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Cabinet
15 September 2021

EASTBOURNE Borough Council

Working in partnership with **Eastbourne Homes**

Time and venue:

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

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, 7 September 2021

Agenda

1 Minutes of the meeting held on 14 July 2021 (Pages 5 - 10)

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 Corporate performance - quarter 1 - 2021/22 (Pages 11 - 40)

Part A - Portfolio Progress and Performance
Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Colin Swansborough

Part B - Financial Performance
Report of Chief Finance Officer
Lead Cabinet member: Councillor Stephen Holt

8 Medium Term Financial Strategy (Pages 41 - 84)

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

9 Planning Technical Advice Notes for Sustainability (Pages 85 - 164)

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

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.

Filming/Recording:

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Public participation:

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

Information for Councillors

Disclosure of interests:

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

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

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

Councillor right of address:

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

Democratic Services

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

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EASTBOURNE
Borough Council
Working in partnership with **Eastbourne Homes**

Cabinet

Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 14 July 2021 at 6.00 pm.

Present:

Councillor David Tutt (Chair).

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

Officers in attendance:

Robert Cottrill (Chief Executive), Homira Javadi (Chief Finance Officer), Ian Fitzpatrick (Deputy Chief Executive and Director of Regeneration and Planning), Tim Whelan (Director of Service Delivery), Nathan Haffenden (Head of Commercial Business Development), Ola Owolabi (Deputy Chief Finance Officer (Corporate Finance)) and Simon Russell (Head of Democratic Services).

Also in attendance:
Councillor Colin Belsey (Shadow Cabinet member), Councillor Penny di Cara (Opposition Deputy Leader), Councillor Paul Metcalfe MBE (Shadow Cabinet Member), Councillor Kshama Shore OBE (Shadow Cabinet Member) and Councillor Robert Smart (Opposition Leader).

9 Minutes of the meeting held on 2 June 2021

The minutes of the meeting held on 2 June 2021 were submitted and approved and the Chair was authorised to sign them as a correct record.

10 Apologies for absence

An apology for absence was reported from Councillor Shuttleworth.

11 Declaration of members' interests

Councillors Bannister declared a personal, non-prejudicial interest in agenda item 10 (Provisional Revenue and Capital Outturn 2020/21) as a Non-Executive Director of Eastbourne Housing Investment Company Limited. She remained in the room and voted on the item.

Councillors Tutt declared a personal, non-prejudicial interest in agenda item 10 (Provisional Revenue and Capital Outturn 2020/21) as a Non-Executive Director of Eastbourne Housing Investment Company Limited and member of the Aspiration Homes LLP Executive Committee. He remained in the room and voted on the item.

12 Recovery and reset programme

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

Visiting member, Councillor Smart, addressed the Cabinet on this item.

The purpose of the Recovery and Reset programme was to tackle the financial, organisational and borough-wide challenges as a result of the Covid-19 pandemic, resultant economic climate and the changing needs and demands of the Council's services. The proposed savings, set out at Appendix A to the report would ensure a balanced budget for 2021/22 and would also go a considerable way to delivering the reductions needed for 2022/23. The intention was that the budget reductions would not be permanent, and it was hoped that the Council would be able to re-invest in services and reverse the unavoidable service reductions that had been made for this year and next.

Cabinet paid tribute to officers for their response to the challenges, already achieving many of the savings set out in the report.

Resolved (Key decision):

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

(2) To agree the Priority Based Budget proposals, set out at Appendix A to the report.

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.

13 Corporate Plan- Year 1 Review

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, asking them to consider the Council's progress with the Corporate Plan 2020-2024 aspirations.

Key achievements during this extremely challenging year were set out in section 2.4 of the report and officers were commended for these. The cross-party input into discussions that led to the production of the Carbon Neutral plan for action and strategy was also recognised.

Resolved (Non-key decision):

To note progress with the Corporate Plan aspirations.

Reason for decision:

To enable Cabinet members to consider specific aspects of the Council's progress and performance.

14 Corporate performance - quarter 4 - 2020/21

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, asking them 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 as Appendix 1 to the report.

Performance targets for 2020/21 had all been met wherever possible. The few areas which had not met their targets had been unable to do so due to pandemic related factors.

Visiting member, Councillor Shore, addressed the Cabinet on this item. In response to comments raised on the quantity of key performance indicators (KPIs), it was agreed that a discussion of these would take place outside the meeting, however it was clarified that many were areas that central government expected the Council to report on.

Further to points raised, Cabinet clarified that a report on fraud cases would be presented to the next meeting of the Audit and Governance Committee.

Visiting member, Councillor di Cara, also addressed the Cabinet on this item. Cabinet confirmed that quarter 4 data for the percentage of household waste sent for reuse, recycling and composting would be circulated once received from the third party that provided the data.

Resolved (Non-key decision):

To note progress and performance for Quarter 4.

Reason for decision:

To enable Cabinet members to consider specific aspects of the Council's progress and performance.

15 Provisional revenue and capital outturn 2020/21

The Cabinet considered the report of the Chief Finance Officer, updating them on the provisional outturn for 2020/21. The Council had responded to the financial and operational challenges caused by the pandemic with great focus and commitment. This had 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.

Visiting member, Councillor Smart, addressed the Cabinet on this item.

Councillors Bannister and Tutt declared a personal, non-prejudicial interest in this item. They remained in the room and voted on the item.

Resolved (Key decision):

(1) To endorse the provisional outturn for 2020/21.

(2) To approve the transfers from/to reserves as set out in section 2.2 of the report.

Reason for decisions:

To enable Cabinet members to consider specific aspects of the Council's financial performance for 2020/21.

16 Treasury management annual report 2020/21

The Cabinet considered the report of the Chief Finance Officer, reporting on activities and performance of the treasury management service during 2020/21.

Visiting member, Councillor Smart, addressed the Cabinet on this item.

Recommended to Full Council (Budget and policy framework):

(1) To agree the annual Treasury Management report for 2020/21.

(2) To approve the 2020/21 prudential and treasury indicators included.

Reason for decisions:

Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this has to be reported to Full Council.

17 Housing development update

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, providing an update on the Southfields Road Car Park redevelopment project and to progress all matters, including matter of contract, towards the construction and delivery phase.

Scrutiny Committee, at its meeting on 12 July 2021 considered the report and made the following recommendation.

To request that the Cabinet consider a review of the scheme within the current commercial/supply context, including consideration of the business case for the scheme.

The Cabinet confirmed that they were satisfied that Scrutiny Committee's recommendation was already met within the existing officer recommendations.

Resolved (Key decision):

(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. This is set out at the Exempt Appendix 1 to the report.

(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.

Reason for decisions:

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

18 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.)

19 Housing development update - Exempt Appendix 1

The Cabinet considered the exempt appendix in relation to agenda item 12 (Housing development update).

Resolved (Non-key decision):

That the exempt appendix be noted.

Reason for decision:

As detailed in minute 17.

Notes: (1) The appendix remained exempt. (2) Exempt information reasons 3 - Information relating to the financial and business affairs of any particular person (including the authority holding that information.

The meeting ended at 7.25 pm

Councillor David Tutt (Chair)

Body:	**Cabinet**
Date:	**15 September 2021**
Subject:	**Corporate Performance Quarter 1 2021-22**
Report of:	**Homira Javadi, Chief Finance Officer** **Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning**
Cabinet member:	**Councillors Colin Swansborough and Stephen Holt**
Ward(s):	**All**
Purpose of the report:	**To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets for the first quarter of the year 2021-22.**
Decision type:	**Non Key**
Recommendation:	**Cabinet is recommended to :** **i) Note the achievements and progress against Corporate Plan priorities for 2021-22, as set out in Part A of this report.** **ii) Note the General Fund, HRA and Collection Fund financial performance for the quarter, as set out in Part B of the report.**
Reasons for recommendations:	**To enable Cabinet members to consider specific aspects of the Council's progress and performance.**
Contact:	**Millie McDevitt: Performance and Programmes Lead** **Tel : 01273 085637 / 01323 415637 or email:** **millie.mcdevitt@lewes-eastbourne.gov.uk** **Andrew Clarke, Deputy Chief Finance Officer (Financial Planning)** **Tel: 01323 415691 or e-mail** **andrew.clarke@lewes-eastbourne.gov.uk**

1.0 Consultation

1.1 The priority themes in the Corporate Plan were developed in consultation with residents.

2.0 Financial appraisal

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

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

3.0 Legal implications

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

4.0 Equality analysis

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

5.0 Conclusion

5.1 This report provides an overview of performance against the authority's priority actions and indicators for 2021-22.

Appendices

Part A

Appendix 1 – Q1 Performance Overview

Part B

Appendix 1 – Housing Revenue Account
Appendix 2 – Capital Programme

Background Papers:

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

- Corporate Plan 2020/24 https://www.lewes-eastbourne.gov.uk/about-the-councils/corporate-plans/

Part A: Portfolio Progress and Performance Q1 2021-22

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 first quarter of 2021/22 (1 April- 30 June 2021).

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 2021/22. Each ward had a total of £10,000 available to spend on schemes requested by the local community.

4 Financial Appraisal

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

5 Legal Implications

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

6 Risk Management Implications

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

7 Equality Analysis

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

Appendices

Appendix 1 – Portfolio Progress and Performance Report (Quarter 1 2021/22)

Appendix 1

Eastbourne Borough Council Corporate Performance Report Q1 2021-22

- **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 : improving performance	⇩	Direction of travel on performance indicator : declining performance
▬	Direction of travel on performance indicator : no change	📈	Data with no performance target

KPIs

KPI Description	Annual Target 2021/22	Q4 2020/21	Q1 2021/22				Latest Note
		Value	Value	Target	Status	Short Trend	
1. Finance: Percentage of Council Tax collected during the year - Eastbourne	**96.06%**	95.89%	**28.56%**	**28.30%**			The collection rate is 0.26% above target which equates to £195k in financial terms. On 27th May the first Liability Order Hearing relating mainly to the non-payment of council tax for this financial year was held and a total of 888 Liability Orders were issued totalling £891k. Further action is ongoing to recover the sums due if no arrangement to pay has been made or there has been no engagement from the liable person(s). This will be either invoking attachments to benefits or earnings if employment status is known or referral to an Enforcement Agent (bailiff).
2. Finance: Percentage of Business Rates collected during the year - Eastbourne	**97.50%**	94.70%	**18.96%**	**35.19%**			Although below target for the reasons given below, this money will be recoverable. During the CV-19 pandemic the government changed the rules regarding eligibility for retail discount. In 2020/21 businesses could claim 100% discount for the entire year, however the Chancellor amended the rules in the March budget meaning businesses could only claim 100% relief until 30 June. A further 66% discount could be claimed for the remainder of the financial year capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties including businesses permitted to open at that date. So far 345 businesses have applied and been awarded discount totalling £2m. This has increased our net collectable debit. Several multi-national companies have also declined the discount from 01 April totalling £3m.
3. Benefits: Average days to process new claims for housing/council tax benefit	**22**	22	**21**	**22**			Performance remains ahead of target.
4. Benefits: Average days to process change of circs (housing/council tax benefit)	**8**	7	**6**	**8**			Performance remains ahead of target.
5. Customers: Increase the percentage of calls to the contact centre answered within 60 seconds	**80%**	81.2%	**52.25%**	**80%**			Customer Contact has had a very difficult first quarter for 2021/2022 where we found ourselves at 52.25% of all calls being answered within 60 Seconds. Quarter 1 saw on average 11,700 calls being offered every month, which compares to 10,600 the previous quarter, and 8,500 the quarter before that. As well as increasing call demands over the period of time, which also included several Bank Holidays and an Election, we also experienced staff leaving Customer Contact in both internal and external moves. We also re-opened our receptions in April which took further Advisors away from call demands, coupled with an increase in the amount of recovery action we took as Magistrate Courts re-opened and more reminders and notices were served. We have managed to successfully recruit to 8 of our 9 vacancies that we had, with new starters currently undergoing intensive training. We are committed to quarter 2 being a much more positive outturn. Number of telephone calls: April-12, 287 May-11,000 June-11,845 Average time (in seconds) to answer calls: April- 71 May-131 June – 240 # of calls to Coronavirus helpline (Joint with LDC): April- 83 May-22 June-29

KPI Description	Annual Target 2021/22	Q4 2020/21	Q1 2021/22				Latest Note
		Value	Value	Target	Status	Short Trend	
6. Customers: Reduce the numbers of abandoned calls to the contact centre - Ebn	**5%**	2.4%	**9.01%**	**5%**			Quarter 1 was challenging with 9.01% of all calls offered being abandoned – this is against our target of 5%. Please see commentary above for further detail.
7. Housing: Number of households living in emergency (nightly paid) accommodation	Data only	122	**116**	**Data only**			At end-June there were 116 households in emergency accommodation (EA) for Eastbourne. We are still seeing a high number of people accessing our services, there has been a 9.7% increase in homeless applications during Q1 2021/22 compared to Q1 2020/21. Inevitably, an increase in demand has an effect on performance. However, despite this, the service has been working tirelessly to reduce the number of households in EA and during Q1 48 households were placed in EA and 72 were moved on. During the quarter, our Specialist Advisor (Landlord Liaison) has been finalising our new Landlord Incentive Scheme, which is due to go live in the coming weeks. This scheme includes an offering of a rent guarantor to homeless households, who have often found it challenging to secure rented accommodation without. Our temporary accommodation supply has increased from 27 units to 41, and we are finalising our new private sector leasing scheme to increase our supply by a further 50 properties. We have launched a series of self-help guides to enable our customers to better help themselves. These guides are part of our project to redesign the way we deliver our housing advice and assistance service; allowing us to better focus our resources on the most vulnerable. The reshaping of Housing Needs and Standards, as part of the Councils Reshaping Services Programme, is underway and the second version of the consultation pack has been shared with staff. The proposed service structure introduces a new ‘accommodation’ team to bring all housing options (e.g. private rent and social housing) into a single team to support homeless households. Finally, the Council’s Accelerating Change Board has approved the implementation of Abrtias (a Civica product) to replace our existing Housing Options Module (Housing CX). Abrtias will provide greater self-service for our customers, automation and overall efficiencies.
8. Customers: Number of new sign-ups to the Councils' social media channels	**600**	460	**315**	**150**			While still exceeding the month target, the Q1 figure of social media followers represents a levelling off of new followers as the council reaches saturation point on its existing channels. Work has been underway to increase the number of social media users following the council on different platforms, including LinkedIn - these followers will be included in future reporting periods.
9. Customers: Number of people registering for our email service (GovDelivery)	**1,800**	5,861	**2,706**	**600**			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	**80%**	100%	**98.89%**	**80%**			Q1 performance above target. 223 out of 225 local searches returned within 10 working days.

KPI Description	Annual Target 2021/22	Q4 2020/21	Q1 2021/22				Latest Note
		Value	Value	Target	Status	Short Trend	
11. Growth: Town centre vacant retail business space	**11.5%**	11.71%	**10.94%**	**11.5%**			The town centre vacancy rate for June 2021 is 10.94%. This is an improvement on March 2021 reporting which returned 11.71% locally compared to a 12% national vacancy rate. National vacancy reporting for June 2021 is awaited.
12. Housing: Average void relet time key to key (month & YTD)	**20.0**	55.0	**43.8**	**20.0**			There have been some delays in this quarter due to material supply shortages and labour shortages. Issues around performance are being addressed.
13. Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	14 days	4 days	3 days	**14 days**			Continues to be above target. This performance indicator measures the part of the process that the council has control over. In total, under statutory law DFGs must be processed with 6 months and EBC is well within this.
14. Housing: Number of Licensed HMO's Inspected per Quarter	50	0	10	**13**			The backlog is still due to Covid and staff sickness. We have obtained agreement to get an HMO licensing officer in part time to clear the backlog of HMO inspections. The officer will start at the beginning of September.
15. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit)	**3%**	3.5%	**3.81%**	**3%**			This performance indicator has a new stretching target and even missing this target still puts EBC ahead of other comparable local authorities. Rent arrears increased by £10,818.34 (by 0.06% during Quarter 1. The number of rent arrears cases in Eastbourne has increased by 176 accounts against last month (May 2021) and by the total of 165 accounts during Quarter 1 period. The number of high rent arrears' cases (£900 plus arrears) has reduced by 8 cases on last month and by the total of 9 cases during Quarter 1. 8 new members of the team are being recruited.
16. Planning: Increase the percentage of Major Planning Applications processed within 13 weeks	**65%**	80%	**100%**	**65%**			Continues to be above target
17. Increase the percentage of minor planning applications processed within 8 weeks	**75%**	78%	**81%**	**75%**			Continues to be above target
18. Increase the percentage of other planning applications processed within 8 weeks	**75%**	94%	**75%**	**75%**			Continues to meet target
19. Recycling & Waste: % Container Deliveries on Time (SLA)	**99%**	70.52%	**14.68%**	**99%**			• April = 6.81% • May = 15.27% • June = 33.95% • **Qrt Average = 14.68%** The demand for bins following the introduction of the new alternate weekly refuse collections has been exceptional thus impacting negatively on the SLA container delivery target for this quarter. This has been compounded by a national shortage of stock from bin suppliers so it

KPI Description	Annual Target 2021/22	Q4 2020/21	Q1 2021/22				Latest Note
		Value	Value	Target	Status	Short Trend	
							would therefore be unfair to measure SEESL's performance against the standard for this period. EBC and SEESL are continuing with extra resources to help alleviate the situation.
20, Recycling & Waste: Missed Assisted Collections	**1%**	0.16%	**0.67%**	**1%**			• April = 0.6% • May = 0.7% • June = 0.7% o • **Qrt Average = 0.67%** Although Qrt 1 sees an expected increase while the new alternate weekly refuse collections settle in, it is still within target. N.B. Total number of customers receiving an assisted collection = 3,198 Total number of assisted collections made across all the services per month = 19,188
21.Recycling & Waste: Number of missed bins (per 100,000)	**100**	24.33	**89**	**100**			• April = 60 bins • May = 114 bins • June = 93 bins • **Qrt Average: 89 bins** Qrt 1 sees an average of 89 missed bins per 100,000 per month. May, is out of target which is a reflection of customers settling into the new AWC service. June starts to see a recovering, although still high it is within target. Further improvements are expected over the next quarter as residents continue to get used to their fortnightly refuse collection.
22. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	**45.00%**	35.10%	**38.40%**	**45.00%**			Data for this quarter is taken from weighbridge tickets which does allow for adjustments and any rejects, until the final data from ESCC comes in. Early indication of the new alternate weekly refuse collection service (AWC) suggests that recycling is increasing 3.3%. • April = 37.62% • May = 39.17% • June = 38.40% • Quarter average = 38.40%
23. Recycling & Waste: Total number of reported fly-tipping incidents	**400**	166	**194**	**100**			The council has continued to pro-actively investigate and take action against fly tips wherever possible with a total of 13 fixed penalty notices issues totalling approximately

KPI Description	Annual Target 2021/22	Q4 2020/21	Q1 2021/22				Latest Note
		Value	Value	Target	Status	Short Trend	
							£2000. One potential cause of the increase in fly tips may be the increase in charges at local waste sites. On a more positive note, the level of fly tipping is lower than the same period last year.
Staff: Average days lost per FTE employee due to sickness (J)	**8.0 days**	1.72 days	**1.82 days**	**2.0 days**			This is the first quarter of reporting average days lost due to sickness for our entire staff group for the period 2021/22. During the period there has been some easing of national Covid restrictions and the roll out of the vaccination programme has been much more accessible to many of our staff, however the majority of staff who are able, continue to work from home. Sickness levels are within target for Q1 with 1.82 days being recorded, this is a slight increase from Q4 which was 1.72 days in Q4. If we remove LDC Waste Services, the Q1 figure reduces to 1.28 days (reduction from Q4) and Waste Services on its own is 5.12 days, which is an increase from 4.25 days in Q4. It is worth noting that Waste Services staff have continued to operate normally during the pandemic. Absences due to Covid-19 for Q4 were 2 (those staff reporting symptoms) which was a decrease from 11 in Q4. 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 17 staff absent due to a reaction to drugs which we believe is related to those staff receiving a vaccination. If we remove these types of absence from our Q1 figure that number reduces to 1.76 days. Although sickness levels remain low, HR Business Partners continue to support managers in robustly managing any attendance issues that arise.

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Projects

Project / Initiative	Description	Target completion
Winter Garden Improvements	Upgrade of the Winter Garden including use of recent central government grants	Q3 2022/23
Sovereign Centre Review	Under review	To be confirmed
Hampden Retail Park	The acquisition and development of Hampden Retail Park as part of the Property Acquisition and Investment Strategy (PAIS).	Ongoing. Phase 1 is end of March 2022.

Devolved ward budget scheme 2021/2022 – Summary by ward to end of Quarter 1 (1 April – 30 June 2021)

Ward	Project	Description	Project Spend to Date
Devonshire	BourneOut Pride event	For Eastbourne Pride Event in support of 'thriving communities'.	£350.00
	Friends of Seaside Rec	To provide support for the Friends of Seaside Rec. Fun Day.	£350.00
	Sober Eastbourne website maintenance	To upgrade a computer to maintain a website called Sober Eastbourne - a local sober resources directory.	£400.00
		Total spend to end of Quarter 1	**£1,100.00**
Hampden Park	**No schemes to end of Quarter 1**		
		Total spend to end of Quarter 1	**£0.00**
Langney	**No schemes to end of Quarter 1**		
		Total spend to end of Quarter 1	**£0.00**
Meads	Seven Sisters Camera Club	A new projector for the Seven Sisters Camera Club	£1,000.00
		Total spend to end of Quarter 1	**£1,000.00**
Old Town	East Sussex Hearing gazebo	To support East Sussex Hearing's outreach services.	£400.00
	Re-wilding St Mary's Churchyard	Re-wilding of St Mary's churchyard	£400.00
	Community Centre	For improvements to local Community Centre	£450.00
		Total spend to end of Quarter 1	**£1,250.00**
Ratton	Tree planting	Tree planting to replace dead trees in Halland Close and Stanmer Drive.	£2,000.00
		Total spend to end of Quarter 1	**£2,000.00**
St Anthony's	**No schemes to end of Quarter 1**		
		Total spend to end of Quarter 1	**£0.00**
Sovereign	Eastbourne Sea Cadets	Replacement dingy sails for Eastbourne Sea Cadets.	£250.00
	Plastic Free Eastbourne	Supporting a network of water refill stations across the town for Plastic Free Eastbourne.	£750.00

Ward	Project	Description	Project Spend to Date
	Kings Park road signs	To provide road signs around Kings Park (as a private estate the roads and pathways are not adopted by ESCC).	£250.00
	East Sussex Hearing gazebo	To help provide a gazebo, to support East Sussex Hearing's Outreach Service.	£250.00
		Total spend to end of Quarter 1	**£1,500.00**
Upperton	Re-wilding St Mary's Churchyard	Re-wilding of St Mary's churchyard	£400.00
	East Sussex Hearing	To help provide a gazebo, to support East Sussex Hearing's Outreach Service.	£500.00
		Total spend to end of Quarter 1	**£900.00**

Number of schemes to end of Quarter 1	**14**
All wards total spend to end of Quarter 1	**£7,750.00**

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Part B

Financial Performance Q1 2021/22

1.0 General Fund

1.1 General Fund performance of the quarter is shown in the table below:

	Current Budget £'000	Profiled Budget £'000	Actual to 30 June 2021 £'000	Variance to date £'000
SUMMARY				
Corporate Services	4,104	1,412	1,388	(24)
Service Delivery	9,258	2,022	1,703	(319)
Regeneration & Planning	606	116	462	346
Tourism & Enterprise	3,853	1,162	1,112	(50)
Net Cost of Services	**17,821**	**4,712**	**4,665**	**(47)**
Levy (Pevensey)	229	119	119	0
Contingency (yearend adj)	250	0	0	0
Reserves (yearend adj)	6	0	0	0
Capital Financing and Interest	2,318	(7)	(7)	0
Recovery & Reset Costs/Redundancy Provision	1,850	150	150	0
Corporate Savings (included in R&R savings)	(438)	0	0	0
Income Recovery- estimate	(300)	0	0	0
Capitalisation Direction (yearend adj)	(6,000)	0	0	0
Recovery & Reset Savings	(850)	0	0	0
Net Expenditure	**14,886**	**4,824**	**4,777**	**(47)**
Financing				
Council Tax	(8,911)	(2,228)	(2,228)	0
Business Rates	(5,057)	(1,264)	(1,264)	0
Government Grants	(918)	(304)	(304)	0
Total Financing	**(14,886)**	**(3,796)**	**(3,796)**	**0**
(Surplus)/Deficit	**0**	**1,028**	**981**	**(47)**
			Net Variance	**(47)**

1.2 The position at the end of June shows a net saving of £0.047m. Key variances are set out in the following table:

	Net Full year Budget £000's	Q1 Variance to Profiled Budget £000's	Total Q1 Variance £000's
Corporate Services			
IT - salaries	689	(24)	(24)
Service Delivery			
Account Management - salaries	477	(73)	
Summons Cost/Liability Order income shortfall	(475)	137	
Licensing income shortfall	(226)	16	
Crematoria income shortfall	(1,610)	28	
B&B Accommodation – net reduction in spend	616	(185)	
Case Management – salaries	434	(97)	
Neighbourhood First – salaries	328	(13)	
Car parks – business rates	46	13	
Homes First – agency staffing	0	22	
Neighbourhood Management – agency staffing/salaries	468	15	
Retirement Housing Team – salaries/car allowances	220	(29)	
Housing Property Services – agency staffing/salaries	456	(14)	
Specialist Advisory – salaries	903	(117)	
Green Waste – additional income	(689)	(22)	(319)
Regeneration & Planning			
Property - salaries	272	(24)	
Corporate Landlord – business rates	61	6	
Investment Properties – R&M/business rates/rental income	(2,147)	435	
Housing Delivery Team – salaries	431	(8)	
Development Control – salaries	194	62	
Development Control – additional fee income	(229)	(104)	
Planning Policy – salaries	224	(16)	
Regeneration - salaries	110	(5)	346
Tourism and Culture			
Theatre Management – salaries	262	(65)	
Stage Door – mainly income shortfall	(436)	38	
Edge Catering – income shortfall	(158)	12	
Edge Golf – additional income	(195)	(57)	
Black Robin Farm – contract cleaning costs	0	10	
Theatre Operations Team - salaries	210	(31)	
Devonshire Park – business rates	0	13	
The Pavilion – income shortfall	(113)	8	
Conferences – mainly salaries	261	(27)	
Congress Theatre catering – net income shortfall	(39)	13	
Devonshire Park catering – net income shortfall	(44)	11	
Winter Garden Kitchen – net income shortfall	(80)	18	
ILTC Kitchen – net income shortfall	(27)	7	(50)
		NET SAVING	**(47)**

1.3 The above analysis shows that at the end of June there are net salary savings of £444k, offset by net income shortfalls of £491k and additional cost savings of £94k.

1.4 It is still anticipated that the income recovery claim of c.£300k will still be achieved, as the relevant income losses shown above are measured against the pre-Covid 2020/21 budgets. The guidance and claim form for 2021/22 is still to be issued by MHCLG but is expected soon.

1.5 The above analysis is focused on the net cost of services and excludes the latest Recovery & Reset savings of £2.391m and the net Cultural Recovery Fund grant of £1.300m, and other anticipated changes. The updated Medium Term Financial Strategy report, elsewhere on this agenda, provides an overall revised position for this year and forecasts for the following three years.

1.6 As summary of the expected revised position is as follows:

	2021/22 Current Budget £000's	**2021/22 Revised Forecast £000's**
Original Net Cost of Services Budget	**17,821**	**17,821**
Net Cost of Services variances at Q1	-	(47)
Forecast changes to year end *(see note)*	-	708
Revised Net Cost of Services Variance	**17,821**	**18,482**
Capital Financing & Interest	2,318	2,318
Levy (Pevensey)	229	229
Contingency	250	250
Reserves	6	0
Cultural Recovery Fund *(gross amount – see note)*	0	(1,800)
Recovery & Reset Saving	(850)	(2,391)
Removal of R&R Set up Costs/Redundancy Provision	1,850	0
Removal of savings now incorporate in R&R Savings	(438)	0
Income Recovery	(300)	(300)
Full application of Emergency Covid-19 grant	(598)	0
Capitalisation Direction	**(6,000)**	**(2,500)**
Net Revenue Expenditure	**14,288**	**14,288**

Note: The Cultural Recovery Fund grant is shown gross in the above table, and additional costs of £500k have been included in the Tourism & Culture net cost of services. In addition, it is expected that income losses will continue to a degree and that salary savings will reduce as posts are filled resulting in a net pressure of £708k to the year end.

1.7 Based on the information to date, the above table shows the expected use of the capitalisation direction is likely to be reduced by £3.5m to £2.5m mainly as a result of the additional R&R savings, Cultural Recovery Fund grant and reduced need for the R&R set up/redundancy provision. The position is positive at this stage, however it is heavily reliant on the delivery of savings from the Recovery and Reset Programme. The position continues to be monitored on a regular basis and future updates will be incorporated into the quarterly monitoring and budget reports.

2.0 HRA

2.1 HRA performance of the quarter is as follows:

	Full Year Budget £'000	Profiled Budget £'000	Actual to 30 June 2021 £'000	Variance to date £'000
HRA				
Income	(15,819)	(3,955)	(3,963)	(8)
Expenditure	13,866	2,011	1,990	(21)
Capital Financing & Interest	1,564	0	0	0
Contribution to Reserves	389	0	0	0
Total HRA	**0**	**(1,944)**	**(1,973)**	**(29)**

There is a positive variance of £29k at the end of quarter 1. The main variance relates to a £21k underspend on the supervision and management costs. A further breakdown is shown at **Appendix 1**.

3.0 Capital Expenditure

3.1 The detailed capital programme at **Appendix 2,** provides a summary of spend for quarter 1 compared to the budget for 2021/22 and the total spend for each scheme as at 30 June. Current spend totals £13.443m against the latest programme of £54.858m. Comments are provided for each scheme in the appendix.

4.0 Collection Fund

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

4.2 The Collection fund for the year is as follows:

	Council Tax £'000	Business Rates £'000
(Surplus)/Deficit Brought Forward 01 April 2021	**(505)**	**27,858**
Total Collectable Income for year*	(74,566)	(29,663)
Net Payments to Preceptors	73,332	11,768
Write offs, provisions for bad debts and appeals	910	995
Additional Business Rate Relief s31 grant	-	(8,806)
Estimated Balance 31 March 2021 – (Surplus) / Deficit	**(829)**	**2,152**
Allocated to:		
Government	-	1,076
East Sussex County Council	(606)	194
Eastbourne Borough Council	(101)	861
Sussex Police	(84)	-
East Sussex Fire & Rescue	(38)	21
	(829)	**2,152**

* *This represents the latest total amount of income due for the year and allows for changes as a result of discounts, exemptions and reliefs, as well as increases in the Council Tax and Business Rate bases.*

4.3 The allocation to preceptors reflects the operation of the Collection Fund for Council Tax and Business Rates which are distributed on different bases under regulations. The distributions have now been finalised for 2021/22 in line with the above allocations.

4.4 Council Tax is showing a surplus of £829k for the quarter, which represents an in-year improvement of £324k after allowing for the brought forward surplus of £505k. The Council's share of the overall forecast surplus is £101k.

4.5 There is a Business Rates deficit of £2.152m at the end of June, of which the Council's share is £861k. The position is changing on a monthly basis as the impact of reliefs and s31 grants are applied, and a more accurate position will be known when the final surplus or deficit position is formally set in January 2022.

5.0 Treasury Management

5.1 The Annual Treasury Management and Prudential Indicators were approved by Cabinet and Council in February.

5.2 **Annual Investment Strategy**

The Treasury Management Strategy Statement (TMSS) for 2021/22 which includes the Annual Investment strategy, was approved by the Full Council on Wednesday, 19th February. It sets out the Council's investment priorities as being:

- Security of Capital;
- Liquidity;
- Yield.

There were no short-term investments held as at 30 June. Approved limits within the Annual Investment Strategy were not breached during the quarter ending 30 June 2021. Investment rates available in the market have continued at historically low levels. Investment funds are available on a temporary basis and arise mainly from the timing of the precept payments, receipts of grants and the progress of the capital programme.

5.3 Investment performance for the quarter ending 30 June is as follows:

Benchmark	Benchmark Return	Council Performance	Interest Earning
7-day LIBID	-0.08%	0.04%	£1,800

The Council outperformed the benchmark by 0.08%. The budgeted investment return for 2020/21 is £50,000. Due to cash flow requirements and current low interest rates, investments held are at minimum and it is unlikely that this budget will be achieved, but this will be offset by reduced borrowing. The continuous use of internal balances is in line with the Council's strategy and reduces the amount of interest payable on loans and investment income.

5.4 **Borrowing**

The following loan was taken during the quarter:

New Short-Term Borrowing				
Start Date	Counterparty	Amount £'m	Interest Rate %	End Date
21-05-21	West Midlands Combined Authority	10.0	0.07	21-01-22
Total		**10.0**		
Less Short-Term Borrowing Repaid				
Repayment Date	Counterparty	Amount	Interest Rate	No of Days
10-May-21	Gwynedd Council	5.0	0.3	89
24-May-21	Hertfordshire County Council	7.0	0.10	182
Total		**12.0**		
Net New Short Term Borrowing during quarter		**2.0**		

Cash flow predictions indicate that further borrowing will be required in the next quarter, depending on the timing of capital expenditure. The exact timing and nature of this borrowing will be considered at that time in light of prevailing interest rates.

5.5 **Debt Rescheduling**

Debt rescheduling opportunities have been limited in the current economic climate and following the various increases in the margins added to gilt yields which has impacted PWLB new borrowing rates since October 2010. During the quarter ended 30 June 2021 no debt rescheduling was undertaken.

5.6 **Compliance with Treasury and Prudential Limits**

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

During the quarter to 30 June the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices, except for temporary balances exceeding limits with Lloyds Bank.

5.7 **Climate change and environmental implications**

Treasury management is a Council-wide function and its climate change, environmental and sustainability implications are the same as for the Council itself. The Council and it's TM Advisors will have regard to the environmental activities of its Counterparties (where reported) but: -

- Prioritises Security, Liquidity and Yield,
- Recognises that as large, global institutions our high-quality counterparties operate across the full range of marketplaces in which they are legally able to,

and as a result climate change considerations are an increasingly important and heavily-scrutinised part of their overall business.

- Excluding any one counterparty will likely mean others will similarly have to be avoided and thus impact the Council's capacity to mitigate risk through diversification.

5.8 Covid-19 crisis

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 and then evaporated entirely with the onset of the Covid-19 crisis. 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. Timing will be managed through a portfolio of short-term debt and we will seek to add new sources of borrowing while PWLB's margin remains competitive.

5.9 Interest Rate Forecasts

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecasts on 10th May is shown below. A comparison of forecasts shows that PWLB rates have increased marginally and there is also now a first increase in Bank Rate from 0.10% to 0.25% in quarter 2 of 2023/24.

Link Group Interest Rate View	10.5.21											
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.30	0.30	0.30
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.30	0.40	0.40	0.40
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.40	0.50	0.50	0.50
5 yr PWLB	1.20	1.20	1.30	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50
10 yr PWLB	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00
25 yr PWLB	2.20	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.40

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings, although some forecasters had suggested that a cut into negative territory could have happened prior to more recent months when strong recovery started kicking in. However, the minutes of the Monetary Policy Committee in February 2021 made it clear that commercial banks could not implement negative rates within six months; by that time the economy would be expected to be recovering strongly and so there would be no requirement for negative rates.

As shown in the forecast table above, one tentative increase in Bank Rate from 0.10% to 0.25% has now been pencilled in for quarter 2 of 2023/24 as an indication that the Bank of England will be moving towards some form of monetary tightening around this time. However, it could well opt for reducing its stock of quantitative easing purchases of gilts as a first measure to use before increasing Bank Rate so it is quite possible that we will not see any increase in Bank Rate in the three-year forecast period shown.

Significant risks to the forecasts

- COVID vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be developed for successful implementation.
- The lockdowns cause major long-term scarring of the economy.
- The Government implements an austerity programme that supresses GDP growth.
- The MPC raises tightens monetary policy too early – by raising Bank Rate or unwinding QE.
- The MPC tightens monetary policy too late to ward off building inflationary pressures.
- Major stock markets e.g. in the US, become increasingly judged as being over-valued and susceptible to major price corrections.
- Geo-political risks are widespread e.g. German general election in September 2021 produces an unstable minority government and a void in high-profile leadership in the EU.

GILT YIELDS / PWLB RATES. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields.

While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets. Over the year prior to the coronavirus crisis, this resulted in many bond yields up to 10 years turning negative in the Eurozone. In addition, there was, at times, an inversion of bond yields in the US whereby 10-year yields fell below shorter-term yields. In the past, this has been a precursor of a recession.

Gilt yields had, therefore, already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields initially spiked upwards in March, yields fell sharply in response to major western central banks taking rapid policy action to deal with excessive stress in financial markets during March and starting massive quantitative easing driven purchases of government bonds: these actions also acted to put downward pressure on government bond yields at a time when there was a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in "normal" times would have caused bond yields to rise sharply.

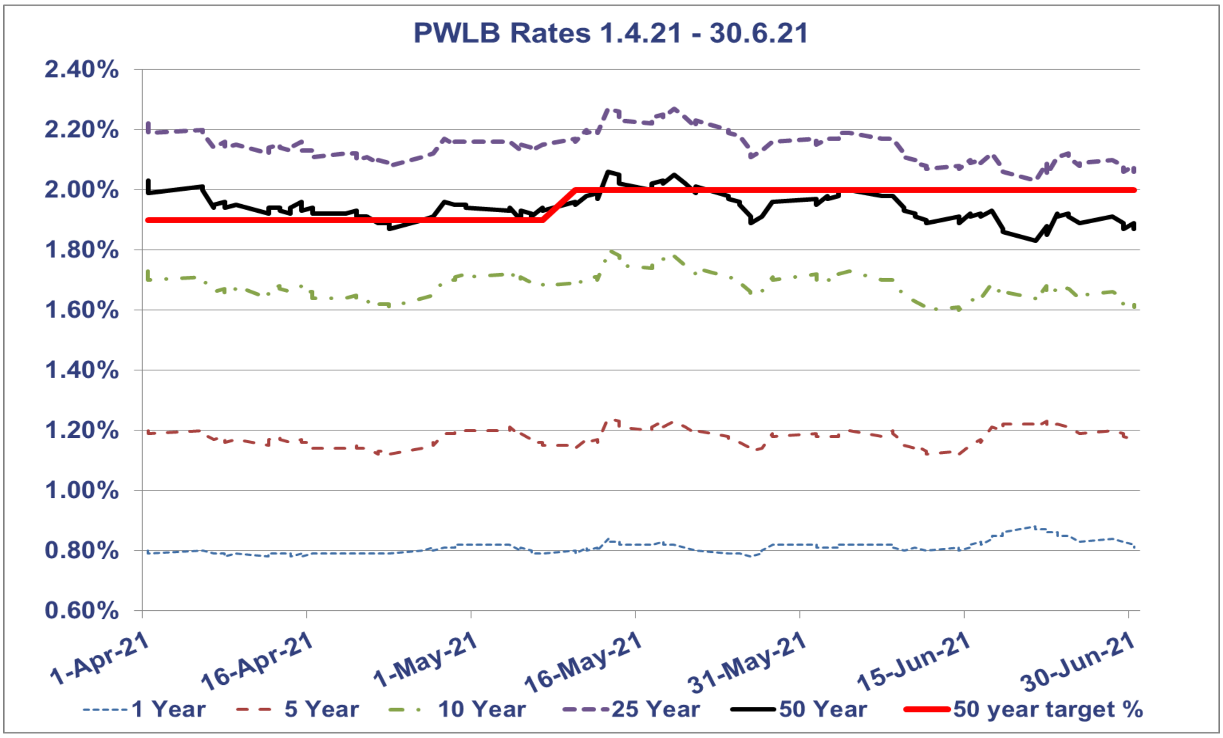
The current PWLB rates are set as margins over gilt yields as follows: -

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

As the interest forecast table for PWLB certainty rates, (gilts plus 80bps), above shows, there is likely to be little upward movement in PWLB rates over the next three years as the Bank of England is not expected to raise Bank Rate above 0.25% during that period as inflation is not expected to be sustainably over 2%.

5.10 **PWLB maturity certainty rates year to date to 30th June 2021**

Gilt yields and PWLB rates rose sharply during the first three months of 2021 but have lacked any consistent direction since then over the last three months to 30th June. The 50-year PWLB target certainty rate for new long-term borrowing started at 1.90% in this quarter but then rose to 2.00% in May.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.78%	1.12%	1.60%	2.03%	1.83%
Date	08/04/2021	22/04/2021	11/06/2021	21/06/2021	21/06/2021
High	0.88%	1.24%	1.80%	2.27%	2.06%
Date	21/06/2021	13/05/2021	13/05/2021	13/05/2021	13/05/2021
Average	0.81%	1.18%	1.68%	2.14%	1.94%
Spread	0.10%	0.12%	0.20%	0.24%	0.23%

5.11 **Outlook for the remainder of 2021/22**

The medium-term global economic outlook has continued to improve with the rollout of vaccination programmes. The UK has continued to benefit from its initial rapid vaccine rollout and has shifted focus onto second vaccinations to increase protection to counter a third wave of COVID-19 variant.

The opening up of the UK economy in Q2/Q3 will continue to prompt a sharp increase in GDP. While downside risks seem to have fallen somewhat after recent trends in GDP and labour, the upside risks remain relatively balanced with the MPC reiterating its commitment not to tighten policy until there is clear evidence that the recovery is eliminating spare capacity in the economy.

Inflation has moved above the Bank of England’s 2% target. Alongside the increase in commodity prices, the MPC has acknowledged the prospect of a sharper upturn in inflation, with the potential CPI could rise above 3% in the coming months. However, the nature of the commodity price rise and the base effect easing, this is likely a more transitory effect.

Upward pressure on gilt yields could continue in the short term due to the preponderance of strong data, but this is likely to ease once inflation fears recede as the effect of weak base effects subsides and growth figures return to more normal levels. Bank Rate is expected to remain at the current 0.10% level. The risk of movement in Bank Rate in the short term is low.

Gilt yields could continue to increase in the short term but will begin to plateau and reduce once the market's expectation of rises in Bank Rate and inflation fears subside. Longer term yields may face upward pressure towards the end of the forecast period as the economy moves back to a sustained footing and policy expectations start to strengthen.

Downside risks remain – the damage from the pandemic will have lasting effects and there is the risk of further virus mutations due to the uneven global rollout of vaccines. Downside risks also arise from potential future vaccine shortages as the global demand for vaccines increases.

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EBC Housing Revenue Account 2021/22

	Original Budget £000's	**Profiled Budget** £000's	**Q1 Actual** £000's	**Variance** £000's
INCOME				
Gross Rents	(14,783)	(3,696)	(3,704)	**(8)**
Charges for Services	(1,036)	(259)	(259)	**0**
GROSS INCOME	**(15,819)**	**(3,955)**	**(3,963)**	**(8)**
EXPENDITURE				
Management Fee	7,834	1,959	1,959	**0**
Supervision and Management	1,479	52	31	**(21)**
Provision for Doubtful Debts	205	0	0	**0**
Depreciation & Impairment of Fixed Assets	4,348	0	0	**0**
GROSS EXPENDITURE	**13,866**	**2,011**	**1,990**	**(21)**
NET COST OF HRA SERVICES	**(1,953)**	**(1,944)**	**(1,972)**	**(29)**
Loan Charges - Interest	1,579	0	0	**0**
Interest Receivable	(15)	0	0	**0**
NET OPERATING SURPLUS	**(389)**	**(1,944)**	**(1,972)**	**(29)**
Contribution to Capital Expenditure	3,085	0	0	**0**
Transfer from Reserves - Funding Capital Expenditure	(3,085)	0		**0**
Transfer to Reserves - Major Works				**0**
Transfer to Reserves - Surplus for Year	389	0	0	**0**
HRA (SURPLUS) / DEFICIT	**0**	**(1,944)**	**(1,972)**	**(29)**

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Appendix 2

Line No	Scheme	Original 2021-22	Updated 2021-22	Spend Q1 2021-22	Q1 variance to budget	Comments
		£000	£000	£000	£000	
1	**HOUSING REVENUE ACCOUNT**					
2	Major Works	4,442	4,442	908	-3,534	On target to complete in 2021-22
3	Sustainability Initiatives Pilot	439	-	-	0	Now revenue scheme
4	New Build	10,237	9,911	249	-9,662	Subject of separate cabinet reports
5	Acquisitions	4,702	7,484	501	-6,983	4 properties acquired in Q1
6	**Total HRA**	**19,820**	**21,837**	**1,658**	**-20,179**	
7	**Other Housing**					
8	EHIC - Loan facility (Private Properties)	141	26	-	-26	Available for drawdown as required
9	EHIC - mixed tenure homes facility	100	186	-	-186	Available for drawdown as required
10	AH - Credit facility	-	35	-	-35	Available for drawdown as required
11	AH - Facility	2,956	16,502	11,052	-5,450	Available for drawdown as required
12	Bedfordwell Road - GF	1,405	2,095	-	-2,095	Subject of separate cabinet reports
13	**Total Other Housing**	4,602	18,844	11,052	-7,792	
14	**COMMUNITY SERVICES**					
15	Disabled Facilities Grants	1,200	1,270	89	-1,181	
16	BEST Grant (housing initiatives)	-	24	-	-24	
17	Coast Defences Beach Management	300	300	-	-300	Works planned after the summer season
18	Cycling Strategy	41	41	-	-41	ESCC finished their consultation with key stakeholders in Dec 2020 including proposed cycle routes within the Borough.
19	Play Area Sovereign Harbour	27	27	-	-27	
20	Shinewater Park - Scoping	-	10	-	-10	Re-profiled from 2020-21
21	Mulberry Close Play Equip	-	30	-	-30	Re-profiled from 2020-21
22	Langney Cemetery - Road Improvements	30	30	-	-30	Quotes being obtained
23	Ocklynge Cemetery - Road Improvements	15	15	-	-15	Quotes being obtained
24	Crematorium - Road Improvements	15	15	-	-15	Quotes being obtained
25	Crematorium - Cesspit Replacement	25	25	-	-25	Works due to start Q2
26	Crematorium - Chapel Improvements	80	80	-	-80	Works started Q1
27	SEESL Loan	168	180	-	-180	Available for drawdown as required
28	Waste Bins	-	85	36	-49	On target to complete in 2021-22
29	**Total Community Services**	**1,901**	**2,132**	**125**	**-2,007**	
30	**TOURISM & LEISURE**					
31	Sovereign Centre - Existing building	500	500	77	-423	Works progressing. On target to complete this year
32	**Total Tourism & Leisure**	**500**	**500**	**77**	**-423**	
33	**CORPORATE SERVICES**					
34	IT - Block Allocation	250	250	69	-181	On target to complete in 2021-22
35	Contingency	250	165	-	-165	Available if schemes are identified
36	Recovery & Reset	250	-	-	0	Included in new allocation
37	Recovery & Reset - New	601	601	59	-542	On target to complete in 2021-22
38	Covid Capitalisation	6,000	6,000	-	-6,000	Available if required
39	JTP Finance Transformation	80	87	1	-86	Requirements being considered
40	Retail Refurbishment	1,500	1,486	2	-1,484	Initial works are for building new Costa unit & car park refurbishment. Anticipated start on site July 21 & completion December 21
41	Statue Sculpture Installation	20	20	-	-20	Location to be confirmed; works on hold pending a decision.
42	**Total Corporate Services**	**8,951**	**8,609**	**131**	**-8,478**	
43	**Asset Management**					
44	Winter Garden	1,000	1,147	390	-757	Phase 1 due to complete October 2021
45	Victoria Mansions Commercial	950	75	-	-75	Works completed. Recharge due from EHIC
46	Congress Theatre Roof	80	80	-	-80	Quotes received. Works due this year.
47	Bandstand & Promenade Renovations	500	501	1	-500	Works are being undertaken to allow opening July 21. Future works being scoped.
48	Seafront Lighting	100	100	7	-93	Initial work has commenced - main works involve digging on the seafront; expected start Autumn 21. Completion of Phase 1 Autumn 22
49	Leisure Estate	250	250	-	-250	Expected to complete Agreement in Q2
50	Food Street	100	100	2	-98	On target to complete 2021-22
51	ILTC - Improvements	60	87	-	-87	Further works planned for the Autumn
52	Towner Improvements	200	200	-	-200	Works planned for 2021-22
53	Fort Fun	-	200	-	-200	Lease surrender completed Q2
54	Asset Management - Block Allocation	240	196	-	-196	Available for projects under review
55	**Total Asset Management**	**3,480**	**2,936**	**400**	**-2,536**	
56	**General Fund**	**19,434**	**33,021**	**11,785**	**-21,236**	
57	**HRA**	**19,820**	**21,837**	**1,658**	**-20,179**	
58	**Total**	**39,254**	**54,858**	**13,443**	**-41,415**	

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Body:	**Cabinet**
Date:	**15 September 2021**
Subject:	**Medium Term Financial Strategy**
Report Of:	**Homira Javadi, Chief Finance Officer**
Cabinet member	**Councillor Stephen Holt, Portfolio Holder for Financial Services**
Ward(s)	**All**
Purpose	**To provide an update on the process and approach to the Council's Medium Term Financial Strategy for the period 2021/22 to 2024/25.**
Decision Type:	**Key Decision**
Officer Recommendation(s):	**To note the background to the Medium Term Financial Strategy for 2022/23 and approve the approach outlined in this report.**
Reason for recommendations:	**To progress the Medium Term Financial Strategy process and update Cabinet on the background to this.**
Contact:	**Homira Javadi, Chief Finance Officer E-mail address: Homira.Javadi@lewes-eastbourne.gov.uk**

1.0 Introduction

1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. This report outlines the proposed process for the MTFS for the period 2021/22 to 2024/25, which ultimately leads to the setting of the Council's budget in February 2022.

1.2 The Council approved its Medium Term Financial Strategy (MTFS) in September 2020 and the Cabinet recommended a resulting 2021/22 budget proposal in February 2021 following the service and financial planning process. The Council's updated MTFS is included in Appendix A of this report.

1.3 To ensure Members have a sound basis for planning and decision making, the MTFS this year will be reviewed and updated at the following key points in the year:

- Midyear (this report) – as a series of principles and as a framework for initial detailed budget discussions for the forthcoming financial year:

- December/January – an update to include additional information received at a national level and identified corporate issues, and the detailed budget build; and

- February – with the final Budget for 2022/23.

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

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

1.6 The key underlying principles of the MTFS are:

- securing a balanced budget and setting modest increases in Council tax when appropriate;

- delivering service efficiencies and generating additional income where there are opportunities to do so;

- ensuring that the council maintains sufficient reserves and contingencies to be resilient to manage the increased level of risks associated with a more commercial agenda.

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

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

- National and local economic outlook, including the impact of Covid-19 and Brexit
- Inflation
- Interest rates
- Public Sector Pay
- Factors affecting demand-led services

2.2 The four-year period covered by this MTFS represents one of continuing uncertainty over the on-going impact of Covid-19 on the Council's financial position, in addition to the overall Local Government financing position.

2.3 The national Public Finances position directly affects the Council's Core Funding – consisting of Government Grants, Business Rates, Council Tax and New Homes Bonus (NHB). Announcements will be closely monitored and potential scenarios considered during the budget planning process.

2.4 The Government's plans to devolve more responsibilities through the localisation of business rates has been delayed (date to be confirmed), and the detail as to whether councils will be required to take on additional responsibilities remains unclear. The devolution of business rates is intended to be fiscally neutral but how this will work in practice is currently being developed alongside the Fair Funding Review. These changes will bring both risks and opportunities.

2.5 Regardless of shorter term uncertainties, the trend is undoubtedly likely to be that the Council will continue to become ever more reliant on internally generated resources and local taxation. This has a positive benefit in that the council is more locally focussed and responds directly to local needs. However, current events have demonstrated how exposed the council can be when it is heavily dependent upon locally generated income. This necessitates the need to have healthy reserves and a strong balance sheet, and to deliver on efficiency savings and income generation targets.

2.6 The draft MTFS at Appendix A provides an initial assessment of the current financial position. It reflects the impact the pandemic is continuing to have on the Council's financial position, in terms of lost income from fees and charges, additional direct costs and the financial support being given by Government.

2.7 Projecting the continuing impact is still extremely difficult. However the 2020/21 outturn position has enabled a more positive outlook in terms of income levels and the pressure from increased costs. In addition, the savings being identified through the Recovery and Reset Programme are exceeding the initial targets. Sustaining this positive outlook relies upon delivery of all savings and income generation targets within agreed timelines. Any delays or non-delivery will lead to a deterioration in the councils financial sustainability.

3.0 MTFS Review Areas – Internal Process

3.1 The internal MTFS review process is underway, starting with a root and branch review, challenging current budgets directorate by directorate. 2020/21 outturn data will be reviewed against current 2021/22 budgets, with a view to ascertaining what in-year adjustments and savings could be achieved. In addition, the planned Recovery and Reset savings are being scrutinised to ensure they are going to be delivered in the current and future years.

3.2 This review will in particular include consideration of:

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

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

4.0 Implications

4.1 **Financial**

The financial stability of the Council and it's ability to set a balanced budget each year is fully reliant upon the delivery of the Recovery and Reset savings.

4.2 **Legal**

None arising directly from this report.

4.3 **Risk Management implications**

None arising directly from this report.

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

4.4 **Equality Analysis**

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

5.0 Conclusion

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

6.0 Appendices

6.1 Appendix A – Medium Term Financial Strategy 2021/22 – 2024/25

EASTBOURNE
Borough Council

Medium Term Financial Strategy

And

Budget Setting Strategy

Executive Summary

The Medium-Term Financial Strategy (MTFS) is rolling programme that puts in place a strategy to guide the Council's financial planning over a four year period to address the national and local challenges faced, deliver the Council's strategic aims and meet community priorities.

The bedrock of the MTFS and the Council's future financial sustainability is its transformational Recovery and Reset Programme, which has been developed to provide a framework for a fundamental review of its services post COVID19.

The general principles underpinning the strategy are:

- To maintain a balanced budget position which is robust, affordable and sustainable without the ongoing use of reserves;
- To ensure Spending Plans are aligned with the Council's aims and objectives as defined by its 2020 to 2024 Corporate Plan;
- Continual monitoring and review of Revenue and Capital budgets followed by timely and corrective modification where necessary to ensure that resources are used effectively and targeted to achieve key objectives and offers value for money; and that
- The overarching transformational Recovery and Reset programme will be the main vehicle through which change will be delivered.

Economic Outlook

The UK economy, measured by gross domestic product (GDP) is 8.8% below pre-pandemic levels at the end of 2019.

Key points in the forecast:

The British Chambers of Commerce (BCC) has released its latest economic forecast which predicts UK GDP growth for 2021 of 6.8%, which if realised would be the strongest outturn since official records began in 1949.

Consumer spending is expected to be the main driver of this year's economic rebound. The release of pent-up demand if restrictions ease as currently planned and the rapid vaccine rollout is forecast to drive the strongest growth in spending since 1988, as consumers spend some of their 'unanticipated' savings accumulated during lockdowns.

Business investment is forecast to rebound strongly in 2021 and 2022, driven by the anticipated boost from the reopening of the economy and the introduction of the super-deduction incentive. However, business investment is projected to slow sharply in 2023 as the super-deduction incentive ends and corporation tax increases.

Despite the immediate boost to UK GDP, the latest outlook projects an uneven recovery. Output from catering and hospitality, some of the sectors hardest hit by the pandemic, are forecast to only return to pre-pandemic levels in Q2 2023. In contrast, manufacturing output is projected to return to its pre-pandemic level in the third quarter of this year.

UK unemployment is projected to remain at a much lower level than in recent recessions. UK's unemployment rate is expected to peak at 6.0% and youth unemployment at 15.6% in Q4 2021, after the furlough scheme expires.

Youth unemployment is expected to lag the wider recovery with the UK's youth unemployment rate projected to average 10.1 percentage points higher than the overall unemployment rate across the forecast period, a quarter (25%) higher than the pre-covid average (7.6 percentage points).

Trade is projected to make a negative contribution over the forecast period. This largely reflects an anticipated decline in exports to the EU with post-Brexit disruption and the weak near-term outlook for the euro area

The COVID19 Pandemic

In 2020, the Council's financial position like many other public and private sector organisations was put under severe stress by the pandemic. In addition to seeking £12.8m of Capitalisation (over two years 2020/21- 2021/22) from the government and in order to address its financial difficulties, the Council has implemented a major Recovery and Reset programme. It aims to ensure that it makes the required savings and transform the Council. The Council is on track to deliver £2.4m of savings and additional income in 2021/22 and a further £4m in 2022/23 – reducing its net expenditure by over £6m per annum.

Planning for a post COVID council is very challenging. Since there are many unknowns and yet to be tested assumptions. These assumptions will be monitored on an ongoing basis to ensure any deviations from the budgetary estimates are addressed as promptly as possible.

The MTFS includes a clear reserves policy to help with strengthening the Council's financial resilience and its capacity to mitigate future unforeseen risks.

The Inflationary Context

Inflation is forecast to hit 4% this year as Britain's robust recovery from the pandemic accelerates at a blistering pace, the Bank of England has said, hinting that a modest increase in interest rates next year might be needed to keep rising prices in check.

Keeping the current base rate at 0.1%, the MPC forecast that the rise in inflation was likely to be temporary as the current surge in energy and imported goods began to wane, pushing down prices growth next year towards its 2% target.

CPI inflation has risen markedly, to above the monetary policy committee's target of 2%, and is projected to rise temporarily to 4% in the near term. The rise largely reflects the impact of the pandemic as the economy recovers, the Bank said in its latest monetary policy report.

This has led to higher energy and goods prices, which in turn reflect rising commodity prices, transportation bottlenecks, constraints on production and strong global demand for goods. As such, above-target inflation is expected to be transitory, as commodity prices stabilise, supply shortages ease and global demand rebalances.

Local Government Finances

According to the Institute of Fiscal Studies, councils will continue to face demand pressures on their day-to-day services, some pre-existing, others made more significant by the lasting impact of COVID-19 – all against weaker prospects for income, such as local taxation, fees and charges.

As part of its recent analysis commissioned by the LGA, the IFS estimated that councils face cost pressures of nearly £9 billion by 2023/24 in comparison to the 2019/20 starting point. When considering other pressures set out in its report, such as the fragility of the adult social care provider market and the impact of a future revaluation of pension funds, this could lead to a funding gap of £5.3 billion by 2023/24 even if council tax increases by 2 per cent each year and grants increase in line with inflation.

The IFS is also clear that we are still in a period of great uncertainty, with no allowance made for longer-lasting service demand impacts of COVID-19 to councils. The IFS's upper estimates of all the pressures outlined above as well as challenges of recovering self-raised income suggest that the funding gap could end up being as high as £9.8 billion by 2023/24.

In addition to putting current services on a sustainable footing, councils need the resources to rebuild and recover on issues such as early intervention, public health and others. It is clear that the starting point for a new approach to public services, a joint endeavour with national government, in every part of the country needs to be a re-think of public finances with a multi-year financial settlement which provides local government with certainty over their medium term finances, sufficiency of resources to tackle day-to-day pressures and the lasting impact of COVID-19 on income and costs, and that recognises the benefits of investment directed by those closest to the opportunities for shared prosperity.

LGA suggests that to achieve this, the Spending Review will need to move away from the traditional drivers of departmental spending towards a degree of fiscal decentralisation. The economic challenges our communities are facing require a radical response – place-based budgets which are in tune with the needs of the local economy.

1. Introduction

This Medium-Term Financial Strategy (MTFS) is a summary of the Council's key financial information, including the budget challenges over the period 2022/23 to 2024/25 and our approach to addressing them.

It sets out the approach to establishing a sustainable and resilient financial base to support delivery of Council policies and priorities. It also highlights the financial risks and issues which have to be tackled, including ongoing reductions in Government funding.

In February 2021 Cabinet approved the previous version of the MTFS which was based on the objectives of the Corporate Plan. It set out the latest resource projections and estimates of expenditure. This document refreshes and updates MTFS forecasts in anticipation of service & financial planning for 2022/23.

Key changes since the January 2021 budget report include:

- Updated forecast for the assumptions for Recovery and Reset Programme of Savings and additional Income
- Updated forecast for pay, cost inflation and to reflect the outturn position for 2020/21;
- Updated forecasts for council tax and business rates income following confirmation of the measures announced by the Government to mitigate COVID-19 impacts on the collection fund;
- Updated forecast for borrowing costs to reflect the Capital Programme outturn and Capitalisation assumptions in 2020/21; and
- Updated assumptions on continuation of the additional Government grants awarded in the 2020/21 settlement.

The draft budget report later this year will set out the detailed actions required to deliver a balanced budget for 2022/23 onwards that is consistent with the direction and objectives set out in this MTFS.

2. Medium Term Financial Strategy Objectives

The objectives of this MTFS are to help us:

- Provide a robust financial framework to assist decision-making processes;
- Manage council finances within the context of a forward-looking service & financial planning framework;
- Prioritise resources to align spending plans with our vision and strategic objectives and resident priorities;
- Recognise the ongoing funding challenges that will need to be addressed through changes to how services are delivered, realising new sources of income and delivery of cashable budget savings, or a combination of all three;
- Maintain council tax resource levels;
- Set a balanced budget and continue to maintain the council's financial resilience;
- Maintain the General Fund reserve at a minimum of £2m, which equates to 13% of the annual net Revenue Budget to cover significant unforeseen expenditure;
- Maintain Earmarked Revenue Reserves for specific purposes, consistent with achieving our priorities and managing risks. The use of Earmarked Revenue Reserves will be in line with the Reserves Policy at Appendix 1 and will be reviewed annually;
- Help confirm the affordable level of capital investment required to support our strategic and financial priorities while remaining within prudential borrowing and affordability limits;

- Ensure that fees and charges are set at an appropriate level and that they take into account comparative levels of charge and ability to pay, in line with the Policy at Appendix 2;
- Demonstrate probity, prudence and strong financial control;
- Manage financial risks;
- Continually review budgets to ensure resources are targeted on key objectives;
- Continue to improve our approach to commissioning and procurement to ensure value for money for local taxpayers;
- Support new ways to ensure financial sustainability and maximise income to deliver our priorities ;
- Pursue opportunities for securing external funding; and
- Support opportunities for working in collaboration with partners where this will support our priorities and improve service value for money.

3. Medium Term Financial Strategy Priorities

In considering future budget projections, it is recognised that there are unknowns which could impact upon forecasts. The MTFS is not a static document but rather one that is constantly evolving as the environment around it changes. Some of the key risks and sensitivities which need to be monitored are set out below.

- **Economic conditions**. The impact of the economic cycle will need to be considered particularly in relation to business growth, inflationary pressures and interest rate movements. The impact of changes and any impact on public finances will need to be fully evaluated on the financial model;
- **Impact of the COVID-19 Pandemic**. The latest assessment of the potential financial impacts for this Council is set out below and in the MTFS Financial Summary at Appendix 3;
- **Government Finance Legislation**. There are key pieces of Government legislation which will impact upon the future financial position of the Council. In particular the impact of the localisation of business rates and any additional responsibilities will need to be fully evaluated as well as the Governments current Fair Funding Review of local Government finance which has been delayed but it is still due to be introduced at some point in the future;
- **Other Government Legislation**. There are a significant number of political initiatives particularly in relation to localisation and the role of local Government. These will need to be assessed for their relevance to Eastbourne and the impact on future finances;
- **Buoyancy of Income Streams**. These will be sensitive to changes in consumer confidence and the economy so will need to be closely monitored;
- **Strategic Investments**: The Council is looking to continue to optimise financial returns while at the same time supporting the delivery of housing and regeneration priorities;
- **Commercial Ventures**: The Council will seek to take advantage of commercial opportunities wherever possible to cover costs and to review our fees and charges in order to maximise income in line with corporate objectives.
- **Using Reserves in a sustainable and prudent manner** to support the Council's strategies and priorities. This will be supported by the Reserves Policy which is set out at Appendix 1. It is recognised that reserves can only be used on a 'one off' basis. However, they can play an important part in supporting initiatives or investments which can deliver future benefits;
- **To maintain the Council's financial standing** it is important that it continues its proactive approach to Service & Financial Planning and ensures that budget plans are deliverable and that investments are focussed on securing our financial health; and

- **To continue to monitor any potential financial impacts of Brexit** following approval of the Withdrawal Agreement Act in January 2020 .

4. Medium Term Financial Strategy

Context
Service & financial planning takes place within the context of the national economic and public expenditure plans; this MTFS has been formulated within the context of the current UK economic position, continued reductions on local government funding and political uncertainty surrounding the shape of Brexit and the impacts of the COVID-19 pandemic on council finances and the wider economy .

In response to this financial challenge, local government has innovated, streamlined services and increased productivity. The Government's plans to devolve more responsibilities through the localisation of business rates has been delayed (date to be confirmed), however the detail as to whether councils will be required to take on additional responsibilities remains unclear. The devolution of business rates is intended to be fiscally neutral but how this will work in practice is currently being developed alongside the Fair Funding Review. These changes will bring both risks and opportunities.

The Economy and Public Spending
There is now considerable uncertainty in financial and economic forecasts. In June 2021 the Office for National Statistics (ONS) reported

- The UK economy, measured by gross domestic product (GDP), is estimated to have contracted by 1.6% in Quarter 1 (Jan to Mar) 2021. The level of GDP in the UK is 8.8% below pre-pandemic levels at the end of 2019.
- Output, the total value of goods and services produced, fell by 2.1% in the services sector in Quarter 1 2021, compared with Quarter 4 (Oct to Dec) 2019. The largest contributors to this fall were from the education, wholesale and retail trade, and accommodation and food services industries, especially at the beginning of the quarter, in response to the tightening of coronavirus (COVID-19) restrictions.
- The national lockdown in January 2021 meant schools switched to remote learning while pubs and restaurants had to offer takeaway only. This resulted in the 14.7% fall in education output and 18.6% fall in accommodation and food services output in Quarter 1 2021.
- In contrast, the health industry experienced an increase in output in Quarter 1 2021, reflecting the inclusion of the impact of the NHS Test and Trace service and coronavirus vaccination programme.
- In May 2021, the public sector spent more than it received in taxes and other income requiring it to borrow £24.3 billion, the second-highest May borrowing on record.
- The public sector is still borrowing a substantial amount to support the economy. While May's borrowing was only around a half of that in May last year, it was still more than four times that of May 2019.
- Central government receipts were estimated to have increased by £7.5 billion in May 2021 compared with May 2020, reaching £56.9 billion. Of these receipts, taxes were £41.4 billion, £6.0 billion more than in May last year and broadly in line with those of May 2019.
- Central government bodies were estimated to have spent £75.6 billion on day-to-day activities (referred to as current expenditure) in May 2021, £10.6 billion less than a year earlier but £17.3 billion more than in May 2019. Of this, the cost of the government's coronavirus job support schemes in May, scheduled to close in September 2021, was £5.2 billion, £11.7 billion less than a year earlier.

- In the financial year ending (FYE) March 2021 (April 2020 to March 2021), the UK public sector borrowed £299.2 billion, reduced by £4.0 billion from April's first provisional estimate but still the highest annual borrowing since records began in FYE March 1946. Official forecasts suggest that borrowing could reach £233.9 billion in FYE March 2022.
- Expressed as a ratio of gross domestic product (GDP), public sector net borrowing in FYE March 2021 was 14.3%, the highest such ratio since the end of World War Two, when it was 15.2% in FYE March 1946.
- The recent substantial increase in borrowing has led to a sharp increase in public sector net debt, which currently stands at 99.2% of GDP, the highest ratio since the 99.5% recorded in March 1962. In July 2021 the Office for Budget Responsibility (OBR) reported:
- After the second 'once in a century' shock in just two decades, our third Fiscal risks report focuses on three large, and potentially catastrophic, sources of fiscal risks.
- The pandemic could leave £10 billion per year in spending pressures and long-term economic scars.
- While unmitigated climate change would spell disaster, the net fiscal costs of moving to net zero emissions by 2050 could be comparatively modest.
- While interest rates touched historical lows during the pandemic, the public finances are increasingly exposed to future rate rises due to a higher debt stock and a shortening of its effective maturity. In summary they concluded that:
- Catastrophic risks are real and may have become more frequent;
- While it is difficult to predict when catastrophic risks will materialise, it is possible to anticipate their effects;
- There are advantages in preventing or halting a process that involves rapidly escalating costs early;
- When investing in risk prevention, governments have a tendency to 'fight the last war'; and
- In the absence of perfect foresight, fiscal space may be the single most valuable risk management tool.

Office for Budget Responsibility, Fiscal Risks Report, July 2021.

Interest Rates
Bank Rate has remained at 0.1% (July 2021) since it was cut in March 2020. In their June meeting the Monetary Policy Committee voted unanimously to keep interest rates on hold at 0.1% and the stock of sterling non-financial investment-grade corporate bond purchases at £20bn. However, they voted by a majority of 8-1 to maintain the existing programme of UK government bond purchases at £875bn. The Committee does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably.

TABLE 1:

FORECAST INTEREST RATES	June 2021	Dec 2021	June 2022	Dec 2022
Forecast Bank Rate	0.10	0.10	0.10	0.10

Source: Link Asset Management June 2021

Inflation
The annual inflation rate rose to 2.1% in the 12 months to May 2021, up from 1.5% to April and above market forecasts of 1.7%, with the main upwards contributor being clothing, motor fuels, recreational goods and meals & drinks consumed out. This is the first time that the measure has been above the Bank of England's 2% target since July 2019 and the highest figure since that same period. In a recent press release, the Bank of England noted 'financial market measures of inflation expectations suggest that the near-term strength in inflation is expected to be transitory.'

EASTBOURNE
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Table 2: FORECAST INFLATION (CPI)

FORECAST INFLATION (CPI)	2021/22 %	2022/23 %	2023/24 %	2024/25 %	2025/26 %
Forecast CPI	1.7	2.3	2.0	1.9	2.0

Source: Link Asset Management June 2021

Economic Growth
UK GDP grew by 1.5% in the three months April 2021, ending a three-period streak of contractions and in line with market expectations, a preliminary estimate showed. This is the first expansion since the three months to December 2020. The y/y figure rose to 27.6% for April 2021 compared to the 1.4% y/y growth in March 2021.

In the May Monetary Policy Report, the Bank of England revised its GDP growth forecasts upwards for Q2 2021 to 21.5% y/y from 17.6% y/y, but was likewise revised downwards to 7.1% y/y for Q2 2022 from 8.9% y/y.

Impact of COVID-19 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.

Source: Link Asset Management June 2021

Potential ongoing implications of the COVID-19 pandemic for local government

- It may be harder to collect sums due, for example for council tax and business rates. Despite these increasing pressures, to date our performance on income collection remains relatively strong for council tax, but is behind target for business rates
- Increased demand for services to assist residents falling into hardship;
- Suppliers and contractors being at risk of liquidation, potentially affecting delivery of services;
- Cost inflation pressures may be greater than assumed; and
- Impacts on the Council's supply chain e.g. price increases, impacts on operational delivery of capital schemes, supplier workforce impacts. Local Government Funding The local government sector has been one of the areas hardest hit by the Government's deficit reduction plan.

For Eastbourne, Government Revenue Support Grant reduced from £3.4m in 2014/15 to nil by 2019/20. Over recent years the framework for local government funding has been subject to a sustained period of change and uncertainty:

- April 2011 – New Homes Bonus introduced
- April 2013 - Business Rates Retention introduced
- October 2015 – 100% BRR and Funding Review announced
- April 2016 – Government and LGA working groups set up and start meeting
- Early 2017 - Call for evidence on Fair Funding and Business Rates Retention consultation
- April 2017 – New Homes Bonus scheme changes
- May 2017 election – Business Rates Retention primary legislation falls; Fair Funding Review to continue
- Summer 2017 – announcement of move to 75% Business Rates Retention; confirmation of new Business Rates Baseline and continuation of Fair Funding Review – all for 2022/23
- July 2018 – new simplified Business Rates Reset first suggested
- December 2018 – no figures beyond 2021/22 available; indications that 'Negative Revenue Support Grant' will result in further funding reductions for councils
- December 2018 – new consultations on Fair Funding Review, Business Rates Retention and confirmation of a full Reset of Business Rates growth
- Spending Round19 – one-year settlement for 2021/22 only
- Spending Review20 (SR20) – delayed to autumn 2020 due to the Government's COVID-19 pandemic response - focussed on prioritising funding to support the ongoing response to the pandemic to:
    - control and suppress the virus;
    - increase support to public services; and
    - support jobs and businesses.
- Provisional Local Government Finance Settlement 2021/22 - published in December 2020. Covers one year only; based on Spending Review20 (SR20) funding levels.

There remains a commitment from the Government to return to multi-year settlements at some point but that is likely to depend on whether COVID-19 continues to have significant impacts on local government finances during 2021/22. The main points are set out below:

- **Council Tax** – the council tax referendum limit is 2% for lower tier authorities; it was confirmed that districts would be allowed to apply the higher of the referendum limit or £5;
- **Business Rates Retention** – the business rates multiplier was frozen for 2021/22 instead of increasing in line with inflation. In light of this, business rates is only assumed to increase by 1% per annum.

However, the Under-Indexing Multiplier Grant has been increased to ensure that local authorities' shares of NNDR income is not impacted;

- **Top Up/Tariff Adjustments** ('Negative RSG') – as in previous years, the Government eliminated the negative RSG impacts;
- **Lower Tier Services Grant** – a new un-ringfenced lower tier services grant of £111m was announced in the Provisional Settlement. The purpose is to ensure that no authority has a total Core Spending Power less than in 2020/21. It is assumed that this will continue for 2022/23 only;
- **New Homes Bonus - 2021/22** allocations to be paid with the legacy payments due from previous years (2018/19 and 2019/20 with no legacy payments for the new 2021/22 in-year allocations and no legacy payment was paid for 2020/21. The 'deadweight' of 0.4% was maintained;
- **Rough Sleepers** - £750m, a 60% increase on the previous spending review;
- **Troubled Families Programme** - £165m;
- **£4bn 'levelling up' fund** (UK Shared Prosperity Fund) - local areas can apply directly with the focus on town centre regeneration and culture;

- **Redmond Review of external audit** - £15m allocated to implement the review recommendations (audit fee increases);
- **COVID-19 Funding** – £2.2bn of funding was announced in SR20 to support local government in 2021/22. To include:
    - o Hardship Grant – Tranche 5 (£1.55bn) 11 o Local Council Tax Support Grant (£670m) to help fund the expected increase in demand for local council tax support in 2021/22
    - o Sales, Fees and Charges compensation scheme (Q1 2021/22 only);
    - o Tax Income Guarantee Scheme (£790m estimated) to fund 75% of irrecoverable losses in council tax and business rates (in addition to the 3-year collection fund spreading arrangements).

  Recent funding announcements include:

    - o a further £400 million through the Contain Outbreak Management Fund (COMF) which is now being paid direct to lower tier councils (previously distributed via East Sussex Country Council. This funding is to help local authorities contain local outbreaks, reduce transmission and protect the vulnerable; and
    - o Restart Grants worth up to £18,000, further Additional Restrictions grant funding and extension of rates reliefs for businesses.
- Local Government Funding Reform – no papers were published relating to the Review of Relative Needs & Resources (Fair Funding), the Business Rates Reset and the Business Rates fundamental review. The Provisional Settlement confirmed that it remains the Government's intention to implement these reforms in 2022/23 but it remains uncertain whether they will be able to do so under the current circumstances. Consultations and announcements over recent months have covered the following aspects of local government funding:

Fair Funding Review
- Intended to be introduced in 2021/22, but delayed once more as a consequence of the COVID-19 pandemic. The Review will set new funding baselines and confirm any transitional arrangements:

Business Rates Growth: Reset and 'Alternative' System
- The Government's stated aim is to balance risk and reward through a system of Resets, Safety Nets, Levies, Tier Splits and Pooling. Also, to simplify the system by looking again at appeals, while addressing income volatility and introducing more simplification. This too has been put back (new date to be confirmed):

Business Rates Revaluation
- Delayed by an additional year to 2023 as a consequence of the COVID-19 pandemic:
- In June 2021 the Government launched a consultation on revaluations taking take place every three years instead of the current system of every five years:

New Homes Bonus:
- Alongside the latest single-year allocation for 2021/22 the Government confirmed its intention to make further changes to the system, for example further changes to the methodology based on a reduced funding allocation and/or the allocation of higher amounts to fewer authorities (or lower amounts to many). Further information on the future of New Homes Bonus may be announced as part of Spending Review2:

Specific Grants:

- There is still an expectation that these will be rolled into the funding system when 75% business rates retention is introduced (date to be confirmed)
- The Tax Income Guarantee and Lower Tier Services Grant were introduced in 2021/22; for the purposes of this report these are assumed to cease in 2022/23:

Negative RSG Grant

- It has also not yet been confirmed when this will cease. Further information may be announced as part of Spending Review21; for the purposes of this report it is assumed to cease by 2026/27; and

Council Tax:

- There is a possibility of increased freedoms (primarily for social care precepting authorities). Further information may be announced as part of Spending Review21.

Local Government Funding – Current Position

The last three-year Spending Review was in 2015, covering the financial years 2016/17, 2017/18 and 2018/9. The anticipated 2018 Spending Review never took place and departmental budgets were instead 'rolled over' into 2019/20, while the Spending Review in 2019 was also cancelled and replaced by an interim Spending Round that set out current spending by departments for one financial year (2021/22) and capital investment plans for two financial years (2021/22 and 2022/23).

Spending Review20 was then delayed from July to November 2020 to enable the Government to remain focused on responding to the COVID-19 pandemic. Spending Review21 is expected in autumn 2021 and there is some speculation that this may be a multi-year settlement, however that is to be confirmed.

In June 2021 the Government launched a consultation which could see business rates revaluations take place every three years instead of the current five. The consultation is part of the fundamental review of business rates which the Treasury now indicated will not conclude in 2021 as previously planned, instead publishing 'preliminary conclusions in the autumn ahead of 'final conclusions' next spring. Between 1990 and 2010, business rates revaluations took place every five years. The 2015 revaluation was postponed until 2017 and in May 2021, the 2021 revaluation was postponed until 2023 to reduce uncertainty for businesses affected by COVID-19. The Treasury argues that making revaluations more frequent would ensure they better reflect changing economic conditions.

Service & Financial Planning:

Government Funding Assumptions For the purposes of preparing this MTFS and the draft 2022/23 budget the following has been assumed:

- No changes to total local government funding as a result of Spending Review21;
- The most far-reaching funding changes will be delayed until at least 2023/24;
- Council taxbase growth of up to 0.5% per annum and council tax increases continue to be capped at a maximum of 1.99% or £5; and a taxbase reduction of 0.5% as a result of increased Council Tax Reduction Scheme cases; and
- Funding from New Homes Bonus to cease in 2022/23 (no new allocations).

5. Corporate Plan Priorities – To Be Updated

The Council's Corporate Plan 2020-2025 sets out our priorities for the five year period, and explains how the Council will focus its resources and deliver services to those living, working and spending time in Eastbourne. This MTFS has been developed to align with the Plan vision and priorities.

Budget - Setting Priority Based Budgeting
The Priorities that will be taken into account when preparing the draft Budget for 2023/24 are set out below:

- To ensure resources are aligned with the Corporate Plan priorities:
- To address the longer term financial challenges forecast as a consequence of the COVID-19 pandemic.
- To maintain a balanced budget such that expenditure matches income from council tax, fees and charges, and government and other grants and to maintain that position:
- To set a rate for council tax which maximises income necessary to deliver our strategic objectives while ensuring that Government referendum limits are not exceeded. The percentage increase will be reviewed annually and be approved by Full Council:
- To optimise other income by setting fees and charges, where we have the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write-offs:
- To ensure a long-term sustainable view is taken of our investments and that appropriate risk analyses are used when considering new investments:
- To consider and take advantage of commercial opportunities as they arise to deliver new income streams; and
- To maintain an adequate and prudent level of reserves and regularly review their planned use and allocation to support delivery of our priorities.

Value for Money
The Council will assess and challenge the value for money (economy, efficiency and effectiveness) provided by each service through the service & financial planning process. Information about our performance compared to other councils across a range of published measures is published on the LGA website at https://lginform.local.gov.uk/

The Revenue Budget
The Revenue Budget comprises five 'building blocks' as follows:

- Net Cost of Services: These are the direct costs incurred in delivering services through the four Directorates, net of specific income generated by them:
- Central Budgets: These are costs incurred and income received that are not service-specific, e.g. capital financing costs:
- Sources of Funding: These income budgets are general, non-service specific income sources. They include other grant funding from Central Government and our share of Non-Domestic Rate income which includes the continued impact (benefit) of the one-off elimination of 'Negative Revenue Support Grant' that was announced by the Government in September 2019 and has continued in subsequent years pending the outcome of local government funding reforms:
- Council Tax: After the budget requirement has been established for the other blocks then the amount required by this Council from council tax can be calculated; known as the 'Demand on the Collection Fund'; and
- Contributions (to)/from Reserves: This relates to use of Earmarked Revenue Reserves, which have been allocated to fund specific purposes. The impact of the use of Reserves is a reduction in the total income demand on council taxpayers. It also refers to the use of funds from the General Fund Balance to support the annual revenue budget (nil in 2021/22).

6. Revenue Budget Outturn 2020/21

In February 2020 the Council set a net Revenue Budget for 2020/21 of £13.522m.

Service Budgets
The 2020/21 Original Budget for Services approved by Council in February 2020 was £10.8m. At 31 March 2021 the full year outturn was £17.079m against a management budget of £13.580m resulting in an overspend of £3.541m (26%). The primary reason for this overspend is the inclusion of income losses as a consequence of the COVID-19 pandemic.

The table below summarises the 2020/21 provision outturn reported to Cabinet in July 2021.

TABLE 3: REVENUE BUDGET OUTTURN AT 31 MARCH 2021

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**

The most significant Service Budget variances for the year are summarised below:

TABLE 4: MAJOR VARIANCES

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	(700)
Capitalisation Direction – to be determined	6,800
Other minor net underspends	(19)
Net Overall Overspend	**3,550**

The service & financial planning process for 2022/23 will include an assessment of whether any Service budgets require realignment to reflect historic outturn trends.

7. COVID-19 Expenditure and Funding

The Revenue Budget for 2020/21 that was approved by Council in February 2020, was agreed before the impacts of the COVID-19 pandemic became apparent. It did not therefore consider the significant additional financial impacts that have been faced during 2020/21 on Service income and expenditure budgets and on Collection Fund income forecasts for council tax and business rates.

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.

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.

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.

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.

TABLE 5: SUMMARY OF COVID COST PRESSURES

	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)**

TABLE 6: COVID-19 Specific Government Grants

	£m
Local Authority Compliance and Enforcement	0.054
Hardship Funding – to support council tax benefit claimants	0.918
Self Isolation Payments Funding	0.376
Homelessness Support Grants	0.249
New Burdens Funding – for additional admin costs	0.130
Winter Grant Funding	0.010
Reopening the High Street Safely Grant	0.092
Clinically Extremely Vulnerable Funding	0.021
TOTAL	**1.850**

The majority of this funding was received direct from the Government but some came via East Sussex County Council.

The general funding support from Government has comprised:

TABLE 7: COVID-19 General Government Funding Support

	£m
Sales, Fees and Charges Compensation Grant – representing c65% of all losses incurred	3.353
Emergency Grant for general Covid expenditure	1.755
TOTAL	**5.108**

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.

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.

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.

Additional Government COVID-19 funding for 2021/22 includes a confirmed £0.598m grant for general COVID expenditure, further contribution towards Sales, Fees & Charges losses in quarter one (amount to be confirmed) and the award of £1.8m Cultural Recovery Fund grant.. The capitalisation direction of £6.0m approved by MHCLG for 2021/22 is still subject to the outcome of the assurance review being undertaken by CIPFA.

Looking forward beyond 2021/22 there is still expected to be on-going pressure on housing needs and reduced income in tourism and commercial rents. Use of the capitalisation direction will no longer be available and further Government funding is not expected. These factors create a funding gap over the medium term that will need to be met from the Recovery and Reset (R&R) savings.

8. Council Tax 2021/22

The referendum cap was confirmed with the Provisional Local Government Funding Settlement Announcement in December 2020, being the higher of 1.99% or £5.00 for district councils. 1.99% (£5.03) is to this Council's advantage as it yields a higher level of income. This was the approved recommended increase.

The Council Tax increase of £5.03 increased a Band D charge from £251.71 to £256.74, an increase of 10 pence per week. The total income from council tax for this council therefore increased from £8.772m to £8.866m.

As reported to Cabinet in D 2020, the impacts of the forecast increase in the taxbase and reduction in collection performance for 2021/22 was -189 Band D equivalent properties, a reduction of 0.5% compared to 2020/21.

COVID-19 Impacts
As forecast, overall collection rates were lower in 20/21 due to the disruption caused by the pandemic; recovery action through the courts was not possible and Revenues team capacity was reduced due to the competing demands of processing business grants. Nevertheless, recovery performance in comparison to other councils remained strong.

During the year the Government introduced measures to help councils manage disrupted cashflows and to spread the Collection Fund deficit over three years to help offset the financial impacts of reduced income compared to the original budget.

TABLE 8: ANALYSIS OF COUNCIL TAX BY PRECEPTOR

Authority	Precept/Demand		**2021/22 Band D Council Tax**	Change over 2020/21	
	£	%	**£**	£	%
Eastbourne Borough Council	8,865,797	12.15%	**256.74**	5.03	1.99%
East Sussex County Council	53,319,098	73.07%	**1,544.04**	52.02	3.49%
The Police and Crime Commissioner for Sussex	7,421,315	10.17%	**214.91**	15.00	7.50%
East Sussex Fire Authority	3,364,472	4.61%	**97.43**	1.90	1.99%
Total	72,970,682	100.00%	**2,113.12**	73.95	3.63%

Local Council Tax Support Scheme
The Council funds c20% of council tax for eligible claimants. This reduction in income is taken into account when the taxbase is calculated as part of budget-setting. No general Government funding is provided; the costs fall on the General Fund.

The Council's Scheme is scheduled for review during 2021/22. During 2021/22 the Government provided a one-off grant of £0.164m to help fund the potential additional costs of the scheme due to increased applicants following the pandemic. This is not expected to continue in 2022/23.

Council Tax Collection Performance 2020/21
This Council's collection performance for council tax in 2020/21 was 95.89% (96.52% in 2019/20); Each 1% increase in Council Tax generates £0.089m additional income for this borough. A 1.99% increase in 2022/23 would yield £0.176m additional income

9. Business Rates (National Non-Domestic Rates)

In 2013, the Government introduced a scheme through which local authorities retain a proportion of any business rates growth above a set 'baseline'. The purpose was to give authorities a financial incentive to encourage and foster economic growth within their area and to work collaboratively with other authorities and business organisations to achieve that growth.

While this scheme was broadly welcomed by the sector, there remain concerns over the potential volatility of this income stream due to the level of appeals; even a small variation in the overall revenue generated can result in a significant financial impact. Over recent years the Government has been undertaking a review of how business rates will operate going forward and has stated its intentions to achieve 75% localisation of business rates.

The full impact of this cannot be assessed until the details of these changes are release by the Government.

Appeals
Business rate forecasts include an assessment of the likelihood of successful appeals.

Business Rates Collection Performance 2020/21
Collection performance for business rates in 2020/21 was 94.69% (95.82% in 2019/20).

These forecasts take into account the impacts of spreading 2021/22 collection fund losses over three years and the removal of one-off support measures after 2021/22.

COVID-19 Impacts
From the onset of the pandemic local businesses in the retail, hospitality, leisure and nursery sectors were awarded £25.355m in additional business rate relief as part of the Government's support to those parts of the economy that experienced the most significant impacts during lockdown.

As forecast, overall collection rates were lower in 20/21 due to the disruption caused by the pandemic; recovery action through the courts was not possible for several months and Revenues team capacity was reduced due to the competing demands of processing business grants. Nevertheless, recovery performance in comparison to other councils remained strong.

Spending Review 20 in November 2020 confirmed that the Government planned to fund 75% of business rate and council tax losses for 2020/21. However, it was not until June 2021 that the methodology for the Tax Income Guarantee Scheme to be applied to business rates losses was finally confirmed. This significantly reduced compensation from the scheme for the majority of authorities compared with projections based on the Settlement announcement.

10. New Homes Bonus

The New Homes Bonus was introduced in 2011/12. Authorities are rewarded with a financial bonus, equal to the national average council tax on each additional property built which is paid for a number of years as a non-ring-fenced Government grant. 80%of the Bonus is paid to the district council and 20% to the county council. here is an enhanced payment for new affordable homes.

New Homes Bonus was revised for the 2017/18 financial year with the length of time it is paid reducing from six to five years (for the 2017/18 award) and to four years from 2021/22 onwards. A new 'baseline' of +0.4% growth was also introduced before any Bonus is paid. The retained funds were used by the Government to support authorities with adult social care responsibilities.

The Government originally set out its intention to end New Homes Bonus as part of the Fair Funding Review. The objective is to replace this mechanism with a different means of incentivising and rewarding housing growth. The detail and timing remain unclear due to the delay in the Fair Funding review.

11. Revenue Reserves

The Council holds Reserves to provide protection against financial risks. Our current level of reserves provides a relatively secure financial base; it is important to ensure an appropriate balance between securing the financial position of the Council and investing in delivery of services.

Reserves can be held for four reasons:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies;
- A means of building up funds to meet known or predicted liabilities; and
- A means of setting aside sums for future identified uses and / or investments

There is an opportunity cost of holding reserves in terms of restricting capacity to invest in current service delivery but this is offset by the additional flexibility that reserves provide when manage budget risks and adverse variations.

Our Reserves Policy is set out at Appendix 1 with details of revenue reserve balances held at 31 March 2021 shown below.

TABLE 9: REVENUE RESERVES AS AT 31 MARCH 2021

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	(604)	(604)
SHEP Properties Works Reserve	(1)	0	(1)
Total Earmarked Reserves	**(1,446)**	**(1,338)**	**(2,784)**
General Fund Reserve	(2,025)	(474)	(2,499)
ICE Reserve	(1,750)	(50)	(1,800)
CPO Compensation Reserve	(829)	579	(250)
Total Reserves	**(6,050)**	**(1,283)**	**(7,333)**

The level of Reserves be reviewed during service & financial planning process with the aim of presenting the recommended use of reserves in 2022/23 onwards as part of the Council's budget report. This will include an assessment of the adequacy and allocation of current reserves and the associated risks and opportunities.

General Fund Balance
The General Fund Balance Reserve is held to manage the impact of any unexpected events/emergencies. The Section 151 Officer is required to review the level of the General Fund Balance annually in relation to the overall financial position of the Council. CIPFA guidance on Local Authority Reserves and Balances (2003) and the Local Government Act of 2003 do not recommend a specific value or budget %.

The Council's Section 151 Officer advised in the February 2021 budget report that a working balance of £2.0m is considered the minimum level required. This represents just over 13% of the net budget for 2021/22. In introducing the Council's Reserve Policy, this minimum level has been reviewed and the unallocated general reserve balance has been increased by £500k to £2.5m, which now represents 17% of the net revenue budget. The increase will provide sufficient cover for the R&R savings which are still to be confirmed as achievable and relate mainly to Tourism functions. Please see Appendix 1 for more details on reserves and Appendix 4 for the R&R savings.

Earmarked Revenue Reserves
Earmarked Revenue Reserves may be used as part of a planned process to balance the budget in order to avoid short term actions which may not be in the best interests of the Council.

They also allow funds to be set aside for specific purposes, often spanning more than one financial year.

Opportunity Cost of Holding Reserves
The opportunity cost of holding reserves has to be considered. Unused balances are used to either reduce temporary borrowing or are invested to generate income. In measuring the opportunity cost of holding reserves, consideration needs to be taken of the interest earned. The opportunity cost of holding reserves is therefore a judgment whether the 'worth' of expenditure foregone is more than the income generated.

Given the current economic climate it is a balanced judgement as to whether to invest / spend reserves or to retain them.

Assessing the Adequacy of Reserves
The Chartered Institute of Public Finance and Accountancy (CIPFA) state that the Institute 'does not accept a case for introducing a statutory minimum level of reserves, even in exceptional circumstances. It does however confirm that authorities should make their own judgment on such matters, taking into account all relevant local circumstances on the advice of their Chief Finance Officer. The Local Government Act 2003 requires the Chief Finance Officer to formally report on the adequacy of the proposed financial reserves.

To arrive at assessing the adequacy of reserves a number of issues need to be addressed:

- What are the strategic, operational and financial risks facing the Council?
- Does the Council comply with the requirements to ensure that there is an adequate system of internal control?
- Are the key financial assumptions in formulating the Council's budget robust and reasonable?
- Does the Council have adequate financial management and cash flow arrangements?

In addition, there are a number of questions an authority can ask to demonstrate that it is managing its affairs satisfactorily:

- What is the track record of the Council in its budgetary and financial management?
- What is the Council's record regarding council tax collection?
- What is the Council's capacity to manage in-year budgetary pressures?
- What is the strength of the Council's financial reporting?
- What are the procedures to deal with under and overspends during and at the year end?
- In the case of Earmarked Revenue Reserves, will there be expected calls on the reserves that prompted the setting up of the reserves in the first place?

Finally, there is a need to look at the assumptions made in setting the budget, not just for the coming year but also under the MTFS. The budgetary assumptions cover:

- Inflation and interest rate projections;
- Estimate and timings of capital receipts;
- Treatment of planned efficiency savings; and
- Financial risks involved in major funding arrangements.

It is likely that the current allocation of funds to Reserves will have to be reviewed as part of the Council's response to any ongoing financial impacts of the COVID-19 pandemic.

12. Medium Term Financial Strategy Forecast 2022/23 onwards

An early review of Medium-Term Financial Plan budget forecasts has identified a number of new budget pressures that will need to be addressed through service & financial planning in 2022/23 onwards. They include:

- Making budget provision for future pay and pensions increases:
- Budgeting for the costs of approved borrowing to fund planned Capital Programme commitments:
- The impacts on available resources of Government funding reductions in future years, including the Fair Funding Review and Business Rates Reset:
- Revenue and capital budget growth to deliver priorities in the new Corporate Plan – details to be confirmed during service & financial planning; and
- The ongoing financial impacts of the COVID-19 pandemic; for example continued reductions in income forecasts and ongoing pressures in housing needs.

The service & financial planning process will focus on quantifying the impacts of these potential pressures as the details are confirmed; also identifying the new sources of income that are to be delivered to help address them.

The outcome of service & financial planning will be reported in December.

Revenue Budget-Setting Assumptions 2022/23

The following assumptions will continue to be used during service & financial planning over coming months when preparing the draft Budget estimates for 2022/23:

Council Tax

- To increase by the referendum limit – assumed to be 1.99% for this report:
- Plus an increase to reflect forecast growth in the taxbase, but offset by a reduction as a result of increased Council Tax Reduction Scheme cases:
- The impacts of local discounts, exemptions and the local council tax support scheme will be taken into account when preparing income forecasts:

Government Funding
- Fair Funding Review will not take place in 2022/23

Retained Business Rates Income
- Reset of Business Rates will not take place in 2022/23

Fees & Charges
- The Council's Fees & Charges Policy is attached at Appendix 2. For budgeting purposes, it is assumed that fees and charges will increase in line with the Policy and that all fees and charged will be reviewed to ensure they comply.

Investment Income and Borrowing
- Investments and borrowing will be forecast in line with forecast balances (reserves) and capital spending plans

Pay Inflation
- An allowance for a pay award will be included in the draft Budget, in addition to forecast contractual pay increases.
- This provides the option for pay rises but the specific rate of increase will be subject to established consultation processes.

Employer Pension Costs
- The approach will be consistent with the actions agreed following the latest actuarial review of the East Sussex Local Government Pension Fund at 31 March 2019; the outcome has been profiled into the budget for the three years to 2023/24.
- The 2019 valuation confirmed that the Fund's total assets, which at 31 March 2019 were valued at £3.633m. There was an improvement in the reported funding level from 92% to 107% and a change in the funding deficit from £240m to a surplus of £247m.
- Each employer has a contribution requirement set at the valuation, with the aim of achieving full funding within an agreed time horizon and probability measure, as set out in the Fund's Funding Strategy Statement. Individual employers' contributions for April 2020 to March 2023 have been set in accordance with this requirement.
- For Eastbourne the employer pension contribution rate is 20.65%, which is based on primary rate of 17.3%, secondary rate of 2.6%. and 0.75% relating to the Early Retirement and Voluntary Severance (ERVS) Scheme.
- The next actuarial review will be at 31 March 2022 and any budget implications will be built into budgets for 2024/25 onwards.
- National consultation is currently in progress regarding moving to a four-year revaluation cycle going forward.
- For 2021/22 this budget reflects the outcome of the 2019 Pension Fund Revaluation and the funding options offered to employers by the Fund.
- As part of budget-setting 2021/22 the approved approach was:
    - To maintain the primary employer contribution rate at 17.3% of salaries. This has been factored into the 2021/22 base budget.
    - To pay the secondary employer contribution rate at 2.6%
    - To pay the 0.75% relating to the Early Retirement and Voluntary Severance (ERVS) Scheme.
    - To plan to rebuild the Pensions Reserve ready for the next revaluation in 2022

Price Inflation
- The general assumption is that services should first seek to cover price inflation from their existing budgets, unless tied contractually to significant cost increases that warrant

additional funding. Significant increases would be subject to approval of budget growth through the service & financial planning process

Forecast Budget Gap
The forecast budget gap over the next three years is set out below. The gap will need to be met from the delivery of the Recovery and Reset savings, as failure to do so will require alternative savings to be identified of drawing on reserves. Further details are provided at Appendix 3.

TABLE 10: MTFS BUDGET GAP

	2022/23 £m	2023/24 £m	2024/25 £m
INITIAL FORECAST GAP	**6.552**	**6.694**	**6.323**
Less R&R Savings	-5.917	-6.700	-6.700
Contribution to/from (-) Balances	-0.635	0.006	0.377
NET RESULT	**0.000**	**0.000**	**0.000**

The key factors that influence the forecast gap include:

Service Expenditure

- No new significant budget pressures have been identified to date but this will be subject to further review as part of the service & financial planning process.
- Legacy impacts of the COVID-19 pandemic, in particular on service income budgets, will become clearer when the second quarter's budget monitoring position is reported to Cabinet.
- While an estimate for the 2022/23 pay award has been included in modelling this is subject to negotiation and has to be considered in the context of the significant financial challenges faced over the medium term.

Employee costs comprise 26.4% of gross direct expenditure in the 2021/22 budget.

Service Generated Income

- The council has significant reliance on income generation from the Tourism sector. The impact of the COVID-19 pandemic has demonstrated how losses in income can impact the council's financial position. Whilst this has been mitigated by additional support from the Government in 2020/21 and 2021/22, the position will be different from 2022/23 onwards when that support ceases. The MTFS assumes income levels will start to increase over the medium term, in addition to which the Recovery and Reset Programme includes a further £2m of income generation. As mentioned earlier, it is assumed income levels will reach 90% of pre-pandemic levels by 2024/25 in key areas such as Tourism and car parking.

Central Budgets

- Treasury Management costs over the MTFS period are in line and as a consequence of the borrowing requirement to fund the approved Capital programme. They also take into account forecast repayments from loans to the council's companies and financing for the capitalisation direction.

Over the MTFS period net borrowing costs are forecast to increase from 17% of the net Revenue Budget to 22%.

Council Tax

- Council tax setting assumptions are based on a 1.99% and forecast movements in the taxbase.
- Legacy impacts the COVID-19 pandemic on recovery performance and council tax support demand have not yet been forecast; they will be considered when the taxbase for 2022/23 is prepared in the autumn.

National Non Domestic Rate (NNDR)

- Removal of Negative RSG Grant and the Business Rates reset are forecast to take place in 2024/25; they have the effect of negating the benefit of all forecast business rates growth over the MTFS period.
- Legacy impacts the COVID-19 pandemic on recovery performance have not yet been forecast; they will be considered when the final forecasts for 2022/23 are prepared in the autumn

Use of Reserves

- Funding for the 2021/22 budget includes the application of up to £6m of capitalisation direction. The level of draw down will depend on the delivery of the Recovery & Reset savings. At present, the forecast level of savings for 2022/23 is £5.917m which would still require a contribution from reserves of £0.635m to ensure a balanced budget.

Capital Investment Strategy

The latest Capital Investment Strategy is reported to Cabinet in February 2021 and sets out a framework for funding and investment decisions in respect of capital assets, in the context of our vision and priorities and available financial resources. The Capital Investment Strategy demonstrates that we take capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.

It sets out the long-term context in which capital expenditure and investment decisions are made and takes into account to both risk and reward and impact on the achievement of priority outcomes.

When setting its capital programme, each authority must have regard to:

- Service objectives – the capital spending plans should be consistent with the Corporate Plan; Stewardship of assets – as demonstrated by our asset management planning approach;
- The value for money offered by investment plans – as demonstrated by the appraisal of the options;
  The prudence and sustainability of investment plans – their implications for external borrowing;
- The affordability of capital investment plans – the implications for the council tax; and
- The practicality of capital expenditure plans – whether the forward plan is achievable.

Decisions on the Capital Programme have an impact on the Revenue Budget, in relation to:

- The revenue costs of financing capital, including prudential borrowing; and
- The ongoing running costs and/or income generated by new capital assets such as buildings. Capital investment decisions therefore have implications for the Revenue Budget.

The revenue costs over the lifetime of each proposed capital project are considered when the project is being developed to ensure that the impact can be incorporated within our financial plans and to demonstrate that the capital investment is affordable. Our revenue and capital budgets are integrated with the financial impact of the proposed Capital Programme, being reflected in the Revenue Budget estimates.

The Council will only invest where capital spending plans are affordable, prudent and sustainable. The key constraint on capital investment is the scope to afford the financial implications in terms of acceptable council tax levels. As supported by the Capital Investment Strategy, the Council's capital investment plans over the next 4 years are set out in the Capital Programme.

The efficient and effective use of capital resources, including sound asset management, is fundamental to achieving our long- and medium-term aims and objectives. It is also critical to achieving the delivery of the required savings and income across the Council to secure a balanced budget.

The Council's Capital and Investment Strategy is reviewed and reported to Full Council on an annual basis to reflect the changing needs and priorities of the Council including residents, businesses and places.

Medium Term Capital Programme

While Revenue Budget expenditure is concerned with the day-to-day running of services our Capital Programme is concerned with investment in the assets required to deliver services or delivery new income streams. The Medium-Term Capital Programme sets out how capital resources will be used to achieve our vision and corporate priorities.

The Council must have an affordable Capital Programme; affordability is assessed against business cases taking into account the level of future resources required to support project delivery and ongoing asset maintenance.

The strategic objectives of our Capital Programme can be summarised as follows:

- To maintain a four-year rolling Capital Programme which remains within the approved affordable, sustainable and prudential limits;
- To ensure capital resources are aligned with our strategic vision and corporate priorities by ensuring all schemes are prioritised according to the Council's prioritisation methodology;
  To identify opportunities for investment in new schemes that result in capital growth and/or new revenue income streams;
  To maximise available resources by actively seeking external funding to support Council priorities and disposing of surplus assets; and
- To use internal resources alongside external resources where appropriate to support the Capital Programme and minimise any borrowing costs.
- That decisions on the financing of the capital programme are taken with consideration to the impact on the revenue budget, the treasury management strategy and the investment strategy.

Capital Programme 2021/22 to 2025/26

The Council forecasts its Capital Programme over a 4-year period and the latest position is set out at Appendix 5.

Capital Programme

Revenue Budget Implications

As explained above, with the exception of earmarked s106 funds, the Council no longer has significant capital reserves, therefore, while a small number of schemes will be continued to be funded from capital grants and other contributions, the majority of the approved Capital Programme must be funded through prudential borrowing.

The costs of repaying this borrowing fall on the revenue budget as treasury management costs in Central budgets. Treasury management budgets have been updated to reflect the costs of borrowing for the approved Capital Programme for 2021/22 onwards net of interest on forecast balances and company loan repayments. Details are set out in the Treasury Management Strategy for 2021/22 that was approved in February 2021

Budget Uncertainties & Risks

While the approved budget for 2021/22 is robust, there remain, a number of uncertainties and risks to be addressed over the medium-term which are set out below.

The Economy:

- There is still uncertainty and a lack of confidence about the future of the economy as consequence of the COVID-19 pandemic and the UK's exit from the European Union;
- Preparations for exit continue and may affect investor confidence, whilst the lower value of the Pound may increase inflationary pressures;
- Any future economic slowdown nationally or globally - could result in lower income (through - for example - reduced discretionary spending or lower than anticipated recyclate prices) and increases in demand (benefits and statutory duties such as homelessness); and
- Any reduction in the number of employers in the Borough could also have an impact on our retained Business Rates income.

Future Government Funding:

- The outcome of the Fair Funding Review and Business Rates reset along with the end of Negative RSG Grant;
- The end of New Homes Bonus payments over the coming years will have an impact on reserves, but no direct budget impact; and
- The Homelessness Reduction Act requires Councils to provide more support to homeless people and people at risk of becoming homeless.

The Government has committed ring-fenced funding towards this duty but there remains a question mark over the longer term.

Recovery and Reset Programme:

- As part of the Council's financial sustainability plans, the council will also need to deliver the saving identified in the Recovery and Reset Programme. This is critical to bridging the forecast budget gaps going forward after 2021/22.
- The latest update report was presented to Cabinet in July and can be found here: https://democracy.lewes-eastbourne.gov.uk/documents/s20781/Recovery%20and%20reset%20programme.pdf
- The savings included in the MTFS reflect the latest position and an updated schedule is included at Appendix 4.

Corporate Plan:

- The Corporate Plan sets out the Council's vision and objectives over the medium term and will enable it to target its resources in the most efficient and effective way; and
- The main challenge, as ever, will be balancing our ambitions as a high performing council with our ability to resource those ambitions. The prioritisation of services like Housing Delivery and Environmental Sustainability will place new demands on existing resources. A combination of careful stewardship and an innovative approach to service delivery will be required to ensure that we achieve our goals.

Budget Risks:

- Given the uncertainty over future economic conditions and the business rates regime, it is prudent to maintain our capacity to protect services from unforeseen financial pressures. Once used, however, it may prove difficult to replenish reserves; and
- Despite significant improvements in recent years housing need remains a risk as the future economic downturns may increase the demand for additional housing support.

COVID-19 Pandemic

- The potential financial risks and uncertainties arising from the COVID-19 pandemic are explained in this MTFS and at Appendix 3.

MTFS and Budget Monitoring and Review

The updated MTFS position will be reported as part of the draft Budget report in December. The processes and procedures relating to the monitoring of the Revenue Budget and Capital Programme are set out in the Council's Financial Procedure Rules and supporting guidance.

Budget Equalities Impact Assessments

The annual service & financial planning reports include information about the equality implications of budget proposals. Where new service changes, projects or policies are proposed, equalities impact assessments will be carried out by the responsible officers.

Changes that affect Council staff will be discussed directly with individuals affected and with their representatives.

Budget Scrutiny

The annual draft budget proposals are considered by the Overview & Scrutiny Committee in November and the conclusions and recommendations of the Committee are reported to the Cabinet for consideration when the final budget proposals are presented to them in February.

Consultation

The MTFS is published on the Council's website.

Service & Financial Planning Process and Timetable 2022/23 As explained above, this MTFS represents an overarching view of our finances and looks to anticipate future demands and pressures so that we can take timely decisions to secure financial sustainability.

The MTFS is supported by a number of key documents which contribute to management of the overall financial position. These are:

Revenue Budget Report Produced on an annual basis – draft in December and final in the following February. It sets out the plan for setting and managing a balanced budget for the following financial year. It is here the detailed decisions on revenue and capital expenditure are presented, including proposed budget savings and growth.

The recommended Budget is supported by operational budget detail that forms the basis for in-year budget monitoring and management.

Capital Programme

Sets out capital expenditure plans over the medium term. This is aligned with the Revenue Budget where it results in costs of borrowing and income streams. Capital Investment Strategy Updated on an annual basis and sets out the framework for investing in capital assets over the medium term.

Objectives:

- Ensure capital expenditure contributes to the achievement of the Council's organisational strategy
- Set a Capital Programme which is affordable and sustainable
- Maximise the use of assets
- Provide a clear framework for decision making and prioritisation relating to capital expenditure
- Establish a corporate approach to the review of asset utilisation Treasury Management Investment Strategy. Sets out the approach to managing the cash available to the Council and how to maximise its value. Also sets out the Council's investment and borrowing arrangements and controls.

Reserves Policy Sets out the reasons for holding reserves and how they will be used, including financial limits where appropriate. The Policy is attached at Appendix 1.

Fees & Charges Policy.

Sets out a corporate view of the fees and charges levied by the Council for consideration each year. The Policy is attached at Appendix 2.

Annual Council Tax Report Approved by Full Council in February each year

Service & Financial Planning Objectives

The objectives for service & financial planning each year are to:

- Help Members determine budget priorities and their timing;
- Forecast the changes in demand for services and match demand with likely resources;
- Assess the likely implications of changes in legislation on resources;
- Model the future costs of alternative policies; and

- Provide a framework for programming activities by individual services.

CIPFA Financial Management (FM) Code

Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by statutory provision. The general financial management of a local authority, however, has not until now been supported by a professional code. The CIPFA FM Code was therefore introduced in October 2019 and will be applicable from 1 April 2021.

Work has already been undertaken to review compliance with the Principles and Standards in the Code and to identify any actions required to address any gaps identified. The outcome of the review was reported to the Corporate Management Team in June and progress is now being made to ensure full compliance.

CIPFA explain that reasons for introducing the Code include:

'… the exceptional financial circumstances faced by local authorities have revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future. There is much good practice across the sector, but the failures of a small number threatens stakeholders' confidence in local government as a whole. Most importantly, the financial failure of just one local authority is one too many because it brings with it a risk to the services on which local people rely….'.

The Code has several components, comprising:

- An introduction explaining how the FM Code applies, a principles-based approach and how it relates to other statutory and good practice guidance on the subject;
- The CIPFA Statement of Principles of Good Financial Management, the benchmarks against which financial management should be judged. CIPFA's view is that all financial management practices should comply with these principles; and
- The FM Code then translates these principles into financial management standards which will have different practical applications according to the circumstances of each authority and their use should therefore reflect this. The principle of proportionality is embedded within the code, reflecting the non-prescriptive approach adopted by CIPFA.

The Principles focus determining whether, in applying standards of financial management, a local authority is financially sustainable. They cover:

- Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture;
- Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs;
- Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making;
- Adherence to professional standards is promoted by the leadership team and is evidenced;
- Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection; and
- The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

CIPFA Resilience Index

As part of the service & financial planning process officers undertake a financial resilience assessment by that considers principally whether the authority has in place a credible plan and planning process that gives confidence that it can deliver a sustainable budget over the medium term. The scope of this assessment includes:

- the authority's current financial position;
- an assessment of its future financial prospects;
- the extent to which the authority has embraced the financial resilience factors set out below;
- the key financial risks facing the authority, drawing on potential future scenarios including 'best' and 'worst' case scenarios – for the environment in which the authority operates and for the services that it provides;
- the use of independent, objective measures wherever possible to assess the risks to the authority's financial resilience and sustainability;
- the authority's understanding of the risks associated with all resources used for service delivery, including its workforce, its physical assets, its strategic business partners (including 'group' entities such as its companies), its information technology infrastructure, etc;
- the robustness of the plans that the authority has put in place to address these risks; and
- the capacity and capability of the authority, its leadership team and its officers to manage the authority's finances in a sustainable manner.

The assessment makes reference to the following:

- Medium-Term Financial Plan;
- Capital Investment Strategy;
- Treasury Management Strategy;
- Planned medium-term use of Reserves;
- the most recent Budget Report;
- approach to the service & financial planning process;
- Budget monitoring reports and out-turn reports and Statement of Accounts;
- Asset Management Plan; and
- Key governance documents, e.g. Annual Governance Statement, Risk Register, etc The Council's position at March 2021 against a range of financial measures compared to similar councils is available online through the CIPFA Financial Resilience Index at https://www.cipfa.org/services/financial-resilience-index-2021/resilience-index-2021

Conclusion

This MTFS presents a summary of the key financial processes and policies that help us forecast the likely financial position that Council will be facing over coming years. It is the Council's primary financial planning tool and will form the basis for ongoing discussions throughout service & financial planning for 2022/23.

Appendix 1

RESERVES POLICY

Introduction

The establishment, monitoring and review of the levels of reserves and balances are an important element of the Council's financial management systems and financial standing. The Chief Finance Officer (Section 151 Officer) is required by law to formally report to the Council their opinion on the adequacy of the Council's reserves. Irrespective of this, a well-managed authority is clear about the reserves it needs now and, in the future, to support its service aspirations, while at the same time delivering value for money within a climate of significant resource pressure and economic/social risk.

This policy is introducing the following steps:

- Stronger budget management and variation control
- Ongoing monthly budget monitoring by budget managers
- Improved business case development and risk assessment, including provision of contingency and exit plans (projects, initiatives etc.)
- Review of reserves on a quarterly basis.

This Policy does not cover non-distributable reserves required to support financial accounting transactions e.g. the Revaluation Reserve, Capital Adjustment Account and Pension Reserve. (Non-distributable reserves are those that cannot be used for revenue or capital purposes.)

Reserves can be held for four reasons:

General Fund Balance

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies;

Earmarked Reserves

- A means of building up funds to meet known or predicted liabilities; and
- A means of setting aside sums for future identified uses and / or investments

What are Reserves?

There is no clear definition of reserves even though reference is made to reserves in legislation. The Chartered Institute of Public Finance and Accountancy (CIPFA) states 'amounts set aside for purposes falling outside the definition of provisions should be considered as reserves.' Provisions are required for any liabilities of uncertain timing or amount that have been incurred.

Generally, there are two types of reserves, those that are available to meet revenue or in some cases capital expenditure (Usable) and those that are not available to finance revenue or capital expenditure (Unusable). Useable reserves result from events that have allowed monies to be set aside, surpluses or decisions causing anticipated expenditure to have been postponed or cancelled. They can be spent or earmarked at the discretion of the Council.

The Council must manage its reserves in accordance with its strategic longer-term planning process. Policy principles:

- The General Fund Balance will be increased from a minimum level of £2.0m to £2.5m to cover any major unforeseen expenditure;
- The GF balance will be reviewed and monitored as part of the quarterly performance.
- A risk based approach to be embedded to the assessment of required reserves

- Earmarked revenue reserves will be maintained for specific purposes that are consistent with achieving Corporate Plan priorities and/or where they are required to account separately for Government funding streams;
- Reserves must only be used to fund one-off expenditure;
- General Fund Balance must not drop below the minimum target of £2.5m;
- Recurring expenses may only be funded from reserves if plans are in place to fund the ongoing costs and replenish the reserve within 12 months;
- Unplanned revenue income receipts will be held in a reserve pending future decisions as to their use; and

Maintaining a risk based financial resilience

The Council undertakes a risk-based assessment of its financial plans and the adequacy of its available reserves at least annually and as part of its budget setting process. The need to improve its financial resilience through increasing its unallocated working capital and general unallocated reserve is a key feature of the Council's MTFS process.

Use of Reserves

The S151 Officer will continue to be responsible for approving the use of reserves, which will be reported to Members for approval (where necessary) as part of the quarterly monitoring, budget setting and outturn reports.

September 2021 – Policy to be reviewed annually

Appendix 2

FEES & CHARGES POLICY

The Council's Medium-Term Financial Strategy (MTFS) sets out our financial objectives to support delivery of the Corporate Plan. These plans remain challenging in the context of an uncertain economic future, on-going austerity measures, significant reductions in funding from Government and the move towards more locally-generated income streams.

In the future we will need to be financially more self-sufficient and less reliant on central government funding. Optimising the potential for increased income will be integral to supporting delivery of theMTFS. Seeking opportunities for income generation is a priority for the Council, alongside broader proposals for the trading and commercialisation of some services.

This Fees & Charges Policy outlines the key principles to be considered in charging for Council services in a transparent and consistent manner.

Scope

This Policy applies to the setting and reviewing of all fees and charges for Council services, where the Council has discretion to apply a charge and discretion over the level of charge applied.

The Policy excludes:

- Charges that are determined by Central Government;
- Council Tax;
- Business Rates;
- Property rents;
- Any charges where there are legal or contractual reasons for exclusion; and
- Any charges levied by Trading Companies or other third parties delivering services on behalf of the Council.

Application

Directorates should refer to this Policy when reviewing current charges or proposing new charges as part of the service & financial planning process for the forthcoming financial year, and for any other in-year consideration of service charging. Understanding the relationship between cost and charges is vital when determining charges for services and support and advice should be sought from the Finance team when applying this Policy.

Aims and Objectives

The overarching aim of the Policy is to embed a commercial approach to setting fees and charges. An aim of commercialism is to ensure the Council thinks consistently in a business-like manner and clearly articulates the costs and benefits associated with the activities it carries out.

The objectives of the Fees & Charges Policy are:

- To promote efficiency and support the commercialisation of our business in order to support the MTFS and deliver the Corporate Plan;
- To minimise the draw on local taxpayers of discretionary services and promote fairness by fostering a culture where discretionary services are supported largely by users rather than the council tax payer;

- To set a clear, flexible and equitable framework of standards and procedures for applying charges and fees to relevant Council services for both individuals and organisations. The level of charge will reflect the cost plus a return where this is permissible/appropriate; and
- To meet the aim of being 'business like' through service areas understanding and reviewing the costs and charges for their service areas.

Charging and Trading Legislation

The legislation and case law that governs Councils' ability to charge and generate income is complex. Specific powers to charge for services are contained in a variety of local government statutes.

These include:

- Local Authorities (Goods and Services) Act 1970 – introduced powers for councils to enter into agreement with other Local Authorities and public bodies for the supply of goods and services.

Any agreement may contain such terms as to payment or otherwise as the parties consider appropriate;

- Local Government Act 2003 – added further opportunities to the above. This act enables councils to trade in activities related to their functions on a commercial basis and make a profit, which may be reinvested in services, through a trading company; and
- Localism Act 2011 – the General Power of Competence (GPC) introduced a power to allow councils to do anything that an individual may do.

However, for the purposes of charging, this should not exceed the cost of provision of the service in question, as operating for a commercial purpose (i.e. to make a profit) must be done through a trading company.

Standard Charging Principles

Standard principles will be applied to all fees and charges (within the scope of this Policy) set by the Council. Where a service plans deviate from these principles, the basis and reason for variation will be clearly documented and approved in accordance with the Council's Constitution/scheme of delegation.

Services that have discretion over charging are encouraged to operate more commercially in order to maximise efficiency and reduce dependence on corporate funding support. The ability of services to operate in this way is dependent on services being able to set and amend their charges with a level of flexibility, including consideration of current market rates and demand for the service.

The Policy will also make decision making simpler and more timely. This Policy enables us to apply differential charging, discounting and alternative pricing structures in order to maximise commercial benefit and target service take-up. Individual service areas can vary charge rates on a case by case basis, taking into account relevant market rates and the need to maximise income and operate efficiently.

All fees and charges will:

- Demonstrate how they contribute to the achievement of corporate and service objectives;
- Maximise potential net income, to achieve financial objectives (i.e after costs of collection and market impacts have been considered), unless there is an explicit policydecision to subsidise a service;
  Be subject to equality impact assessment screening and consultation where appropriate;

- Minimise the costs of collection;
- As a minimum be increased annually from 1 April each year in line with Consumer Price Index (CPI) inflation increases (rate published for the preceding September each year); and
- Be subject to a scheduled review at least every 2 years.

Charging Models

When introducing or reviewing a charge the Council will follow one of two models:

Charge	Definition	Application
Direct Cost Plus	As a minimum the Council would recover the direct cost of providing the service plus wherever possible, a contribution to overheads. The level of overhead contribution is an operational decision, and will be dependent upon the particular circumstances and objectives.	This allows flexible pricing decisions to take account of external market conditions. For instance, there are circumstances where setting changes at a level more than full cost recovery may be appropriate (e.g. when trading with other local authorities or public bodies the Council is not limited in the amounts it can charge). This charging model also allows charges to be set below full cost recovery to achieve a particular objective – for example entering into a new market or attracting new business. However, in line with the Standard Charging Principles, the aim will always be to recover the full cost of a service over time.
Subsidised	A subsidised charge requires the Council to contribute to the direct cost of the service. Where the Council is not covering the direct costs of the service, it will require a contribution from the Council. All subsidies will be subject to the approval of the Executive.	This model provides the Council with the option to provide a service with full or partial subsidy. The level of subsidy will be determined by reference to the nature of the service and the rationale for any subsidy for example: • providing a public good • encouraging service take up • the user group's ability to pay. The financial impact of subsidy decisions on the budget will be identified both individually and collectively, and actively managed and reviewed.

Authority to Set and Vary Charges

The decision on charging levels will be based on the relevant charging method:

- full cost recovery,
- direct cost plus or subsidised.

All charging decisions must be made in accordance with the Council's Constitution (Budget and Policy Framework, Scheme of Delegation and Financial Procedure Rules) and be able to demonstrate consistency with our strategic priorities, policies and statutory obligations.

The decision to vary charges for existing chargeable services which are not subsidised is an operational decision, which will be taken by the appropriate Director/Head of Service in consultation with the Chief Finance Officer.

Policy Review This Policy will be reviewed periodically, taking into account developing Council policies and priorities and any changes in legislation.

September 2021 – Policy to be reviewed annually

Eastbourne Borough Council

MEDIUM TERM FINANCIAL STRATEGY - 2022/23 - 2024/25 DRAFT

Corporate Services	2020/21 Original £'000	2020/21 Revised £'000	2020/21 Actual £'000	2021/22 Original £'000	2021/22 Revised £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	2024/25 Forecast £'000
Corp Savings Target - included in R&R targets	-1,565	-50	0	0	0	0	0	0
IT	1,194	1,308	1,097	1,219	1,400	1,243	1,268	1,294
CMT	212	212	328	211	211	215	220	224
JTP - Included in R&R targets	-528	0	0	0	0	0	0	0
Financial Services	1,029	1,022	976	1,053	1,053	1,074	1,096	1,117
HR	281	281	289	295	295	301	307	313
Internal Audit	216	216	177	200	200	204	208	212
Legal	255	255	326	217	217	221	226	230
Local Democracy	850	810	823	909	909	927	946	965
Corporate Services	**1,944**	**4,054**	**4,016**	**4,104**	**4,285**	**4,186**	**4,270**	**4,355**
Service Delivery								
Account Management	376	371	283	367	367	374	382	389
Bereavement Services	-1,444	-1,202	-1,196	-1,298	-1,298	-1,324	-1,350	-1,377
Case Management	519	519	419	455	455	464	473	483
Contact Centre	729	611	656	645	645	658	671	684
Director of Service Delivery	12	12	11	12	12	12	12	13
Head of Customer First	51	52	52	62	62	63	65	66
Head of Environment First	21	21	22	24	24	24	25	25
Head of Homes First	28	29	47	29	29	30	30	31
Housing Need	74	71	-271	748	748	763	778	794
Neighbourhood Services	379	743	567	701	651	615	527	438
Specialist Services	5,234	7,139	6,423	7,513	7,263	7,408	7,556	7,708
Service Delivery	**5,979**	**8,366**	**7,013**	**9,258**	**8,958**	**9,088**	**9,170**	**9,253**
Regen & Planning								
Business Planning & Performance	960	897	811	846	846	863	880	898
Director of Regeneration & Planning	41	41	41	42	42	43	44	45
Estates & Property	-1,623	-1,205	-1,132	-903	-722	-813	-1,029	-1,050
Head of Commercial Business & Property	55	55	27	48	48	49	50	51
Housing Services Delivery Team	78	78	324	81	181	183	186	190
Planning	392	392	293	301	301	307	313	319
Regeneration	194	194	143	191	191	195	199	203
Regeneration & Planning	**97**	**452**	**507**	**606**	**887**	**826**	**643**	**656**
Tourism & Entreprise								
Dir of Tourism & Ent (saving included in R&R programme targets)	106	106	100	107	107	109	111	114
Towner	421	420	432	420	420	420	420	420
Events	580	643	587	589	589	601	613	625
Seafront	-109	337	350	91	91	93	95	97
Sports Delivery	590	1,143	1,368	727	727	742	756	771
Theatres	44	2,065	2,333	959	959	978	598	210
Tourism & Enterprise	987	1,754	1,802	960	960	1,200	1,440	1,584
Covid related costs - T&E	0	0	0	0	500	0	0	0
Tourism & Entreprise	**2,619**	**6,468**	**6,972**	**3,853**	**4,353**	**4,142**	**4,033**	**3,820**
Net Cost of Services	**10,639**	**19,340**	**18,508**	**17,821**	**18,483**	**18,243**	**18,116**	**18,085**
Capital Financing & Interest	2,286	1,996	1,917	2,624	2,624	2,836	3,333	3,333
ICE Income	0	0	-344	-306	-306	-312	-318	-325
Capital Financing & Interest Savings re reduced Cap Dir	0	0	0	0	0	-245	-245	-245
Levy Payable (Pevensey)	229	229	229	229	229	234	238	243
Recovery & Reset	0	1,250	164	1,850	0	0	0	0
CMT Savings	0	0	0	-150	0	0	0	0
Pay Award Freeze	0	0	0	-288	0	0	0	0
Cultural Recovery Fund Grant	0	0	0	0	-1,800	0	0	0
Income Recovery	0	-2,800	-3,353	-300	-300	0	0	0
Capitalisation Direction	0	-6,800	-3,550	-6,000	-2,500	0	0	0
Contingency	161	100	0	250	250	250	250	250
Reserves	207	207	-42	6	0	-635	6	377
	13,522	**13,522**	**13,529**	**15,736**	**16,679**	**20,371**	**21,379**	**21,718**
Recovery & Reset savings	**0**	**0**	**0**	**-850**	**-2,391**	**-5,917**	**-6,700**	**-6,700**
NET REVENUE EXPENDITURE	**13,522**	**13,522**	**13,529**	**14,886**	**14,288**	**14,454**	**14,679**	**15,018**
Financing:								
Council Tax	-8,712	-8,712	-8,712	-8,911	-8,911	-8,911	-9,089	-9,272
Baseline increase	0	0	0	0	0	-45	-45	-46
Impact of increase in CTR	0	0	0	0	0	45	45	45
Council Tax Charge Increase (1.99% increase)	0	0	0	0	0	-178	-182	-185
Business Rates	-5,394	-5,394	-5,465	-5,270	-5,270	-5,323	-5,376	-5,430
Business Rates - Reset	0	0	0	0	0	0	?	?
Business Rates Deficit - spread element	0	0	0	99	99	99	99	0
Business Rates Deficit	15	15	15	114	114	0	0	0
Transfer to/(from) BR Equalisation Reserve	1,032	1,032	1,104	0	0	0	0	0
New Homes Bonus	-332	-332	-332	-32	-32	-11	0	0
Lower Tier Services Grant	0	0	0	-156	-156	0	0	0
Emergency Covid Grant	0	0	0	-598	0	0	0	0
Other Govt Grants	-131	-131	-139	-132	-132	-130	-130	-130
TOTAL FINANCING	**-13,522**	**-13,522**	**-13,529**	**-14,886**	**-14,288**	**-14,454**	**-14,679**	**-15,018**
BUDGET SURPLUS (-) / DEFICIT	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Budget Gap Before Recovery & Reset Savings and Reserves Transfers	2022/23	2023/24	2024/25
	6,552	**6,694**	**6,323**

Appendix 4

RECOVERY & RESET PROGRAMME SAVINGS

	2021/22 £	2022/23 £	Rating
Reshaping Services			
HR reshaping	13	13	
IT reshaping	54	54	
Homes First reshaping	75	650	
Environment First reshaping	25	50	
Customer Contact - further reshaping	60	60	
Neighbourhood first reshaping	115	140	
Legal reshaping	50	50	
CMT reshaping	108	108	
Conferences reshaping	30	30	
Visitors team reshaping	40	40	
Tourism & Culture marketing and PR reshaping	35	35	
Heritage service reshaping	50	68	
Financial Services reschaping	0	80	
Business Planning & Performance reshaping	93	186	
Planning policy - reshaping	50	50	
Voluntary & Community Grants incl Ward Budgets	125	250	
Contract cleaning	50	100	
Refuse - AWC	206	249	
Weed control	21	21	
Street Cleansing	75	150	
Grounds maintenance	0	400	
Coastal engineering (parades)	36	48	
Public conveniences	0	150	
Consolidate grounds maintenance operations	0	100	
Events programme - cost neutral	100	100	
Events programme - Airbourne	145	145	
Bulky waste - cease free collections	20	40	
Trade waste	0	150	
Garden waste	0	40	
CT reduction for second homes	0	22	
Pre app planning advice	15	15	
RESHAPING TOTAL	**1,591**	**3,594**	
Best Use of Assets			
Leisure Centre	0	20	
Sovereign Leisure Centre	0	100	
Cultural exemption	0	500	
Congress	60	100	
Golf course	0	43	
Welcome building - vaccination centre	30	0	
Devonshire park theatre	280	280	
Close 1 GR and let out	250	475	
Victoria Mansion (food street)	0	40	
HPR - Relet	0	145	
Rental income recovery	30	120	
Asset rationalisation	20	40	
DORO shares	120	120	
Langney Playing Fields	10	10	
Sale of Cornish Cottages	0	30	
ASSETS TOTAL	**800**	**2,023**	
Corporate			
Reduced cost of capitalisation - estimate	0	300	
TOTAL SAVINGS	**2,391**	**5,917**	

Blue	Delivered
Green	On track
Amber	To be confirmed

Appendix 5

Summary of Capital Programme 2020 to 2025						
	Actual	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
	2020/21	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Capital Programme	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
HRA	3,913	21,836	28,750	15,703	9,535	8,552
Commercial Activities/nonfinancial invest.	3,760	7,783	7,000	3,685	-	-
General Fund	5,067	8,177	5,411	3,800	1,850	1,850
Capitalisation Directive *	3,550	6,000	0	0	0	0
Total Programme	**16,290**	**43,796**	**41,161**	**23,188**	**11,385**	**10,402**
Financed By: -						
Capital Receipts HRA	-	4,777	435	445	-	-
1-4-1 RTB Receipts	545	468	1,180	1,215	-	-
Capital Receipts GF	3,528	1,238	4,350	1,750	250	250
Grants and Contributions	2,644	4,670	1,750	1,750	1,500	1,500
Major Repairs Reserve	3,057	649	4,403	4,635	4,535	4,552
Revenue Contribution to Capital	-	3,084	280	218	-	-
Reserves	-	-	1,207	1,695	-	-
Section 106 Contributions	-	27	-	-	-	-
GF Borrowing (Committed)	3,562	15,557	6,311	3,985	100	100
HRA Borrowing	2,954	13,326	21,245	7,495	5,000	4,000
Total Financing	**16,290**	**43,796**	**41,161**	**23,188**	**11,385**	**10,402**

* Up to £6m of capitalisation – the current estimates are indicative of a much-reduced requirement of c.£2.5m.

Report to:	**Cabinet**
Date:	**15 September 2021**
Title:	**Planning Technical Advice Notes for Sustainability**
Report of:	**Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning**
Cabinet member:	**Councillor Colin Swansborough, Portfolio Holder for Place Services and Special Projects**
Ward(s):	**All**
Purpose of report:	**To seek Cabinet approval for the publication and use of three Planning Technical Advice Notes that address sustainability issues**
Decision type:	**Key**
Officer recommendation(s):	**(1) To agree the publication and use of the Sustainability in Development Technical Advice Note contained in Appendix 2** **(2) To agree the publication and use of the Biodiversity Net Gain Technical Advice Note contained in Appendix 3** **(3) To agree the publication and use of the Electric Vehicle Charging Point Technical Advice Note contained in Appendix 4** **(4) To provide delegated authority to the Director of Regeneration and Planning, in consultation with the Portfolio Holder for Place Services and Special Projects, to make minor or technical amendments to the Technical Advice Notes prior to their publication or as otherwise required following publication**
Reasons for recommendations:	**(1) To publicise the Council's expectations for the incorporation of sustainability issues, biodiversity net gain and electric vehicle charging points in planning applications**

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

Contact Officer(s): **Name: Matthew Hitchen**
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Telephone number: 01323 415253

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1 Introduction

1.1 In July 2019, Eastbourne Borough Council declared a climate emergency and set the ambition of becoming a Carbon Neutral town by 2030. The new Local Plan will play a key role in helping to achieve this ambition; however, the Local Plan is still under preparation and is not expected to be adopted until 2023.

1.2 In order to support the climate change priorities in advance of the adoption of the new local plan, a series of Technical Advice Notes (TANs) have been prepared to provide advice to developers and planning applicants on how they can contribute towards achieving sustainability in new development. The subjects that the Technical Advice Notes cover are: Sustainability in Development; Biodiversity Net Gain; and Electric Vehicle Charging Points.

1.3 This report explains the purpose of Technical Advice Notes, summarises the three Technical Advice Notes that have been prepared to address sustainability issues, and seeks Cabinet approval for these to be published and used in the planning application process.

2 Technical Advice Notes

2.1 Technical Advice Notes (TANs) provide technical advice and information to developers and planning applicants in order to encourage the types of development that the Council would like to see.

2.2 The purpose of a TAN is to inform applicants of the Council's expectations at an early stage, so that they can be designed into development proposals. The TANs also set out how applicants should demonstrate how their proposals have met the Council's expectations in their application.

2.3 Sustainability in Development Technical Advice Note

2.3.1 The Sustainability in Development TAN seeks to draw together the different aspects that influence the sustainability of a development proposal to make it easier to consider these factors in the design of a proposal, in order to encourage developers and planning applicants to give much greater consideration to sustainability issues.

2.3.2 The Sustainability in Development TAN provides a checklist of sustainability requirements and objectives that applicants should consider in development proposals. Applicants are requested to complete and submit the checklist to show whether sustainability issues have been given consideration in the proposal, and to provide evidence on how this has been done.

2.3.3 The requirements to submit the checklist applies to Major, Minor and Householder applications[1]. The checklist for Minor and Householder applications are less detailed than the checklist for Major applications in order to ensure that the expectations are proportionate to scale of the development proposed and does not discourage smaller developments from coming forward.

2.3.4 The checklist is primarily designed to inform applicants about considerations that should be taken into account in design, so they can be incorporated into the proposal from the outset. The submitted checklist will also assist case officers to identify how sustainability considerations have been taken into account, and will provide an opportunity to monitor how such issues are being considered over time.

2.4 Biodiversity Net Gain Technical Advice Note

2.4.1 In January 2020, the Government introduced the Environment Bill to support their '25 Year Environment Plan to Improve the Environment', which was published in 2018.

2.4.2 The Environment Bill proposes that developers will be required to ensure habitats for wildlife are enhanced and that development delivers a minimum 10% biodiversity net gain on the pre-development biodiversity baseline.

2.4.3 Once the Bill receives royal assent (expected by the end of 2021) there will be a two-year transition period before biodiversity net gain in development becomes mandatory.

2.4.4 Ahead of biodiversity net gain being mandated, a Biodiversity Net Gain TAN has been prepared to encourage developers and planning applicants to incorporate biodiversity net gain into applications now and provide guidance on how this should be assessed.

[1] Major applications involve residential development of 10+ dwellings or over half a hectare or building(s) exceeds 1000m² and commercial development of 1,000m² or more floorspace or 1 or more hectares. Minor applications include residential development of between 1 and 9 dwellings and commercial development under 1, 000m² or less than 1 hectare. Householder applications involve proposals to alter or enlarge a single house, including works within the boundary/garden of a house.

2.4.5 The Biodiversity Net Gain TAN sets out an expectation that major development applications achieve a minimum 10% biodiversity net gain. Within applications for minor development, biodiversity net gain is encouraged where possible. This is in line with the current expectations in the Environment Bill.

2.4.6 The TAN encourages an on-site biodiversity net gain to be designed into the scheme at the earliest opportunity. Only where it can be demonstrated that this is not possible should off-site offsetting be considered.

2.5 <u>Electric Vehicle Charging Points Technical Advice Note</u>

2.5.1 Transport is a significant contributor to carbon emissions in Eastbourne, and increasing in the share of vehicles that are Ultra Low Emissions Vehicles (ULEVs) will start to help in reducing these emissions. Increasing the use of ULEVs will require the installation of appropriate infrastructure, such as Electric Vehicle Charging Points (EVCPs) to support their use.

2.5.2 The National Planning Policy Framework (NPPF) encourages the provision of off-street EVCPs in development, as does East Sussex County Council's Guidance for Parking at New Residential Development (2017).

2.5.3 The EVCP TAN sets out the expectations for the provision of EVCPs in new housing and commercial developments provide guidance and advice on how this infrastructure could be provided. It also provides a summary of existing technologies and the current situation in the UK, using case studies and examples of best practice.

3 Outcome expected and performance management

3.1 TANs are not part of the statutory development plan, and therefore cannot be used in the determination of planning applications. However, the TANs do encourage sustainability considerations to be taken into account. They have been linked to either development plan policy or to the NPPF where possible, and advise how to address requirements that are already in existing policy.

3.2 In order to ensure that the TANs are effective and to learn lessons from their implementation, a review of the TANs will take place no later than one year after their approval. This will also allow changes in guidance and legislation, such as the implementation of the Future Homes Standard and the mandating of biodiversity net gain, to be taken into account and to ensure that the TANs remain fit for purpose.

4 Consultation

4.1 The cross-party Local Plan Steering Group were consulted in the preparation of the TANs, which were also subject to targeted consultation with planning agents and developers who regularly work in the area and other specific organisations who could provide detailed advice, including East Sussex County Council, Sussex Wildlife Trust, and Eastbourne Eco-Action Network.

4.2 A summary of the representations received and how they have been addressed are summarised in Appendix 1.

5 Corporate plan and council policies

5.1 By seeking to influence how sustainability issues are considered in planning applications, the TANs will contribute towards the Council's ambition to be a carbon neutral town by 2030. The TANs will also support the Eastbourne Corporate Plan 2020-2024 vision to deliver a clean and attractive zero carbon town, particularly in terms of transitioning to the delivery of new carbon-neutral & environmentally friendly homes; enhancing biodiversity of public and open spaces; and providing electric vehicle charging points throughout the borough.

5.2 The TANs are consistent with the Eastbourne Borough Council Sustainability Policy (December 2018) objectives, particularly taking opportunities to improve biodiversity and green infrastructure; reducing waste and promoting the re-use of materials where possible; and enabling resilient and sustainable communities and creating places where people can and want to live into the future.

5.3 The TANs contribute to the action identified in the Eastbourne Borough Council Climate Emergency Strategy (2020) to develop and adopt guidance documents to help developers and property renovators to ensure their work makes homes resilient to climate change. The Biodiversity Net Gain TAN is also identified in the Eastbourne Borough Council Biodiversity Strategy 2021-2025.

6 Financial appraisal

6.1 The proposed documents are to be used as 'Technical Advice Notes' with set expectations; therefore there are no financial implications of this report.

7 Legal implications

7.1 The Environment Bill is currently at the report stage in the House of Lords and there will be a third reading on a date to be announced which means that amendments can still be made to the Bill. However, it is not considered premature to introduce the TAN at this stage as it is subject to a review mechanism.

7.2 The proposed Technical Advice Notes do not have the same status as an adopted planning policy and cannot therefore be used as a reason for refusal for a planning application submitted within the area for which LDC is the planning authority.

Legal implications approved 12.08.21 JCS Ref 10353

8 Risk management implications

8.1 The following risk will arise if the recommendations are not implemented and the following mitigation is proposed:

Risk: if not implemented, the guidance set out in the TANs would not be available to the public, meaning that planning applicants would have less understanding of the Council's expectations for how planning applications should address sustainability considerations.

Mitigation: That the recommendations of this report are approved, allowing the publication of the TANs to present the Council's expectations for how planning applications should address sustainability considerations.

9 Equality analysis

9.1 An Equality Screen has been completed in conjunction with this report. Although the proposals are unlikely to impact on protected groups, taking steps to promote sustainability may improve the health and wellbeing of communities.

10 Environmental sustainability implications

10.1 By seeking to influence how sustainability issues are considered in planning applications, the TANs will help to meet the target of becoming a carbon neutral town by 2030.

11 Appendices

- Appendix 1 – Summary of Consultation
- Appendix 2 – Sustainability in Development Technical Advice Note
- Appendix 3 – Biodiversity Net Gain Technical Advice Note
- Appendix 4 – Electric Vehicle Charging Points Technical Advice Note

12 Background papers

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

- Eastbourne Corporate Plan 2020-2024
- National Planning Policy Framework (2021)
- Eastbourne Core Strategy 2006-2027 (2013)
- Eastbourne Climate Emergency Strategy (2020)

Appendix 1 – Summary of Consultation on Draft TANs

General Comments

Summary of Comment	Response
Object to the imposition of Technical Advice Notes due to cost and delays of undertaking additional work to meet requirements, particularly on small developers and private individuals	Whilst there are a number of points in the checklist, these are for consideration; the document actually requires little additional work. The purpose of the TANs is to inform what considerations should be taken into account at design, so they can be incorporated from the outset. The TANs are not additional planning policy, and themselves are not designed for the determination of a planning application. The TANs do encourage sustainability considerations to be taken into account, but any requirements within them already exist elsewhere, and the TANs just consolidate them and advise how to address the requirements which are already within policy.
The need for the information being sought must be justified and proportionate to the size and scale of the application	The checklist items are for consideration predominantly during the design phase and are to ensure that the scheme concept as a whole is considering the sustainability issues of development. It is agreed that the information provided should be proportionate, and the SiD TAN clarifies that it is not intended to make the process burdensome; and the submission of information should be proportionate and relevant to the development proposed.
Many of the points raised in the Technical Advice Notes cannot be realistically answered at planning application stage	The SiD TAN makes it clear that the submission of information should be proportionate to the scale of development being proposed. If the requirements of checklist are not relevant for a particular type of application (e.g. some outline applications), this should be explained in the submission of the checklist. However it is beneficial if all information is provided ‘up front’ where possible to reduce uncertainty and cost or delays of further applications.

Comments on Sustainability in Development TAN (SiD TAN)

Summary of Comment	**Response**
For all Householder Applications and most other smaller developments, satisfying the requirements of these TANs is proportionately excessive, especially at the Planning Application stage.	The TAN is clear that submission of information should be proportionate to the scale of development being proposed.
The SiD TAN should be more explicit about how rainwater harvesting will be used to reduce potable water demand.	It is considered that the provision of such detail may not be considered proportionate. Such details may be included on a review of the TAN or in the new Local Plan and through more in depth Supplementary Guidance.
Whilst there would be an aspiration to have water efficient appliances, it would not be known at planning stage how this would be achieved and such requirements could not be enforced.	The TAN is to ensure that the applicant has considered these issues. Core Strategy Policy D1 requires that developments incorporate measures to reduce carbon energy. This is a way of addressing this requirement and can be considered at this stage to show lower water consumption and reduced energy use in the operation of the development and can be conditioned.
Developments should be encouraged to be prosumers (generate own energy for consumption) rather than purely consumers	This has been amended to ‘Have you considered Energy Generating technology on the site?’, on the basis that sites can produce the energy they use and could contribute back to the grid if they can produce more than they would use on site. This is going further than just asking if renewable are used to generate the energy needed on site.
Suggest changing Carbon Neutral to a Dwelling Emission Rate of less than 0.00 tonnes CO2 / year	Carbon Neural is an easier concept or statement to understand. However it is appreciated that Carbon Neutral could imply off setting, whereas the DER is a measure of the emission rate taking into account the specification of the building and therefore is a true reflection of the carbon reduction measures. Therefore the checklist has been amended to include both, stating ‘Seek to produce the minimum of CO2 possible, be Carbon Neutral or show a dwelling emission rate of less than 0.00 tonnes CO2/Year if possible.’
The relationship between shading and reducing overheating should be more greatly emphasised	It is agreed that these all tie in together. The checklist has been amended to reference maximising natural light while avoiding overheating.
The aspiration to use locally sourced suppliers isn’t always possible, so this has a risk of not being achievable.	It is accepted that it will not always be possible nor will it necessarily be known at this stage, therefore the checklist has been changed to ‘Will locally sourced suppliers be considered/used?’

Summary of Comment	Response
The checklist refers to a transport statement being required for 35+ dwellings and then a travel plan required on 35+ dwellings. Is this correct?	This is taken from ESCC website[2] as to what is required for each type of application. No change necessary.
Would like to see the wording for the water efficiency guidance to reflect Southern Water's Target 100	The requirement within the checklist is taken from Core Strategy Policy D1, and as such is listed as a requirement. However, the question has been amended to reference a preference for target water consumption of 100 litres per person per day or less to show support for Southern Water aspirations.
Mature trees should be left on site due to carbon storage issues and amount of time taken for planted trees to sequester a similar amount.	Retaining mature trees is a requirement under biodiversity heading.
Showers are not water efficient in themselves	Whilst showers are considered more efficient than baths generally, the question has been amended to cover all appliances rather than just baths/showers.
Utility companies have the responsibility to be rolling out smart meters	It is considered that as the developer can request/ensure they are installed, this is still a relevant question to ask in the checklist.
What's a positive high energy rating is this the Energy Performance Certificates?	New builds are subject to New Build EPC's which are required for Building Regulations sign off, and takes into account detailed construction details in giving an energy rating. The EPC won't be done at planning stage, but applicants can commit to a positive performance outcome, which would be required anyway for Building Regulations sign off.
Lighting should refer to low voltage LED	It is considered this would be covered by general energy efficiency questions in the checklist and not necessary to name individually.
Is the Energy Opportunities Map still relevant now?	The map provides the most up to date information on Energy Opportunities, therefore it should be given some consideration
Have links/access to local cycle routes has been considered and is the development designed for safe cycling?	There is a questing in the design/location and layout section of the checklist which refers to consideration of the cycle network.

[2] East Sussex County Council: Planning Applications – transport implications

Comments on Biodiversity Net Gain TAN (BNG TAN)

Summary of Comment	Response
Support the integration of guidance from the Wildlife Trusts.	It is confirmed that guidance from the Wildlife Trusts was considered in the preparation of the TAN
At the Application stage, biodiversity net gain is effectively a box ticking exercise to satisfy the local authority rather than a meaningful attempt at enhancing the environment or conserving it into the future.	Biodiversity net gain is referenced within the NPPF so a consideration to be taken into account in the determination of a planning application.
Concern about the cost implications of a management plan spanning a 30-year minimum	The Environment Bill identifies the requirement for habitat enhancement to be maintained for at least 30 years after the development is completed, so it is expected that this will be mandatory
Add further by stipulating the way in which information is presented as part of a planning application to enable the council to put in place the mechanisms required to effectively asses applications at validation stage.	Reference made to link with the Sustainability in Development TAN, which provides a checklist for what evidence should be submitted with an application to show how BNG has been addressed.
The TAN needs to be really clear that the mitigation hierarchy is separate to the BNG, and that any loss will be compensated for and 10% net gain provided in addition to that compensation. The BNG hierarchy could be presented more simply to prioritise avoidance amongst all other levels of the hierarchy	Text has been amended to make clear that the mitigation hierarchy is separate from BNG, and two diagrams added: one to describe the mitigation hierarchy, and another to show how the hierarchy works with BNG
Some of the examples highlighted as ways to deliver BNG, whilst being beneficial for biodiversity, would not create a net gain.	The examples identified that are not positive BNG actions have been removed from the list.
There should be further information provided to encourage minor applications can be encouraged to consider BNG.	Text has been updated to encourage consideration in minor applications, and included within the checklist within the Sustainability in Development TAN.
A link to the Sussex Biodiversity Record Centre should be added to the Further Reading list.	Sussex Biodiversity Record Centre added to Further Reading list
There could be some tightened up in the wording/language, which would leave less ambiguity as to Eastbourne BC commitment to supporting local biodiversity and the best use of the Biodiversity Net Gain (BNG) metric.	Amendments have been made to text to tightening up language as appropriate.
BNG applied through the Defra Biodiversity Metric is limited to habitat creation and enhancement only,	The applicant's Ecologist and the Council's Ecologist would be required to inform what design

Summary of Comment	Response
so cannot be solely relied upon deliver gains in biodiversity. Species-specific enhancement and other design features which are important for wildlife are not covered within the Metric.	features are not covered by the metric, and how species-specific enhancements can be made. Reference to using an alternative appropriate method to be agreed by the Council, as alternative to DEFRA Metric has been included. The BNG TAN has been amended to request that that opportunities for site-specific or species-specific enhancement or mitigation should be highlighted in the application.
A net gain of more than 10% should be sought	The Environment Bill is likely to mandate 10%, and the BNG TAN has been amended to emphasise that this is a minimum. Further consideration will be given to % net gain in the local plan.
Consideration should be given which additional aspects of wildlife friendly design developers should incorporate in their applications on top of BNG requirements, including the consideration of habitat enhancement for priority habitats found within the borough which would be locally beneficial.	The potential aspects of wildlife friendly design have been amended to be more specific for Eastbourne, including identification of the priorities for habitat enhancement and creation. The TAN also confirms that it should be read alongside Eastbourne Biodiversity Strategy.
There is a missed opportunity in section 7 to highlight and focus on habitats and species specific to Eastbourne, including the consideration of habitat enhancement for priority habitats found within the borough which would be locally beneficial.	Amendments have been made including identification of the priorities for habitat enhancement and creation.
Any offsetting should ideally be within Eastbourne and the surrounding area, rather than risk losing these credits elsewhere.	There will be an opportunity to review off-setting and any future Local Nature Recovery Strategy as part of future amendments to the TAN or through the Local Plan, as understanding of practice develops. The BNG TAN has been amended to confirm that if off-setting is required it should be within local areas that provide the most benefit locally, and details should be set out in application.

Comments on Electric Vehicle Charging Points TAN (EVCP TAN)

Summary of Comment	**Response**
Homeowners should be encouraged to use renewable energy supply to power EVCPs	Reference to including details of consideration in using renewable sources in a planning application submission has been included
Further guidance should be provided to developers as to the size of the EV charging bays, signage, design features for safety and access for the disabled	The detailed requirements for parking provision is already set out in the ESCC Parking Guidance.
It is unclear for developers what type of charging service should be used, and who will maintain, run and service the charging points	The EVCP TAN has been amended to include greater detail on the expectations around the ECVPs, and identify what information should be submitted with a planning application to meet these requirements
For flats, care would need to be given to the design and distribution of charging points, as cars charging overnight might have to stay connected and prevent someone else using the charge point.	This is an issue with unallocated car parking spaces and it is considered that there is little that can be done about this at the current time.
The ECVP TAN should specify a formula for the number, specification and type of chargers	A number is provided in Table 1. It is not considered appropriate at this time to identify specifications and types for chargers, as technology is evolving and it is important that guidance is flexible to respond to changes
Consideration needs to be given in the developments to allow for future expansion on the charging infrastructure	The requirement for passive provision would allow future expansion, and additional wording has been added to stipulate how passive provision will be monitored.
Potentially conflicting with ESCC standards	The ECVP TAN confirms that it does not override any of East Sussex County Council requirements or guidelines in terms of car parking.

Appendix 2

SUSTAINABILITY IN DEVELOPMENT

PLANNING POLICY
TECHNICAL ADVICE NOTE

SEPTEMBER 2021

SUSTAINABILITY IN DEVELOPMENT

Technical Advice Note

Table of Contents

1. Introduction

1.1 Eastbourne Borough Council has declared a **climate emergency**, with a headline target of achieving a carbon neutral town by 2030. To achieve this will require a massive effort, both on behalf of the Council and its Officers, partner organisations, residents and developers and commercial concerns.

1.2 **Sustainability** within new development can contribute towards real and lasting benefits. This Sustainability in Development TAN seeks to draw together the different aspects of development that influence how sustainable it is, in order to make it easier to consider these factors in both the design and construction phases and ensure that low carbon development becomes a reality.

1.3 The impacts of climate change are unavoidable. New development should consider these factors from the outset and ensure that the site, and the people who will eventually be using it, will be as prepared as possible. The amount of energy that will need to be consumed on the site should be reduced as much as is practical. Where energy has to be used, it should be done in the most efficient way possible, utilising the best materials for the job.

1.4 The sustainability of a development should not just be considered from a point of view of the resulting development. During construction, emissions come from the creation of the materials used in construction, from bringing people and materials to the site, and from the use of machinery. Once built, buildings are responsible for emissions from operational energy, such as heating, cooling, lighting and water, as well as energy use to power common place appliances.

1.5 This TAN identifies how the planning system plays a crucial role in ensuring that buildings built now are fit for purpose in the future, and how emission the emissions released during the life cycle of the development, from its construction, occupation and evidential demolition or decommissioning, can be reduced.

2. Background

2.1 Eastbourne Borough Council's priorities are set out in the **Corporate Plan.** Underlying all Council's work is the climate emergency declared in 2019. The council want to play a key role in community leadership and enabling the long-term sustainability and resilience of the communities.

2.2 The **Corporate Plan** priority themes reflect the vision to deliver a clean and attractive zero carbon town, producing less waste than before, with a high quality built environment, excellent parks and open spaces, served by a number of good transport options.

2.3 Eastbourne Borough Council's **Climate Emergency Strategy** (2020) provides information on the priority themes for action. The hierarchy of action and example interventions includes:

- Reducing demand through efficiency measures (energy efficiency in buildings, modal shift, producing less waste)
- Switching to electric systems (phasing out gas applications)
- Decarbonising energy supply (Installing PV, improving storing capacity)
- Offsetting

2.4 The National Planning Policy Framework (NPPF) identifies that the purpose of the Planning System to contribute to the achievement of **sustainable development**. At a very high level, the objective of **sustainable development** can be summarised as meeting the needs of the present without compromising the ability of future generations to meet their own needs.

2.5 Paragraph 148 of the NPPF states that *"The planning system should support the transition to a low carbon future in a changing climate…..and should help to: shape places in ways that contribute to radical reductions in greenhouse gas emissions, minimise vulnerability and improve resilience; encourage the reuse of existing resources, including the conversion of existing buildings; and support renewable and low carbon energy and associated infrastructure."*

2.6 The national commitment to combatting Climate Change is underlined within the Planning Practice Guidance (PPG). The PPG on Climate Change states that *"…local planning authorities should ensure that protecting the local* *environment is properly considered alongside the broader issues of protecting the global environment. Planning can also help increase resilience to climate change impact through the location, mix and design of development."* It goes on to state that *"addressing climate change is one of the core land use planning principles which the National Planning Policy Framework expects to underpin both plan-making and decision-taking."* It describes that there is a statutory duty for Local Planning Authorities (LPA) to tackle climate change, and the impacts of climate change, through planning policies.

2.7 The PPG provides several examples of how to 'mitigate climate change by reducing emissions', which includes reducing the need to travel, providing opportunities for low carbon and low energy technologies, and promoting low carbon design to reduce the amount of energy used in new developments.

2.8 This Technical Advice Note has been prepared to highlight how new development can address and mitigate the impacts of climate change, and ask applicants to demonstrate how they have considered this in formulating their proposals.

3. Expectations of New Development

3.1 This Technical Advice Note is specifically aimed at new build residential and commercial development. However, applications for '**Householder' development are encouraged to consider the Householder checklist to inform important early decisions and to influence their design/project.** Whilst the retrofit of existing buildings to improve energy and water efficiency is strongly supported; the Council have little planning control over these works.

3.2 This Technical Advice Note should be consulted by developers during the design phase of development. The checklists combine potential sustainability options across five broad areas (*Biodiversity; Water efficiency; Energy efficiency; Design; and Climate resilience*) and set out what applications are expected to deliver or encouraged to consider through the design process. The relevant checklist should be submitted with an application for Planning Permission (Full or Outline) to show that the policy requirements have been met and the relevant points have been considered. Not all requirements will be suitable for every development. Where a 'requirement' is not relevant for the development scheme this can be explained within the 'evidence' section of the checklist.

3.3 Given that sustainable construction and design should be considered from the outset of a project, and the checklists are a starting point in the bid to reduce carbon emissions, it will be a requirement to submit a checklist and/or accompanying statement with pre-application advice requests for relevant proposals.

3.4 The criteria that are within this checklist should be viewed as starting points for further investigation in a bid to reduce the carbon footprint of the development. Application submissions should set out how these points have been considered. Implementing these suggestions, where appropriate, will not only add to the amenity of the residents or users of commercial sites whilst securing a sustainable future, they will also add value to the developments themselves.

3.5 In addition, submission of information, for example, on water use reduction measures, and efficiency of appliances in developments during the application stage, may prevent pre-commencement or pre-occupation conditions on planning permissions being required to ensure that sustainability measures are implemented in accordance with Eastbourne Core Strategy Policy D1. This will speed up the planning process and reduce unnecessary cost.

3.6 Demolition often leads to large amounts of waste, and can impact on the amenity of residents. Retaining a building can preserve the character of the surrounding area; therefore we would encourage the reuse, repair and refurbishment of existing buildings to new uses wherever possible. If the site includes an existing building that is proposed for demolition it is expected that the submission to outline why it is not suitable for reuse.

3.7 Using the planning system to promote food growth, and the creation of a sustainable food network is a concept growing in popularity and seeks to encourage developers to include space for growing food in new developments. The provision of food growing space will assist with ambitions of delivering sustainable development and is likely to be the basis of a policy in a future Local Plan.

3.8 All development is encouraged to give early consideration in design proposals and landscaping schemes to the location of food growing spaces, the use of productive trees or other edible planting. Edible landscaping can be utilised with food producing plants replacing ornamental plants in landscaping schemes without excessive financial burden. The intention being that outdoor amenity space already required as part of a good development is food friendly.

3.9 It is necessary to consider the impacts of a development across its lifecycle. These impacts could be the social, environmental and economic benefits and costs from a development. This is consistent with the National Planning Policy Framework, and its overarching ambition for achieving sustainable development and meeting local needs. Therefore new developments are encouraged to deliver as many public benefits as possible. For example the proposals should consider:

- Utilising local supply chains so money stays in the local economy
- Recruiting local people during construction and in operational use, increasing local employment
- Improving mental and physical health, through provision of high quality walking or cycling provision to encourage active travel.

- Creating inclusive places, which are capable of being adapted to changing needs
- Incorporating a variety of amenities and facilities which meet the local need, and create sustainable communities.

3.10 This is by no means an exhaustive list. Application submissions should set out the broader contribution that the development will bring to the local community.

3.11 Eastbourne Borough Council has already adopted the Local Employment and Training Supplementary Planning Document (November 2016). The purpose of this is to assist in securing Local Labour Agreements which can secure local jobs at both construction and operational phases of development within the Borough. If the application constitutes major development as defined in paragraph 4.6, a commitment to Local Labour obligations will be required, as set out in the SPD.

3.12 Energy systems are in transformation and technological advances are continuing which will change the way we generate and consume energy. Energy systems are increasingly renewable, decentralised, smart demand responsive configurations and the Council support the movement to developments which would produce their own energy for consumption or export. Given the pace of change in the industry, applications are encouraged to ensure they are designing developments to be sustainable and statements in addition to the checklists to set out how a development is a best practice example of sustainable construction are welcome.

4. How and When to use this Sustainability Checklist

4.1 The Checklists provide a comprehensive list of **sustainability objectives** and aspirations that should be considered at various stages of development. This document is designed to provide guidance on the authority's expectations for new development when applying local plan policies, in line with the NPPF requirement for transition to a low carbon future, and the PPG suggestions to 'mitigate climate change'. The concepts, design or construction techniques are not outlined in full in this document as it is not considered necessary at this stage, however future policies and supplementary guidance may be considered on the topic(s).

4.2 Mitigating and adapting to climate change, using natural resources prudently and minimising waste and pollution is a core principle of sustainable development and national planning policy. The purpose of the TAN is to guide development. **We do not intend to make the process burdensome; therefore the submission of information should be proportionate and relevant to the development proposed.**

4.3 **The applicant is expected to complete and submit the relevant checklist with their planning application for validation.** Separate checklists are provided for different applications. You can submit further information through statements / reports but you should also complete the checklist. Given these issues should be considered from the outset of a project the checklist should be submitted with outline planning permission applications, with the information provided proportionate to the matters for consideration. Equally with a reserved matters application the checklist would need to be submitted to consider the matters to be determined. The relevant checklist should also be submitted with pre-application advice requests.

4.4 The overarching purpose of the planning system is to contribute to the achievement of sustainable development. A number of policies and documents set out requirements to assist in achieving this; however the collective implementation of all policy documents and strategies are what will ensure that Eastbourne is genuinely delivering sustainable development.

4.5 This technical guidance should be read in conjunction with other Technical Guidance Notes, such as the Note on **Biodiversity Net Gain**, and the **Eastbourne Local Employment and Training SPD**, as well as other requirements as part of the planning application process.

4.6 Appendix 1 is for **Major Applications**, and should be used on applications which meet the following criteria:

- Residential: 10 or more dwellings / over half a hectare / building(s) exceeds 1000m² floorspace
- Commercial: 1,000m² or more floorspace / 1 or more hectares

4.7 Appendix 2 is for **Minor Applications**, and should be used on applications which meet the following criteria:

- Residential: up to 10 dwellings
- Commercial: under 1,000m² floorspace / less than 1 hectare

4.8 Appendix 3 is for **Householder Applications** and should be used on applications for the following:

- Alteration or extension of a single house
- Works within the boundary/garden of a house

4.9 Where a particular requirement is not applicable for an application, the reason for this should be described in the Evidence column.

4.10 PDF versions of each checklist that can be completed and submitted with an application are available to be downloaded from the Council's website.

Appendices

Appendix 1: Sustainability Checklist for Major Developments

BIODIVERSITY				
Populations and Habitat	**Requirements**	**Met**	**Evidence**	**Policies**
	Provide a Tree Survey/Arboriculture statement	☐		**NPPF:** Chapter 15: Conserving and enhancing the natural environment
	Determine if the development is likely to affect biodiversity	☐		
	Complete a Preliminary Ecological Appraisal (PEA) survey of the site	☐		
	Retain existing mature trees, hedgerows or other habitats	☐		**Planning Practice Guidance:** Natural Environment
	Indicate geological conservation interests	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	**Eastbourne Core Strategy:** Policy D9: Natural Environment
	Has an Ecological Impact Assessment been carried out?			
	Does any proposed landscaping prioritise native species?			
	Is it possible that a new habitat could be created on site?			**Borough Plan Saved Policies:** NE22: Wildlife Habitats
	Have protected species surveys been carried out or suggested?			NE28: Environmental Amenity
Net Gain	**Requirements**	**Met**	**Evidence**	UHT12: Landscaping
	Development must demonstrate that there is a Biodiversity NET GAIN of a minimum 10% as required by the Biodiversity TAN	☐		**Other:** Biodiversity Net Gain Technical Advice Note
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Has the DEFRA metric of the on-site biodiversity been calculated?			
	Will a minimum 10% Biodiversity Net Gain be achieved on site?			
	How is the net gain area going to be			

	managed for the next 30 years?			
	Is there an opportunity for tree planting within the development?			

WATER EFFICIENEQY				
Limit Use and Re-Use	**Requirements**	**Met**	**Evidence**	**Policies**
	Residential units will better a water consumption rate of 105 litres or less per person per day (preferably 100 litres per person per day or less, in line with Southern Water aspirations)	☐		**Eastbourne Core Strategy:** Policy D1: Sustainable Development **Borough Plan Saved Policies:** US2: Water Resource Adequacy
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Have water efficient appliances been considered?			
	Has the Water Efficiency Calculator been used for the proposed development to evidence water consumption?			
	Can water recycling systems be implemented on site?			
	Is rainwater harvesting possible on site?			

ENERGY EFFICIENCY				
Efficiency	**Requirements**	**Met**	**Evidence**	**Policies**
	Seek to limit CO_2 production to the minimum possible	☐		**NPPF:** Chapter 14:Meeting the challenge of Climate Change, flooding and coastal change **Planning Practice Guidance:** Renewable and low carbon energy
	Achieve a greater than 19% reduction in the Dwelling Emission Rate (DER) against the Target Emission Rate (TER).	☐		
	Non-residential developments over 1000m² must meet BREEAM (iii) 'Very Good' standard.	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Have energy efficient materials been considered for the construction?			

	Commercial elements only: What BREEAM standard will the development achieve? Residential schemes only: Does the development meet future homes standard?			**Eastbourne Core Strategy:** Policy D1: Sustainable Development Policy D9: Natural Environment
	Could the development be equipped with smart meters?			
	If the home/commercial property will have built in appliances, will these be selected with energy efficiency in mind?			
	Will the development produce a positive / high energy rating?			
Reduce	**Requirements**	**Met**	**Evidence**	
	Ensure that the development takes every opportunity to reduce the amount of energy required in using the development	☐		
	Take account of landform, layout, building orientation, massing and landscaping to minimise energy consumption	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Does the layout of the proposed construction maximise the natural light, while avoiding overheating?			
	Have light wells and skylights been considered?			
	Are so many artificial light sources necessary?			
	Will locally sourced suppliers be considered / used?			
Generation	**Requirements**	**Met**	**Evidence**	
	Have you considered Energy Generating technology on the site?	☐		
	Consult the Energy Opportunities Map (page v)	☐		
	Additional Sustainability	**Yes / No /**	**Evidence**	

	Questions	NA		
	Does the Energy Opportunities Map identify the area to have potential for renewable energy on site?			
	Have these technologies been considered for inclusion in the development? • Solar water heating systems • Solar photovoltaic systems • Generation from biomass or bio fuels • Wind generated energy • Heat pumps			
	Are there already sources of renewable energy which could be used to power the development?			

DESIGN

Location and Layout	Requirements	Met	Evidence	Policies
	Provide a Transport report (for 5+ dwelling apps) / Transport Statement (35+dwellings apps)	☐		**NPPF:** Chapter 9 : Promoting Sustainable Transport Chapter 14: Meeting the challenge of climate change, flooding and coastal change **Eastbourne Core Strategy:** Policy 10a Design Policy D9: Natural Environment Policy D8: Sustainable Travel Policy D1: Sustainable Development
	Provide a Travel Plan Required on 35+ dwellings)	☐		
	Is Sustainable Urban Drainage Systems (SUDS) incorporated to manage surface water drainage?	☐		
	Are pollution (air, land or water) control measures incorporated adequately?	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Do the location, layout and design of the development allow for 'Modal Shift' and designing out car dependency?			
	Has the Cycle Network been considered when deciding the layout of the proposal?			
	Does the location of the development allow for access to			

	services and facilities (such as nursery, school, convenience store, GP practice, playground) by foot?			**Borough Plan Saved Policies:** NE4: Sustainable Drainage Systems NE5: Minimisation of Construction Industry Waste NE6: Recycling Facilities NE7: Waste Minimisation Measures in Residential Development **Other:** Electric Vehicle Charging Point Technical Advice Note
	Does the layout prioritise the needs of pedestrians, cyclists and users of public transport?			
	Is the development within easy walking distance of regularly served public transport provision? (Within 400m of bus stop and/or 800m of a railway station).			
	Have car club vehicles been considered?			
	Does the development provide adequate cycle parking, and include details of location, security and design?			
Features	**Requirements**	**Met**	**Evidence**	
	Adequately address the need to reduce resource and energy consumption	☐		
	Well designed and easy to use waste and recycling facilities	☐		
	Building for Life 12 or Building for Heathy Life criteria taken into account	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Has an ‘Electric Vehicle Charging Scheme’ document been submitted that identifies how electric vehicle charging points are provided as set out in the Electric Vehicle Charging Points TAN?			
	If the development provides above minimum car parking requirements have you submitted a justification for such?			
	Does the design provide space for storage for refuse and recycling to achieve increased level of household waste recycling?			

	Does the design allow for easy maintenance of its constituent parts?			
	Have you considered space for Working from Home?			
	Does the development protect the future amenity of residents?			
	Is amenity space provided within the development?			
	Does the proposal provide space for food growing?			
	Does the landscaping include space for edibles?			
	Is it possible to incorporate green walls or green roofs as part of the development?			
	Do any of the design features require ongoing management? If so is there a maintenance plan?			
Materials	**Additional Sustainability Questions**	**Yes / No / NA**	**Evidence**	
	Does the building fabric exceed the minimum regulations on thermal efficiency?			
	Have you designed with responsibly sourced materials?			
	Are the materials themselves for construction harmful to the environment in any way?			
Waste	**Requirements**	**Met**	**Evidence**	
	Provide a Site Waste Management Plan	☐		
	Consider the Waste Hierarchy	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Are there existing buildings on the site? Has their reuse and refurbishment been considered, to prevent any unnecessary			

	demolition?			
	Have you designed for long-term use/recoverability/longevity/adaptability and flexibility?			
	Is the development being carried out in a way which produces the minimum of waste?			
	How will you minimise the quantities of new materials used?			
	Can the demolition material be repurposed for use in the development?			
	Are locally sourced materials used, to reduce the amount of travelling required?			

CLIMATE RESILIENCE				
	Requirements	**Met**	**Evidence**	**Policies**
Flooding	If the site is within Flood zone 2/3 provide a Flood Risk Assessment to be evaluated by the Environment Agency	☐		**NPPF:** Paragraphs 155-165 **Planning Practice Guidance:** Climate Change **Planning Practice Guidance:** Flood risk and coastal change **Eastbourne Core Strategy:** Policy D9: Natural Environment
	Ensure there is no increase in surface water runoff from the development	☐		
	Include a Sustainable drainage system (SuDS)	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Has the impact of flooding on the proposed development been considered?			
	Is there a Sustainable Drainage Scheme, supported by technical reports and details of whole life management and maintenance?			
	Does the proposal ensure there is no more than 20% impermeable surfaces throughout the development			

<table>
<tr><td rowspan="6">Heat Stress</td><td>Requirements</td><td>Met</td><td>Evidence</td><td rowspan="6">Borough Plan Saved Policies:

US 4: Flood Protection and Surface Water Disposal

US6: Integrity of Flood Defences</td></tr>
<tr><td>Assess the risk of overheating and drought</td><td>☐</td><td></td></tr>
<tr><td>Additional Sustainability Questions</td><td>Yes/No/NA</td><td>Evidence</td></tr>
<tr><td>Does the development consider the effect of Global Warming?</td><td></td><td></td></tr>
<tr><td>Does the development ensure there is no increase in surface water run off?</td><td></td><td></td></tr>
<tr><td>Has the development been designed to minimise overheating?</td><td></td><td></td></tr>
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Appendix 2: Sustainability Checklist for Minor Developments

Please note that the submission of information should be proportionate to the scale of development being proposed

BIODIVERSITY				
Populations and Habitat	**Requirements**	**Met**	**Evidence**	**Policies**
	Provide a Tree Survey/Arboriculture statement if trees on site	☐		**NPPF:** Chapter 15: Conserving and enhancing the natural environment **Planning Practice Guidance:** Natural Environment **Eastbourne Core Strategy:** Policy D9: Natural Environment **Borough Plan Saved Policies:** NE22: Wildlife Habitats NE28: Environmental Amenity UHT12: Landscaping **Other:** Biodiversity Net Gain Technical Note
	Determine if the development is likely to affect biodiversity	☐		
	Retain existing mature trees hedgerows or other habitats	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Has a Preliminary Ecological Appraisal (PEA) survey of the site been carried out?			
	Have protected species surveys been carried out or suggested?			
	Does any proposed landscaping prioritise native species?			
	Will there be an increase in biodiversity on site (Biodiversity Net Gain)?			

WATER EFFICIENCY				
Limit Use	**Requirements**	**Met**	**Evidence**	**Policies**
	Residential units will better a water consumption rate of 105 litres or less per person per day (preferably 100 litres per person per day or less, in	☐		**Eastbourne Core Strategy:** Policy D1:

	line with Southern Water aspirations)			Sustainable Development **Borough Plan Saved Policies:** US2: Water Resource Adequacy
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Have water efficient appliances been considered?			
	Has the Water Efficiency Calculator been used for the proposed development to evidence water consumption?			

ENERGY EFFICIENCY				
Efficiency	**Requirements**	**Met**	**Evidence**	**Policies**
	Seek to limit CO_2 production to the minimum possible.	☐		**NPPF:** Chapter 14:Meeting the challenge of Climate Change, flooding and coastal change **Planning Practice Guidance:** Renewable and low carbon energy **Eastbourne Core Strategy:** Policy D1: Sustainable Development Policy D9: Natural Environment
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Have Energy Efficient Materials been considered for the construction?			
	Commercial elements only: What BREEAM standard will the development achieve? Residential schemes only: Does the building achieve a greater than 19% reduction in the Dwelling Emission Rate (DER) against the Target Emission Rate (TER)?			
	Could the development be equipped with smart meters?			
Reduce	**Requirements**	**Met**	**Evidence**	
	Ensure that the development takes every opportunity to reduce the amount of energy required to 'use' the development	☐		
	Take account of landform, layout, building orientation, massing and landscaping to minimise energy consumption	☐		
	Additional Sustainability Questions	**Yes/No/NA**	**Evidence**	
	Will locally sourced suppliers be			

	considered / used?			
Generation	**Requirements**	**Met**	**Evidence**	
	Have you considered Energy Generating technology on the site?	☐		
	Additional Sustainability Questions	**Yes/No/NA**	**Evidence**	
	Are there sources of renewable energy which could be used to power the development?			

DESIGN				
Location and Layout	**Requirements**	**Met**	**Evidence**	**Policies**
	Provide a Transport report (for 5+ dwelling apps)	☐		**NPPF:** Chapter 9 : Promoting Sustainable Transport Chapter 14: Meeting the challenge of climate change, flooding and coastal change **Planning Practice Guidance:** Flood risk and coastal change **Eastbourne Core Strategy:** Policy 10a Design Policy D9: Natural Environment Policy D8: Sustainable Travel Policy D1: Sustainable Development **Borough Plan Saved Policies:** NE4: Sustainable
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Does the development provide adequate cycle parking, and include details of location, security and design?			
Features	**Requirements**	**Met**	**Evidence**	
	Adequately address the need to reduce resource and energy consumption	☐		
	Well designed and easy to use waste and recycling facilities	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Has an 'Electric Vehicle Charging Scheme' document been submitted that identifies how electric vehicle charging points are provided as set out in the Electric Vehicle Charging Points TAN?			
	If the development provides above minimum car parking requirements have you submitted a justification for such?			
	Have you submitted the waste and			

	recycling checklist within the [Guidance for Property Developers]			Drainage Systems NE5: Minimisation of Construction Industry Waste NE6: Recycling Facilities NE7: Waste Minimisation Measures in Residential Development
	Does the design allow for easy maintenance of its constituent parts?			
	Have you considered space for Working from Home?			
	Does the development protect the future amenity of residents?			
	Is amenity space provided within the development?			
	Do any of the design features require on-going management? If so, is there a maintenance plan?			
Materials	Does the building fabric exceed the minimum regulations on thermal efficiency?			
	Are the materials themselves for construction harmful to the environment in any way?			
Waste	**Requirements**	**Met**	**Evidence**	
	Consider the Waste Hierarchy	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Are there existing buildings on the site? Has their reuse and refurbishment been considered, to prevent any unnecessary demolition?			
	How will you minimise the quantities of new materials used?			
	Can the demolition material be repurposed for use in the development?			
	Are locally sourced materials used to reduce the amount of travelling required?			

CLIMATE RESILIENCE				
Flood	**Requirements**	**Met**	**Evidence**	**Policies**
	If the site is within Flood zone 2/3,	☐		**NPPF:**

	provide a Flood Risk Assessment to be evaluated by the Environment Agency			Paragraphs 155-165 **Planning Practice Guidance:** Flood risk and coastal change Climate Change **Eastbourne Core Strategy**: Policy D9: Natural Environment **Borough Plan Saved Policies:** US4: Flood Protection and Surface Water Disposal
	Ensure there is no increase in surface water runoff from the development	☐		
	Include a Sustainable drainage system (SuDS)	☐		
	Additional Sustainability Questions	**Yes / No / NA**	**Evidence**	
	Has the impact of flooding on the proposed development been considered?			
	Is there a Sustainable Drainage Scheme, supported by technical reports and details of whole life management and maintenance?			

Appendix 3: Sustainability Checklist for Householder Developments

Please note that the submission of information should be proportionate to the scale of development being proposed

DESIGN EFFICIENCY AND CLIMATE RESILIANCE				
	Questions	**Yes / No / NA**	**Evidence**	**Policies**
Design	Does the proposal adequately address the need to reduce resource and energy consumption			**NPPF:** Chapter 14: Meeting the challenge of Climate Change, flooding and coastal change **Planning Practice Guidance:** Renewable and low carbon energy Climate Change **Eastbourne Core Strategy:** Policy D1: Sustainable Development Policy D9: Natural Environment Policy 10a: Design **Borough Plan Saved Policies:** NE5: Minimisation of Construction Industry Waste NE7: Waste Minimisation Measures in Residential Development NE28: Environmental
	If proposing a new or replacement garage has an 'Electric Vehicle Charging Scheme' document been submitted that identifies how electric vehicle charging points are provided as set out in the Electric Vehicle Charging Points TAN?			
	Does the design allow for easy maintenance of its constituent parts?			
	Are the materials themselves for construction harmful to the environment in any way?			
Efficiency	Does the design ensure that the development takes every opportunity to reduce the amount of energy required to 'use' the development?			
	Have Energy Efficient Materials been considered for the construction?			
Climate R...	Are existing mature trees and hedgerows or other habitats retained			
	Ensure there is no increase in surface water runoff from the development			
	Have water efficient appliances been considered?			
	Have you considered the Waste Hierarchy?			
	Are there existing buildings on the site? Has their reuse and refurbishment been considered, to			

	prevent any unnecessary demolition?			Amenity US4: Flood Protection and Surface Water Disposal **Other:** Electric Vehicle Charging Point TAN
	How will you minimise the quantities of new materials used?			
	Can the demolition material be repurposed for use in the development?			
	Are locally sourced materials used to reduce the amount of travelling required?			

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EASTBOURNE
Borough Council

BIODIVERSITY NET GAIN

PLANNING POLICY
TECHNICAL ADVICE NOTE

SEPTEMBER 2021

BIODIVERSITY NET GAIN

Technical Advice Note

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1. Introduction

1.1 Biodiversity Net Gain is an approach to development and land management that aims to leave the natural environment in a measurably better state than it was beforehand.

1.2 Preserving and enhancing biodiversity in the development process is currently a consideration in the planning system that must be taken into account along with a number of other considerations. Given the seriousness of the issue of the continuing decline in Biodiversity in the UK and globally, this approach needs to change. It is no longer enough to identify protected species and aim to conserve designated sites through the development process.

1.3 Eastbourne Borough Council’s Corporate Plan has made a clear commitment to enhancing biodiversity. As a result, biodiversity should be a priority in development as a general principle, and that open spaces, new buildings and development design should deliver biodiversity benefits throughout. The Council is considering how it can help to reverse the decline in biodiversity while continuing to provide the housing and commercial development necessary for our thriving communities’ economic and social prosperity.

1.4 The UK government is also seeking to drive Nature Recovery through a number of measures including the mandating of measurable Biodiversity Net Gain in new development in the Environment Bill, which is likely to become law in 2021.

1.5 The continued protection of the habitats and species designated nationally and locally for their rarity or importance will not be compromised by this new approach.

1.6 The National Planning Policy Framework already requires local planning authorities to encourage developers to incorporate biodiversity improvements in and around developments, especially where this can secure measurable net gains for biodiversity.

1.7 This Technical Advice Note builds on the NPPF requirements and, in advance of biodiversity net gain being mandated through the Environment

Act, aims to provide developers and the public with guidance in relation to Eastbourne Borough Council's expectations of Biodiversity Net Gain by development in the area of the Borough that is outside of the South Downs National Park.

2. Biodiversity and Climate Change

2.1 It has been widely acknowledged that climate change and biodiversity are interconnected. Climate change has negative impacts on biodiversity and is likely to become one of the most significant drivers of biodiversity loss, and loss of biodiversity will have significant direct and indirect impacts on human life and human well-being. However, biodiversity also makes an important contribution to climate change mitigation and adaptation, which means that conserving and promoting biodiversity is critical in the fight against climate change.

2.2 The National Biodiversity Network's State of Nature 2019[1] report suggests that the UK is amongst the most nature-depleted countries in the world with 41% of our species in decline since 1970 and 15% threatened with extinction. The report highlights that the UK's wildlife continues to decline due to increased pollution, intensive farming methods and the expansion of the built environment all contributing to biodiversity loss, in addition to climate change.

2.3 On 10th July 2019, Eastbourne Borough Council declared a 'climate emergency' and committed to working in close partnership with local groups and stakeholders to deliver a carbon neutral town by 2030. Arresting biodiversity losses is inextricably tied to climate resilience, flooding impacts, the ability to sequester and store carbon, and achieving the desired sustainable, carbon neutral communities.

[1] https://nbn.org.uk/stateofnature2019/

3. Background

3.1 Planning Policy for biodiversity in the UK has been moving in recent years from simply ensuring the **conservation** of the natural world throughout the planning process, to a position where habitats and wildlife are instead **enhanced** by those very developments.

3.2 Section 40 of the Natural Environment and Rural Communities Act 2006 places a duty on local planning authorities to have regard, in the exercise of their functions, to the purpose of conserving biodiversity in making decisions on planning applications.

3.3 In 2018, the Department for Environment, Food and Rural Affairs (DEFRA) published '*A Green Future: Our 25 Year Plan to Improve the Environment*', which sets out the Government's aims to deliver cleaner air and water in cities and rural landscapes, protect threatened species and provide richer wildlife habitats, and generally "*leave the environment in a better state than we found it*".

3.4 As part of achieving this aim, it identifies the principle of embedding an 'environmental net gain' to put the environment at the heart of planning and development to create better places for people to live and work. The plan outlines the intention to strengthen the requirement for planning authorities to ensure environmental net gains across their areas, and consult on making this mandatory.

3.5 A Government consultation took place in late 2018 to seek views on proposals to make biodiversity net gain mandatory for developments when granting planning permission. The subsequent 2019 Spring Statement confirmed that the government will use the forthcoming Environment Bill to mandate biodiversity net gain for development in England to ensure that the delivery of much-needed infrastructure and housing is not at the expense of vital biodiversity.

3.6 An Environment Bill summer policy statement (July 2019) outlined that developers will be required to ensure habitats for wildlife are enhanced, with a minimum 10% increase in habitat value for wildlife compared with the pre-development baseline. It also identified exemptions for certain types of development, protections for 'irreplaceable habitats', and how net gain will be administered.

3.7 On 30 January 2020, the Government reintroduced the Environment Bill following the general election. The Bill, which sets out the future governance framework for environmental law once the UK leaves the EU, is currently making its way through Parliament. It is proposed that the biodiversity net gain requirement will come in force after a two-year 'transition period' after the Bill receives royal assent.

3.8 In advance of the biodiversity net gain requirement coming into force, expected to be in 2022, Eastbourne Borough Council are setting out expectations for how biodiversity net gain should be taken into consideration in light of the current policy expectations. This is in addition to and not in place of site specific or species specific enhancement or mitigation that may be highlighted through a site specific Ecological Appraisal or any requirements of any other legislation.

3.9 This TAN should also be read in conjunction with the Eastbourne Biodiversity Strategy 2021-2025 available on the Council's website[2].

4. Policy Context

4.1 The National Planning Policy Framework [NPPF] is a material consideration in the determination of planning applications.

4.2 The NPPF (2019) requires that, when determining planning applications, local planning authorities should apply the principle that 'opportunities to incorporate biodiversity improvements in and around developments should be encouraged, especially where this can secure measurable net gains for biodiversity' (NPPF, para 175).

4.3 It further states that planning decisions should contribute to and enhance the natural and local environment by minimising impacts on and providing net gains for biodiversity (NPPF, para 170).

4.4 There is further reference to net gains, with a requirement for planning policies and decisions to take opportunities to achieve net environmental

[2] https://www.lewes-eastbourne.gov.uk/community/climate-change/

gains – such as developments that would enable new habitat creation (NPPF, para 118).

4.5 Planning Practice Guidance[3] confirms that planning conditions or obligations can be used to require that a planning permission provides for works that will measurably increase biodiversity.

4.6 The Eastbourne Core Strategy Local Plan was adopted in February 2013. It identifies biodiversity as a key spatial objective in protecting and enhancing the local distinctiveness of Eastbourne.

4.7 Core Policy D9: Natural Environment promotes effective conservation and enhancement of Eastbourne's wildlife by identifying measures to preserve and enhance the geology, habitats and species of importance, and by ensuring that development seeks to enhance biodiversity through the inclusion of wildlife needs in design.

4.8 The Eastbourne Borough Plan (2001-2011) was adopted in 2003 and contains a number of saved policies which are still used to determine planning applications[4]. Policies NE22 and NE23 recognise the value of wildlife habitats and/or species of flora and fauna.

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[3] Natural Environment - Paragraph: 023 Reference ID: 8-023-20190721

[4] The saved policies will remain as local policies until they are replaced by the new Local Plan.

5. Expectations for Biodiversity Net Gain in New Development

5.1 Once enacted, the Environment Bill will require developers to ensure habitats for wildlife are enhanced with a measurable increase in biodiversity.

5.2 Eastbourne Borough Council supports this approach, and in advance of biodiversity net gain becoming mandated, will ask that development proposals incorporate Biodiversity Net Gain principles and provide evidence with the planning application of how Biodiversity Net Gain will be achieved.

5.3 Prior to Biodiversity Net Gain becoming mandatory through the Environment Act, this Guidance Note will be used to inform applicants of the Council's expectations so that the necessary integration of biodiversity can inform the design of development.

Measuring Biodiversity

5.4 The Council expects that biodiversity will be measured using the DEFRA Biodiversity Metric, in line with Planning Practice Guidance[5], or other appropriate method to be agreed, and that this is used to demonstrate that a biodiversity net gain outcome is being achieved.

5.5 The latest DEFRA Biodiversity Metric and User Guide can be obtained from the Natural England website:

http://publications.naturalengland.org.uk/publication/5850908674228224

5.6 Further details on measuring biodiversity and the use of the DEFRA Biodiversity Metric are provided later in this document.

[5] Natural Environment - Paragraph: 023 Reference ID: 8-023-20190721

Expectation by application type

5.7 The Council expects that major planning applications will demonstrate a minimum 10% increase in Biodiversity Net Gain, and would encourage applications to consider achieving higher net gains in proposals.

5.8 A **Major** application is a development proposal that meets the following criteria:

- Residential: 10 or more dwellings / over half a hectare / building(s) exceeds 1000m² floorspace
- Commercial: 1,000m² or more floorspace / 1 or more hectares

5.9 Other planning applications submitted within the area for which Eastbourne Borough Council is the planning authority (i.e. outside the South Downs National Park) are expected to meet the criteria in Table 1.

Table 1 - Expectations by application type

Expectations by Application Type	**Major applications** *10+ dwellings / over 0.5 hectare / building(s) exceeds 1000sqm floorspace*	**Minor applications** *Less than 10 dwellings or less than 1,000sqm of commercial floorspace*	**Householder** *(extensions / outbuildings) and change of use applications*	**Permitted development** *The Town and Country Planning (General Permitted Development) (England) Order 2015 [as amended]*
Eastbourne Borough Council expectation	Minimum 10% biodiversity net gain expectation with encouragement for higher net gains	Expectation of some net gain	Net gain encouraged	Net gain encouraged
Anticipated national requirement	Minimum 10% biodiversity net gain requirement expected to be introduced with Environment Bill	Simplified version of metric expected to be introduced with modifying condition values pre-populated	Expected to be exempt	Expected to be exempt

5.10 The **Sustainability in Development TAN** provides a checklist for consideration of sustainability issues in Major and Minor planning applications, including biodiversity requirements and considerations. This checklist includes how evidence showing how biodiversity net gain has been considered in the proposal should be submitted. The relevant checklist should be completed and submitted with the planning application.

5.11 Other types of applications are encouraged to submit a statement outlining how they have considered biodiversity net gain in the proposal.

Other Biodiversity Principles

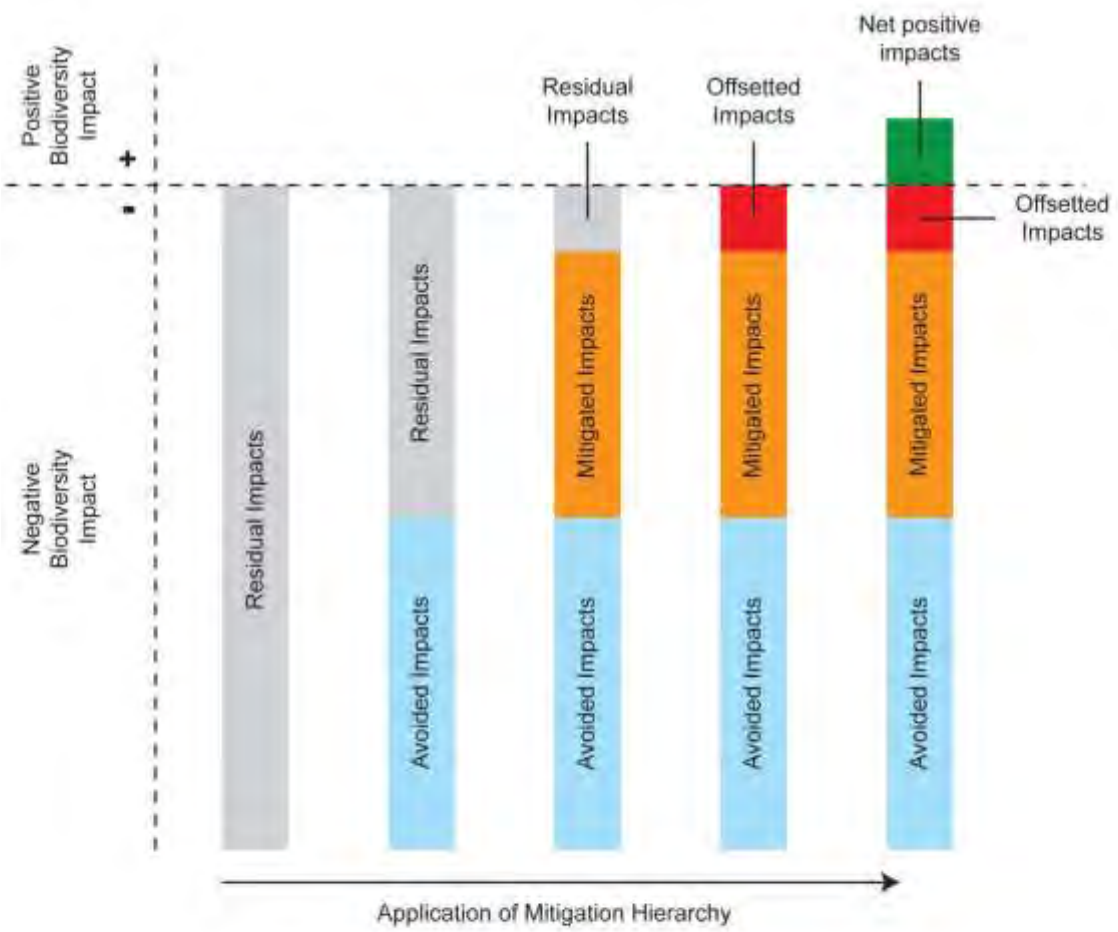
5.12 The Council expects that other biodiversity principles are fully considered alongside biodiversity net gain. Biodiversity net gain does not replace existing protections (designated sites, protected species); and it does not apply to irreplaceable habitat. There are laws to protect important sites and species from harm, for which Natural England have enforcement powers.

5.13 The NPPF requires that, when determining planning applications, local planning authorities should apply the ‘mitigation hierarchy’ of avoid, mitigate, compensate, and where a development cannot satisfy the requirements of the ‘mitigation hierarchy’, planning permission should be refused (para 175). The mitigation hierarchy is shown in Figure 1.

Figure 1 - Biodiversity Mitigation Hierarchy

5.14 The biodiversity mitigation hierarchy is a separate consideration from biodiversity net gain, and the introduction of biodiversity net gain does not weaken, undermine or replace the mitigation hierarchy as the primary consideration. Net gain is additional to the hierarchy and only applies once the impacts on biodiversity have been avoided, mitigated and compensated. Figure 2 shows how biodiversity net gain is in addition to the mitigation hierarchy.

Figure 2 - Application of the Mitigation Hierarchy and Net Gain



Pre-emptive Clearance

5.15 The council **will not** tolerate the deliberate clearing of valuable habitats before the application process. Where there is evidence of deliberate neglect or damage to any of the habitats and species, their deteriorated condition will not be taken into consideration and the ecological potential of the site will be used to decide the acceptability of any development proposals.

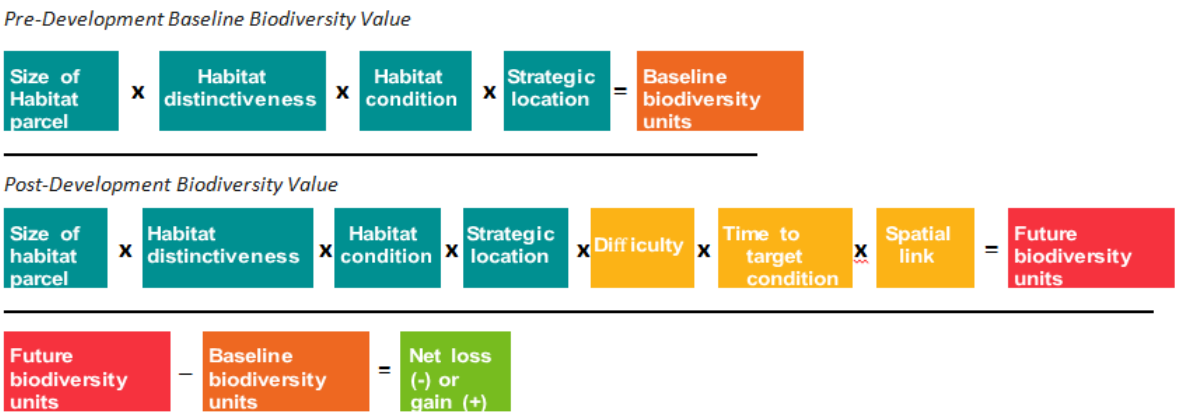
6. Measuring Biodiversity Using the DEFRA Metric

6.1 The DEFRA Biodiversity metric should be used to assign a ‘score’ to the site in terms of its biodiversity. This scoring should be undertaken in accordance with the most up to date DEFRA Metric which enables the user to measure different habitat types in “biodiversity units”, based on criteria such as the habitat distinctiveness, condition and extent.

6.2 The DEFRA metric should be used to assign a unit score to the site prior to development. The information needed to populate the metric should be taken from habitat surveys of the site before development and any related habitat clearance or management. It should then be used to assign an estimated unit score to the site after the proposed development takes place, taking into account habitats proposed on-site and if necessary, and additional habitat improvement off-site.

6.3 The level of net gain is established by comparing the ‘pre-development’ unit score with the ‘post development’ unit score. For major development, the ‘post-development’ unit score must represent a 10% increase on the ‘pre-development’ unit score. The process is described in Figure 3

Figure 3 - DEFRA Metric calculation



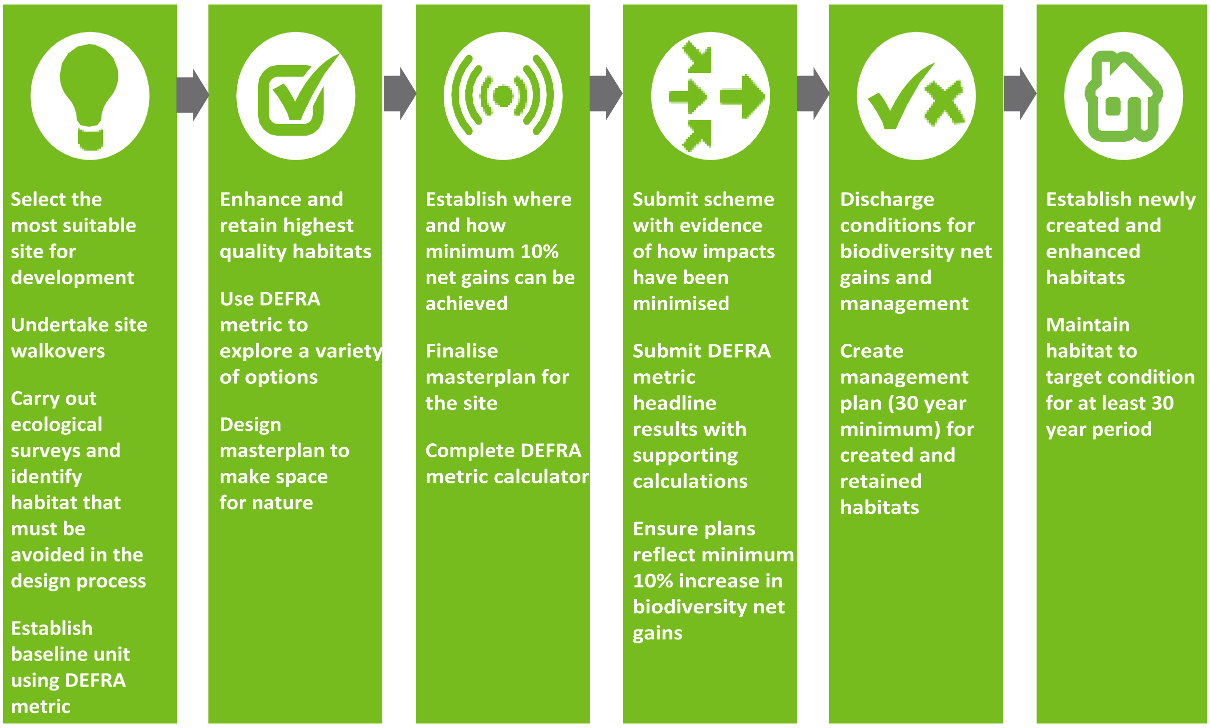
6.4 The DEFRA Metric calculations must be made by a suitably qualified ecologist[6] who will need to undertake an appropriate on-site ecological appraisal (to best practice standards) with the evidence base supported by robust and transparent survey information and justification.

6.5 For an in depth explanation of the DEFRA Metric, please see the DEFRA Metric User Guide or obtain advice from a suitably qualified ecologist.

[6] Holds a degree or equivalent qualification in ecology or a related subject. Is a practicing ecologist, with a minimum of three years relevant experience if working without the support of a more senior ecologist. Is covered by a professional code of conduct and subject to peer review

7. Biodiversity Net Gain on Major Development

7.1 Applicants will be expected to demonstrate how they have integrated biodiversity into the development proposal at the earliest stages by following the process set out below:



7.2 Net gain for biodiversity is defined as delivering more or better habitats for biodiversity and demonstrating this through the use of the DEFRA biodiversity metric. It encourages development that delivers biodiversity improvements through habitat creation or enhancement. An expectation for Biodiversity Net Gains should be borne in mind in decisions to acquire sites. Biodiversity net gain should then be designed into the scheme at the earliest point, and should be suitable to the locality.

7.3 The Wildlife Trust publication '*How to build housing in a nature friendly way*'[7] identifies some methods that biodiversity net gain can be designed into a scheme, and an extract from this publication is provided as Figure 1. However, it should be noted that many of these options are not applicable to the DEFRA metric, which is limited to enhancement / creation of habitats,

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[7] https://www.wildlifetrusts.org/sites/default/files/2018-05/homes_for_people_and_wildlife_lr_-_spreads.pdf

Figure 4 – Extract from *Homes for Wildlife and People – How to build houses in a nature friendly way: A Wildlife Trusts Publication (January 2018)*

Housing developments can provide accessible natural areas close to people's homes, designed to complement the wider local landscape and linking up large, nature-rich open spaces with a network of green and blue corridors. Long-term, well-funded management of these wild, open spaces would provide an environment perfect for both people and wildlife. Features could include:

1. Permeable driveways to help reduce flood risk
2. Trees, hedgerows, water and other habitats integrated with development
3. Wildflower verges along roads and formal open spaces
4. Lighting designed to avoid disturbing wildlife
5. Sustainable urban drainage, swales and raingardens for wildlife and flood relief
6. Bat roosts, bird boxes and other wildlife features designed into buildings
7. Renewable energy and water efficiency built in from the outset
8. Safe, attractive, connective pedestrian and cycle routes
9. Features and corridors to help invertebrates, reptiles, hedgehogs and other mammals
10. Wildlife-friendly green roofs and walls
11. Native, wildlife-friendly plants of local origin used in gardens and landscaping
12. Wildlife-permeable boundaries between gardens and open space
13. Allotments and community orchards for local food
14. Street trees for wildlife, shade and improved air quality
15. Interpretation panel to help people understand the needs of wildlife and the environment

7.4 Other ways of designing schemes that promote biodiversity and deliver opportunities for net gain could include:

Planting and Landscaping

- Design landscaping with biodiversity in mind
- Use native species of seasonal value and interest to local wildlife in planting schemes
- Create wildlife corridors with rough grassland areas, hedges, tress or scrubs with appropriate management regimes
- Plant nature depleted open spaces with plug plants, saplings or native grass and wildflower mixes appropriate to the site and local soils.
- Encourage allotment creation with hedgerows, fruit tree avenues, beetle banks and other wildlife corridors
- Create environmental features in parks and open spaces, including copses, ponds, ditches, rough areas and dead wood piles
- Where appropriate and safe to do so, provide some standing dead wood or lying dead wood.
- Maximise tree canopy cover with the aim of covering no less than 20% of the developed area
- Link site to a network of green corridors within the locality and seek to compliment the Nature Recovery Network by delivering habitats that can provide connectivity and function
- Provide wildflower meadows, grass-cut mazes or verges that are appropriate in a semi-urban context.
- Consider the potential for planting new community orchards using local varieties of apple, pear and plum
- Create a mix of spaces with public access and areas protected from disturbance.

Drainage and Water Management

- Include reedbed and willow filtration systems within sustainable drainage systems (SUDS)
- Provide soft-edged drainage ditches in place of underground pipes where possible.

- Provide a sizeable amount of rough grass and if possible woodland, to encourage newts, frogs and toads and other water-loving creatures
- Where there are natural streams or rivers adjoining the development retain rough riparian grassland or sandy banks with some overhanging trees to encouragewildlife .
- Consider soft engineering options instead of canalising watercourses.
- Consider building a sand martin wall in a relatively undisturbed area

Habitat Creation

- Incorporate green walls by providing climbing plants on unused walls as nesting habitat for birds, bat roosts and for invertebrates
- Consider the use of green or 'living' roofs that feature local native vegetation.
- Provide integral house 'bricks' for swifts and bats
- Encourage the use of bat boxes, house sparrow boxes, house martin/swallow nests etc.
- Encourage wildlife-friendly climbing plants on houses and boundary fences/walls

7.5 Priorities for habitat enhancement and creation should include vegetated shingle, chalk grassland, floodplain grazing marsh, creeks, cliffs and maritime slopes.

75 Once the scheme has been designed and it can be demonstrate that Biodiversity Net Gain is being achieved, the management of the biodiversity on-site will need to be considered. In line with DEFRA recommendations, developments should be monitored for 30 years to ensure that they accord with their biodiversity commitments.

7.6 In order to demonstrate how proposals meet the requirements for biodiversity net gain, major applications will be expected to:

1. Establish Baseline Biodiversity Unit Score (Pre-development)

Assess the existing number of Biodiversity Units on the site (pre-development) using the latest version of the DEFRA Metric as part of on-site ecological appraisals performed by a suitably qualified ecologist.

2. **Design net gains into development proposals**

Use the information to design the site layout using the principles of the Mitigation Hierarchy. All schemes need to evidence base early consideration of habitat retention and enhancement of the best quality habitats on site. This should already be evidenced through the Ecology Assessment.

3. **Calculate Projected Biodiversity Unit Score (Post-development)**

Calculate the Headline Results of the Biodiversity Net Gain Metric for the completed development (final design scheme) alongside standard environmental reporting such as Environmental Impact Assessments and ecology surveys.

This must demonstrate how a minimum 10% Net Gains will be achieved over a 30 year time period. If it does not, return to stage 2 and re-design the scheme to create additional biodiversity net gain.

4. **Submit Biodiversity calculations for validation**

The submission of a stand-alone document that shows a minimum 10% Net Gain increase in biodiversity from the DEFRA Metric, along with its associated calculations, should be provided at validation stage.

5. **Formulate a Post Construction Environment Management Plan.**

Establish a management plan to ensure that the post development enhanced habitats can be effectively managed to achieve their target condition for a minimum 30 year period in line with DEFRA recommendations. This may be secured by way of planning condition.

<u>What if Biodiversity Net Gain cannot be achieved on site?</u>

7.7 Only in exceptional circumstances, where all possibilities for on-site retention, reduction, mitigation and on-site compensation have been exhausted, the applicant may explore measures for the creation of compensatory biodiversity units on separate land to the application site. This is known as biodiversity offsetting.

7.8 Such off-site compensation must demonstrate the re-creation of the unit value of the biodiversity lost, plus the additional 10% Biodiversity Net Gain enhancement as a minimum. It must also demonstrate the provision of replacement habitats that are either of the same habitat type or of a higher quality.

7.9 Where biodiversity net gain cannot be delivered on-site, there will be a clear requirement for off-site biodiversity to deliver towards a strategic vision to ensure that benefits to biodiversity are maximised and that there is a clear mechanism for delivery. Planning Practice Guidance[8] identifies that such off-site measures can sometimes be secured from 'habitat banks', which comprise areas of enhanced or created habitats which generate biodiversity unit 'credits'. Offsetting should ideally be within Eastbourne or surrounding areas to provide the most benefit locally, and details must be fully set out in any submission.

7.10 The forthcoming Environment Bill intends to introduce Conservation Covenants. These are private agreements between a landowner and a "responsible body" that can be used as an alternative way to create and retain habitats for the 30 year period recommended by DEFRA. Once the Environment Bill achieves Royal Assent it is expected that applicants will be able to include draft conservation covenants with their applications. Further details will be available on this soon.

7.11 Given biodiversity net gain should be considered from the outset of a project, information that is proportionate to the proposal and stage of the project should be submitted with requests for pre-application advice. Equally, with Outline or Reserved Matters applications, the information provided should be relevant and proportionate to the matters for consideration.

[8] Natural Environment - Paragraph: 023 Reference ID: 8-023-20190721

8. Biodiversity Net Gain on Minor Development

8.1 Applications for smaller sites comprising minor development will not initially require the submission of a DEFRA metric calculation. However, applicants could still seek a clear understanding of their development site in terms of the ecology that is present and how the site functions within the current landscape, prior to development. By having this level of understanding, it allow consideration of any biodiversity enhancements that could provide biodiversity net gain, and applicants are encouraged to incorporate the design features identified in Section 7 in a way that is proportionate to the scheme.

8.2 A more simple points-based system is being developed and it may be possible in the future to use this for applications in the Local Authority areas. This will provide an easy to use and robust form of biodiversity measurement which will enable the developer and Local Authority to make informed decisions about the retention, mitigation and enhancement of existing biodiversity.

8.3 Until that time developers still need to follow the wider planning guidance to provide biodiversity net gain set out in the NPPF and Local Plan (above).

Further Reading

DEFRA Biodiversity Metric and User Guide

http://publications.naturalengland.org.uk/publication/5850908674228224

National Planning Policy Framework (NPPF), 2019
https://www.gov.uk/government/publications/national-planning-policy-framework--2

Sussex Biodiversity Record Centre – *a recognised source for biodiversity information in Sussex*

https://sxbrc.org.uk/home/

The Wildlife Trusts: How to build housing in a nature friendly way

https://www.wildlifetrusts.org/sites/default/files/2018-05/homes_for_people_and_wildlife_lr_-_spreads.pdf

CIEEM: Biodiversity Net Gain – Principle and Guidance for UK Construction and Developments:

- Good Practice Principles for Development: https://cieem.net/resource/biodiversity-net-gain-good-practice-principles-for-development/
- Good Practice Principles – A Practical Guide: https://cieem.net/resource/biodiversity-net-gain-good-practice-principles-for-development-a-practical-guide/
- Case Studies: https://cieem.net/resource/biodiversity-net-gain-case-studies/

BSI British Standard

https://www.bsigroup.com/en-GB/industries-and-sectors/construction-and-the-built-environment/corporate-social-responsibility-and-environment-management/

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Appendix 4

EASTBOURNE
Borough Council

ELECTRIC VEHICLE CHARGING POINTS

PLANNING POLICY
TECHNICAL ADVICE NOTE

SEPTEMBER 2021

ELECTRIC VEHICLE CHARGING POINTS

Technical Advice Note

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Executive Summary

In July 2019, Eastbourne Borough Council declared a climate emergency and set the ambition for Eastbourne to be a carbon neutral town by 2030.

Transport is a significant contributor to carbon emissions in Eastbourne, and increasing in the share of vehicles that are Ultra Low Emissions Vehicles (ULEVs) is a step on the way to reducing these emissions.

Increasing the use of ULEVs will require the installation of appropriate infrastructure, such as Electric Vehicle Charging Points (EVCPs), and Eastbourne Borough Council can support this by expecting provision for electric vehicle charging points to be made within new development.

It is anticipated that the new Eastbourne Local Plan, which is currently under preparation, will set out requirements for EVCPs in new development. However in advance of this, an Electric Vehicle Charging Point Technical Advice Note (TAN) has been prepared to encourage applicants to make provision for EVCPs in proposals for new development, and provide guidance and advice on how this infrastructure could be provided.

Proposals for new housing and commercial development will be expected to make provision for EVCPs and meet the criteria set out in this TAN, and planning applications will be expected to include an 'electric vehicle charging scheme' such that it can be determined from the planning application how the development supports the provision of infrastructure.

This is consistent with national planning policy and practice guidance, which itself can be taken into account in the determination of a planning application.

These expectations are derived from and consistent with the approach taken by a number of other local authorities, some of which are evidenced later in this guidance.

Expectations for charging points in new development

Flats	• Where flatted development has integrated parking bays (undercroft or parking court); • Provision is made for electric charging points * for each unit with an allocated parking space; and • Non-allocated spaces are provided with at least 25% having electric charging points installed.
Houses	Where houses are provided with a garage or driveway, **one EV Charging Unit* per dwelling**.
Garages	Where domestic garages are provided, new or replacement, **one standard EV Charging Unit per garage****.
Non-residential	Provision should made at the following minimum rates: • 1-20 car parking spaces – 0 spaces • 21-50 car parking spaces – 1 space with 1 electric charging point • 51-100 car parking spaces – 2 Spaces with 1 electric charging point 1 space with 1 electric charging point per 100 car parking spaces thereafter All are to be provided with a Fast EV Charging Unit***.

** Minimum requirement: 16 Amp socket located either in a garage or in close proximity to a dedicated car parking place. In the absence of a garage, a wall mounted external socket would be expected.*

*** Minimum requirement: 16 Amp socket located inside the unit.*

**** Minimum requirement; 32 Amp socket. Commercial standalone charging units provide 2 chargers, meaning 100 spaces requires 1 standalone unit.*

In addition to the above 30% of all parking provision should have ‘passive provision’ to allow conversion at a later date.

1. Introduction

1.1 On 10th July 2019, Eastbourne Borough Council declared a climate change emergency and committed to continue working in close partnership with local groups and stakeholders to deliver a carbon neutral town by 2030.

1.2 Transport is a significant contributor to carbon emissions. Currently, the vast majority of vehicles in use on the roads of Eastbourne run on petrol or diesel, and the emissions that these fuels produce are known to impact on the environment and human health.

1.3 To achieve a carbon neutral town, the issue of carbon emissions from transport will need to be addressed, and in order to do this, Eastbourne Borough Council is seeking to encourage a higher proportion of vehicles to be Ultra Low Emissions Vehicles (ULEVs).

1.4 The take-up of ULEVs, particularly electric cars, will depend on the availability of infrastructure to service them. Therefore the provision of electric vehicle charging points in new development should help to increase the number of electric vehicles being used in Eastbourne.

1.5 Planning policy can assist with this by setting requirements for new development to make provision for Electric Vehicle Charging Points (EVCPs). It is anticipated that such policies will be included within the new Eastbourne Local Plan, which is currently being prepared.

1.6 In advance of the new Eastbourne Local Plan, this Technical Advice Note (TAN) has been prepared to encourage applicants to make provision for EVCPs in proposals for new development, and provide guidance and advice on how this infrastructure could be provided. It also provides a summary of existing technologies and the current situation in the UK, using case studies and examples of best practice.

1.7 As such, this TAN represents the starting point of the council's journey to formulating policy surrounding the provision of EVCP infrastructure in new development, until more detailed evidence can be gathered and planning policy can be development in the new local plan.

2. Background

2.1 Transport is a significant contributor to carbon emissions in Eastbourne, and whilst emissions from commercial and domestic energy have fallen significantly since 2005, carbon emissions from transport have remained at the same level.

2.2 In 2017, as a way of significantly reducing emissions and improving air quality, the UK government announced their intention to end the sale of conventional petrol and diesel cars and vans by 2040. In 2020, this deadline was shortened to 2030 to accelerate the transition to electric vehicles.

2.3 These targets have started to increase take-up of ULEV technologies, however there are challenges associated with bringing to market technologies that are accepted by the consumer and affordable. One of these challenges is the provision of the necessary infrastructure to support the change.

2.4 Following Eastbourne Borough Council's climate emergency declaration in 2019, a Climate Emergency Strategy was published in 2020, which identifies that one of the most important steps to reducing transport emissions in Eastbourne is the transition to electric vehicles.

2.5 Further, the Eastbourne Corporate Plan 2020-2024 identifies that achieving ambitions for a low carbon place can be assisted by the provision of electric vehicle charging points throughout the Borough, which should enable greater take-up of ULEVs.

2.6 It is recognised that ULEVs are not the answer to carbon neutrality on their own – reducing the need to travel and switching trips to walking, cycling and public transport will also play a significant role in this. However, it is accepted that a certain amount of car use is likely to be necessary, especially where people have mobility problems, but as much car use as possible should be through ultra-low emission cars.

2.7 In addition to reducing carbon emissions, another benefit of ULEVs is their ability to reduce, although not eliminate, air pollutants that impact on human health.

2.8 Evidence collated by Defra, Public Health England and the Local Government Association[1] indicates that even short-term exposure to high levels of air pollution can induce a range of adverse health effects. The health implications include the exacerbation of pre-existing conditions such as asthma. The World Health Organisation (WHO) state that long-term exposure to air pollution can reduce life expectancy due to its negative impact on lung, heart and respiratory conditions. Additionally, the Royal College of Physicians has found emerging links between high levels of air pollution and a range of adverse health effects including dementia, diabetes and effects on the unborn child[2]. In addition to negatively affecting human health, air quality also impacts the environment and climate.

2.9 One of the ways that Eastbourne Borough Council can support ULEVs is by expecting new development to make provision for charging points.

2.10 The majority of vehicle charging will occur overnight in a residential setting; however this will likely need to be supported by 'top up' charges during the day.

2.11 Consequently, it is requested that proposals for new housing and commercial developments make provision for EVCPs, as set out in this TAN. Planning applications are requested to include an 'electric vehicle charging scheme' such that it can be determined how the development supports the provision of infrastructure necessary to fulfil not only the council's vision, but the governments drive to shift to lower polluting technologies.

2.12 The expectations set out in this document would ensure that the Borough reduces locally contributing causes of climate change and shows the authority is being pro-active regarding climate change initiatives. It will also promote a sustainable system of transport and encourage developers to provide the new and upgraded infrastructure that is required to create and support sustainable communities.

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[1] DEFRA - Air Quality: A Briefing for Directors of Public Health, March 2017

[2] Royal College of Physicians 'Every breath we take the lifelong impact of air pollution' (2016)

3. Facts and Figures

3.1 A total of 23,340 tonnes of fuel was consumed by road transport in the Eastbourne Borough in 2018[3], with personal transport accounting for 79% and freight transport accounting for 21% of this total. There was a gradual decline in the total tonnage of fuel used by road transport in the Borough between 2005 and 2018, with personal road transport gradually falling but freight road transport remaining relatively consistent.

3.2 In 2018, 293 kilotonnes (kt) of carbon dioxide (CO_2) was emitted in Eastbourne[4]; of which, 78 kt (27%) came from transportation. Whilst overall carbon emissions have fallen significantly since 2005, carbon emissions from transport have been relatively steady. This may have been impacted by an increase in the number of cars in the town – the number of cars registered in Eastbourne increased by over 5,300 between 2009 and 2019[5].

Figure 1 - Total Registered Cars compared to Number of Registered ULEVs (2019)

Local Authority	Total Registered Cars	Number of Registered ULEVs	% ULEVS
Eastbourne	**47,062**	**178**	**0.38**
Lewes	50,772	375	0.74
Hastings	39,288	141	0.36
Rother	53,273	359	0.67
Wealden	97,858	715	0.73
South East	5,248,508	54,833	1.04
England	27,146,121	240,244	0.89

3.3 The take-up of ULEVs in Eastbourne has been slow. As of 2019, there were a total of 178 ULEVs registered in Eastbourne[6], representing 0.38% of the total cars registered in the Borough – the second lowest of any local

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3 Department of Energy & Climate Change (DECC) Road transport energy consumption

4 Department for Business, Energy & Industrial Strategy, UK local authority and regional carbon dioxide emission national statistics

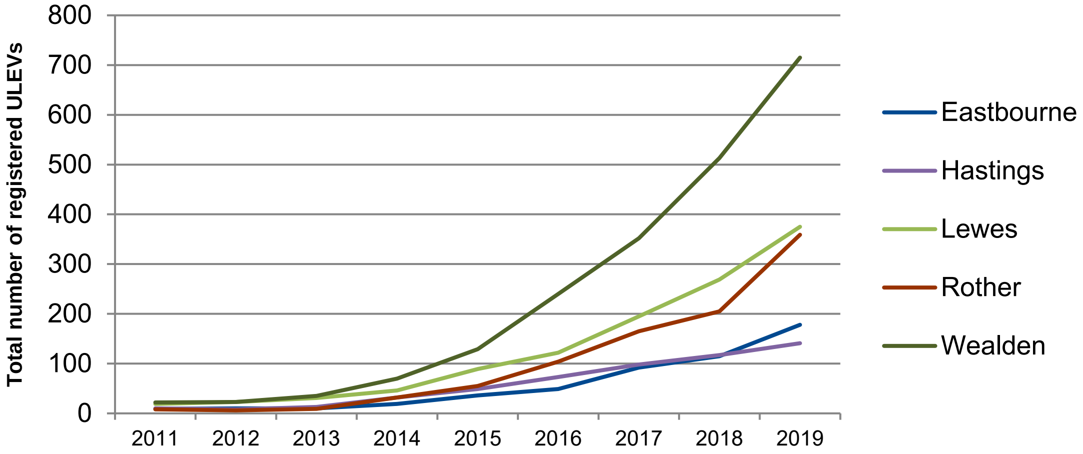
5 Department for Transport (DfT), Vehicle Licensing Statistics series: veh105

6 East Sussex in Figures, Ultra –low emission vehicles 2011-2019

authority in East Sussex (see Figure 1). It is also lower than the regional and national average of 1.04% and 0.89% respectively.

3.4 Whilst the take-up rate of ULEVs in Eastbourne has increased from 9 ULEVs in 2009 to 178 ULEVs in 2019, others parts of East Sussex have seen much more significant increases (Figure 2).

Figure 2 - Change in number of registered ULEVs by Local Authority in East Sussex



3.5 As at January 2021, Department for Transport statistics[7] reported that there were 33 publicly available electric vehicle charging devices in Eastbourne, with 31.8 charging devices per 100,000 population. Eastbourne's rate of publicly available provision per population is the highest in East Sussex, but equivalent to the regional and national averages.

3.6 A survey on electric vehicle charging point infrastructure undertaken jointly by the five district and borough local authorities of East Sussex[8] indicates that lack of public charging infrastructure is a significant barrier for people considering the purchase of an electric vehicle.

3.7 However, 81% of respondents to the survey who already owned an electric vehicle had a dedicated charger installed, and 77% of all respondents to the survey would be willing to have a dedicated home charger installed at their property. Of those who weren't able / willing to have a dedicated home charger installed, a large number cited difficulties with their parking location due to proximity or communal / off-road parking.

[7] Department for Transport (Dft), Publicly available electric vehicle charging devices by local authority: evcd_01

[8] East Sussex Electric Vehicle Charge Point Infrastructure Results Report

4. Planning Policy Context

4.1 The National Planning Policy Framework (NPPF) encourages the provision of EVCPs in development. Paragraph 110 states that 'applications for development should '*be designed to enable charging of plug-in and other ultra-low emission vehicles in safe, accessible and convenient locations*'.

4.2 It is also stated in paragraph 179 of the Framework that '*Planning policies and decisions should sustain and contribute towards compliance with relevant limit values or national objectives for pollutants, taking into account the presence of Air Quality Management Areas and Clean Air Zones, and the cumulative impacts from individual sites in local areas*'.

4.3 Planning Practice Guidance (PPG) indicates that potential reductions in vehicle-related emissions through the provision of electric vehicle charging infrastructure is a consideration that may be relevant to determining a planning application, and infrastructure to promote modes of transport with a low impact on air quality (such as electric vehicle charging points) can help to mitigate impacts of development on air quality[9].

4.4 East Sussex County Council's Guidance for Parking at New Residential Development (2017)[10] outlines the amount and type of parking that should be provided within new residential development. It encourages developers to include EVCPs at all properties with off-street parking. It also encourages consideration for EVCPs for other parking areas.

4.5 The provision of EVCPs in development would be supported by policies set in the Eastbourne Core Strategy Local Plan 2006-2027[11]. Although the situation with regards to ULEVs have developed significantly since the Core Strategy was adopted in 2013, policies do seek to adapt to climate change and reducing potential negative environmental impacts, and promote more sustainable forms of travel. The promotion of ULEVs through the provision of EVCPs is considered to contribute towards this.

[9] Planning Practice Guidance – Air Quality

[10] East Sussex County Council - Guidance for Parking at New Residential Development

[11] Eastbourne Core Strategy Local Plan 2006-2027

5. Current situation in the UK

Available Technology

5.1 ULEV technologies are constantly developing and improving due to high levels of investment from the automotive and other industries. As a result of this investment the capability of chargers and batteries are expected to significantly improve over the coming years.

5.2 Fuel Cell Electric Vehicles (FCEVs) or hydrogen powered vehicles are gaining traction within the freight industry, but from a personal car travel standpoint, predictions are that battery electric vehicles (BEVs) will continue to dominate the ULEV scene. As such, FCEVs will not be considered in this TAN, but EBC will monitor development of the technology, in particular relation to its use within freight transport.

5.3 There are currently three main types of electrical vehicle charging:

- **Rapid** (43, 50 or 120kW) – are the fastest way to charge an EV, and can provide an 80% charge in around 20 minutes. These are typically found at motorway service stations and are more suited for those travelling long distances.
- **Fast** (7-22kW) – can fully recharge some models in 3-4 hours and are the most common type found at workplaces, shopping centres and leisure destinations where cars are parked for an hour or more.
- **Slow** (up to 3kW) – can be used for longer charge times approx. 6-12 hours and are usually installed at residential properties for overnight charging.

5.4 Currently the number of people using electrical vehicles is far outweighed by the number using petrol or diesel vehicles; however, the UK are already a leader in Europe in terms of electric vehicle manufacture and uptake. In their 2017 Air Quality Plan Defra states that the UK had the highest sales of battery electric and plug-in hybrid vehicles in the European Union. The uptake of electric vehicles is likely to increase in the coming years due to improvements in technology and increased affordability. This is supported by the £2.7 billion the UK government has committed to investing in air quality and cleaner transport. Included in this is nearly £100 million which will be invested in the UK's charging infrastructure and funding the Plug-In Car and Plug-In Van Grant Schemes.

5.5 The Government wants to see the majority of charging occur at home, overnight, to avoid occurring during peak electricity demand. Whilst home recharging can be supported by workplace recharging, electric vehicles are expected to predominantly be charged residentially.

Approach of other Local Planning Authorities

London

5.6 The OLEV 'Go Ultra Low City Scheme' (GULCS) scheme has resulted in funding for four exemplar cities to develop innovative EV policies and schemes. London is one of these cities and is also one of the leading European cities for ULEVs.

5.7 The London Plan 2021 requires that residential, retail and employment developments should provide EVCPs, including passive provision as well as active spaces. Active spaces must have fully wired and connected charging points and be ready to use on completion of the development. Passive provision requires the necessary underlying infrastructure for example capacity in the connection to the local electricity distribution network and electricity distribution board, as well as cabling to parking spaces to be in place. This enables simple installation and activation of a charge point at a future date, thus future proofing developments.

5.8 The London Plan 2021 further requires that where parking is provided in new developments, all operational parking must provide infrastructure for electric or other ULEVs, and that the provision of hydrogen refuelling stations and rapid ECVPs at logistics and industrial locations would be supported.

5.9 The Greater London Authority's Land for Industry and Transport SPG sets out the 'Typical Charge Points Technical Standards'[12] and these are shown in Figure 3.

[12] Greater London Authority - Land for Industry and Transport – SPG 2012 Annex 6

Figure 3 - Charge Points Technical Standards in London

	Voltage (V)	Current (Amps)	Nominal charge power (kW)	Typical Application
Standard	230 AC	13-16, single phase	3	Residents Parking Employees Parking
Fast	230 AC	32, single phase	7	Retail/ leisure parking Residential & employment visitor parking
Rapid	400 AC and 500-600 DC	32-63A three phase and up to 125 DC	20-50	Specialist applications

Oxford City Council

5.11 In June 2020, Oxford City Council (OCC) adopted their Local Plan, which contained a policy on EVCPs to support the increase in the uptake of electrical vehicles:

Policy M4 Provision of electric charging points requires:

Where additional parking is to be provided, planning permission will only be granted for new residential developments if;

a) Provision is made for electric charging points for each residential unit with an allocated parking space; and

b) Non-allocated spaces are provided with at least 25% (with a minimum of 2) having electric charging points installed.

Planning permission will only be granted or non-residential development that includes parking spaces if a minimum of 25% of the spaces are provided with electric charging points.

Scarborough Borough Council

5.12 In July 2017, Scarborough Borough Council (SBC) adopted their Local Plan, which contained a new policy on EVCPs:

Policy DEC 2- Electric Vehicle Charging Points

'There will be a requirement that every new residential garage and dedicated marked out residential car parking space within the curtilage of the property should include an electrical socket suitable for charging electric vehicles. For non-residential developments providing 100 car parking bays or more, it is required that at least 2% of those bays should provide well managed rapid charging points for electric vehicles, where the local electricity network is technically able to support this. An exemption would be made for residential apartments with communal parking areas'.

5.13 SBC state that although a single phase 13 amp three-pin domestic socket is adequate for home charging, a dedicated EV unit should be installed. SBC recognise that it is much easier to set up a dedicated charging unit during construction of a property. The cost of installing an EVCP to an existing dwelling is circa £800, this cost is decreased if the unit is installed as part of the construction process. In their assessment, SBC found that installation of an EVCP is very unlikely to impact the viability of a development scheme.

6. Eastbourne Borough Council Expectations

6.1 Delivering an accessible network of EVCPs will play a critical role in facilitating the purchase of electric vehicles. Increasing EVCP provision should ensure residents and businesses have increasing confidence in utilising and purchasing ULEVs as their preferred and most convenient choice of vehicle in Eastbourne. The majority of recharging should take place at home overnight, therefore outside of peak electricity demand. However, home recharging should be supported by workplace recharging and a targeted amount of public infrastructure where it is appropriate…or required?

6.2 To support this EV charging concept, planning applications for new housing and commercial developments should include an 'electric vehicle charging scheme' such that it can be determined from the planning application how the development supports the provision of infrastructure.

6.3 To avoid conditions requiring submission of further information the ‘electric vehicle charging scheme’ should outline the following information;

- Specification of the EVCP socket
- Details of how the electricity to facilitate the charging point is to be sourced, including whether renewable energy sources have been considered;
- The maintenance and management plan of the parking bays and charging points (specifically for non-residential and unallocated spaces in flatted developments)
- The size and design features of the parking bays, confirming they meet ESCC standards.
- The location of the 30% passive provision and how this will be monitored for need and future conversion.

6.4 New developments will be expected to meet the criteria set out in Figure 4. In addition, it is expected that 30% of all parking provision should have ‘passive provision’ such as connection to the local electricity distribution network and electricity distribution board and cabling to parking spaces in place, in order to allow conversion of spaces and installation of EVCPs at a later date.

6.5 These expectations are derived from and consistent with the approach taken by a number of other local authorities. As mentioned throughout this document, this guidance note has been created to encourage EV infrastructure in new development. It is acknowledged that for some development the above expectations may not be feasible due to management requirements, security, or cost of provision for example. If these expectations cannot be met then this should be fully justified in the 'electric vehicle charging scheme' submitted with an application. To avoid delays to applications, it is recommendation that if engaging with a pre-application request with us you submit this document at this stage.

6.6 The requirement for EVCP's does not override East Sussex County Council requirements or guidelines in terms of car parking. For guidance on parking at residential and non-residential development please see the ESCC guidance available from their website[13].

[13] East Sussex County Council - Guidance for Parking at New Residential Development

Figure 4 - Expectations for charging points in new development

Flats	• Where flatted development has integrated parking bays (undercroft or parking court); • Provision is made for electric charging points * for each unit with an allocated parking space; and • Non-allocated spaces are provided with at least 25% having electric charging points installed.
Houses	Where houses are provided with a garage or driveway, one EV Charging Unit* per dwelling.
Garages	Where domestic garages are provided, new or replacement, one standard EV Charging Unit per garage**.
Non-residential	Provision should made at the following minimum rates: • 1-20 car parking spaces – 0 spaces • 21-50 car parking spaces – 1 space with 1 electric charging point • 51-100 car parking spaces – 2 Spaces with 1 electric charging point 1 space with 1 electric charging point per 100 car parking spaces thereafter All are to be provided with a Fast EV Charging Unit***.

** Minimum requirement: 16 Amp socket located either in a garage or in close proximity to a dedicated car parking place. In the absence of a garage, a wall mounted external socket would be expected.*

*** Minimum requirement: 16 Amp socket located inside the unit.*

**** Minimum requirement; 32 Amp socket. Commercial standalone charging units provide 2 chargers, meaning 100 spaces requires 1 standalone unit.*

Further Reading

- Automated and Electric Vehicles Bill 2017-19 - House of Commons Library http://researchbriefings.files.parliament.uk/documents/CBP-8118/CBP-8118.pdf
- Automated and Electric Vehicles Bill 2017-19 – Explanatory Notes https://publications.parliament.uk/pa/bills/cbill/2017-2019/0112/en/18112en.pdf
- Charging Points Statistics, 2018 https://www.zap-map.com/statistics/
- Finding Value in the Electric Vehicle Charging System http://www.ey.com/Publication/vwLUAssets/Finding_value_in_the_electric_vehicle_charging_ecosystem_pdf/$File/Beyond%20the%20plug%20-%20Finding%20value%20in%20the%20electric%20vehicle%20charging%20ecosystem.pdf
- Full list of Electric Vehicle Home charge Scheme approved charge point model list, 2017 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655120/evhs-approved-chargepoint-model-list.csv.csv/preview
- Land for Industry and Transport – SPG 2012. Annex 6: https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance/land-industry-and
- Learn about plug-less charging https://www.pluglesspower.com/learn-about-plugless/
- East Sussex Electric Vehicle Charge Point Infrastructure Results Report https://www.lewes-eastbourne.gov.uk/_resources/assets/inline/full/0/280166.pdf
- Eastbourne Local Plan, Joint Core Strategy, 2013 http://www.lewes-eastbourne.gov.uk/planning-policy/lewes-core-strategy-local-plan-part-1/
- National Planning Policy Framework (NPPF), 2019 https://www.gov.uk/government/publications/national-planning-policy-framework--2
- East Sussex County Council, Guidance for Parking at new residential development, https://www.eastsussex.gov.uk/media/9311/escc-guidance-for-parking-at-residential-developments.pdf
- The London Plan 2021 https://www.london.gov.uk/sites/default/files/the_london_plan_2021.pdf

- The Oxford Local Plan 2016-2036 https://www.oxford.gov.uk/info/20067/planning_policy/1311/oxford_local_plan_2016-2036
- The Scarborough Borough Local Plan 2011-32 https://www.scarborough.gov.uk/home/planning/planning-policy/local-plan/current-local-plan

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