dead timber, new sunlit glades and small meadows are being created that will benefit insects and chalk grassland species, old dew ponds will be reawakened as a water source for wildlife, while the natural woodland regeneration, alongside some targeted replanting with mixed species, will avoid a future monoculture and panoramic views from the upper reaches of the downland will be restored. • Eastbourne Borough Council is maintaining its pesticide-free approach wherever possible to controlling weeds across the town this spring. • Over the last year, the council has not used any chemical weed killers, including glyphosate, in any of its parks, open spaces or children's play areas. • Eastbourne Whole Downland Estate Plan adopted in July 2020. The Council is committed to the conservation and enhancement of the Downland Estate to preserve it for future generations and it has developed a Whole Estate Plan (WEP) to help guide the longer-term management of the Estate. The Council's priority is the preservation of the Estate's special qualities and the ecosystem services it provides. (https://www.lewes-eastbourne.gov.uk/resources/assets/inline/full/0/292934.pdf)
3.A low carbon place	<ul style="list-style-type: none"> • Eastbourne Carbon neutral 2030- A plan for action (strategy produced) • Successfully gained funding from LGA for Alternative Financing for Net Zero • Key developer of newly launched Hydrogen Sussex group- to bring Hydrogen technology to Sussex • Promotion / take-up of green initiatives to privately owned homes.

	<p>Warmer Sussex – private homes retrofit scheme- Nov 2019 to March 21.</p> <ul style="list-style-type: none"> ➤ EBC- 2 clients- 23.1 tonnes CO2 saved <p>Solar together PV panel purchasing</p> <ul style="list-style-type: none"> • EBC- 3kw installed PV 0.8 tonnes/CO2/yr saved
Thriving Communities	
4 year goals	Yr 1 2020-21 progress against 4 year goals
1.Promote inclusion & address deprivation	<ul style="list-style-type: none"> • Council developed Community Directory to enable statutory agencies to sign post vulnerable residents to support services • Conducted disability access audits of over 10 public buildings and amenities. These have resulted in changes to buildings and the way services are delivered to promote inclusion of disabled people. • Facilitated and supported Eastbourne’s Disability Involvement Group to work to have a say in key strategic projects such as the Town Centre Redevelopment. • Hosted an online Holocaust Memorial hub to commemorate all those who were persecuted under Nazi persecution and subsequent genocides.
2.Promote physical health and mental well-being	<ul style="list-style-type: none"> • Walking Festival (September) • Support for local charities that work in this area
3.Actively engaged communities	<ul style="list-style-type: none"> • Wide range of small local initiatives supported including: ... https://www.lewes-eastbourne.gov.uk/eastbourne-borough-council-news/councillors-give-welcome-boost-to-community-projects/
4.Safe communities	<ul style="list-style-type: none"> • Early intervention scheme to tackle the underlying causes of criminal behaviour among young people awarded £8,000 towards its running costs in Eastbourne and Lewes.

	<ul style="list-style-type: none"> • ‘Restoring Eastbourne and Lewes’, operated by the Eastbourne Business Crime Group in partnership with Eastbourne Borough Council and Lewes District Council working with Sussex Police and the Youth Offending Team, was successful in its bid for a grant from the Community Safety Partnership. The scheme, for young people aged 12 and over, began in 2015 using restorative justice to reduce reoffending for shoplifting and this has evolved into addressing the causes of a wide range of low-level offences with an emphasis on early intervention. • Renewal of four Public Spaces Protection Orders (PSPOs) to prevent street drinking and control dogs. <p>PSPOs are measures councils can use to protect the community from anti-social behaviour and they restrict what people can do in specific areas.</p> <p>The four orders, which were put in place in 2017 for three years, were due to expire this month unless renewed. They now run until 2023 and ban the following:</p> <ul style="list-style-type: none"> • consumption of alcohol in any street in Eastbourne town centre • dog fouling in any public area of the borough • dogs being off the lead in certain areas of the borough either at all times or at certain times of the year. • dogs entering specified areas of the borough either at all times or at certain times of the year.
5.Safe residents	<ul style="list-style-type: none"> • Community hub team deployed to help the most vulnerable and isolated residents during the latest period of lockdown. • £420k of government funding secured to help tackle anti-social behaviour, theft and burglary in a part of Eastbourne deemed to be disproportionately affected by these offences. The fund is a national scheme which aims to help reduce burglary, vehicle crime and other theft-based offences.

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Agenda Item 9

Report to:	Cabinet
Date:	14 July 2021
Title:	Portfolio Progress and Performance Report 2020/21- Quarter 4 (1 January -31 March 2021)
Report of:	Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning
Cabinet member:	Councillor Colin Swansborough, Cabinet member for place services and special projects
Ward(s):	All
Purpose of report:	To consider the Council's progress and performance in respect of key projects and targets for the fourth quarter of the year (January- March 2021) as shown in Appendix 1.
Decision type:	Non-key
Officer recommendation(s):	To note progress and performance for Quarter 4
Reasons for recommendations:	To enable Cabinet members to consider specific aspects of the Council's progress and performance.
Contact Officer(s):	Name: Millie McDevitt Post title: Projects and Performance Lead E-mail: Millie.McDevitt@lewes-eastbourne.gov.uk Telephone number: 01273 085637 / 01323 415637

1 Introduction

- 1.1 The performance of the Council is of interest to the whole community. People expect high quality and good value for money services. Performance monitoring, and a strong performance culture helps us to ensure we continue to deliver excellent services and projects to our communities in line with planned targets.
- 1.2 This report sets out the Council's performance against its targets and projects for the fourth quarter of 2020/21 (1 January- 31 March 2021) as well as the annual out-turn.
- 1.3 The Council has an annual cycle for the preparation, delivery and monitoring of its corporate and service plans. This cycle enables us regularly to review the Council's work, and the targets it sets for performance, to ensure these continue to reflect customer needs and Council aspirations.

2 Themes and Priority Visions

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

Growth & Prosperity	Housing & Development	Quality Environment	Thriving communities
Outstanding in tourism & leisure as well as facilitating exciting cultural events	Address homelessness	Promote inclusion and address deprivation	Effectively tackling waste
Attractive and thriving town	Promote homes that sustain health & well-being	Promote physical health and mental well-being	Protecting the environment
Supporting and attracting business	Good access to housing that meet modern standards	Actively engaged communities	A low carbon place
Improved infrastructure	Locations regenerated and more housing	Safe communities and safe residents	

3 Format

- 3.1 Appendix 1 provides a high level summary of progress and performance. The summary shows where performance and projects are 'on track/on target' and where there are areas of risk, concern or under-performance. Where performance or projects are 'off track/below target', an explanation of the management action being taken to address this is also provided
- 3.2 A list of projects is provided and updates can be requested as required from project managers. This allows more detailed and bespoke reports rather than short paragraph updates.
- 3.3 The Performance team is also supporting the Recovery and Restart Programme, ensuring that delivery of that is achieved in order to deliver the Corporate Plan aspirations.
- 3.4 The last section of Appendix 1 details the devolved budget spend by ward and the projects that have been supported through this scheme for 2020/21. Each ward had a total of £10,000 available to spend on schemes requested by the local community.

4 Summary of Progress and Performance – Q4 and end of year 2020/21

- 4.1 **2020/21:** This has been a year of exceptional performance, despite the Covid-19 pandemic. All service areas very quickly changed how they delivered their services to ensure that staff were able to work efficiently and productively in a Covid-safe way. At the same time, residents' needs and those of other customers have been at the forefront of the council's operations, with service areas ensuring that they were able to meet needs. Performance targets have all been met wherever possible. The few areas which have not met their targets have been unable to do so due to pandemic related factors. So, for example, in the case of turnaround times for council lettings and repairs, these were severely impaired by staff being unable to access properties due to Covid-19.

5 2021/22 Measures:

- 5.1 Appendix 2 lists the projects and performance targets for 2020/21

6 Financial Appraisal

- 6.1 Project and performance monitoring and reporting arrangements are contained within existing estimates. Corporate performance information should also be considered alongside the Council's financial update reports (also reported to Cabinet each quarter) as there is a clear link between performance and budgets/resources.

7 Legal Implications

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

8 Risk Management Implications

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

9 Equality Analysis

- 9.1 The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports or as part of programmed equality analysis.

10 Appendices

Appendix 1 – Portfolio Progress and Performance Report (Quarter 4 2020/21)









Appendix 2- Performance targets and projects 2021/22
















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Appendix 1

Eastbourne Borough Council Corporate Performance Report Q4 2020-21
















- **Councillor David Tutt** - (Leader of the Council and Chair of Cabinet) - Cabinet member for responsibilities aligned with the Chief Executive.
- **Councillor Stephen Holt** - (Deputy Leader) - Cabinet member for financial services.
- **Councillor Margaret Bannister** - Cabinet member for tourism and leisure services.
- **Councillor Jonathan Dow** - Cabinet member for climate change.
- **Councillor Alan Shuttleworth** – Cabinet member for direct assistance services.
- **Councillor Colin Swansborough** – Cabinet member for place services and special projects.
- **Councillor Rebecca Whippy** – Cabinet member for disabilities and community safety.

Key			
	Performance that is at or above target Project is on track		Performance that is below target Projects that are not expected to be completed in time or within requirements
	Project has been completed, been discontinued or is on hold		Performance that is slightly below target but is within an acceptable tolerance Projects: where there are issues causing significant delay, changes to planned activities, scale, cost pressures or risks
	Direction of travel on performance indicator 3: improving performance		Direction of travel on performance indicator: declining performance
	Direction of travel on performance indicator: no change		Data with no performance target




KPI Description	Q1 Value	Q2 Value	Q3 Value	Q4 Value	Q4 Target	Q4 Status	Short Trend	2020/21 Overall out-turn value	2020/21 Annual target	2020/21 Overall out-turn status	Latest Note
1. Finance: Percentage of Council Tax collected during the year - Eastbourne	27.98%	54.36%	81.25%	95.89%	96.52%			95.89%	96.52%		<p>Despite Covid-19 challenges in the last year collection is only 0.63% below a target of 96.52% which was revised down in September to take account of the expected reduction in income. This equates to being below target by £445,121. Collection against the initial target of 97.06% which was set pre-pandemic would have been 1.17% below.</p> <p>Although the collection rate is below target and despite the suspension of all Council Tax Liability Order Hearings by HMCS throughout the entire year, measures were put in place very early on in the pandemic to try and limit and manage the expected fall in Council Tax income.</p> <p>This included customer debt profiling to tailor collection approaches including sending different types of 'soft' reminder letters targeted around ability to pay. A small team of caseworkers and customer advisors was also set up to help residents who were struggling to pay, but also to make outbound calls to chase late payment where it was identified from customer financial profiling that there was ability to pay.</p> <p>The decision to send statutory reminder and final notices at certain periods during the pandemic has also helped to limit the impact.</p>
Page 32 2. Finance: Percentage of Business Rates collected during the year - Eastbourne	35.19%	54.57%	83.47%	94.70%	95.82%			94.70%	95.82%		<p>Collection is 1.12% below the target of 95.82% which was revised down in September to take account of the anticipated reduction in income resulting from the Covid-19 pandemic. This equates to being below target by £139,010. Collection against the initial target of 98.50% set pre-pandemic would have been 3.8% below.</p> <p>Business Rates collection has mainly centred around the statutory cycle of sending reminder and final notices when lockdown restrictions have been eased and through targeted outbound calling.</p> <p>Collection has proved to be extremely challenging during the pandemic as many businesses have either been forced to close due to Covid restrictions or have had to continue to trade during the pandemic but have been financially impacted as they have not had access to government support schemes but experienced a financial downturn.</p>
3. Benefits: Average days to process new claims for housing/council tax benefit (E)	19	19	16	22	22			19	22		Performance remains on target for the quarter which has fed into the best annual performance for several years despite the challenges the year has brought.
4. Benefits: Average days to process change of circs (housing/council tax benefit) (E)	5	5	5	7	8			6	8		As note above.
5. Customers: Increase the percentage of calls to the contact centre answered within 60 seconds - Ebn	86.89%	96.31%	93.45%	81.2%	80%			89.1%	80%		Although quarter 4 sees the most contact from customers due to Year End activity (350K pieces of correspondence sent in March alone), the performance has remained strong where quarter 4 saw 81.2% off all calls being answered within 60 Seconds – this compares to 93.45% for quarter 3.

KPI Description	Q1 Value	Q2 Value	Q3 Value	Q4 Value	Q4 Target	Q4 Status	Short Trend	2020/21 Overall out-turn value	2020/21 Annual target	2020/21 Overall out-turn status	Latest Note
											Despite the increased demands on the contact centre due to the pandemic, the service target has been met and is significantly better than previous years. Number of telephone calls: Jan – 8827 Feb -9633 Mar - 13213 Average time (in seconds) to answer calls: Jan – 35 Feb - 58 Mar - 34 # of calls to Coronavirus helpline (Joint): Jan- 285 Feb -160 Mar -89
6. Customers: Reduce the numbers of abandoned calls to the contact centre - Ebn	2.81%	1.64%	1.72%	2.4%	5%			2.14%	5%		.As above
7. Housing: Number of households living in emergency (nightly paid) accommodation (E)	156	142	135	122	NA			122	Data only		The overall reduction of households in emergency accommodation (EA) is a significant achievement for the service; especially as Government restrictions to tackle the spread of Coronavirus have made it more challenging to support our customers. During Q4 we moved 46 out of EA and 32 in. It is likely that demand on our services will increase further once national measures (e.g. ban on evictions) ease. In anticipation of this we are reviewing how we deliver our services.

KPI Description	Q1 Value	Q2 Value	Q3 Value	Q4 Value	Q4 Target	Q4 Status	Short Trend	2020/21 Overall out-turn value	2020/21 Annual target	2020/21 Overall out-turn status	Latest Note
8. Customers: Number of new sign-ups to the Councils' social media channels	1,303	510	498	460	150			2,771	600		This quarter saw a continuation of customers choosing to follow the councils' social media channels as a source of information and way to engage with our services. The year on year performance is comparable to this quarter last year.
9. Customers: Number of people registering for our email service (GovDelivery)	3,084	2,885	32,996	5,861	600			44,826	1,800		This quarter saw a significant year on year increase - this was boosted by our uploading emails of customers signing up for a My Account who opt-in for more information from the council.
10. Customers: Percentage of local searches that are returned within 10 working days of receipt	99.11%	99.52%	99.26%	100%	80%			99.52%	80%		Performance well above target levels throughout the year. This was a new PI for 2020/21 and set at an average turn-around rate for LAs.
11. Customers: Social media responsiveness rate	88.67%	91.33%	89%	n/a	80%			To Q3- 89.6&%	80%		Due to new privacy rules in Europe, Facebook messaging reporting analytics have been paused. Beginning in early December, certain messaging-related performance reporting will be unavailable.
12. Growth: Town centre vacant retail business space	Not reported due to C-19	11.27%	10.8%	11.71%	10.4%			11.26%	10.4%		Eastbourne town centre has managed to weather the pandemic storm and whilst the vacancy rate is higher than the target, EBC in partnership with the chamber of commerce and others is supporting businesses and Eastbourne's retail sector.

KPI Description	Q1 Value	Q2 Value	Q3 Value	Q4 Value	Q4 Target	Q4 Status	Short Trend	2020/21 Overall out-turn value	2020/21 Annual target	2020/21 Overall out-turn status	Latest Note
13.Housing: Average void relet time key to key (month & YTD) (E)	13.0	72.1	54	55	15			48.5	15		34 properties in total relet, this included 3 properties that had adaptations carried out to them. Void turn round times have been adversely affected by the pandemic, lockdowns, sheltered schemes being closed and a shortage of materials. During 2020/21 void management has been the most challenging area of work-successive lockdowns either prevented or limited access to property and/or customers. Clearly, driving void performance in the new financial year, will be an area of considerable focus to maximise income and to deliver homes to customers in a more timely manner.
14.Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	4 days	3 days	4 days	4 days	28 days			4 days	28 days		Consistently over target in 2020/21 since OTs started working within EBC.
15.Housing: Number of Licensed HMO's Inspected per Quarter	7	8	4	0	12.5			19	50		During quarters 1, 2 and 3 the inspections of HMOs were carried out virtually and in collaboration with letting agents, by visiting properties on our behalf and reducing risk to staff. At the start of Q4 this assistance was withdrawn due to the more stringent lockdown restrictions and the risks of the Alpha (Kent) variant. However, during this quarter the team carried out inspection of relevant gas and electrical safety certificates to ensure compliance and the safety of the tenant.
16. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit) (E)	4.46%	4.32%	3.75%	3.5%	3%			3.5%	3%		The previous extensive work carried out on the CX Housing system reports, coupled with further enhancements to working processes has resulted in continued reduction of rent arrears. At the close of Quarter 4, arrears were down to 3.5%, representing the lowest level since March 2019. Actual arrears reduced over the quarter by £50,000 from £574,827 to £524,152 and we are confident that the actions taken to date as part of the rent action plan will continue to impact positively, further reducing arrears and maximising tenant income.
17.Planning: Increase the percentage of Major Planning Applications processed within 13 weeks	100%	100%	83%	80%	65%			88%	65%		Annual turn-out is above the government target set for planning application processing times.

KPI Description	Q1 Value	Q2 Value	Q3 Value	Q4 Value	Q4 Target	Q4 Status	Short Trend	2020/21 Overall out-turn value	2020/21 Annual target	2020/21 Overall out-turn status	Latest Note
18.Planning: Increase the percentage of minor planning applications processed within 8 weeks	88%	88%	82%	78%	75%			83%	75%		As above.
19.Planning: Increase the percentage of other planning applications processed within 8 weeks	98%	93%	88%	94%	75%			93%	75%		As above.
20.Recycling & Waste: % Container Deliveries on Time	43.07%	79.16%	89.66%	70.52%	100%			69.85%	100%		The annual turn-out is likely attributable to high demands for either an additional recycling bin or a larger or additional refuse bin. The same may well be the case for the new 2021-22 Q1 while residents settle into the new alternate weekly collection service. Both EBC and SEESL have put extra resources to alleviate this.
21.Recycling & Waste: Missed Assisted Collections	0.23%	0.19%	0.18%	0.16%	1%			0.19%	1%		Total number of customers receiving an assisted collection = 3,198. Total number of assisted collections made across all the services per month = 19,188
22.Recycling & Waste: Number of missed bins (per 100,000)	34	33	25	24	100			29	100		Within target
23.Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	37.69%	35.17%	35.1%	Awaiting data from 3rd party	40.00%			TBC	40.00%		Awaiting data from 3 rd party.
24.Recycling & Waste: Total number of reported fly-tipping incidents	266	264	201	166	120			897	480		Breakdown of reports: Jan - 58, Feb – 58, Mar – 50. Fly-tipping has been an issue nationally and isn't unique to Eastbourne. The Neighbourhood First teams continue to use Keep Britain Tidy posters along with our own and mobile CCTV cameras at key sites. The hotspots in the quarter were in the Devonshire Ward. There were 11 fly tipping fines issued during Q4 amounting to £1,100.00 for general fly tipping, fly tipping of furniture, white goods and clothing.

KPI Description	Q1 Value	Q2 Value	Q3 Value	Q4 Value	Q4 Target	Q4 Status	Short Trend	2020/21 Overall out-turn value	2020/21 Annual target	2020/21 Overall out-turn status	Latest Note
											Fly tipping increased during lockdowns with households decluttering and having clear outs. Several litter campaigns went out via our social media and the Neighbourhood First teams continue to use Keep Britain Tidy posters as well as using our own and mobile CCTV cameras at key sites.
Page 9 25.3 Staff: Average days lost per FTE employee due to sickness (J)	1.63 days	1.56 days	1.46 days	1.72 days	2.0 days			6.37 days	8.0 days		<p>This is the final quarter of reporting average days lost due to sickness for our entire staff group since lockdown and/or other restrictive measures were introduced and the majority of staff who were able, commenced working from home. This has had a positive impact on sickness levels with the councils recording only 1.72 days in Q4, which is a small increase from Q3 which was 1.46 days. We would normally anticipate a slight increase in the final quarter due to the time of year. This final quarter figure means we have come in below our target of 8 days, having only recorded 6.37 days for the year 2020/21.</p> <p>If we remove LDC Waste Services, the Q4 figure reduces to 1.33 days and Waste Services on its own is 4.25 days, which is an increase from 3.47 days in Q3. It is worth noting that Waste Services staff have continued to operate normally during the pandemic.</p> <p>Absences due to Covid-19 for Q4 were 11 (those staff reporting symptoms) which was an increase from 4 in Q3. No staff have recorded an absence due to Covid-19 Isolation (those staff required to self-isolate as they have been in contact with someone showing symptoms). These relatively small numbers will be largely due to the change in ways of working, including working from home and strict social distancing measures within our buildings. In addition we had a further 20 staff absent due to a reaction to drugs which we believe is related to those staff receiving a vaccination. If we remove these absences from our Q4 figure that number reduces to 1.47 days.</p> <p>Although sickness levels have reduced the HR Business Partners continue to support managers and staff in managing any attendance issues that arise.</p>

Projects

Project / Initiative	Description	Target completion
Winter Garden (Devonshire Park Redevelopment)	Significant investment to establish Devonshire Park as a premier conference and cultural destination to include: New welcome building: Restoration of Congress, Winter Garden and Devonshire Park Theatres: Improving Accessibility: Improving tennis facilities: New Conference/exhibition Space & Cafe: Public realm improvements	Q3 2022/23
Housing Development Programme - Ebn	Deliver an ambitious programme of housing development and refurbishment that provides homes and makes a positive contribution to Eastbourne's economic future	ongoing
Sovereign Centre Review	TBC	TBC
Hampden Retail Park	The acquisition and development of Hampden Retail Park as part of the Property Acquisition and Investment Strategy (PAIS).	ongoing

Devolved ward budget scheme 2020/2021 – Summary by ward to end of Quarter 4 (1 April – 30 June 2021)

Ward	Project	Description	Project Spend to Date
Devonshire	Elms Avenue Tree Stump	Removal of a tree stump at Elms Avenue	£850.00
	Tree Planting	The planting of 6 trees (including protection) in Cavendish Place - between Pevensey Road and Langney Road.	£1,500.00
	Tree Planting	Tree planting (including tree protection) - 2 outside Bradford Court, 2 outside and opposite the Working Mens Club on the corner of Firle Road and Cavendish Place	£1,000.00
	Friends of Seaside Rec	Contribution to the refurbishment of the changing rooms into a Tea Chalet	£1,100.00
	PPE Shop	Launch of the PPE Shop by the Eastbourne Hospitality Association	£500.00
	Play Equipment	Contribution for installing new play equipment at St Andrew's CE Infants School	£750.00
	Bourne School	Forest/Beach School Equipment Bourne School	£1,000.00
	Refill Station	Funding towards water refill station at Friends of Princes Park and Train Station	£2,250.00
	Bourne School	Funding towards a set of text books for their year 5 cohort to support their remote learning.	£1,050.00
Total spend for the year:			£10,000.00
Hampden Park	Eastbourne Eco Education Network	Proposal for engaging with schools and families in Hampden Park	£2,250.00
	Tree Planting in Tugwell Park	Proposal for tree planting In Tugwell Park	£3,000.00
	Willingdon Tree Community Centre	Cost towards new dishwasher at Willingdon Tree Community Centre.	£500.00
	Dual Purpose Bins	Proposal for New bins in various areas.	£2,000.00
	Hampden Park Pond	New signage on Hampden Park Pond	£360.00
	Allotment Society	Part cost of replacement boundary fence.	£1,000.00

Ward	Project	Description	Project Spend to Date
	The Old Bank Wellbeing Trust	To provide support for bursary fees for counselling student clients.	£890.00
Total spend for the year:			£10,000.00
Langney	Sovereign Saints FC	Sovereign Saints Football Club – provision of new kit for junior football teams. The club run teams in local leagues and membership comes largely from the Shinewater/Langney area, based at Shinewater Playing Field, Shinewater Lane.	£500.00
	Carbon Capture Group	Sevenoaks Road Recreation Ground. Planting over 11,000 trees. The Carbon Capture Group within the EcoAction Network crowd funded for Trees, applied for grants through Trees for Cities and The Urban Tree Fund and went into the community to raise money as well. The devolved budget request is to support tree planting and will also assist with wider community involvement.	£1,800.00
	Blackberry Buzzards CIC	Blackberry Buzzards CIC, are going to provide activities in Shinewater Park. They are building a compost toilet. Raised beds to enable a community garden. Forestry skills workshops, not only for children also including adults. This project will get the community outside, taking the gardening skills etc. Home to use where they live. Those without gardens it will be somewhere to go to enjoy the fresh air. This project will enhance people's mental health by getting them together safely.	£1,500.00
	Water Refill Station	Water refill station in Langney	£1,500.00
	Tree Planting	Tree Planting on a plot by Hever Close and Faversham Road	£250.00
Total spend for the year:			£5,550.00
Meads	Historic Meads Walk Booklet	Historic Meads Walk Booklet	£500.00
	Eastbourne Culture Group	Eastbourne Culture Group plan to enliven the town by commissioning artwork for the windows of the empty Debenhams building.	£700.00

Ward	Project	Description	Project Spend to Date
	Trees in Chiswick Place	To investigate the scope for planting trees in Chiswick Place if satisfactory an additional request will be made for a number of trees at £250 each.	£400.00
	The Tree of Light	To assist in funding 'The Tree of Light' by Rotary Club of Sovereign Harbour raising monies for local charities.	£600.00
	St John's PCC	To kickstart appeal to repair St. John's Church clock.	£1,500.00
	Eastbourne Society	Eastbourne Society wish to purchase a scanner so that a large number of large historical documents can be copied and saved in perpetuity.	£2,500.00
	Tree Planting in Chiswick Place	To investigate the scope for planting trees in Chiswick Place if satisfactory an additional request will be made for a number of trees at £250 each. Now made for 6 trees at £1500	£1,500.00
	Plastic Free Eastbourne	Plastic Free Eastbourne have initiated a project to provide water refill stations along the seafront to minimise the usage of plastic water bottles. Our proposal is to part fund one of these at Helen Garden.	£1,550.00
	Just Friends	"Just Friends" is a local charity whose aim is to combat loneliness and seeks funds to contribute to its 3rd Anniversary Lunch to be held on St. Georges Day in April 2021.	£250.00
	MVA	Meads Village Allotments CIC was successful in acquiring the allotments freehold for the community. Given the history the CIC wishes to erect a story board to inform visitors and residents.	£500.00
Total spend for the year:			£10,000.00
Old Town	The JPK Sussex Project	Upgrading and enlarging disability accessible facilities at the JPK Project to allow "access for all"	£1,000.00

Ward	Project	Description	Project Spend to Date
	Community Wise	To help this popular community centre implement measures required by government guidelines to help make the centre safe for use with regards to Covid-19.	£450.00
	St Elisabeth's Church	Half-term activities at St Elisabeth's Church	£250.00
	Water Refill Station	Water refill station in Old Town Rec	£1,500.00
	Green Street PPG	New toys and books for children as they wait for their appointments at new premises on Victoria Drive.	£250.00
	International Car Free Day film	To celebrate and promote International Car Free Day.	£500.00
	Motcombe school outdoor learning	Lighting for outdoor learning area.	£750.00
	Ocklynge school	More animals and enhanced outdoor learning programme that reaches vulnerable children through the care of small animals.	£850.00
	Pashley school outdoor learning	To enhance the school's outdoor learning area.	£450.00
	Tree planting	Planting of trees to enhance environment.	£4,000.00
Total spend for the year:			£10,000.00
Ratton	Tree Planting	Tree Planting at Westlords	£1,000.00
	Archaeological Dig	Archaeological dig within Ratton.	£1,000.00
	Rotary Tree of Light	Funding towards Tree of Light as no funding this year.	£600.00
	Pocock Trees	Two trees planting in Pococks Road	£500.00
	Tree Planting in Westfield Road	To plant eight new trees in Westfield Road	£2,000.00
	Plastic Free Eastbourne	Water Refill Station	£1,500.00
	Bulb Planting	Bulb Planting around Ratton Ward	£1,400.00
	Tree Planting	Tree Planting in Ratton	£2,000.00
Total spend for the year:			£10,000.00
St Anthony's	Eastbourne Education Business Partnership	Eastbourne Youth Radio - Stafford Junior School Programme 13.11.19	£288.00

Ward	Project	Description	Project Spend to Date
	Carbon Capture Group	Sevenoaks Road Recreation Ground. Planting over 11,000 trees. The Carbon Capture Group within the EcoAction Network crowd funded for Trees, applied for grants through Trees for Cities and The Urban Tree Fund and went into the community to raise money. as well. The devolved budget request is to support tree planting and will also assist with wider community involvement.	£1,500.00
	Replacement Tree	Replacement tree on Moy Avenue	£250.00
	YMCA youth club	New equipment to revitalise the youth club offer and to help better engage with young people and increase attendance.	£850.00
	Sports for all	Sports for all in The Archery recreation ground. Commencing with weekly football sessions for SEND children and their siblings or friends. Aiming to encourage those who are less active or feel restricted in ability to participate.	£1,000.00
	Adult counselling	To provide a low-cost counselling service for adults and to pilot a support & psychoeducation group for years 10&11.	£3,000.00
	Fridge for Langney Larder	To provide a fridge for "Langney Larder", which gives away food five days a week that would otherwise go to landfill.	£1,023.60
Total spend for the year:			£7,911.60
Sovereign	Kingsmere Community Association	To assist the community of Kingsmere	£200.00
	Recycling Bins	To provide seven new recycling multi-purpose Litter/'Dog Poo' Bins around Sovereign Harbour. Three of the bins will be in new additional locations with replacement of existing small red 'poo bins' in four locations.	£2,000.00
	The Tree of Light	To assist in funding 'The Tree of Light' by Rotary Club of Sovereign Harbour raising monies for local charities.	£600.00

Ward	Project	Description	Project Spend to Date
	Defiant Sports	To help fund ongoing requirements for equipment including a mascot for this wonderful organisation in Sovereign.	£1,000.00
	Fish 4 Kidz	To help fund 'Fish 4 Kidz' Angling Competitions held in conjunction with the Eastbourne Nomads Angling Club. These competitions are held on the beaches between the Sovereign Centre and Langney Point ie in Sovereign Ward.	£500.00
	Kings Park Road Signage	To assist with funding for new road signs around Kings Park (Sovereign Ward). Kings Park is a private estate, the roads and pathways are not adopted by ESCC. The total estimated cost of the new signs is £2,500. Please see the separate email request for funding from Kings Park Management Co Ltd.	£500.00
	Chestnut Tree House	Chestnut Tree House offer activity days for families from Eastbourne and East Sussex. Each activity days cost £106 to run which included materials, staff and food/refreshments. These activity days are so valuable to the families, and offer them a chance to spend valuable time together, making special memories. They can get involved in art and messy play, and just enjoy the time together having fun!	£1,000.00
	Kingsmere Community Association	Kingsmere Community Association wish to provide 'selection boxes' to the youngsters of both Kingsmere and Kings Park Sovereign Ward to give Christmas Cheer in this tough year.	£200.00
	Defiant Sports	To help fund a 'Magic Table' (Sensory Table) for Defiant Sports. The cost of the 'Table' is £6,000. They have already raised £3,000 towards the 'Table'.	£1,000.00
	The Haven Primary School	To assist in the purchase 3 new laptops for The Haven Voluntary Aided Church of England Methodist School in Sovereign Harbour to	£1,500.00

Ward	Project	Description	Project Spend to Date
		replace 3 very old laptops used for teaching and learning. The older laptops will be given to children learning at home with inadequate IT equipment.	
	SHRA	To provide an additional seat for the Harbour walkways.	£1,500.00
Total spend for the year:			£10,000.00
Upperton	JPK Project	Upgrading and enlarging disability accessible facilities at JPK Project to allow "Access for all". First part of funding was provided in 2019/20.	£450.00
	Hurst Road Group	Hurst Road Street Community have a weekly music night to bring people together during this crisis. They require percussion instruments to involve all residents.	£200.00
	Community Wise	To assist Community wise to implement measures required by government guidelines on making workplaces and shops safe for all users before its reopening.	£450.00
	Road Closure Leaflets	As part of World Car Free Day, we intend to close a section of Compton Place Road for 12 hours on 22.09.20. This is to encourage children and parents to walk and ride to school safely. We need to notify residents and will need 600 leaflets delivered and printed.	£95.00
	Tree Nursery	Creation of tree nursery at the forest school in Gildredge Park -fencing, planting beds.	£750.00
	Tree Planting	Tree planting in Le Brun Road	£500.00
	Tree Planting in King's Drive and Hartfield Square	8 trees to be planted in King's Drive and Hartfield Square.	£2,000.00
	Water Refill Station	Installation of a water container "Refill Station" in Upperton Ward by Plastic Free Eastbourne	£1,000.00
	A Band of Brothers	To further develop allotment to provide firepit, pathways, plants, hedges and beekeeping.	£2,140.00

Ward	Project	Description	Project Spend to Date
	Dual Purpose Bins	Supply and installation of six dual litter/recycling bins in Upperton - Manor Gardens, Gildredge Park and Hartfield Square	£1,565.00
	Improvements to The Hermitage	New gravel border surround to The Hermitage in Manor Gardens	£850.00
Total spend for the year:			£10,000.00

Number of schemes for the year:	78
All wards total spend for the year:	£83,461.60

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Appendix 2

Eastbourne Borough Council Corporate Performance – 2021/22

KPI Description	Target 2020/21	20/21 turn-out	21/22 Proposed target	Target setting rationale
1. Finance: Percentage of Council Tax collected during the year	96.52% (annual with quarterly targets as well)	95.89%	96.06%	Based on analysis of historical and recent collection performance
2. Finance: Percentage of Business Rates collected during the year	95.82% (annual with quarterly targets as well)	94.70%	97.50%	Based on analysis of historical and recent collection performance
3. Benefits: Average days to process new claims for housing/council tax benefit	22 (quarterly)	19	22	Set at DWP targets
4. Benefits: Average days to process change of circs (housing/council tax benefit)	8 (quarterly)	6	8	Set at DWP targets
5. Customers: Increase the percentage of calls to the contact centre answered within 60 seconds	80% (quarterly)	89.1%	80%	Target maintained but vary to maintain performance ratio
6. Customers: Reduce the numbers of abandoned calls to the contact centre	5% (quarterly)	2.14%	5% and 10% at peak call volumes	Variable ratio performance target
7. Housing: Number of households living in emergency (nightly paid) accommodation	Data only	122	N/A	N/A
8. Customers: Number of new sign-ups to the Councils' social media channels	600 (annual)	2771	600	Target reflects the increased uptake of subscriptions in general while allowing for some levelling out as the service reaches its maximum potential subscriber coverage.
9. Customers: Number of people registering for our email service (GovDelivery)	1,800 (annual broken and then down into quarterly)	44,826	3000	Target reflects the increased uptake of subscriptions in general while allowing for some levelling out as the service reaches its maximum potential subscriber coverage.
10. Customers: Percentage of local searches that are returned within 10 working days of receipt	80% (quarterly)	99.52%	80%	Target based on being able to clear a significant majority within 10 working days but with some work done by 3 rd parties beyond council control (e.g. East Sussex CC responses)

KPI Description	Target 2020/21	20/21 turn-out	21/22 Proposed target	Target setting rationale
11. Customers: Social media responsiveness rate	80% (quarterly)	N/A 91.33%	Unable to report this any longer	Due to new privacy rules in Europe, Facebook messaging reporting analytics have been paused. Beginning in early December, certain messaging-related performance reporting will be unavailable.
12.Growth: Town centre vacant retail business space	10.4% (quarterly and annual target)	11.71%	11.5% (as per Springboard vacancy reporting as at April 2021 was 11.5%)	Springboard national vacancy rate at Q3, 2020 was 11.7%. 2021/22 target should be 11.5% acknowledging that the COVID-19 pandemic has impacted significantly on retail and hospitality with local and national vacancy rates likely to increase for Q4 and during 2021. Q3 reporting for Eastbourne was 10.8%
13. Housing: Average void relet time key to key (month & YTD) (E)	Profiled quarterly to 15	48.5	20	Void management was the most challenged area of housing work in 20/21 due to critical restrictions in accessing property, working in proximity with customers and some shortage of materials during lockdowns. The increased target time reflects the need to reset and to allow for potential lockdowns and possible similar challenges.
14.Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	28 days (quarterly)	4 days	14 days	Analysis of 20-21 out-turn
15.Housing: Number of Licensed HMO's Inspected per Quarter	50 (annual) 12.5 (quarterly)	19	50 (12/13 quarterly)	Taret maintained
16. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit)	3% (quarterly)	4.46%	3%	Strong progress in reducing arrears was made during 2020-21, resulting in a stretching of target for 2021-22.
17.Planning: Increase the percentage of Major Planning Applications processed within 13 weeks	65% (quarterly and annual targets)	88%	65%	Government target
18.Planning: Increase the percentage of minor planning applications processed within 8 weeks	75% (quarterly and annual targets)	83%	75%	Government target
19.Planning: Increase the percentage of other planning applications processed within 8 weeks	75% (quarterly and annual targets)	93%	75%	Government target

KPI Description	Target 2020/21	20/21 turn-out	21/22 Proposed target	Target setting rationale
20. Recycling & Waste: % Container Deliveries on Time	100% (quarterly and annual targets)	69.85%	99%	Set by SLA with SEESL
21. Recycling & Waste: Missed Assisted Collections	1% (quarterly and annual targets)	0.19%	1%	Set by SLA with SEESL
22. Recycling & Waste: Number of missed bins (per 100,000)	100 (quarterly and annual targets)	29	100	Set by SLA with SEESL
23. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	40.00% (quarterly and annual targets)	35.10% at Q3 awaiting Q4 data	45%	Indicative national targets: 2025 – 55% 2030 – 60% 2035 – 65% Implementation of Alternative weekly collections should boost recycling performance in Eastbourne.
24. Recycling & Waste: Total number of reported fly-tipping incidents	480 (quarterly and annual targets)	897	400	Fly tipping has increased, despite best efforts at investigation and enforcement. Additional monitoring in 'hot spots' through alternative waste collection implementation will help manage this antisocial behaviour and reduce the number of incident hence the lower target figure.
25. Staff: Average days lost per FTE employee due to sickness (J)	8.0 days (annual and then broken down into quarterly)	6.37 days	8 days	Based on historical and recent collection performance
Bandstand patrons – paying visitors attending concerts (EBC)	43,000 (annual target)	0	38,000	Extension of the programme from April 2021 – to October 2021 with plans to offer Bandstand on Tour at the Winter Garden - winter 2021. Bandstand closed throughout 2020
[Annual] Number of visitors (day and staying trips) (EBC)	5,066,000 (annual target)	0	2% increase	Limited opportunity for travel in 2020 due to the pandemic
[Annual] Total visitor spend (EBC)	£357,442,000 (annual target)	£0	1% increase	Throughout 2020 people were asked not to travel. Limited window for visitors

KPI Description	Target 2020/21	20/21 turn-out	21/22 Proposed target	Target setting rationale
[Annual] Total day visitor spend (EBC)	£145,747,000 (annual target)	£0	1% increase	Throughout 2020 people were asked not to travel. Limited window for visitors
[Annual] Total visitor accommodation spend (EBC)	£211,695,000	£0	2% increase	Throughout 2020 people were asked not to travel. Limited window for visitors

Projects

Project / Initiative	Description	Target completion
Winter Garden (Devonshire Park Redevelopment)	Significant investment to establish Devonshire Park as a premier conference and cultural destination to include: New welcome building: Restoration of Congress, Winter Garden and Devonshire Park Theatres: Improving Accessibility: Improving tennis facilities: New Conference/exhibition Space & Cafe: Public realm improvements	Q4 2021/22
Housing Development Programme	Deliver an ambitious programme of housing development and refurbishment that provides homes and makes a positive contribution to Eastbourne's economic future	Q4 2021/22
Sovereign Centre Review	TBC	Project on hold
Hampden Retail Park	The acquisition and development of Hampden Retail Park as part of the Property Acquisition and Investment Strategy (PAIS).	Phase 1 – Costa build and car park improvements Q4 2021/22

Body:	Cabinet
Date:	14 July 2021
Subject:	Provisional revenue and capital outturn 2020/21
Report of:	Homira Javadi, Chief Finance Officer
Cabinet member:	Councillor Stephen Holt, Cabinet member for financial services
Ward(s):	All
Purpose of the report:	To update Members on provisional outturn for 2020/21.
Decision type:	Key
Recommendation:	Cabinet is recommended to: i) Endorse the provisional outturn for 2020/21. ii) Approve the transfers from/to reserves as set out in section 2.2.
Reasons for recommendations:	To enable Cabinet members to consider specific aspects of the Council's financial performance for 2020/21.
Contact:	Homira Javadi: Chief Finance Officer Tel: 01323 415512 or email Homira.Javadi@lewes-eastbourne.gov.uk

1.0 Background

1.1 This report provides Cabinet with an update on the provisional outturn and seeks endorsement for certain matters. The Council's financial performance is integral to its service performance overall.

2.0 General Fund

2.1 Revenue Outturn

2.1.1 The 2020/21 financial year saw significant challenges as a result of the Covid-19 pandemic and associated lockdown. This prompted the Council to undertake a number of immediate actions in order to manage the unprecedented financial and operational impacts of the pandemic. These included:

- ❖ Very early engagement with Ministry of Housing Communities and Local Government (MHCLG),
- ❖ active campaigning for more realistic COVID grant allocation,

- ❖ developing the Recovery and Reset Programme; and
- ❖ seeking additional financial support from the Government which was granted in the form of a capitalisation direction of £6.8M for 2020/21 and £6M for 2021/22 following a comprehensive review of the Council finances.

2.1.2 Whilst the capitalisation support provided the Council with a much needed assurance, it was essential for the Council to ensure it keeps within the support package provided and restructure its future financial plans.

2.1.3 The outturn provides a financial overview of the progress made by the Council during 2020/21 and measures the effectiveness of its actions in response to the pandemic. Overall net expenditure was £3.550M more than available funding but £3.25M less than the maximum capitalisation limit of £6.8M or other approved and or available resources. The outturn position is a clear indication of a significant improvement and represents the Council's commitment to careful financial control measures which were put in place very early in the year.

2.1.4 The following table provides a summary of the outturn position.

General Fund	Original Budget	Current Budget	Actual	Variance
	£000's	£000's	£000's	£000's
Corporate Services	3,737	4,394	4,245	(149)
Service Delivery	5,979	8,214	7,013	(1,201)
Regeneration and Planning	97	156	507	351
Tourism and Enterprise	2,619	7,120	6,972	(148)
Service Total	12,432	19,884	18,737	(1,147)
Corporate Expenses	161	100	0	(100)
Corporate Efficiency Savings	(1,565)	0	0	0
Recovery & Reset Costs	0	1,200	164	(1,036)
Capitalisation Direction	0	(6,800)	0	6.800
Income Recovery	0	(2,800)	(3,353)	(553)
Capital Financing	2,286	1,996	1,573	(423)
Total Expenditure	13,314	13,580	17,121	3,541
Transfers to/(from) Reserves	208	(52)	(42)	10
Budget Requirement	13,522	13,528	17,079	3,551
Council Tax	(8,712)	(8,712)	(8,712)	0
Business Rates	(4,346)	(4,346)	(4,346)	0
Government Grants	(464)	(470)	(471)	(1)
Total Funding	13,522	13,528	13,529	(1)
Total Net Overspend			3,550	3,550

2.1.5 The main variances are also set out in the following table.

Analysis of Major Variances	Variance £000's
Corporate Services	
ICT - software, staffing and equipment & maintenance	(203)
Pensions costs – reduced recharge to the HRA	33
Internal Audit – reduced staffing costs	(52)
Legal Services – increased charge and reduced income	71
Service Delivery	
Case Management – reduced staffing costs	(105)
Customer Contact - increased staffing costs	66
Account Management – reduced staffing costs	(24)
Specialist Advisory – net increased staffing costs *	81
Neighbourhood Services – reduced staffing costs	(51)
Land Charges – additional net income	(14)
Crematoria – additional net income	(60)
Public Conveniences – reduced water charges	(26)
Car Parks & Highways – reduced running costs and additional income	(53)
SEESL – savings on litter bins, marketing/printing and additional income	(68)
Parades – repair & maintenance – reduced costs	(25)
Grounds maintenance – contract/seasonal work savings	(89)
Benefits Admin – additional admin grant/audit fee savings	(52)
Rent Rebates – additional net cost *	135
Rough Sleepers Initiative – additional net cost *	11
Bed & Breakfast Accommodation – additional net cost *	130
Deposit Loan Scheme – reduced bad debt provision	(132)
HMO's – additional fee income	(117)
SolarBourne – additional FIT income	(64)
Regeneration & Planning	
Farms & Land Lets – additional rental income	(87)
Property Services Management – reduced staffing costs	(58)
Investment Properties – reduced income and increased rates	452
Planning – reduced staffing costs	(191)
Regeneration – reduced staffing costs	(26)
Housing Delivery Team – shortfall on cost recovery linked to delays on capital schemes	143
Tourism & Enterprise	
Events – net saving on staffing and other expenses	(56)
Seafront – additional income and reduced operational costs	(42)
Theatres – net operational savings	(58)
The Stage Door Pub – net increase operating cost	59
Heritage Eastbourne – reduced staffing and equipment costs	(18)
Leisure Travel Marketing – reduced marketing costs	(64)
Conferences – reduced staffing and promotional costs	(24)
Capital Financing	
Capital Financing – net reduction in interest payable and ICE income	(767)
Other Corporate Variances	

Additional income recovery	(553)
Increase bad debt provision contribution *	403
Recovery & Reset costs (reduced redundancy costs)	(1,036)
Balance of Emergency Covid-19 grant after direct costs - applied to * additional costs above	(700)
Capitalisation Direction – to be determined	6,800
Other minor net underspends	(19)
Net Overall Overspend	3,550

2.1.6 As stated above, the overall net overspend of £3.550M represents a reduction of £3.250M when compared to the £6.8M capitalisation direction approved by MHCLG.

2.1.7 The following table provides a high level summary of the increased cost pressures forecast in 2020/21 which formed the basis of the revised estimate and the submission to MHCLG for additional financial support in the form of the capitalisation direction. This is then compared to the outturn position to show where the key changes are.

	Revised Budget / MHCLG Submission £M	Outturn compared to Original Budget £M	Variance £M
Increase in Housing Needs costs	1.0	1.1	0.1
Net impact of income losses	3.6	2.2	(1.4)
Net changes in service costs/removal of savings targets (more savings achieved)	1.0	0	(1.0)
Recovery and Reset (Redundancy & set-up costs)	1.2	0.2	(1.0)
Net Budget Increase	6.8	3.5	(3.3)
Less Capitalisation Direction	(6.8)	(6.8)	-
Net Total	-	(3.3)	(3.3)

2.1.8 Overall, the additional demand from housing needs was in line with expectations. The net impact of income losses was minimised as a result of additional income, furlough recovery and further reduced expenditure. There were also savings in other service area costs through reduced staffing costs and general operational savings through proactive management of costs where possible. The call on the recovery and reset budget was also reduced due to fewer successful early retirement/voluntary redundancy applications at a lower cost than originally anticipated.

2.1.9 The application of the capitalisation direction is still to be determined in respect of which costs will be charged against the direction, and which will be capitalised against the flexible use of capital receipts or funded from current reserves. The

aim will be to minimise the need to undertake additional borrowing to finance the capitalisation, thereby reducing the need to finance such costs at a premium rate of PWLB +1%. This will also have a beneficial impact on future capital financing cost assumptions and future savings requirements.

- 2.1.10 The impact of ongoing under and overspending will be factored into the forthcoming review of the Medium Term Financial Strategy, which will also take into account the on-going impact of the Covid-19 pandemic and lockdown.

2.2 Reserves

- 2.2.1 In closing the accounts for last year the Council's reserves have been reviewed and the transfers to and from each reserve is set out in the table below.

Summary	01 April 2020 £000's	Transfers (In)/Out £000's	31 March 2021 £000's
General Fund Earmarked Reserve	0	(16)	(16)
Strategic Change Reserve	(245)	(46)	(291)
Capital Programme Reserve	(336)	0	(336)
Commercial Reserve	(250)	(221)	(471)
Revenue Grants Reserve	(614)	(451)	(1,065)
Business Rates Equalisation Reserve	0	(1,104)	(1,104)
SHEP Properties Works Reserve	(1)	0	(1)
Total Earmarked Reserves	(1,446)	(1,838)	(3,284)
General Fund Reserve	(2,025)	26	(1,999)
ICE Reserve	(1,750)	(50)	(1,800)
CPO Compensation Reserve	(829)	579	(250)
Total Reserves	(6,050)	(1,283)	(7,333)

- 2.2.2 The transfers to and from earmarked reserves reflect their use in supporting service delivery or the use of grants previously received for specific service activity. The main transfers are as follows:

- **General Fund Earmarked Reserve** - £16K transfer in respect of the SolarBourne Future Inverter Provision.
- **Strategic Change Reserve** – £30k transfer in respect of district elections and £16k surplus lottery monies.

- **Commercial Reserve** – transfer in of £221K in respect of the SEESL year end surplus.
- **Revenue Grants Reserve** - £451K net transfer in of unused grants at year end to be applied in future years.
- **Business Rates Equalisation Reserve** – Budgeted transfer of £1.104M into the reserve to mitigate risk of appeals.
- **ICE Reserve** – £50K transferred into the reserve.
- **General Fund Reserve** - £26K transferred out in respect of the provision for MMI claims.

As in previous years, there has also been a transfer of £579K from the non-earmarked reserve relating to the funding of compensation payments in respect of CPO's on the town centre retail development. This reserve holds money set aside to cover the costs of CPO's when settled.

3.0 Housing Revenue Account (HRA)

3.1 The Housing Revenue Account was underspent in last year by approximately £243K. However, this was £67K lower than the revised estimate of £310K.

3.2 A summary of the HRA provisional outturn is included at **Appendix A**.

3.3 Discounting any notional and presentational variances, the main variances are as follows:

	Variance £000's
Additional rental income	(74)
Additional service charges income	(142)
Reduced contribution to bad debt provision	(203)
Increased depreciation & impairment charge	296
Net increased management and supervision costs	167
Increased loan interest cost	23
Total Variances	67

3.4 As shown in Appendix A, the HRA working balance was estimated to be £4.412M at the end of March 2021, however the balance will be £6.088M. This is mainly due to the contribution to capital expenditure of £1.781M not being required due to delays in the capital programme. The programme will be revised again as part of the 2022/23 budget setting process.

4.0 Collection Fund

4.1 The Collection Fund deals with local taxation matters and as such, its performance has a direct bearing on General Fund services. For this reason, a high level review of its outturn is presented for Members' information.

The Collection Fund for the year is as follows:

	Council Tax	Business Rates
	£000's	£000's
Balance B/fwd 01 April 2020	(208)	
(Deficit recovery)/Surplus distributed	(481)	
Debit due for year	(71,830)	
Payments to preceptors	71,062	
Allowance for cost of collection	-	
Transitional Relief	-	
Allowance for appeals	-	
Write offs and provision for bad debts	952	
Balance 31 March 2021	(506)	
Allocated to:		
MHCLG	-	
East Sussex County Council	(216)	
Eastbourne Borough Council	(36)	
Sussex Police	(32)	
East Sussex Fire & Rescue	(13)	
	(297)	

4.2 The overall Collection Fund position is still to be determined as the Business Rates outturn is currently being finalised. However, the Council Tax element has been completed and shows the opening surplus has increased by £297K during the year to £506K as at 31 March 2021. Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. The January 2021 forecast surplus for the Council Tax element of the fund of £362K will be distributed to precepting bodies pro rata to their Band D Council Tax during 2021/22 leaving a surplus of £143K to be distributed. This Council's share as at 31 March 2021 was £36K.

4.3 It should be noted that as part of the Government's response to the Covid-19 pandemic and the impact it is having on Local Government finances, it is proposing three year phasing of 2020/21 collection fund deficits. This means that repayments to meet collection fund deficits accrued in 2020/21 will instead be phased over a three year period (2021/22 to 2023/24) to ease immediate pressures on budgets. This will be factored into the calculations to determine the Collection Fund surplus/deficit position in December/January.

5.0 Capital Outturn

5.1 **Appendix B** includes a provisional capital expenditure and financing statement for the year, which is summarised in the following table:

2020/21 Capital Programme Summary	Original Estimate	Revised Estimate	Actual	Variance
	£000's	£000's	£000's	£000's
HRA	12,735	11,989	3,626	-8,363
Other Housing	9,597	15,323	3,760	-11,563
Community Services	1,866	2038	1348	-690
Tourism & Leisure	8,510	27	-3	-30
Corporate & Core Services	2,250	7,359	4,083	-3,276
Asset Management	5,721	1,954	3,189	1,235
Total Programme	40,679	38,690	16,003	-22,687
Financed By:-				
Capital Receipts	1016	426	3528	3,102
1-4-1 RTB Receipts	1,306	3,949	545	-3,404
Grants and Contributions	1300	3929	2644	-1,285
Major Repairs Reserve	4,307	5,483	2,770	-2,713
Revenue Contribution to Capital	3,697	1,781	0	-1,781
Reserves	2,000	2,765	0	-2,765
Section 106 Contributions	27	0	0	0
Commercial Loans Repaid	0	11400	0	-11,400
GF Borrowing	26,025	8,957	3,562	-5,395
HRA Borrowing	1,001	0	2,954	2,954
Total Financing	40,679	38,690	16,003	-22,687

5.2 The Council's capital programme spending in the year was £16.003M, compared with a revised budget of £38.690M, giving a net underspend of £22.687M. A key part of its recovery programme, the Council made significant reductions to the programme in order to reduce its borrowing levels and the corresponding capital financing costs. Comments on the key variances are also included in Appendix B.

6.0 Treasury Management

6.1 In accordance with legislation and codes of practice the council is required to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2020/21. The Treasury Management Annual Report 2020/21 is being considered as a separate report on this agenda.

7.0 Conclusion

7.1 This report provides an overview of financial performance for 2020/21. All figures are provisional and subject to the audit of the Council's accounts.

- 7.2 The General Fund total net expenditure, before reserves transfers, was £3.550M above the revised estimate, around 26% of the net budget (1.5% under for 2019/20).
- 7.3 This has been an exceptional year and the Council has responded to the financial and operational challenges caused by the pandemic with great focus and commitment. This has enabled the authority to reduce its capitalisation requirement by some £3.250M and put in place a strong programme of transformation and savings to ensure a financially sustainable future.
- 7.4 The HRA delivered an overall underspending of £205K around 1.3% of turnover (3.6% for 2019/20). The HRA balance is £1.7M higher than forecast mainly due to delays in the capital programme.
- 7.5 Capital expenditure is £26.216M lower than the revised estimate.
- 7.6 The Collection Fund forecast for Council Tax is indicating a surplus of £505K and a surplus/deficit for Business Rates of £tbcK. This will be allocated to or collected from preceptors during 2021/22 and 2022/23.

8.0 Financial Implications

- 8.1 As set out in the body of the report.

9.0 Legal implications

- 9.1 There are no legal implications arising directly from this report.

10.0 Risk management implications

- 10.1 There are no risk management implications arising directly from this report.

11.0 Equality analysis

- 11.1 There are no equality implication arising directly from this report.

12.0 Environmental sustainability implications

- 12.1 There are no environmental sustainability implications arising directly from this report.

Appendices

Appendix A – HRA Outturn

Appendix B – Capital Programme Outturn

Background Papers:

None

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Appendix A

Housing Revenue Account 2020/21

	Original Budget £000's	Revised Budget £000's	Actuals £000's	Variance £000's
INCOME				
Gross Rents	(14,448)	(14,517)	(14,591)	(74)
Charges for Services	(1,025)	(1,025)	(1,167)	(142)
GROSS INCOME	(15,473)	(15,542)	(15,758)	(216)
EXPENDITURE				
Management Fee	7,834	7,834	7,834	0
Supervision and Management	1,157	1,353	1,520	167
Provision for Doubtful Debts	203	203	0	(203)
Depreciation & Impairment of Fixed Assets	4,307	4,307	4,603	296
GROSS EXPENDITURE	13,501	13,697	13,957	260
NET COST OF HRA SERVICES	(1,972)	(1,845)	(1,801)	44
Loan Charges - Interest	1,947	1,573	1,596	23
Interest Receivable	(50)	(38)	(38)	0
NET OPERATING SURPLUS	(75)	(310)	(243)	67
Contribution to Capital Expenditure	3,656	1,781	0	(1,781)
Transfer from Reserves - Funding Capital Expenditure	(3,656)	(1,781)	0	1,781
Transfer to Reserves - Surplus for Year	75	310	243	(67)
HRA (SURPLUS) / DEFICIT	0	0	0	0

HOUSING REVENUE ACCOUNT WORKING BALANCE	Original Budget	Revised Budget	Actual
Working Balance at 1 April	(5,330)	(5,883)	(5,883)
(Surplus) or Deficit for the year	(75)	(310)	(205)
Funding of Capital Expenditure	3,656	1,781	0
Working Balance at 31 March	(1,749)	(4,412)	(6,088)

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2020/21 Capital Programme Summary

No.	Scheme	Original Estimate £000	Revised Estimate £000	Actual £000	Variance £000	Comments
HOUSING REVENUE ACCOUNT						
1	Major Works	4,388	4,388	2,756	-1,632	Reduced programme of works due to COVID-19
2	Sustainability Initiatives Pilot	500	-	-	-	Included in revenue
3	New Build	4,099	4,756	807	-3,949	
4	Acquisitions General	3,748	2,845	63	-2,782	
	Total HRA	12,735	11,989	3,626	-8,363	
5	EHIC - Revolving Credit	-	-	247	247	Revolving drawdown and repayment
6	EHIC - Loan Facility (Private Properties)	2,500	24	115	91	
7	EHIC - new mixed tenure homes facility	3,409	50	-	-50	Available for drawdown as required
8	EHIC - Victoria Mansions	-	2,773	2,737	-36	Balance available for drawdown as required
9	Aspiration Homes - Credit facility	-	35	-	-35	Available for drawdown as required
10	Aspiration Homes - Facility	3,000	12,400	654	-11,746	Scheme planned for 2020-21 completed early 2021-22. Balance available for drawdown as required
11	Aspiration Homes - Street Acquisitions (Affordable)	688	41	-	-41	Available for drawdown as required
12	Bedfordwell Road - GF	-	-	7	7	Scheme now split between GF & HRA
	Total Other Housing	9,597	15,323	3,760	-11,563	
	Total Housing	22,332	27,312	7,386	-19,926	
COMMUNITY SERVICES						
13	Disabled Facilities Grants	1,000	1,450	734	-716	
14	BEST Grant (housing initiatives)	-	30	7	-23	
15	Coast Defences Beach Management	300	496	597	101	Planned works completed
16	Cycling Strategy	41	-	-	-	Budget re-profiled to 2021-22
17	Play Area Sovereign Harbour	27	-	-	-	Budget re-profiled to 2021-22
18	Shinewater Park - Scoping	-	10	-	-10	Budget re-profiled to 2021-22
19	Oak Tree Lane Play Equip	-	10	10	-	Completed
20	Mulberry Close Play Equip	30	30	-	-30	Budget re-profiled to 2021-22
21	Lower Holywell Public Con	50	-	-	-	Budget re-profiled to 2022-23
22	Redoubt Public Convenience	40	-	-	-	Removed as awaiting demolition
23	Refurbishment of Public Facilities	81	-	-	-	Budget re-profiled to 2022-23
24	Play Equipment - Palesgate	35	-	-	-	Budget re-profiled to 2022-23
25	Play Equipment - Vancouver Rd	35	-	-	-	Budget re-profiled to 2022-23
26	Langney Cemetery - Road Improvements	30	-	-	-	Budget re-profiled to 2021-22
27	Ocklynge Cemetery - Road Improvements	15	-	-	-	Budget re-profiled to 2021-22
28	Crematorium - Road Improvements	15	-	-	-	Budget re-profiled to 2021-22
29	Crematorium - Cesspit Replacement	25	-	-	-	Budget re-profiled to 2021-22
30	Crematorium - Chapel Improvements	80	-	-	-	Budget re-profiled to 2021-22
31	Shinewater Toilets & Kiosk	50	-	-	-	Budget re-profiled to 2022-23
32	SEESL Loan	12	12	-	-12	Awaiting drawdown
	Total Community Services	1,866	2,038	1,348	-690	
TOURISM & LEISURE						
33	ILTC - Air Conditioning	-	5	-	-5	Completed
34	Colonnade Removal	485	-	-	0	Removed from programme
35	Sovereign Centre - New Build	8,000	-	3	3	Scheme on hold
36	Sovereign Centre Skate Park	-	22	10	-12	
37	EDGC - Storage Sheds	25	-	-	-	Scheme on hold
38	Stage Door	-	-	6	6	Completed
39	Sports Park Lighting	-	-	22	22	
	Total Tourism & Leisure	8,510	27	3	-30	
CORPORATE SERVICES						
40	Contingency	250	23	-	-23	Re-profile to 2021-22
41	COVID-19 Capitalisation	-	6,800	3,550	-3,250	2020/21 Capitalisation directive that permits the Council to capitalise revenue expenditure.
42	JTP Finance Transformation	-	8	2	-6	Balance re-profiled to 2021-22
43	JTP Programme	-	267	413	146	
44	Hamden Park Refurbishment	2,000	103	117	14	
45	MOJ Site	-	158	1	-157	
	Total Corporate Services	2,250	7,359	4,083	-3,276	
ASSET MANAGEMENT						
46	Devonshire Park Redevelopment Project	321	1,103	1,792	689	Relates to the final account for Devonshire Park Projects and initial spend on revised Winter Garden Regeneration following successful Getting Building Fund Grant allocation of £1.6m.
47	Winter Garden	-	600	453	-147	Works in progress
48	Victoria Mansions Commercial	-	-	875	875	Contribution to refurbishments work as per leasehold obligation (retail units).
49	Holiday Letting Refurbishment	-	24	24	-	Completed
50	Congress Theatre Roof	300	-	-	-	Re-profiled to 2021-22
51	Bandstand & Promenade Renovations	3,000	19	18	-1	Re-profiled to 2021-22
52	Seafront Lighting	500	-	-	-	Re-profiled to 2021-22
53	Motcombe Baths Improvements	300	-	-	-	Removed from capital programme
54	Leisure Estate	600	-	-	-	Re-profiled to 2021-22
55	ILTC - Improvements	-	46	19	-27	Balance re-profiled to 2021-22
56	Towner Improvements	200	-	-	-	Re-profiled to 2021-22
57	Downland Water Schemes (Pipes)	-	99	6	-93	Completed
58	Asset Management - Block Allocation	500	63	-	-63	Balance re-profiled to 2021-22
59	Wish Tower Restaurant	-	-	2	2	Completed. Final incidental spend
	Total Asset Management	5,721	1,954	3,189	1,235	
	General Fund	27,944	26,701	12,377	-14,324	
	HRA	12,735	11,989	3,626	-8,363	
	Total	40,679	38,690	16,003	-22,687	

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Report to:	Cabinet
Date:	14 July 2021
Title:	Treasury management annual report 2020/21
Report of:	Homira Javadi, Chief Finance Officer
Cabinet member:	Councillor Stephen Holt, Cabinet Member for Finance
Ward(s):	All
Purpose of report:	To report on the activities and performance of the Treasury Management service during 2020/21
Decision type:	Budget and Policy Framework
Officer recommendation(s):	To recommend to Full Council: (1) Agree the annual Treasury Management report for 2020/21 (2) Approve the 2020/21 prudential and treasury indicators included.
Reasons for recommendations:	Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this has to be reported to Full Council.
Contact Officer:	Name: Ola Owolabi Post title: Deputy Chief Finance Officer E-mail: ola.owolabi@lewes-eastbourne.gov.uk Telephone number: 01323 415083

1 Introduction

- 1.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.2 During 2020/21 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year (Council 5 February 2020)
 - a mid-year (minimum) treasury briefing.
 - an annual report following the year describing the activity compared to the strategy (this report).

- 1.3 In addition, Treasury Management updates are included in the quarterly performance management reports, considered by both the Cabinet and Scrutiny Committee. Recent changes in the regulatory environment place a much greater responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members. This report will be considered by the Audit and Governance Committee at the 28 July 2021 meeting.
- 1.4 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit & Governance Committee before they were reported to the full Council. Member training on treasury management issues was undertaken on 16 November 2020, which is to support Members' scrutiny role and further training is expected to take place in 2021-22.
- 1.5 This report summarises:
- Capital activity during the year;
 - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement (CFR));
 - Reporting of the required prudential and treasury indicators and changes to be approved;
 - Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
 - Summary of interest rate movements in the year;
 - Debt activity and investment activity.
 - Economic and Interest Rates
- 1.6 Treasury Management is an integral part of the Council's overall finances and the performance of this area is very important. Whilst individual years obviously matter, performance is best viewed on a medium / long term basis. The action taken in respect of the debt portfolio in recent years has been extremely beneficial and has resulted in savings. Short term gains might, on occasions, be sacrificed for longer term certainty and stability.
- 1.7 The criteria for lending to Banks are derived from the list of approved counter parties provided by the Council's Treasury Management advisors, Link Asset Services. The list is amended to reduce the risk to the Council by removing the lowest rated counterparties and reducing the maximum loan duration.
- 1.8 The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic which caused the Monetary Policy Committee to cut Bank Rate in March 2020, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy.

- 1.9 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
- 1.10 The loan portfolio has produced a level of performance in the period in which performance figures have been calculated. Adding significant value in a period of extremely low interest rates is very difficult. Ironically a period in which there begins to be differentiation in expectations for both the pace and extent of future base rate rises will make the cash sums that can be gained larger, whilst also giving a higher level of risk that the decisions taken might retrospectively prove to be suboptimal. Given that interest rates are unlikely to rise for the next two years, low levels of returns are likely to continue and the cost of getting investment decisions wrong is unlikely to be significant.

EBC Capitalisation Direction

- 1.11 Similar to other local authorities, EBC took the opportunity to hold discussions with MHCLG about seeking permission for a Capitalisation Directive to help in dealing with 2020/21 deficit and balance the budget in 2021/22. Other councils that have been harder hit by Covid-19 have also requested support using this means across both years.
- 1.12 A capitalisation directive permits a Council to capitalise revenue expenditure if it is unable to set a balanced budget, has considered all other options, has limited reserves, and is increasing its Council Tax by the maximum permitted. The direction will only be granted in exceptional circumstances, and only the Secretary of State can permit this action legally
- 1.13 Following the Council seeking further support, on 2nd February 2021, the Minister of State for Regional Growth and Local Government in a letter addressed to the Leader of the Council, states that:
- With respect to the financial year of 2020/21, the Secretary of State is content to approve a total capitalisation direction to fund revenue expenditure not exceeding £6.8m, subject to conditions set out in the capitalisation direction.
 - With respect to the financial year of 2021/22, the Secretary of State is minded to approve a capitalisation direction of a total not exceeding £6m. Again, such a direction may be subject to conditions, which would be set out in the capitalisation direction.
- 1.14 This report has been updated with the capitalisation of £3.55m of spend, attributable to the Capitalisation Directive permitted by the Ministry of Housing, Communities and Local Government (MHCLG), which allows the Council to capitalise the financial impact of the Covid-19 pandemic. This figure is yet to be audited by the MHCLG reviewer and any revisions to this amount will be reported at the future Committee meeting. The capitalisation direction impacts the Council's Capital Expenditure and Financing 2020/21 (see para 2.2 below).

2 The Council's Capital Expenditure and Financing 2020/21

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

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

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

	2019/20 Actual £m	2020/21 Original Estimate £m	2020/21 Revised Estimate £m	2020/21 Actual £m
General Fund	14.3	18.3	4.6	5.1
Capitalisation Direction	-	-	6.8	3.6
HRA capital expenditure	4.5	12.7	12.0	3.6
Commercial Activities/nonfinancial investments	15.0	9.6	15.3	3.8
Total capital expenditure	33.8	40.7	38.7	16.0
Resourced by:				
• Capital receipts (including capitalisation direction funding)	3.6	2.3	15.9	4.1
• Capital grants/external funding	2.6	1.6	3.9	2.7
• Capital Reserves	4.2	6.3	8.3	2.7
• Revenue	0.5	3.7	1.8	-
Use of internal balances/ borrowing	23.4	26.9	8.8	6.5

3 The Council's overall borrowing need

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

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

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

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

3.4 The Council’s 2020/21 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2020/21 on 5 February 2020. The Council’s CFR for the year is shown below and represents a key prudential indicator. The figures include a credit sales agreement on the balance sheet, which increases the Council’s borrowing need, the CFR.

CFR	31 March 2020 Actual £m	1 April 2020 Original Estimate £m	31 March 2021 Actual £m
Opening balance	149.9	177.0	172.8
Add unfinanced capital expenditure (per table 2.0)	23.4	26.9	6.5
Less MRP	(0.5)	(1.2)	(1.0)
Closing balance	172.8	202.7	178.3

3.5 Under the annuity methodology, MRP will be lower in the early years and increases over time. This is considered a prudent approach as it reflects the time value of money (i.e. the impact of inflation) as well as providing a charge that is better matched to how the benefits of the asset financed by borrowing are consumed over its useful life. That is, a method that reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years.

3.6 In the case of all capital spend financed by Prudential Borrowing; this will be subject to MRP under option 3: Asset life method – equal instalments charged over the estimated life of the asset. MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction), i.e., where expenditure is capitalised, the Authority shall charge annual Minimum Revenue Provision using the asset life method with a proxy ‘asset life’ of no more than 20 years.

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

Net borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term, the Council's external borrowing net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2019/20 plus the expected changes to the CFR over 2020/21 and 2021/22. This indicator allows the Council some flexibility to borrow in advance of its immediate capital need in 2020/21. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2020 Actual £m	1 April 2020 Original Estimate £m	31 March 2021 Actual £m
GF - Borrowing	69.2	72.6	56.4
HRA - Borrowing	42.6	43.6	47.8
Commercial Activities	50.4	62.0	55.2
Net borrowing position	162.2	178.2	159.4
CFR – General Fund	79.8	97.1	75.3
CFR - housing	42.6	43.6	47.8
Commercial Activities/non-financial investments	50.4	62.0	55.2
CFR	172.8	202.7	178.3

3.8

The Authorised limit - the Authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2020/21 the Council has maintained gross borrowing within its Authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the Authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

Descriptions	2020/21
Authorised limit	£225.4m
Operational boundary	£210.4m
Financing costs as a proportion of net revenue stream:	
Non HRA	11.8%
HRA	11.1%

4 Treasury Position as at 31 March 2021

4.1 The Council's debt and investment position is organised by staff within Financial Services in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities.

4.2 Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2020/21, the Council's treasury position was as follows:

Description	31 March 2020 Principal	Rate/ Return	31 March 2021 Principal	Rate/ Return
Fixed rate funding:				
-PWLB	£125.7m		£122.4m	
-Market	£36.5m		£37.0m	
Total debt	£162.2m	2.52%	£159.4m	2.10%
CFR	£172.8m		£178.3m	
Over/ (under) borrowing	(£10.6m)		(£18.9m)	
Total investments (excl. cash)		£0m	£0m	

The Council held cash balances of £4.1m in current and call accounts which earned an average of 0.07%.

4.3 The maturity structure of the debt portfolio was as follows:

	31 March 2020 Actual £m	1 April 2020 Original limits £m	31 March 2021 Actual £m
Under 12 months	37.71	20.0	40.21
12 months and within 24 Mths.	5.21	4.0	5.45
24 months and within 5 years	10.74	22.0	8.12
5 years and within 10 years	13.98	2.1	13.60
10 years and above	94.52	103.2	92.07

The exposure to fixed and variable rates was as follows:

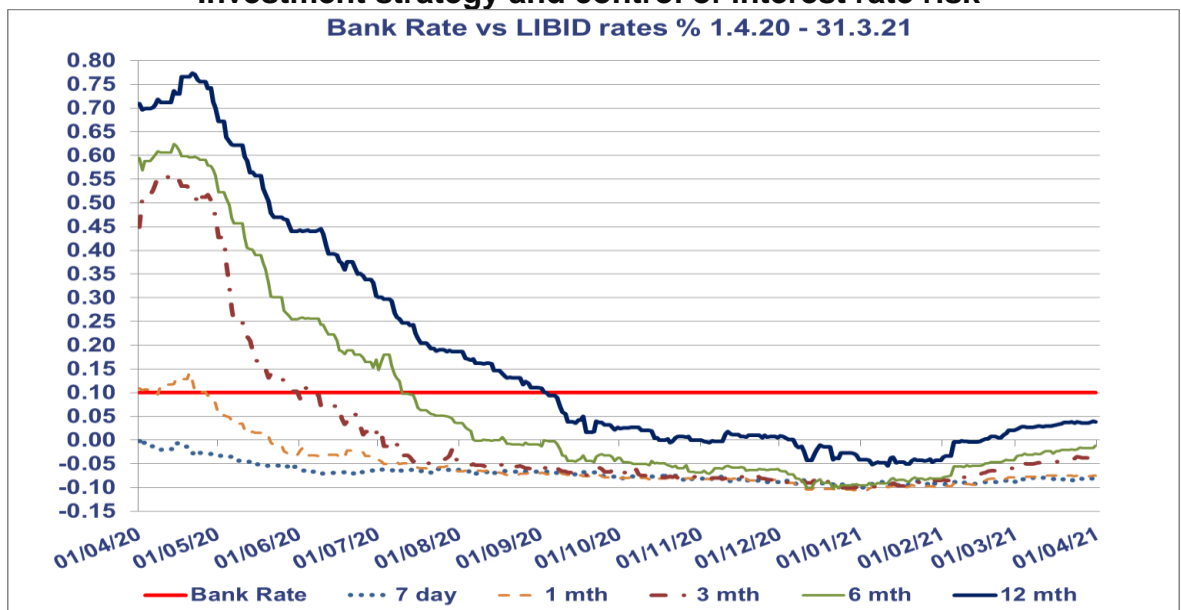
	31 March 2020 Actual £m	1 April 2020 Original limits £m	31 March 2021 Actual £m
Principal - Debt Fixed rate	162.1	151.3	159.4
Principal – Investments Variable rate	0	N/a	0

5 The Strategy for 2020/21

5.1 In a relatively short period since the onset of the COVID-19 pandemic, the global economic fallout was sharp and large. Market reaction was extreme with large falls in equities, corporate bond markets and, to some extent, real estate echoing lockdown-induced paralysis and the uncharted challenges for governments, businesses, and individuals.

5.2 Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending.

Investment strategy and control of interest rate risk



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	0.00	0.14	0.56	0.62	0.77
High Date	01/04/20 20	02/04/20 20	20/04/20 20	08/04/20 20	14/04/20 20	21/04/20 20
Low	0.10	-0.10	-0.11	-0.10	-0.10	-0.05
Low Date	01/04/20 20	31/12/20 20	29/12/20 20	23/12/20 20	21/12/20 20	11/01/20 21
Average	0.10	-0.07	-0.05	0.01	0.07	0.17
Spread	0.00	0.10	0.25	0.66	0.73	0.83

- 5.3 The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.
- 5.4 The Council does not have sufficient cash balances to be able to place deposits for more than a month so as to earn higher rates from longer deposits. While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
- 5.5 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.
- 5.6 During 2020/21, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.
- 5.7 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this Council may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 5.8 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Chief Finance Officer, therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks. If it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.

- 5.9 Interest rate forecasts expected only gradual rises in medium- and longer-term fixed borrowing rates during 2020/21 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

Coronavirus Impact

- 5.10 The full extent of the impact from Coronavirus continue to be assessed and analysed. However, the immediate risk to the financial markets coupled with additional burdens on Council spending and uncertainty over funding have increased the need to manage larger cash balances. The projection of gradual rises in interest rates that formed the Bank of England Monetary Policy Committee's guidance at the start of the period eased through the year.
- 5.11 As the Council's borrowing rates are directly linked to market expectations this gives rise to the potential that our borrowing rates will remain close to all-time lows for some time. With the Council's Capital Programme and re-financing commitments over the next few years, our ability to secure good value in our borrowing has significant implications for the spending plans of Council as a whole.

6 Borrowing Outturn for 2020/21

6.1 Treasury Borrowing.

Borrowing – The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. No new loans were drawn down from PWLB in 2020/21 to fund the net unfinanced capital expenditure and/or to replace maturing loans. Interest rates for PWLB borrowing was between 1.59% and 2.21% compared with a budget assumption of 2.4%. Various temporary loans were taken to cover cash flow requirements. All loans drawn were for fixed rate and are detailed in Appendix A.

- 6.2 In taking this decision, the Council carefully considered achieving best value, the risk of having to borrow at higher rates at a later date, the carrying cost of the difference between interest paid on such debt and interest received from investing funds which would be surplus until used, and that the Council could ensure the security of such funds placed on temporary investment.

- **Rescheduling** – no debt rescheduling was carried out during the year as there was no financial benefit to the Council.
- **Repayment** – £760k of long term PWLB debt was repaid at maturity on 24 March 2021 and £2.5m was an instalment repayment for the repayment (EIP) loans. Various temporary loans were repaid during the year, see Appendix A.
- **Summary of debt transactions** – the overall position of the debt activity resulted in a fall in the average interest rate by 0.2%, representing a saving to the General Fund.

7 Interest Rates in 2020/21

- 7.1 The tight monetary conditions following the financial crisis continued through 2020/21 with little material movement in the shorter-term deposit rates. With many financial institutions failing to meet the Council's investment criteria, the opportunities for investment returns were limited. The PWLB rates (including the 0.2% reduction for Certainty Rate) at the beginning, average and end of the year are provided below.

Term	Interest Rate March 2020	Average Rate	Interest rate April 2021
1 Year	1.90%	1.42%	0.79%
5 Years	1.95%	1.50%	1.19%
10 Years	2.14%	1.81%	1.70%
25 Years	2.58%	2.32%	2.19%
50 Years	2.39%	2.13%	1.99%

8 Investment Outturn for 2020/21

- 8.1 **Investment Policy** – the Council's investment policy is governed by MHCLG guidance, which was been implemented in the annual investment strategy approved by the Council on 5 February 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).
- 8.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
- 8.3 **Resources** – the Council's longer-term cash balances comprise, primarily, revenue and capital resources, although these will be influenced by cash flow considerations. The Council's core cash resources comprised as follows, and met the expectations of the budget:

Balance Sheet Resources	31 March 2020 £m	31 March 2021 £m
Balances	2.03	2.00
Earmarked reserves	6.86	7.13
HRA	5.88	5.88
Major Repairs Reserve	1.15	2.98
Capital Grants & Contributions	1.95	1.44
Usable capital receipts	6.26	4.54
Total	24.13	23.97

- 8.4 **Investments held by the Council** - the Council maintained an average balance of £7.0m of internally managed funds. The internally managed funds earned an average rate of return of 0.07%. The comparable performance indicator is the average 7-day LIBID rate, which was (0.07%).

9 The Economy and Interest Rates Forecast

- 9.1 The Council's treasury advisor, Link, provides the following forecast as at March 2021:

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

The Economy and Interest Rates Forecast is attached as Appendix B.

- 9.2 At the close of the day on 31 March 2021, all gilt yields from 1 to 5 years were between 0.19 – 0.58% while the 10-year and 25-year yields were at 1.11% and 1.59%. HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019/20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then, at least partially, reversed for some forms of borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and on 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme.

10 Executive Summary and Conclusion

10.1 During 2020/21, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2019/20 Actual £m	2020/21 Original Estimate £m	2020/21 Actual £m
Capital expenditure	33.8	40.7	16.0
Total Capital Financing Requirement:			
• General Fund	79.8	97.1	75.3
• HRA	42.6	43.6	47.8
• Commercial Activities	<u>50.4</u>	<u>62.0</u>	<u>55.2</u>
• Total	172.8	202.7	178.3
Net borrowing	162.2		159.4
External debt	162.2		159.4
Investments (all under 1 year)	-		-

10.2 Other prudential and treasury indicators are to be found in the main body of this report. The Chief Finance Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the Authorised limit), was not breached. The financial year 2020/21 continued the challenging environment of previous years; low investment returns, and continuing counterparty risk continued.

11 Other

11.1 CIPFA consultations: In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

11.2 In the Prudential Code the key area being addressed is the statement that "local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed". Other proposed changes include the sustainability of capital expenditure in accordance with an authority's corporate objectives, i.e., recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the "gross debt and the CFR" with the liability benchmark as a graphical prudential indicator.

11.3 Proposed changes to the Treasury Management Code include requiring job specifications and “knowledge and skills” schedules for treasury management roles to be included in the Treasury Management Practices document and formally reviewed, a specific treasury management committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.

11.4 **IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard has been delayed for a further year until 2022/23.

12 Corporate plan and council policies

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

13 Financial appraisal

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

14 Legal implications

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

15 Risk management implications

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

16 Equality analysis

16.1 Equality issues are considered

17 Appendices

- 17.1
- Appendix A – Temporary loans taken during 2020/21.
 - Appendix B - The Economy and Interest Rates

18 Background papers

The Background Papers used in compiling this report were as follows:
CIPFA Treasury Management in the Public Services code of Practice (the Code)
Cross-sectorial Guidance Notes
CIPFA Prudential Code
Treasury Management Strategy and Treasury Management Practices.
Link Asset Services Citywatch and interest rate forecasts

Appendix A

Temporary loans taken during 2020/21

Lender - Temp Debt	£m	Start Date	End Date	Rate
POLICE AND CRIME COMMISSIONERS OF GWENT - GWENT	5.0	29-Jun-20	30-Oct-20	0.14%
Sevenoaks District Council	3.0	21-May-20	23-Nov-20	0.55%
North Yorkshire County Council	5.0	21-May-20	23-Nov-20	0.55%
Police and Commissioner for Northumbria	10.0	07-Jul-20	07-Jan-21	0.70%
North Yorkshire County Council	5.0	23-Nov-20	22-Nov-21	0.25%
North Yorkshire County Council	5.0	24-Nov-20	23-Nov-21	0.25%
Tendring District Council	3.0	30-Oct-20	30-Jul-21	0.20%
Hertfordshire County Council	7.0	23-Nov-20	24-May-21	0.10%
Gwynedd Council	5.0	10-Feb-21	10-May-21	0.03%
Wokingham Borough Council	10.0	15-Mar-21	15-Sep-21	0.12%

Long Term Loans taken during 2020/21

Lender - Long Term Debt	£m	Start Date	End Date	Rate
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Maturity loans – repayment is due in full at maturity.

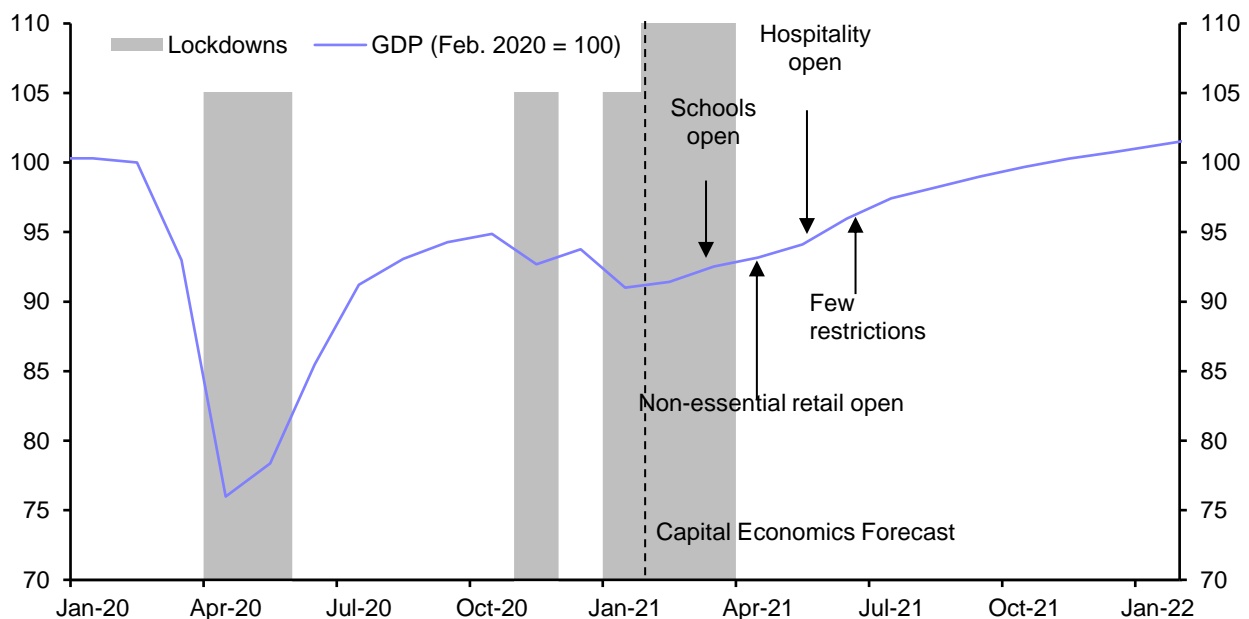
EIP loans – loans are repaid over the term of the loan in equal instalments paid half yearly.

The long-term borrowing interest rates vary between 1.59% and 2.21% compared with a budget assumption of borrowing at an interest rate of 2.4%.

Appendix B

The Economy and Interest Rates by Link Treasury Services Limited

UK. Coronavirus. The financial year 2020/21 will go down in history as being the year of the pandemic. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage but by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three month lockdown so much less damage than was caused than in the first one. The advent of vaccines starting in November 2020, were a game changer. The way in which the UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy. In addition, the household saving rate has been exceptionally high since the first lockdown in March 2020 and so there is plenty of pent-up demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels as soon as they reopen. It is therefore expected that the UK economy could recover its pre-pandemic level of economic activity during quarter 1 of 2022.



Both the Government and the Bank of England took rapid action in March 2020 at the height of the crisis to provide support to financial markets to ensure their proper functioning, and to support the economy and to protect jobs.

The Monetary Policy Committee cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing QE (purchase of

gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields). The MPC increased then QE by £100bn in June and by £150bn in November to a total of £895bn. While Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

Average inflation targeting. This was the major change adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. This sets a high bar for raising Bank Rate and no increase is expected by March 2024, and possibly for as long as five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short-lived factor and so not a concern to the MPC.

Government support. The Chancellor has implemented repeated rounds of support to businesses by way of cheap loans and other measures and has protected jobs by paying for workers to be placed on furlough. This support has come at a huge cost in terms of the Government's budget deficit ballooning in 20/21 and 21/22 so that the Debt to GDP ratio reaches around 100%. The Budget on 3rd March 2021 increased fiscal support to the economy and employment during 2021 and 2022 followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the government's finances to a balanced budget on a current expenditure and income basis in 2025/26. This will stop the Debt to GDP ratio rising further from 100%. An area of concern, though, is that the government's debt is now twice as sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low e.g. by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and / or by amending the Bank's policy mandate to allow for a higher target for inflation.

BREXIT. The final agreement on 24th December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. There was much disruption to trade in January as form filling has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.

EU. Both the roll out and take up of vaccines has been disappointingly slow in the EU in 2021, at a time when many countries are experiencing a sharp rise in cases which are threatening to overwhelm hospitals in some major countries; this has led to renewed severe restrictions or lockdowns during March. This will inevitably put back economic recovery after

the economy had staged a rapid rebound from the first lockdowns in Q3 of 2020 but contracted slightly in Q4 to end 2020 only 4.9% below its pre-pandemic level. Recovery will now be delayed until Q3 of 2021 and a return to pre-pandemic levels is expected in the second half of 2022.

Inflation was well under 2% during 2020/21. The ECB did not cut its main rate of -0.5% further into negative territory during 2020/21. It embarked on a major expansion of its QE operations (PEPP) in March 2020 and added further to that in its December 2020 meeting when it also greatly expanded its programme of providing cheap loans to banks. The total PEPP scheme of €1,850bn is providing protection to the sovereign bond yields of weaker countries like Italy. There is, therefore, unlikely to be a euro crisis while the ECB is able to maintain this level of support.

World growth. World growth was in recession in 2020. Inflation is unlikely to be a problem in most countries for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Central banks' monetary policy. During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

Report to:	Cabinet
Date:	14 July 2021
Title:	Housing Development Update – Southfields Road Car Park
Report of:	Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning
Cabinet member:	Councillor Alan Shuttleworth. Lead Member for Direct Assistance Services
Ward(s):	Upperton
Purpose of report:	To provide an update on the Southfields Road Car Park redevelopment project and to progress all matters, including matters of contract, towards the construction and delivery phase.
Decision type:	Key
Officer recommendation(s):	<ol style="list-style-type: none">(1) To note the progress of the project including the appropriation of the proposed development site from the General Fund into the Housing Revenue Account (HRA) on 31st March 2021. Appendix 1 (Exempt).(2) To authorise entering into a construction contract to bring forward the development of the Southfields Road Car Park site, including formalising the appointments of the project professional team, in accordance with the Contract Procedure Rules, subject to ensuring a sound and financially viable business case and to let the homes to new tenants.(3) To authorise the Director of Regeneration and Planning, in consultation with the Portfolio Holder for Housing, to carry out all necessary actions to deliver the project and these recommendations including determining the terms of, and authorising the execution of, all necessary documentation, subject to further legal, finance, and market advice.(4) To delegate authority to the Director of Regeneration and Planning, in consultation with the Lead Member for Finance and Chief Finance Officer, to make an allocation within the Capital Programme of up to £6m and within the tolerances of the HRA Business Plan.

Reasons for recommendations: To enable the progress and development of the Southfields Road Car Park site to provide 19 new affordable homes.

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1 Background

- 1.1 This report follows the reports tabled at the Cabinet meetings of 11th September 2019 and 16th March 2020, which included redevelopment options for town centre sites held within the General Fund, which included Southfields Road Car Park.
- 1.2 At 16th March 2020 meeting, Cabinet delegated authority to the Director of Regeneration & Planning, in consultation with the Portfolio Holder for Housing and the Chief Finance Officer, to appropriate all of the land at Southfields Road Car Park, in accordance with further financial and legal advice to be taken, from the General Fund to the Housing Revenue Account (HRA). In-line with this decision, the site was appropriated on 31st March 2021.
- 1.3 The Council has owned the Southfields Road Car Park site for many years. In recent times it has been found to be generally under-used and, given its proximity to the town centre and access to amenities, has been highlighted as having good residential development potential. This is in-line with the Council's Corporate Plan 2020-2024 to increase the number of new homes in the borough, providing new, quality, and affordable homes to help meet the immediate housing need and reduce homelessness.
- 1.4 The project has been taken through the feasibility, due diligence, and design stages, utilising the approved housing feasibility budget. The scheme has been considered in some detail since 2019/20, with various options considered and design iterations explored. After a period of discussion with the Local Planning Authority and on the appointment of an architect, the scheme was eventually developed to the final design, which responded positively to planning feedback and better complemented the surrounding properties.
- 1.5 The scheme was taken to planning committee on 20th October 2020 and approval was granted with full support of the committee. Competitive tenders have been sought via the Council's Employers Agent (EA) for the detailed design and construction phase from a Design and Build (D&B) contractor. Further details of the commercial terms are in Appendix 1 (exempt).

- 1.6 The procurement was undertaken using the Council's updated Employers Requirements, which places greater emphasis on sustainability, with high performing building fabric ("fabric first") and requests specific sustainable technology in the form of a green living roof, solar panels and an all-electric hot water and heating system.
- 1.7 The tender returns were assessed in accordance with the Council's new social value charter. The charter requires tenderers to submit information demonstrating how the contractor supports local businesses through local procurement, local training/apprenticeships and engages with local community groups.

2 Proposal

- 2.1 The Council is being asked, subject to a viable business case approved by the Chief Finance Officer, to now enter into a building contract with the preferred D&B contractor Trinity Homes (UK) Ltd, subject to legal advice, to construct 19 x new build fully affordable apartments, in excess of planning policy requirements. The building is 5 storeys and relates to the surrounding buildings. The modern design includes integrated balconies to provide private external space to each unit. The 3 ground floor units have private gardens and are designed to meet Building Regulation standards to M4(3), which will provide disabled-ready units. Once a contractor is appointed and individuals allocated to these 3 units, specific design requirements would be incorporated to meet their individual needs. The ability to incorporate adapted homes within new housing developments ensures the Council continues to meet the needs of disabled people within the borough, especially where retrofitting adaptations in the existing stock can be challenging.
- 2.2 As per the approved planning scheme, the development will look to provide the above-mentioned apartments, with high levels of sustainability incorporated as part of the Council's pledge for a carbon neutral 2030, using:
- High insulation levels ("fabric first")
 - 100% electric
 - Solar PV
 - Green living roof
 - Large cycle store to promote sustainable travel

The inclusion of sustainability within the design will, not only reduce future maintenance costs, but will also support individual household affordability making homes both cheaper to run and live in for our residents.

Planning conditions, relating to the inclusion of the green roof and a transport report to include for sustainable transport measures, will need to be discharged prior to occupation

- 2.3 As part of the planning approval and through a Section 106 agreement, the chosen main contractor will be expected to support the local economy through local procurement and employment, as included in an Employment and Training plan which will secure 2 apprenticeships, 5 work experience placements, 4 NVQ training places and other targets to support local employment.

Contributions as part of the Section 106 will also be made to support the set-up of a Car Club in Eastbourne. The provision of the vehicle is to offset the demand of residents of the site without access to their own vehicle whilst also being available for the wider community use as a pay as you go Car Club, providing members with access to cars via an online booking system. The proposal also provides a large cycle store in excess of the local requirements (38 spaces) and if requested, each first resident can request a £100 cycle voucher, as contained within the s106 agreement. These measures will result in fewer cars within the town centre and promote sustainable travel

3 Outcome expected and performance management

3.1 Subject to a viable business case, which may include securing additional grant funding, the indicative programme for the project is as detailed below:

Enter in to building contract	August 2021
Start on site	November 2021
Final completion	April 2023

4 Consultation

4.1 Public consultation has been carried as part of the planning application process. As required, the surrounding residents will be updated on progress and council will support the contractor to resolve any issues which may arise.

5 Corporate plan and council policies

5.1 The development of this site meets the Council’s objectives in the Corporate Plan 2020-2024 to:

- deliver more overall new, quality, and well-managed homes for the town
- increase the number of affordable homes to meet local housing need
- address homelessness and reduce the number of households in emergency accommodation
- incorporate sustainability within the design and construction of new homes towards a carbon neutral 2030
- support the local economy through new and diverse thriving communities

5.2 The affordable housing will be compliant with the Council’s Affordable Housing requirements and rent levels set in accordance with national guidance. The assets will become part of the HRA housing stock and available for long-term use to support the demands of the growing Housing Waiting List. The properties will be set at affordable rents (80% of the market rent) but capped in accordance with Local Housing Allowance (LHA) levels to ensure they are truly affordable within the context of housing benefit.

6 Business case and alternative option(s) considered

- 6.1 In the Cabinet meeting of 11th September 2019, it was noted that a number of assets held within the General Fund were being underutilised. The purpose of appropriating the land into the HRA was to allow these sites, including Southfields Car park, to be redeveloped for affordable housing within the HRA. As the car park was primarily used by Council Staff, the recent change in working patterns and reassessment of how council offices are used, has further strengthened the case to redevelop the site for another use.

7 Financial appraisal

- 7.1 The project will form part of the Council's HRA Capital Programme. Prior to entering into a construction contract, a sound and viable business case will be made available for financial due diligence, pending confirmation by the Chief Finance Officer that the project is in accordance with the HRA Business Plan.
- 7.2 The scheme will be funded by a combination of borrowing, receipts, and grant (internal and external) supporting the delivery of 100% affordable housing.
- 7.3 A full outline on the current financial position and commercial terms are included at Appendix 1 (exempt), as it contains commercially sensitive information.

8 Legal implications

- 8.1 The Council can rely on section 9 of the Housing Act 1985 (HA 1985) to undertake housing development
- 8.2 The Council may rely on the March 2013 General Consent (the 2013 General Consent) to permit the disposal of unoccupied dwellings to individuals for use as their only or principal home
- 8.3 The Council will take full advice on any title issues associated with the developments and in respect of appropriate ways to address any issues revealed
- [10214-EBC-KS 14 June 2021]

9 Risk management implications

- 9.1 The key risks and mitigations are set out in the following table:

	Risk	Mitigations
1	Build costs overrun (including the added risk of rising costs in the market for materials etc. as a result of BREXIT and COVID-19)	<ul style="list-style-type: none"> The Build costs include a 5% contingency. Building contract will be based on a fixed price.
2	Quality not delivered	<ul style="list-style-type: none"> The scheme has been tendered for using the Councils standard Employers Requirements, which set the expected level of finish/compliance. The Council will be employing an Employers Agent and Clerk of Works to monitor progress and quality on site.
3	Long term viability	<ul style="list-style-type: none"> The affordable rent is in high demand with limited new supply in the town.

10 Equality analysis

10.1 Following the completion of the Equalities and Fairness Screening assessment, an Equality Analysis is not required in this instance. The summary of the screening assessment states:

- Redevelopment of redundant land for 19x affordable rent units.
- Includes Disabled ready ground floor flats (3) being designed for individual end users.
- Design proposed is for high quality/specification and sustainably units, to reduce running costs for the end user.

11 Environmental sustainability implications

11.1 The scheme is being constructed to a high level of sustainability and will support the Councils sustainability agenda towards a Carbon Neutral Eastbourne 2030, with features as outlined above.

11.2 As the existing site is a tarmac car park, there is little/no biodiversity. The scheme will incorporate small gardens for the ground floor apartments and the roof has been designed and tendered for as a green living roof with solar panels. The green roof will increase habitat for insects and wildlife, whilst acting as attenuation for rainwater, reducing the amount of water run-off.

12 Appendices

- Appendix 1 (exempt) – Southfields Road Car Park

13 Background papers

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

- 16 March 2020 - [Housing Revenue Account Capital Budget Allocation – Bedfordwell Road and appropriation of other development sites from the General Fund to the Housing Revenue Account](#)
- 22 March 2021 - [New housing development update](#)

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

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