

Scrutiny Committee

13 September 2021



Working in partnership with **Eastbourne Homes**

Time and venue:

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

Membership:

Councillor Tony Freebody (Chair); Councillors Steve Wallis (Deputy-Chair)
Josh Babarinde, Helen Burton, Peter Diplock, Jane Lamb, Amanda Morris and
Robert Smart

Quorum: 2

Published: Friday, 3 September 2021

This meeting is open to the public to attend. Whilst seating is currently very limited due to social distancing guidelines, we ask that if you are planning to attend and observe the meeting, you register in advance (by midday Thursday 8 July 2021) by emailing committees@lewes-eastbourne.gov.uk. We would request that you do not attend unless you have received an email from us confirming your seat reservation. Priority seating will be given to speakers.

Agenda

- 1 **Minutes of the meeting held on 12 July 2021 (Pages 5 - 10)**
- 2 **Apologies for absence / declaration of substitute members**
- 3 **Declarations of Disclosable Pecuniary Interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct**
- 4 **Questions by members of the public**
On matters not already included on the agenda and for which prior written notice has been given (total time allowed 15 minutes).
- 5 **Urgent items of business**
The Chairman to notify the Committee of any items of urgent business to be added to the agenda.

6 Right to address the meeting/order of business

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

7 Update on homelessness placements into Eastbourne by Brighton and Hove City Council

Verbal update from the Head of Homes First.

8 Corporate performance - Q1 2021/22 (Pages 11 - 40)

Part A – Portfolio Progress and Performance

Report of the Deputy Chief executive and Director of Regeneration and Planning

Part B – Financial Performance

Report of the Chief Finance Officer

9 Medium Term Financial Strategy (Pages 41 - 84)

Report of Chief Finance Officer

10 Forward Plan of Cabinet Decisions (Pages 85 - 102)

To receive the Forward Plan of the Cabinet.

11 Scrutiny Committee Work Programme 2021/22 (Pages 103 - 104)

To receive the Scrutiny Committee's Work Programme for 2021/22.

12 Date of the next meeting

To note that the next meeting of the Scrutiny Committee is scheduled to be held on 29 November 2021 in the Court Room, Town Hall, Eastbourne commencing at 6:00pm.

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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Working in partnership with **Eastbourne Homes**

Scrutiny Committee

Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 12 July 2021 at 6.00 pm.

Present:

Councillor Tony Freebody (Chair).

Councillors Steve Wallis (Deputy-Chair), Josh Babarinde, Peter Diplock, Jane Lamb and Robert Smart.

Officers in attendance:

Nathan Haffenden (Head of Commercial Business Development), Jo Harper (Head of Business Planning and Performance), Homira Javadi (Chief Finance Officer), Millie McDevitt (Performance and Programmes Lead), Ola Owolabi (Deputy Chief Finance Officer (Corporate Finance)) and Nick Peeters (Committee Officer).

Also in attendance: Councillor Colin Swansborough.

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Minutes of the meetings held on 8 February and 24 March 2021

The minutes of the meetings held on 8 February and 24 March 2021 were submitted and approved and signed as a correct record by the Chairman.

Matters arising:

Members requested that an update be provided by Brighton and Hove City Council on Homelessness placements into Eastbourne at the next meeting, as discussed at the 24 March meeting.

2 Apologies for absence / declaration of substitute members

Apologies for absence were received from Councillors Burton and Morris.

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

Councillor Wallis declared a personal interest in item 8. Corporate Plan Review and item 9. Portfolio Progress and Performance Report 2020/21- Quarter 4, as a result of his being a trustee of the charity 'Warming up the Homeless'.

4 Questions by members of the public

There were none.

5 Urgent items of business

There were none.

6 Right to address the meeting/order of business

There were none.

7 Recovery and Reset

Jo Harper, Head of Business Planning and Performance, presented the report. During discussion the following points were highlighted.

- The detail in appendix A to the report in reference to 'Leisure centre' and 'Sovereign Leisure Centre' proposed savings, related to a renegotiation with Wave Leisure of its existing contract for other leisure centres in the Borough, and a change of management arrangements to enable non domestic rates (NNDR) exemption for the Sovereign Leisure Centre, respectively.
- The aspiration would be to return to previous levels of investment in future years, although this would be dependent on several factors including the recovery of the economy.
- Approximately eight other authorities were progressing with capitalisation programmes within a range of £3 million to £70 million.
- Concern was expressed over the impact on the Borough's tourism offer through proposed savings from weed control, street cleansing and grounds maintenance. It was felt that there had been an increase in litter in the borough and town centre, and that there could be connection to the change to fortnightly bin collection. It was requested that this area be monitored. Concern was also expressed that the Borough's cemeteries were not being maintained to a high standard.
- The assumptions in the budget were based on the information available at the time and the current environment, and were yet to be tested. The Council was mindful that residents and businesses would not be returning to what was considered a normal environment prior to the Pandemic and that the 'new normal' could be significantly different in terms of people's behaviours, spending patterns and, therefore, impact on services.
- The impact of proposed changes to services where efficiency savings had been identified would be measured through the quarterly performance reports. The Council was mindful that further efficiency savings should not impact on service levels and the experience of residents if possible.
- There were proposals within a recent government consultation on free collection of garden waste. However, a final decision had not been reached.

- Comparisons with other authorities were difficult as Eastbourne Borough was unique in its position as a tourism-based economy where the Council itself was a major provider. It was noted that it had the built-in resilience of a shared partnership with Lewes District Council. Early planning at the start of the Pandemic and the use of staff across services had made a positive difference.
- The Council had an established, active network of stakeholders to respond to community-based support responsibilities.
- The projected income for the Golf Course was based on an increase in membership during the Pandemic. The income projected for 1 Grove Road was expected to be realised, as an agreement with a prospective tenant was imminent. In other areas, stress tests and risk assessments were being regularly applied to provide further confidence that savings would be delivered.

Resolved to note the report.

8 Corporate Plan- Year 1 Review

Millie McDevitt, Organisational Effectiveness and Performance Lead, presented the report. During discussion the following points were highlighted:

- There had been ongoing communication throughout the year highlighting the work the Council had undertaken during the Pandemic. The communications strategy would continue and there would be a focus on areas such as the Waste Service.

It was also agreed that further detail on the following area would be provided in future:

- The income generated from public space protection orders relating to dog-fouling fines.

Resolved to note the report.

9 Portfolio Progress and Performance Report 2020/21- Quarter 4

Millie McDevitt, Organisational Effectiveness and Performance Lead, presented the report. During discussion the following points were highlighted:

- The majority of targets had been met despite the difficult circumstances.
- The figure for the percentage of household waste sent for reuse, recycling and composting was not available. Continued efforts were being made to obtain the data from East Sussex County Council.

- The position on the collection of food waste would be checked and reported back to the Committee.

Resolved to note the report.

10 Provisional revenue and capital outturn 2020/21

Homira Javadi, Chief Finance Officer, presented the report. During discussion the following points were highlighted.

- The production of the medium-term financial strategy (MTFS) for presentation in September would be an opportunity to reassess the business case for items in the capital programme and to look at the associated costs. There would be an opportunity for the Council to assess its financial stability and reprioritise, and determine which projects needed investment.
- Members referred to the Council's cycling strategy and felt that its promotion needed a stronger focus, as a project that would contribute to other important areas, such as public health, congestion, and reductions in carbon emissions. Members noted that a cycling consultation was closing imminently.

Resolved to note the provisional revenue and capital outturn for 2020/21

11 Treasury management annual report 2020/21

Ola Owolabi, Deputy Chief Finance Officer, presented the report. During discussion the following points were highlighted:

- The table in paragraph 8.3 of the report was an indication of the total resources available to the Council. It was noted that the Finance team had agreed to provide details of the Council's cashflow.
- Concern was expressed by Members at the level of debt incurred by the Council which had not reduced.

Resolved to note the Treasury Management Annual Report 2020/21

12 Forward Plan of Decisions

Resolved to note the Forward Plan of Cabinet decisions.

13 Scrutiny Work Programme 2021/22

The Chair, Councillor Freebody introduced the report. Members requested that the following item be added to the Committee's work programme:

- An update on the placement of homeless people in Eastbourne Borough by Brighton and Hove City Council.

Resolved to note the work programme subject to the inclusion of the item requested above.

14 Exclusion of the public

The Chair, Councillor Freebody, introduced the item and proposed that items 15. Housing Development update - Southfield Road Car Park and item 16. Housing Development update - Southfield Road Car Park, Exempt appendix, be considered together in an exempt session.

Resolved that the public be excluded from the remainder of the meeting as otherwise there was a likelihood of disclosure to them of exempt information as defined in paragraph 3 of schedule 12A of the Local Government Act 1972. (The requisite notice having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

15 Housing Development update - Southfields Road Car Park

Nathan Haffenden, Head of Commercial Business & Development, presented the report. During discussion the following points were highlighted:

- The properties would be set at affordable rents (80% of the market rent) but capped in accordance with Local Housing Allowance (LHA) levels to ensure affordability within the context of housing benefit.
- Members felt that the business plan for the scheme should be included as part of the Cabinet's consideration of the report. Members also requested that the scheme be reviewed within the current commercial/supply context.
- A more detailed handover to occupants was expected in order to highlight the green technology included in the build and to ensure that residents made full use of it.

Resolved:

- 1) To note the report; and
- 2) 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.

16 Date of the next meeting

Resolved to note that the date of the next meeting of the Scrutiny Committee is scheduled for Monday, 13 September 2021 in the Court Room, Eastbourne Town Hall, Grove Road, Eastbourne, BN21 4UG.

The meeting ended at 8.15 pm

Councillor Tony Freebody (Chair)

Agenda Item 8

Body:	Scrutiny
Date:	13 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%			<p>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.</p> <p>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.</p> <p>Number of telephone calls: April-12, 287 May-11,000 June-11,845</p> <p>Average time (in seconds) to answer calls: April- 71 May-131 June – 240</p> <p># of calls to Coronavirus helpline (Joint with LDC): April- 83 May-22 June-29</p>

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%			<p>Quarter 1 was challenging with 9.01% of all calls offered being abandoned – this is against our target of 5%.</p> <p>Please see commentary above for further detail.</p>
7. Housing: Number of households living in emergency (nightly paid) accommodation	Data only	122	116	Data only			<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
8. Customers: Number of new sign-ups to the Councils' social media channels	600	460	315	150			<p>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.</p>
9. Customers: Number of people registering for our email service (GovDelivery)	1,800	5,861	2,706	600			<p>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.</p>
10. Customers: Percentage of local searches that are returned within 10 working days of receipt	80%	100%	98.89%	80%			<p>Q1 performance above target. 223 out of 225 local searches returned within 10 working days.</p>

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%			<p>This performance indicator has a new stretching target and even missing this target still puts EBC ahead of other comparable local authorities.</p> <p>Rent arrears increased by £10,818.34 (by 0.06% during Quarter 1).</p> <p>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.</p> <p>8 new members of the team are being recruited.</p>
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%			<ul style="list-style-type: none"> • April = 6.81% • May = 15.27% • June = 33.95% • Qrt Average = 14.68% <p>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</p>

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%			<ul style="list-style-type: none"> • April = 0.6% • May = 0.7% • June = 0.7% • Qrt Average = 0.67% <p>Although Qrt 1 sees an expected increase while the new alternate weekly refuse collections settle in, it is still within target.</p> <p>N.B. Total number of customers receiving an assisted collection = 3,198</p> <p>Total number of assisted collections made across all the services per month = 19,188</p>
21. Recycling & Waste: Number of missed bins (per 100,000)	100	24.33	89	100			<ul style="list-style-type: none"> • April = 60 bins • May = 114 bins • June = 93 bins • Qrt Average: 89 bins <p>Qrt 1 sees an average of 89 missed bins per 100,000 per month.</p> <p>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.</p>
22. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	45.00%	35.10%	38.40%	45.00%			<p>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.</p> <p>Early indication of the new alternate weekly refuse collection service (AWC) suggests that recycling is increasing 3.3%.</p> <ul style="list-style-type: none"> • 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
							<p>£2000. One potential cause of the increase in fly tips may be the increase in charges at local waste sites.</p> <p>On a more positive note, the level of fly tipping is lower than the same period last year.</p>
Staff: Average days lost per FTE employee due to sickness (J)	8.0 days	1.72 days	1.82 days	2.0 days			<p>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.</p> <p>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.</p> <p>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.</p> <p>Although sickness levels remain low, HR Business Partners continue to support managers in robustly managing any attendance issues that arise.</p>

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	Profiled Budget	Actual to 30 June 2021	Variance to date
	£'000	£'000	£'000	£'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 (Pevensley)	229	119	119	0
Contingency (yearend adj)	250	0	0	0
Reserves (yearend adj)	6	0	0	0
Capital Financing and Interest Recovery & Reset	2,318	(7)	(7)	0
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 (<i>see note</i>)	-	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 (<i>gross amount – see note</i>)	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	Profiled Budget	Actual to 30 June 2021	Variance to date
	£'000	£'000	£'000	£'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	Business Rates
	£'000	£'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 its 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 suppresses 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.

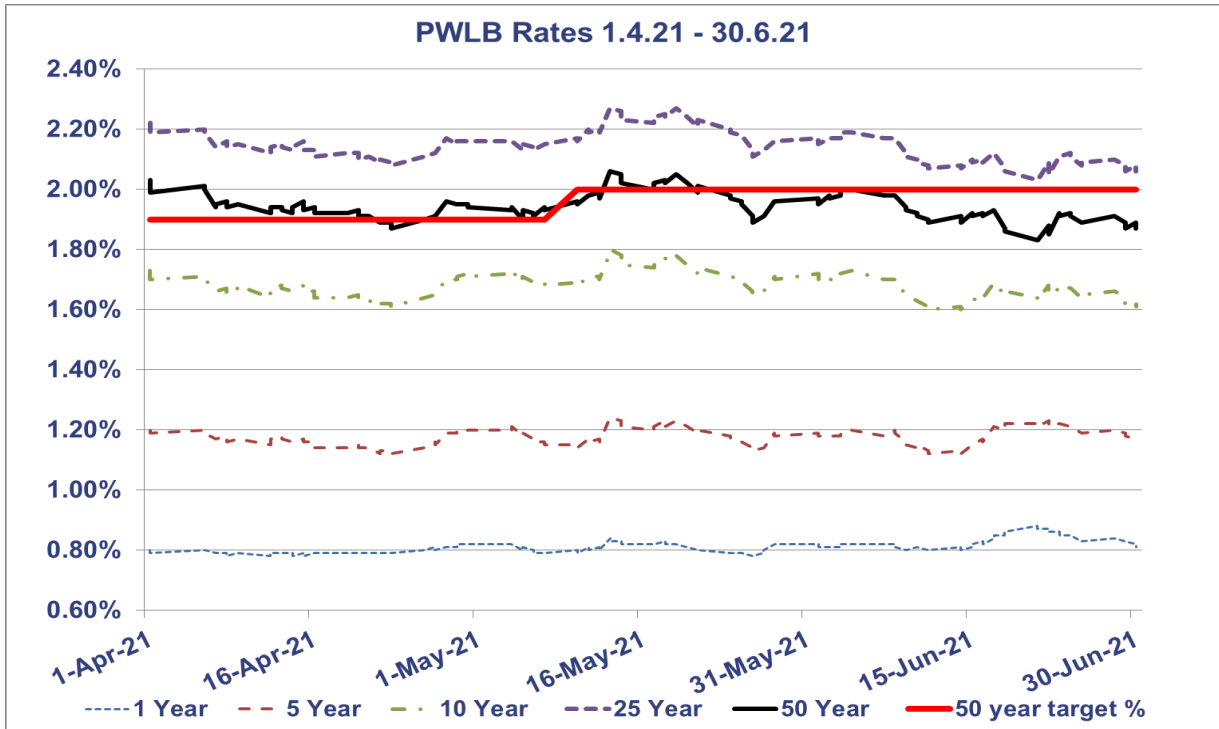
The current PWLB rates are set as margins over gilt yields as follows: -

- **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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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:	Scrutiny
Date:	13 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):	The Scrutiny Committee is recommended: 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.

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 its 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



**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.'

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:
 - 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
 - Sales, Fees and Charges compensation scheme (Q1 2021/22 only);
 - 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:

- 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
- 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 MTF 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 recycle 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.

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

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 the MTFS. 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 policy decision 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 charges 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: <ul style="list-style-type: none"> • 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

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

	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
Corporate Services								
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 & Enterprise								
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 & Enterprise	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 (Pevensity)	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 Savings and Reserves Transfers						6,552	6,694	6,323

RECOVERY & RESET PROGRAMME SAVINGS

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

Blue	Delivered
Green	On track
Amber	To be confirmed

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.

FORWARD PLAN OF DECISIONS

Period covered by this Plan:

1 September to 31 December 2021

Date of publication:

17 August 2021

Membership of Cabinet:

Councillor David Tutt (Leader and Chair of Cabinet): Responsibilities aligned with Chief Executive and including the Community Strategy, Local Strategic Partnership, the Corporate Plan and economic development.

Councillor Stephen Holt: (Deputy Leader and Deputy Chair of Cabinet): Financial services including accountancy, audit, purchasing and payments).

Councillor Margaret Bannister: Tourism and leisure services

Councillor Jonathan Dow: Climate change.

Councillor Alan Shuttleworth Direct assistance services including revenues and benefits, housing and community development, and bereavement services.

Councillor Colin Swansborough: Place services and special projects.

Councillor Rebecca Whippy: Disabilities and community safety

Please see the explanatory note appended to this Plan for further information and details of how to make representations and otherwise contact the Council on matters listed in the Plan. Documents referred to will be available at least 5 clear working days before the date for decision.

Forthcoming decisions

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Corporate performance - quarter 1 - 2021/22</p> <p>to update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets over Q1 2021/22 period.</p> <p>(Lead Cabinet members: Councillor Stephen Holt, Councillor Colin Swansborough)</p>	All Wards	Key	Cabinet	15 Sep 2021	Open	Scrutiny Committee	Report	<p>Director of Regeneration and Planning (Ian Fitzpatrick), Chief Finance Officer (Homira Javadi)</p> <p>Andrew Clarke, Deputy Chief Finance Officer (Financial Planning) Tel: 01323 415691 andrew.clarke@lewes-eastbourne.gov.uk</p> <p>Millie McDevitt, Performance and Programmes Lead Tel: 01273 085637 millie.mcdevitt@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Medium term financial strategy</p> <p>To consider and approve the council's medium term financial strategy.</p> <p>(Lead Cabinet member: Councillor Stephen Holt)</p>	All Wards	Key	Cabinet	15 Sep 2021	Open	Consultation be undertaken as part of a wider consultation on the council's budget for 2021/22 later in the year.	Report	<p>Chief Finance Officer (Homira Javadi)</p> <p>Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance) ola.owolabi@lewes-eastbourne.gov.uk</p> <p>Andrew Clarke, Deputy Chief Finance Officer (Financial Planning) Tel: 01323 415691 andrew.clarke@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Eastbourne Planning Technical Advice Notes</p> <p>Approval of three technical advice notes that provide advice to planning applicants on the Council's expectations for addressing sustainability issues.</p> <p>(Lead Cabinet member: Councillor Colin Swansborough)</p>	All Wards	Key	Cabinet	15 Sep 2021	Open	Local Plan Steering Group 25th March	Report	<p>Director of Regeneration and Planning (Ian Fitzpatrick)</p> <p>Matt Hitchen, Senior Planning Policy Officer Tel: (01323) 415253 matt.hitchen@lewes-eastbourne.gov.uk</p>
<p>Recovery and reset programme</p> <p>This report will update on progress with the R&R programme</p> <p>(Lead Cabinet member: Councillor David Tutt)</p>	All Wards	Key	Cabinet	3 Nov 2021	Open	As detailed in the report.	Report	<p>Chief Executive (Robert Cottrill)</p> <p>Jo Harper, Head of Business Planning and Performance Tel: 01273 484049 jo.harper@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Bedfordwell Road Development</p> <p>The report seeks approval to enter into a construction contract for 80 new build homes and refurbish the former Pump House to provide 20 residential homes and a commercial unit.</p> <p>(Lead Cabinet members: Councillor Alan Shuttleworth, Councillor David Tutt)</p>	All Wards	Key	Cabinet	3 Nov 2021	Part exempt Exempt information reason: 3	Public consultation through planning process. Member consultation through Project Board which includes Cllrs Maxted, Taylor, Tutt and Shuttleworth.	Report	<p>Director of Regeneration and Planning (Ian Fitzpatrick)</p> <p>Ian Beckett, Development Consultant Tel: 07740 336751 ian.beckett@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Grounds Maintenance - Procurement and Provision</p> <p>Options for future Grounds Maintenance provision in EBC.</p> <p>(Lead Cabinet member: Councillor Jonathan Dow)</p>	All Wards	Key	Cabinet	3 Nov 2021	Fully exempt Exempt information reason: 3	Not applicable	Report	<p>Director of Service Delivery (Tim Whelan)</p> <p>Lee Michael, Specialist Services Manager Tel: 01323 415266 Lee.Michael@lewes-eastbourne.gov.uk</p>
<p>Carbon Neutral Annual Progress Report</p> <p>Annual progress report detailing the council and borough carbon footprints, and progress against the action plan.</p> <p>(Lead Cabinet member: Councillor Jonathan Dow)</p>	All Wards	Key	Cabinet	3 Nov 2021	Open	Not applicable	Report	<p>Director of Regeneration and Planning (Ian Fitzpatrick)</p> <p>Kate Richardson, Strategy and Partnership Lead for Sustainability kate.richardson@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Recovery and reset programme</p> <p>This report will update on progress with the R&R programme.</p> <p>(Lead Cabinet member: Councillor David Tutt)</p>	All Wards	Key	Cabinet	1 Dec 2021	Open	As detailed in the report.	Report	<p>Chief Executive (Robert Cottrill)</p> <p>Jo Harper, Head of Business Planning and Performance Tel: 01273 484049 jo.harper@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Local council tax reduction scheme</p> <p>To approve the local council tax reduction scheme and agree any amendments as necessary. It is a legal requirement that the council approve the scheme annually.</p> <p>(Lead Cabinet member: Councillor Alan Shuttleworth)</p>	All Wards	Budget and policy framework	Cabinet Full Council	1 Dec 2021 23 Feb 2022	Open	With such persons and groups as the council considered likely to have an interest in the operation of the scheme.	Report	<p>Director of Service Delivery (Tim Whelan)</p> <p>Bill McCafferty, Lead for Income Maximisation and Welfare Tel: (01323) 415171 bill.mccafferty@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Draft budget proposals 2022/23</p> <p>Preparation of the 2022/23 council budget. (Lead Cabinet member: Councillor Stephen Holt)</p>	All Wards	Key	Cabinet	1 Dec 2021	Open	The budget is subject to a wide and varied consultation process which will include consultation with the business and community/voluntary sectors.	Report	<p>Chief Finance Officer (Homira Javadi)</p> <p>Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance) ola.owolabi@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Council tax and business rate base 2022/23</p> <p>The Council is required to set its council tax base and the expected business rate income for the forthcoming year. These calculations are used as the basis for the amount of income the Council will precept from the collection fund.</p> <p>(Lead Cabinet member: Councillor Stephen Holt)</p>	All Wards	Key	Cabinet	1 Dec 2021	Open	Detailed in the report.	Report	<p>Chief Finance Officer (Homira Javadi)</p> <p>Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance) ola.owolabi@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Corporate performance - quarter 2 - 2021/22</p> <p>To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets over Q2 2021/22 period.</p> <p>(Lead Cabinet members: Councillor Colin Swansborough, Councillor Stephen Holt)</p>	All Wards	Key	Cabinet	1 Dec 2021	Open	Scrutiny Committee	Report	<p>Director of Regeneration and Planning (Ian Fitzpatrick), Chief Finance Officer (Homira Javadi)</p> <p>Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance) ola.owolabi@lewes-eastbourne.gov.uk</p> <p>Millie McDevitt, Performance and Programmes Lead Tel: 01273 085637 millie.mcdevitt@lewes-eastbourne.gov.uk</p>

Forthcoming decisions:

Title, description and lead cabinet member:	Ward(s):	Decision type:	Decision maker:	Expected date of decision:	Expected exemption class: (Exempt information reason as defined by Part 1 of Schedule 12A of the Local Government Act 1972 (as amended))	Consultation arrangements proposed or undertaken (where known):	Documents to be submitted:	Lead Chief Officer/ Contact Officer:
<p>Asset Management Plan</p> <p>To agree the strategy and approach to all of our assets over the next four years.</p> <p>(Lead Cabinet member: Councillor David Tutt)</p>	All Wards	Key	Cabinet	1 Dec 2021	Open	None	Report	<p>Director of Regeneration and Planning (Ian Fitzpatrick)</p> <p>Mark Langridge Kemp, Head of Property, Delivery and Compliance Tel: 07900 057102 mark.langridge-kemp@eastbourne.gov.uk</p>

Explanatory Note

The Council is required to publish information about all key decisions at least 28 days in advance of the decision being taken.

This plan is a list of the decisions likely to be taken over the coming four months. The list is not exhaustive as not all decisions are known that far in advance. The Plan is updated and re-published monthly.

The forward plan shows details of key decisions intended to be taken by the Cabinet and Chief Officers under their delegated powers.

The plan shows:

- the subject of the decisions
- what wards are affected
- the decision type
- who will make the decision
- when those decisions will be made
- expected exemption class (open, part exempt or fully exempt.)
- what the consultation arrangements are
- what documents relating to those decisions will be available
- who you can contact about the decision and how to obtain copies of those documents referred to in the plan

What is a key decision?

"Key decisions" relate to a decision, which is likely:-

(1) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or

(2) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the Council's area.

What is budget and policy framework?

When a decision is marked as “budget and policy framework”, it requires the approval of Full Council.

Confidential and exempt information

From time to time, the forward plan will indicate matters (or part thereof) which may need to be considered in private, during which time the press and public will be excluded. This is in accordance with the provisions of Regulation 5(2) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Any representations that such matters should not be considered in private should be sent to the contact officer.

Information given to the Council by a Government Department on terms which forbid its disclosure to the public, information which cannot be publicly disclosed by a Court Order and information, the disclosure of which is prohibited by an enactment are all legally defined as “Confidential Information” and must not be disclosed. All other local authority information which it is desired should not be disclosed has to be categorised under one or more of the following “Exempt Information” reasons (as given under Schedule 12A of the Local Government Act 1972) and subject to the public interest test.

Category	Condition No.
1. Information relating to any individual.	See conditions 9 and 10 below.
2. Information which is likely to reveal the identity of an individual.	See conditions 9 and 10 below.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).	See conditions 8, 9, 10 and 12 below.
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.	See conditions 9, 10, 11 and 12 below.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.	See conditions 9 and 10 below.
6. Information which reveals that the authority proposes— (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment.	See conditions 9, 10 and 12 below.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.	See conditions 9 and 10 below.

Conditions
8. Information is not exempt information if it is required to be registered under: (a) the Companies Acts (as defined in section 2 of the Companies Act 2006); (b) the Friendly Societies Act 1974; (c) the Friendly Societies Act 1992;

- (d) the Industrial and Provident Societies Acts 1965 to 1978;
 (e) the Building Societies Act 1986; or
 (f) the Charities Act 1993.

“Financial or business affairs” includes contemplated as well as past or current activities.

9. Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992.

10. Information which:

- (a) falls within any of paragraphs 1 to 7 above; and
 (b) is not prevented from being exempt by virtue of paragraph 8 or 9 above,
 is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11. “Labour relations matter” means:

- (a) any of the matters specified in paragraphs (a) to (g) of section 218(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (matters which may be the subject of a trade dispute, within the meaning of that Act); or
 (b) any dispute about a matter falling within paragraph (a) above;
 and for the purposes of this definition the enactments mentioned in paragraph (a) above, with the necessary modifications, shall apply in relation to office-holders under the authority as they apply in relation to employees of the authority;

“Office-holder”, in relation to the authority, means the holder of any paid office appointments to which are or may be made or confirmed by the authority or by any joint board on which the authority is represented or by any person who holds any such office or is an employee of the authority.

“Employee” means a person employed under a contract of service.

12. “The authority” is a reference to the council or a committee or sub-committee of the council or a joint committee of more than one council.

Further information

The plan is available on the [Council website at http://www.lewes-eastbourne.gov.uk/councillors-committees-and-meetings/cabinet-and-committees/](http://www.lewes-eastbourne.gov.uk/councillors-committees-and-meetings/cabinet-and-committees/)

If you have any questions about the Forward Plan please contact Simon Russell, Head of Democratic Services, on (01323) 415021, or e-mail simon.russell@lewes-eastbourne.gov.uk.

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Scrutiny Committee Work Programme 2021/2022

Subject	Lead Officer	Date of Meeting
Recovery and Reset Programme	Jo Harper, Head of Business Planning and Performance jo.harper@lewes-eastbourne.gov.uk	12 July 2021
Corporate Plan- Review of year 1 achievements	Millie McDevitt, Organisational Effectiveness and Performance Lead millie.mcdevitt@lewes-eastbourne.gov.uk	12 July 2021
Corporate performance - quarter 4 - 2020/21	Millie McDevitt, Organisational Effectiveness and Performance Lead millie.mcdevitt@lewes-eastbourne.gov.uk	12 July 2021
Provisional revenue and capital outturn 202/21 report	Andrew Clarke, Deputy Chief Finance Officer andrew.clarke@lewes-eastbourne.gov.uk	12 July 2021
Treasury management annual report 2020/21	Ola Owolabi, Deputy Chief Finance Officer (Corporate Finance) ola.owolabi@lewes-eastbourne.gov.uk	12 July 2021
Housing Development Update	Marc Stephens, Specialist Project Manager, marc.stephens@lewes-eastbourne.gov.uk	12 July 2021
Update on homelessness placements into Eastbourne by Brighton and Hove City Council	Gary Hall, Head of Homes First gary.hall@lewes-eastbourne.gov.uk	13 September 2021
Corporate performance - quarter 1 - 2021/22 to include quarter 1 Finance update)	Millie McDevitt, Organisational Effectiveness and Performance Lead millie.mcdevitt@lewes-eastbourne.gov.uk	13 September 2021
Medium term financial strategy	Andrew Clarke, Deputy Chief Finance Officer andrew.clarke@lewes-eastbourne.gov.uk	13 September 2021
Recovery and Reset Programme	TBC	29 November 2021
Asset Management Plan	Mark Langridge Kemp, Head of Property, Delivery and Compliance mark.langridge-kemp@eastbourne.gov.uk	29 November 2021

Scrutiny Committee Work Programme 2021/2022

Corporate Performance report Q2 (to include quarter 2 Finance update)	Millie McDevitt, Organisational Effectiveness and Performance Lead millie.mcdevitt@lewes-eastbourne.gov.uk	29 November 2021
Draft budget proposals 2022/23 and capital programme	Homira Javadi, Chief Finance Officer & Andrew Clarke, Deputy Chief Finance Officer homira.javadi@lewes-eastbourne.gov.uk , andrew.clarke@lewes-eastbourne.gov.uk	29 November 2021
Recovery and Reset Programme	TBC	7 February 2022
Eastbourne Community Safety Partnership Annual report	Oliver Jones, Strategy and Partnership Lead - Oliver.Jones@lewes-eastbourne.gov.uk	7 February 2022
Treasury Management and Prudential Indicators 2022/23, Capital Strategy & Investment Strategy	Ola Owolabi, Deputy Chief Finance Officer Ola.Owolabi@lewes-eastbourne.gov.uk	7 February 2022
Housing revenue account budget 2022/23	Homira Javadi, Chief Finance Officer & Andrew Clarke, Deputy Chief Finance Officer homira.javadi@lewes-eastbourne.gov.uk , andrew.clarke@lewes-eastbourne.gov.uk	7 February 2022

Standing items on the agendas:

- The Forward Plan of Cabinet Decisions
- Scrutiny Committee Work Programme