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# Cabinet
# 2 February 2023

Lewes District Council

**Time and venue:**

**2.30 pm in the Ditchling and Telscombe Rooms at Southover House, Southover Road, Lewes, BN7 1AB**

**Membership:**

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

**Quorum: 5**

*Published: Wednesday, 25 January 2023*

# Agenda

**1 Minutes of the meeting held on 8 December 2022 (Pages 5 - 12)**

**2 Apologies for absence**

**3 Declarations of interest**

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

**4 Urgent items**

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

**5 Public question time**

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

**6 Written question from councillors**

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

**7 Matters referred to the Cabinet**

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

None.

**8 Portfolio progress and performance report quarter 3 - 2022-2023 (Pages 13 - 24)**

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Chris Collier

**9 General Fund Revenue Budget 2023/24 and Capital Programme (Pages 25 - 76)**

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Zoe Nicholson

**10 Treasury Management and Prudential Indicators 2023/24, Capital Strategy & Investment Strategy (Pages 77 - 142)**

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Zoe Nicholson

**11 Housing Revenue Account (HRA) Revenue Budget and Rent Setting 2023/24 and HRA Capital Programme 2022-26 (Pages 143 - 154)**

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Zoe Nicholson

**12 Purchase of land at Landport Brooks (Pages 155 - 162)**

Report of Director of Service Delivery
Lead Cabinet member: Councillor Matthew Bird

**13 Reimagining Newhaven Programme - Project Update (Pages 163 - 174)**

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor James MacCleary

(This report contains an exempt appendix. Any discussion of this must take place at item 15 following exclusion of the public.)

**14 Exclusion of the public**

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

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

**15 Reimagining Newhaven - Project Update - Exempt Appendix 1 (Pages 175 - 178)**

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor James MacCleary

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

# Information for the public

**Accessibility:**

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

**Filming/Recording:**

This meeting may be filmed, recorded or broadcast by any person or organisation. Anyone wishing to film or record must notify the Chair prior to the start of the meeting. Members of the public attending the meeting are deemed to have consented to be filmed or recorded, as liability for this is not within the Council's control.

**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:**

A member of the Council may ask the Chair of a committee or sub-committee a question on any matter in relation to which the Council has powers or duties or which affect the District and which falls within the terms of reference of that Committee or Sub-Committee.

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

**Other participation:**

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

# Democratic Services

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

**Email:** committees@lewes-eastbourne.gov.uk

**Telephone:** 01323 410000

**Council website: https://www.lewes-eastbourne.gov.uk/**

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Lewes District Council

# Cabinet

**Minutes of meeting held in Ditchling and Telscombe Rooms at Southover House, Southover Road, Lewes, BN7 1AB on 8 December 2022 at 2.30 pm.**

**Present:**
Councillor Zoe Nicholson (Chair).
Councillors Matthew Bird, Julie Carr, Johnny Denis, William Meyer and Ruth O'Keeffe.

**Officers in attendance:**
Robert Cottrill (Chief Executive), Homira Javadi (Director of Finance and Performance (Chief Finance Officer)), Ian Fitzpatrick (Deputy Chief Executive and Director of Regeneration and Planning), Tim Whelan (Director of Service Delivery), Becky Cooke (Assistant Director for Human Resources and Transformation), Luke Dreeling (Performance Lead), Jane Goodall (Environment Lead), Parmjeet Jassal (Interim Head of Financial Planning), Bryn Mabey (Customer, Communications and Engagement Lead), Ellen Miller (Specialist Advisor Coastal Projects (Green Consultancy)), Leigh Palmer (Head of Planning First), Simon Russell (Head of Democratic Services), Kate Slattery (Solicitor), Seanne Sweeney (Strategy and Commissioning Lead for Community and Partnerships) and Mark Walker (Head of Financial Planning).

**Also in attendance:**
Councillor Liz Boorman (Chair of Policy and Performance Advisory Committee) and Councillor Isabelle Linington (Leader of the Opposition).

## 33 Minutes of the meeting held on 10 November 2022

The minutes of the meeting held on 10 November 2022 were submitted and approved and the Chair was authorised to sign them as a correct record.

## 34 Apologies for absence

Apologies for absence were reported from Councillors Collier, Gauntlett and MacCleary. An apology was also reported from visiting member Councillor Peterson.

## 35 Declarations of interest

Councillor Bird declared a personal, non-pecuniary interest on agenda item 14 (Nature Flood Management within the Ouse and Eastern Adur catchment), as his employer was a component of the Natural Flow Management Project. He remained in the room and voted on the item.

**36 Cost of Living Crisis Update**

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, updating them on steps taken to support residents through the cost of living crisis.

The Council had hosted a Cost of Living Summit on 27 October, bringing together those who are helping to tackle cost of living issues locally, to share ideas and develop joint solutions to support those in need. Following the success of the event, a second Summit would be scheduled and communicated in due course. Thanks were expressed to officers involved in organising the event and other work undertaken.

Policy and Performance Advisory Committee (PPAC), held on 1 December 2022 considered the report and were supportive of the officer recommendation in full. Councillor Boorman, Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion. Councillor Linington, Leader of the Opposition Group, also spoke on the item.

During discussions, Officers were instructed to review the council's support for foodbanks across the district and gauge any requirements they might have in advance of the Christmas period.

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

To note the progress of measures taken to support residents through the cost-of-living crisis.

**Reason for decision:**

The Council has committee to a range of ongoing measures which are supporting residents and organisations across the district.

**37 Portfolio progress and performance report 2022/23 - Quarter 2**

The Cabinet considered the report of the Chief Finance Officer, asking them to consider the council's progress and performance in respect of service areas for the second quarter of the year (July – September 2022), as detailed at Appendix 1 to the report.

Detailed commentary on those performance indicators that were currently below target was detailed in the report.

Policy and Performance Advisory Committee (PPAC), held on 1 December 2022 considered the report and were supportive of the officer recommendation in full. Councillor Boorman, Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion. Councillor Linington, Leader of the Opposition Group, also spoke on the item.

The Director of Service Delivery thanked comments made at Policy and

Performance Advisory Committee, in support of the work undertaken by the Customer Contact Team and this had been greatly received.

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

To note progress and performance for quarter 2 2022/23.

**Reason for decision:**

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

**38 Finance update - performance quarter 2 - 2022-2023**

The Cabinet considered the report of the Chief Finance Officer, updating members on the Council's financial performance in quarter 2 2022/23.

The projected outturn for 2022/23, as advised by budget holders as of 30 September 2022, was an overspend of £1,090,966, as detailed in table 1 of the report. Work was already underway to mitigate this overspend, and this was further detailed in the report.

Policy and Performance Advisory Committee (PPAC), held on 1 December 2022 considered the report and were supportive of the officer recommendations in full. Councillor Boorman, Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion. Councillor Linington, Leader of the Opposition also spoke on the item.

Cabinet acknowledged the work undertaken by officers, given the difficulties facing all councils across the country.

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

(1) To note the General Fund, HRA and Collection Fund financial performance for the quarter ended September 2022.

(2) To note the capital programme as set out at Appendix 2 to the report.

**Reason for decisions:**

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

**39 Local council tax reduction scheme 2023/24**

The Cabinet considered the report of the Director of Service Delivery, asking them to recommend to Full Council that the 2022/23 Local Council Tax Reduction Scheme be adopted as the 2023/24 scheme.

Policy and Performance Advisory Committee (PPAC), held on 1 December

2022 considered the report and were supportive of the officer recommendations in full. Councillor Boorman, Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion. Councillor Linington, Leader of the Opposition, also spoke on the item.

In response to questions raised around the Exceptional Hardship Fund it was advised that due to other available grants, there was no current need for the council to add to the Fund but this would be kept under review.

**Recommended to Full Council (Budget and policy framework)**

(1) To recommend to Full Council that the 2022/23 Local Council Tax Reduction Scheme is adopted as the 2023/24 scheme.

(2) Subject to Full Council adoption of the Scheme, Cabinet grants the Director of Service Delivery delegated authority -

> (a) to implement the Scheme, such delegated authority to include any measures necessary for or incidental to its management and administration; and
>
> (b) if necessary, and in accordance with paragraph 2.3, to amend the Scheme in consultation with the Cabinet Member for Assets and Finance

(3) That the Exceptional Hardship Scheme continues in 2023/24 subject to funds being available.

**Reason for decisions:**

The Council must review the scheme each year and adopt a scheme for the coming financial year.

**40 Council tax base and non-domestic rate income for 2023/24**

The Cabinet considered the report of the Chief Finance Officer, asking them to approve the Council Tax Base and net yield from Business Rate Income for 2023/24, in accordance with the Local Government Finance Act 1992.

The Towns and Parishes would be advised of the individual tax bases following the meeting in order that each could assess the impact of the precept in its area.

Policy and Performance Advisory Committee (PPAC), held on 1 December 2022 considered the report and were supportive of the officer recommendations in full. Councillor Boorman, Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion. Councillor Linington, Leader of the Opposition Group also spoke on the item.

**Resolved (Key decision):**

(1) To agree the provisional Council Tax Base of 37,839.4 for 2023/24 for the whole area and that the Council Tax Base for each of the Town and Parish areas of the District shall be set out at Appendix 2 of this report.

(2) To agree that the Chief Finance Officer, in consultation with the Portfolio Holder for Finance, determine the final amounts for the Council Tax Base for 2023/24.

(3) To agree that the Chief Finance Officer, in consultation with the Portfolio Holder for Finance, determine net yield from Business Rate income for 2023/24.

**Reason for decisions:**

Cabinet is required to approve the Tax Base which will be used for the purposes of calculating the 2023/24 Council Tax.

**41 Local Development Scheme**

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, seeking their endorsement of the Local Development Scheme update for approval by Full Council.

Policy and Performance Advisory Committee (PPAC), held on 1 December 2022 considered the report and made the following recommendation to Cabinet:

**To support the officer recommendations in the Cabinet report, subject to the following additional recommendation:**

**(3) That the Cabinet consider providing funding for additional staff resources, to support the existing timetable and delivery of the Local Plan.**

Councillor Boorman, Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion. Councillor Linington, Leader of the Opposition Group, also spoke on the item.

In recognising the importance of using every available opportunity to progress the complex timetable as quickly as possible, Cabinet unanimously agreed to accept PPAC's recommendation, and this was reflected in the resolution below.

Following discussion, it was advised that any material changes to the Local Development Scheme, arising from the recently published Ministerial statement would be reported back to the future Cabinet meeting.

**Recommended to Full Council (Budget and policy framework):**

(1) That Cabinet recommends to Full Council that the revised Lewes Local Development Scheme 2023-2025 as set out at Appendix 1 to the report be adopted at the Full Council meeting on 20 February 2023

(2) That delegated authority be given to the Director of Regeneration and Planning in consultation with the Cabinet Member for Planning and Infrastructure to make minor changes within the Local Development Scheme where necessary.

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

(3) To consider providing funding for additional staff resources, to support the existing timetable and delivery of the Local Plan.

**Reasons for decisions:**

(1) The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and the Council's constitution identifies that the adoption of the Local Development Scheme is a function of Full Council.

(2) To ensure that the Local Development Scheme can be kept up to date without needing to bring minor amendments back to Full Council.

**42 Natural Flood Management within the Ouse and Eastern Adur catchment**

The Cabinet considered the report of the Director of Service Delivery, setting out the next steps for Natural Flood Management in Lewes District, which encompasses the Ouse and Eastern Adur catchments.

Policy and Performance Advisory Committee (PPAC), held on 1 December 2022 considered the report and were supportive of the officer recommendations in full. Councillor Boorman, Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion. Councillor Linington, Leader of the Opposition Group, also spoke on the item.

There was unanimous support and praise for the proposals and initiatives set out in the report. Thanks were conveyed in particular to Tim Bartlett, Specialist Advisor Coastal and Flood Risk Management (Green Consultancy) for his work undertaken on this initiative and others since 2016.

Councillor Bird declared a personal, non-pecuniary interest this item. He remained in the room and voted on the item.

**Resolved (Key decision):**

(1) To approve the strategic approach presented and agreed as follows:

a. To continue to provide governance, support and resource to the

Natural Flood Management (NFM) programme beyond the current end date of March 2023 and to delegate authority to the Director of Service Delivery in consultation with the Cabinet member for recycling, waste and open spaces to negotiate the terms of and enter into any necessary agreements to facilitate this provision.

b. To build upon the NFM approach (as outlined in the report) and support inter-linked projects with partners and stakeholders such as habitat restoration and nature recovery in the Ouse catchment.

(2) To endorse the approach set out at Appendix 1 'Lewes District Council (LDC) Briefing: Natural Flood Management within the Ouse and Eastern Adur catchment' and Appendix 2 'Wilder Ouse, Vision & Targets'.

(3) To approve a waiver to the Contract Procedure Rules (CPR) as set out in paragraph 2.4.1 (a) of the CPR to enable the Council to enter into agreements with partners in relation to this strategic approach.

**Reason for decisions:**

Lewes District Council has been successfully working in partnership delivering Natural Flood Management (NFM) projects with the Sussex Flow Initiative (SFI) and Ouse & Adur Rivers Trust (OART) since 2016. This approach has delivered a raft of benefits on which to build in a collaborative effort to improve climate resilience in the coming years.

The meeting ended at 3.14 pm

Councillor Zoe Nicholson (Chair)

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# Agenda Item 8

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|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **2 February 2023** |
| **Title:** | **Portfolio progress and performance report 2022/23 - Quarter 3** |
| **Report of:** | **Homira Javadi, Director of Finance and Performance (Chief Finance Officer – S151 Officer)** |
| **Cabinet member:** | **Councillor Chris Collier, Cabinet member for performance and people** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **To consider the council's progress and performance in respect of service areas for the Third Quarter of the year (October-December 2022) as shown in Appendix 1** |
| **Decision type:** | **Non-key** |
| **Officer recommendation(s):** | **To note progress and performance for Quarter 3 2022/23** |
| **Reasons for recommendations:** | **To enable Cabinet members to consider specific aspects of the council's progress and performance** |
| **Contact Officer(s):** | **Luke Dreeling: Performance Lead<br>Tel: 07525 351757 or email: luke.dreeling@lewes-eastbourne.gov.uk** |

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## 1 Introduction

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

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

## 2 Corporate Plan and council policies

2.1 This report sets out the council's performance in the third Quarter of 2022/23 against its aspirations as set out in the Corporate Plan 2020-24. As was agreed previously by Cabinet, the report also provides a summary of work to date relating to the Recovery and Stabilisation programme.

## 3 Recovery and Reset

3.1 The council's Recovery and Reset programme – the activity to address in a sustainable way the challenges of the new operational context, and to respond to the changing needs and demands of the district's residents – continues to explore new ways to use council assets to the benefit of communities, residents and businesses, and to provide services to customers.

Services are systematically being reshaped to meet the changed needs of the council and its customers, and opportunities to make the best use of technology to deliver efficiencies continue be implemented. Since its launch on the council's website in March 2022, ELLIS, a next generation chat bot has answered over 50,000 customer queries, 25% of which were answered out of hours. ELLIS was launched on a number of the council's phone lines in October as a proof of concept. Performance within the quarter has identified that ELLIS on the phone lines will be an effective solution for the council. Opportunities to expand operation of ELLIS on the phones are being explored for progress in 2023.

A project will shortly commence to design a new website for the council – a dedicated staff member to lead the project joins the council in January 2023 – this project will enable an updated and refreshed offer for customers, making the best use of technology.

## 4 Solution Sprints

4.1 The council employed Solution Sprints (SS) pre-pandemic to realise service improvements. Associated SS work has been relaunched this year. As previously reported, quarters 1 and 2 saw the soft launch of SS and approval of associated governance arrangements via the Accelerating Change Steering Group.

In quarter three we have piloted SS approaches resulting in the launch of a new 'Contact Us' form on the council's website. This is helping to streamline emails to service areas and free up Customer First colleagues, to prioritise those customers with the greatest need. Associated process mapping methods have also been used this quarter to support the new Planning System project.

Within this quarter the Accelerating Change Steering Group have reviewed and refined a range of SS ideas. This has included research and initial scoping, with associated Sprint work prioritised and integrated into existing and forthcoming projects such as the new council website project commencing in Quarter 4. Quarter 4 will also see the Accelerating Change Steering Group reviewing SS approaches to date and, if appropriate, launching communications to pool wider ideas for continuous improvement activity from across the council.

## 5 Financial appraisal

5.1 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.

## 6 Legal implications

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

## 7 Risk management implications

7.1 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.

## 8 Equality analysis

8.1 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.

## 9 Appendices

- Appendix 1 – Portfolio Progress and Performance Report (Quarter 3 2022/23)

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## Appendix 1

# Lewes District Council Portfolio Progress and Performance Report
# Quarter 3 2022-2023 (October to December 2022)

**Key**

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

## Key Performance Indicators

| KPI Description | Annual Target 2022/23 | Q3 2021/22 | Q2 2022/23 | Q3 2022/23 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| **1.(Finance)** Maximise amount of Council Tax collected during the year | 97.80% | 84.22% | 56.82% | **83.73%** | 85.57% | | | The collection rate was not achieved, falling (1.84%) below target. The cost-of-living crisis is continuing to impact and is expected to do so until at least the end of the financial year. |
| **2.(Finance)** Maximise amount of Business Rates collected during the year | 98% | 80.78% | 61.89% | **85.50%** | 84.07% | | | The collection rate has exceeded target by 1.43% and remains on track. The significant increase is mainly due to the award of Covid Additional Relief Fund in the 2021/22 financial year to eligible businesses resulting in overpayments on their accounts in most cases. The credits were subsequently transferred into the 2022/23 financial year on each account earlier this year putting most businesses ahead of their current instalment plans. |
| **3.(Community and Customers)** Average number of days to process new claims for housing/council tax benefit | 17 | 14.3 | 19.7 | **18.9** | 17 | | | Though the target was not achieved, Q3 performance sees an improvement of 0.8 days from Q2 and remains above the national average (22 days).<br><br>The national average number of days to process a new claim has increased. This can be attributed to the number of different government schemes that councils' Benefit sections have had to administer and the nationwide challenges in recruiting and retaining staff. |
| **4.(Community and Customers)** Average days to process change of circumstances (Housing/Council Tax Benefit) | 6.0 | 7.2 | 17.8 | **12.7** | 6.0 | | | Whilst the target has not been achieved, Q3 performance at 12.7 days shows a great improvement and trend on both Q1 (23.2 days) and Q2 (17.8 days).<br><br>This indicates that the actions that the team put in place are working. |
| **5.(Community and Customers)** Increase the percentage of calls to the contact centre answered within 60 seconds | 80% | 33.93% | 23.09% | **55.3%** | 80% | | | Due to system issues with our telephone provider, we were unable to collect the exact data although weekly monitoring showed continued improvement from previous quarters. Exact figures will be provided in Q4 and updated as soon as available. We are working with IT to resolve this as soon as possible.<br><br>During December the improvement has continued with the average speed of answer at under 2 minutes with an average of 55% of calls answered within 60 seconds. We have 6 new starters on our customer contact training programme. |

| KPI Description | Annual Target 2022/23 | Q3 2021/22 | Q2 2022/23 | Q3 2022/23 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Target | Status | Short Trend | |
| | | | | | | | | Customer contact continues to remain of a complex nature and Customer Advisors are spending longer assisting with enquiries endeavouring to resolve them at that first contact. |
| **6.(Housing)**Decrease total number of households living in emergency (nightly paid) accommodation | Data Only | 26 | 51 | **56** | Data only | | | The cost-of-living crisis continues to impact this measure, in addition to this we continue to see an increase in single placements due to mental health issues and family exclusions. |

## Other Performance Indicators

Page 19

| KPI Description | Annual Target 2022/23 | Q3 2021/22 | Q2 2022/23 | Q3 2022/23 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Quarterly Target | Status | Short Trend | |
| 7. **Housing**: Decrease average number of days to re-let Council homes (excluding temporary lets) | 20 | 28.8 | 44.4 | **51.7** | 20 | | | Monthly void improvement meetings are taking place to improve our turnaround times. Discussions around strategies for improvement are held in collaboration with Neighbourhoods and Property Services. Housing register review is on-going, and we hope that this will be completed by March in order to plan and implement new ways of working. |
| **8. Housing:** DFGs - Time taken from council receiving a fully complete application to the council approving the grant | 14 days | 2 days | 7 days | **Information unavailable** | 14 days | | | Unfortunately, due to timescales within Q3, this PI information is not yet available |
| 9. **Housing**: Rent arrears of current tenants (expressed as a percentage of rent debit) (L) | 3.5% | 4.46% | 3.93% | **4.17%** | 3.5% | | | Rent arrears are 0.67% below target. Arrears overall compared to the same period last year has reduced by £24,314 (improved on last year's outturn by 0.29%).<br><br>Cost of living continues to drive contact of a more complex nature. We have 2 new starters on our rents Training programme and increasing debt support training has been delivered to the team, |

| KPI Description | Annual Target 2022/23 | Q3 2021/22 | Q2 2022/23 | Q3 2022/23 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Quarterly Target | Status | Short Trend | |
| | | | | | | | | to manage the additional demand of rent increases in 23/24.<br><br>Work continues with Mobysoft to implement improvements to the software we use and we have benchmarked our performance against all other councils in the South East of England showing a decrease since April 21 of the number of tenants in arrears against an increase in the other authorities. |
| 10. **People and performance**: Number of new sign-ups to the Councils' social media channels | 650 | 281 | 252 | **230** | **162.5** | | | During each month in Q3 2022-23 we consistently exceeded the target for new social media followers across the Lewes District Council profiles. |
| 11. **People and performance**: Number of people registering for our email service | 3250 | 1,757 | 885 | **957** | **812.5** | | | PI continues to achieve target. |
| 12. **People and performance:** Average days lost per FTE employee due to sickness (J) | 8.0 days | 2.35 days | 1.67 days | **1.4 days** | 2.0 days | | | This is the third quarter of reporting average days lost due to sickness for 2022/23. Sickness levels remain below target in Q3 where we recorded an average of just 1.4 days absence which is a decrease from Q2 (1.67 days) but remains stable and well within target. Absences for Covid-19 (those staff reporting symptoms) for Q2 was 28 which is a reduction of 14 from Q2.<br><br>The figure of 1.4 days for Q3 means we remain on track to meet our annual target of 8 days per annum.<br><br>It is worth noting that that this figure will increase as sickness notifications are still being received for December following the Christmas break and a further calculation will be undertaken at the end of this week and figures updated.<br><br>HR Business Partners continue to support managers in managing any attendance issues that arise. |

| KPI Description | Annual Target 2022/23 | Q3 2021/22 | Q2 2022/23 | Q3 2022/23 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Quarterly Target | Status | Short Trend | |
| 13.**Planning**: % of appeals allowed against the authority's decision not to grant planning permission (2 year rolling government figures) | <10% | Major – 3.3% Minor – 1.4% | Major – 0% Minor – 0.8% | **Major – 3.3% Minor – 1.0%** | 10% | | | From the most recent Government stats there were 30 major appeals determined of which 1 was allowed (3.3%). There have been a number of recent appeal overturns, these have not yet caught up with/by the National stats.<br>9 minor decisions from 919 up to Sept 2021 were overturned at appeal |
| 14. **Planning:** Exceed government targets for the % of major applications determined within 13 weeks - LDC | 60% | 66.67% | 60% | **87.5%** | 60% | | | Exceeds the National PI |
| 15. **Planning**: Exceed government targets for the % of minor applications determined within 8 weeks- LDC | 80% | 70.89% | 77.95% | **84.62%** | **80%** | | | Exceeds the National PI |
| 16. **Recycling & Waste**: KG waste collected per household | Data Only | 106.7 | 114 | **106.8** | Data only | | | Q3 Holding figures using the average for the same period in the previous year until actual data from ESCC is available.<br>**Quarter 2**<br>July = 37.1kgs<br>Aug = 37.1kgs<br>Sept = 37.1kgs<br>Qrt Av. = 37.1kgs<br>Qrt Total = 114kgs |
| 17. **Recycling & Waste**: Percentage of household waste sent for reuse, recycling and composting | 46% | 40.47% | 44.01% | **44.01%** | 46% | | | Updated figures given for Q2 and used as estimated data for Q3. Positive trend from Q1 data.<br>Holding figures using the average for the same period in the previous year until actual data from ESCC is available. |

Page 21

| KPI Description | Annual Target 2022/23 | Q3 2021/22 | Q2 2022/23 | Q3 2022/23 | | | | Latest Note |
|---|---|---|---|---|---|---|---|---|
| | | Value | Value | Value | Quarterly Target | Status | Short Trend | |
| | | | | | | | | The year-on-year comparisons shows the overall trend continues to be positive although affected by seasonal and economic changes. June, July, Aug being unusually dry has seen a drop in garden waste collected and the cost-of-living crisis is influencing householder behaviour. History tells us that waste levels drop when the economy is struggling with residents having less disposal income to spend.<br><br>The service continues to promote food waste collections through the regular Reduce Reuse Recycle bulletin as well as social media. |
| 18.**Recycling & Waste**: Total number of reported fly-tipping incidents | 180 | 94 | 89 | **100** | 45 | | | Reported incidents breakdown: Oct 28, Nov 35 and Dec 37.<br><br>Hotspot wards: Newhaven South, Newhaven North and Lewes Bridge.<br><br>**Most common type of fly-tips this quarter are:**<br>• Those on council land, roads, pavements<br>• Household items, builders waste, garden waste<br>• Equivalent to a small van load in volume |

Page 22

| KPI Description | Annual Target 2022/23 | Q3 2021/22 Value | Q2 2022/23 Value | Q3 2022/23 Value | Q3 2022/23 Quarterly Target | Q3 2022/23 Status | Q3 2022/23 Short Trend | Latest Note |
|---|---|---|---|---|---|---|---|---|
| **19. Sustainability**: Air Quality: Number of times nitrogen dioxide levels exceed national air quality objectives (200 µg/m3 hourly mean ave.) | 18 | 4 | 0 | **0** | 4.5 | | | Q3 data yet to be ratified, estimates given.<br><br>We are currently in the process of updating our Air Quality Action Plan, during the process (Q3) we will propose a more accurate PI to represent air quality for Lewes District. The current PI is tracked on exceedances of an hourly standard with a maximum number of permitted exceedances (18) per annum measured only at one location in Lewes town currently (as opposed to the twenty four hour average per annum which is measured via our monitoring stations and our network of approximately 50 diffusion tubes across the district ). |

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| **Report to:** | **Cabinet** |
| **Date:** | **2 February 2023** |
| **Title:** | **General Fund Revenue Budget 2023/24 and Capital Programme** |
| **Report of:** | **Homira Javadi, Director of Finance and Performance (Chief Finance Officer – S151 Officer)** |
| **Cabinet member:** | **Councillor Zoe Nicholson, Deputy Leader of the Council, Cabinet Member for Finance and Assets** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **To agree the General Fund Budget 2023/24 and updated Medium Term Financial Strategy, together with the updated Capital Programme and Treasury Management position.** |
| **Decision type:** | **Budget and Policy Framework** |
| **Officer recommendation(s):** | **1. Members are asked to recommend the following proposals to Full Council:** |

**1.1. The General Fund Budget 2023/24 (original) and projected MTFS as set out in Appendix 1.**

**1.2. The General Fund Budget 2022/23 (revised) as set out in Appendix 2.**

**1.3. An increase in the Council Tax for Lewes District Council of 1% (per annum) resulting in a Band D charge for general expenses of £204.10 (per annum) for 2023/24.**

**1.4. The revised General Fund Capital Programme 2023/24 as set out in Appendix 6.**

**1.5. The rates of Fees and Charges proposed within Appendix 5 to apply from 1 April 2023 and to implement changes to statutory fees and charges for services shown within Appendix 5 as and when notified by Government.**

**1.6. The Council introduce from 1 April 2024 a new discretionary council tax premium on second homes of up to 100% and apply a premium of up to 100% on homes which have been empty for longer than 1 year following the Levelling Up and Regeneration Bill becoming law.**

**1.7. To note the Section 151 Officer’s sign off as outlined in the report.**

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

## 1. OPENING REMARKS

1.1. With austerity, Brexit, Covid-19, the war in Ukraine and now spiking inflation, the last decade has seen an unprecedented squeeze on the finances of councils across the country. Most councils have had to make difficult decisions and face reductions to their services and planned investments.

1.2. Several councils have declared bankruptcy, and others have said they may face that outcome in the coming year/s. We have also faced our share of the challenges such the increasing cost of goods and services in particular the energy prices as well as having to respond to the increasing demand for some of our key services. However, we have maintained vital services, and have even managed to invest in new facilities. Indeed, we have made additional budgetary provisions for measures to provide Cost of Living Support, Community Wealth building, invest in energy efficiency across our housing stock; and planning to introduce more environmentally efficient waste services.

1.3. We generated significant efficiencies, both from the Recovery & Reset Programme (R&RP) and also through careful management of our resources. By making use of external funding, such as the Levelling Up fund, Towns Fund and Future High Streets fund we have been able to secure further investment for the district. Initiatives such as the Marine Workshops and other town centre improvements in Newhaven in particular have been possible because of this. But nonetheless, the scale of the financial challenge faced by all councils, including Lewes, is unprecedented.

1.4. We started our work on the budget early this year, and for the last five months every team across the organisation has been tasked with finding new ways to generate or save money. I am pleased to say that after the hard work from every team across the council, a balanced financial plan has been achieved without making reductions to front-line services.

1.5. However, like all Councils across the country there remain financial challenges over the medium term not only in terms of pressures on demand and finances but the uncertainty surrounding local government funding reforms.

1.6. The new financial plan, which takes us to April 2027, also includes £169.2m (GF of £84.7m and Housing Revenue Account £84.5m) of investment in capital programme during those four years. The main General Fund capital projects scheduled for 2023/24+ are as follows:

- New Business Unit, Avis Way Newhaven
- Local Energy Schemes
- New Crematorium & Green Burial Facility

- Waste Vehicle Repalcement
- Newhaven (Levelling Up Fund)
- Marine Workshops, Newhaven
- The Friars, Lewes.

Note: The Housing Revenue Account (HRA) is a ring-fenced account which ensures that the Council's housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

1.7. This has been an extremely challenging budget to put together, despite the financial pressures, we continue to invest in the District. Ultimately, we want to make Lewes a fairer and more equal place to live and this Budget helps the Council to achieve that.

**Homira Javadi**
**Director of Finance and Performance**

## 2. INTRODUCTION

2.1. This report sets out the Council's Medium Term Financial Strategy (MTFS) and associated spending plans for the four years 2023/24 to 2026/27. The reports cover all aspects of the Council's expenditure:

a) General Fund revenue expenditure funded by the council tax payer
b) Government grants and other sources of income
c) the Council's Capital Programmes (General Fund and HRA) funded by capital receipts, revenue and borrowing.

2.2. The proposed Medium Term Financial Strategy:

2.2.1. Financially balanced in 2023/24 with the remaining three years to be balanced through a combination of the of use of reserves and additional savings and efficiencies, to mitigate existing budget gaps.

2.2.2. Assumes Fairer Funding reforms to business rates, which are likely to disadvantage the Council, are further delayed by the Government beyond the next General Election

2.2.3. Assumes New Homes Bonus continues largely unaltered over the MTFS until formal consultation on fair funding reforms are announced, and its replacement.

2.2.4. Assumes a Council Tax increase of 1% for 2023-24, followed by 2.99% in 2024-25 and annual Council Tax increases of £5 thereafter. The rate of 3% has been confirmed in the Autumn Statement as the rate at which there is no requirement for a referendum. Although this rate has not been confirmed for 2024-25 there are indications in the Autumn Statement that, this will be the case.

2.2.5. Assumes an increase in council house rents of 7% in 2023-24 following the outcome of the Autumn consultation and Government policy announcement in December 2022.

2.2.6. Facilitates capital investment of £169.2m over the four year period.

## 3. ECONOMIC CONTEXT, PRIORITIES AND BUDGET SETTING STRATEGY

3.1. This report sets out the Council's financial plans for the period 2023/24 to 2026/27. The plans make assumptions about income from Government grants, Council Tax and rents. The plans underpin service provision and the Council's vision, set out in the corporate plan, of "using our council resources wisely whilst respecting and following the principles of open governance, equality, open data and being a responsible employer."

3.2. The Council seeks to support and maintain services from income stream driven from fees and charges and financial returns from its trading activities.

**Economic Context**

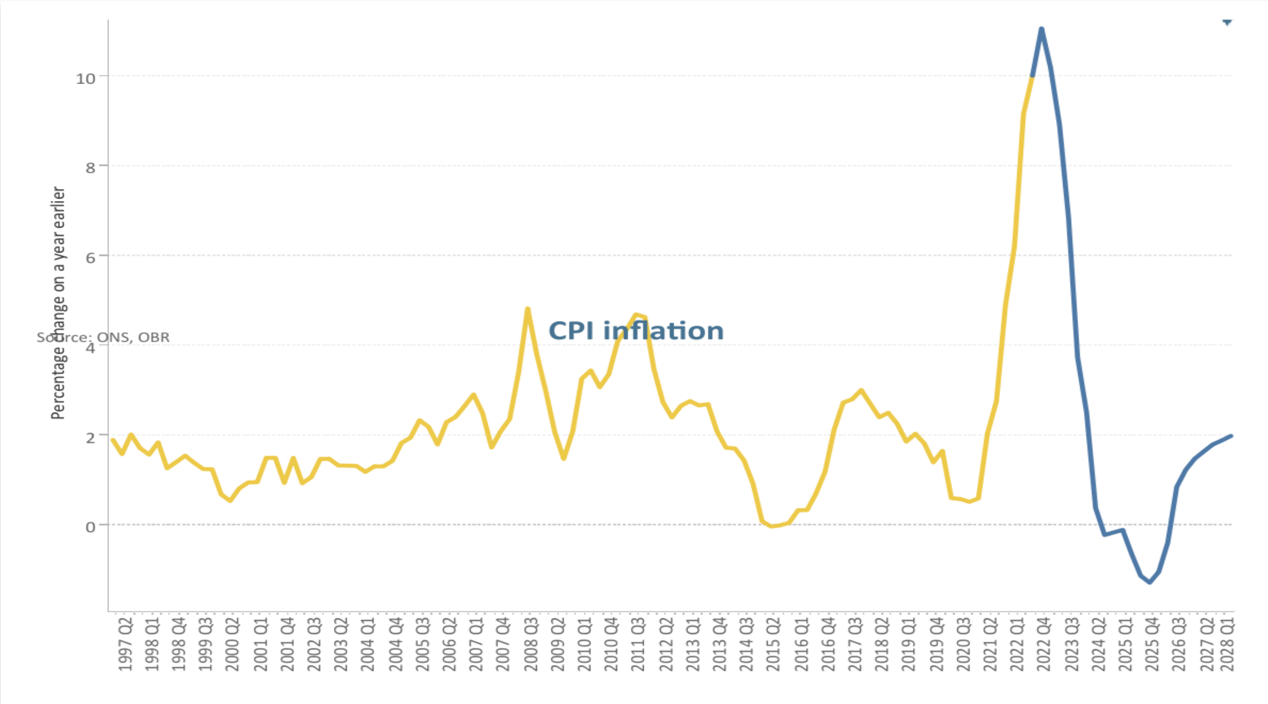
3.3. The UK is beginning 2023 on the brink of recession as households and businesses come under intense pressure from the cost of living crisis, with inflation at the highest rates since the early 1980s.

3.4. The Bank of England has said the country is on track for a prolonged recession, as households struggle to keep up with the soaring costs of food, energy and other basic essentials.

3.5. In October 2022 CPI inflation rose to 11.1% against the 12 months previous, considerably higher than the Bank of England target of 2%. It is expected that this measure will peak at close to 11% in quarter 4 of 2022 although it is expected to fall shortly in the middle of next year. The latest forecasts by the Office for Budget Responsibility (OBR) are that inflation for this year will be 9.1% before falling to 7.4% in 2023 and then 0.6% in 2024. This is in comparison to the highest period of annual inflation since the year 2000, in 2011 when inflation reached 4.1%.

3.6. However, falling rates of inflation don't necessarily mean prices are coming down. Living costs are expected to remain far higher than pre-Covid levels, with energy bills likely to remain more than double historical levels even after taking account of the government's energy price guarantee, keeping up the pressure on households and businesses.

*Table 1: UK Inflation Forecasts*




3.7. Economic activity slowed sharply in recent months as consumers tighten their belts in response to soaring living costs, while business investment has slumped amid concerns over the strength of the UK and global economy.

3.8. Britain remains the only G7 economy with Gross Domestic Product (GDP) below its pre-pandemic level. The Bank of England expects the recession to last for at least the whole of 2023 and the first half of 2024, before only a gradual recovery thereafter.

3.9. Continuing high energy prices are expected to weigh on activity, while higher borrowing costs for businesses and households after sharp rate increases from the Bank of England will also act as a drag. Company bosses warn that business investment will remain weak, with added headwinds from Brexit red tape and additional costs for exporters.

3.10. On the 3 November 2022 the Bank of England base rate increased by 0.75% from 2.25% to 3% this is the eighth successive rise from a rate of only 0.1% in December of last year. Link Asset Management, the Councils Treasury advisors, have given their view on interest rate forecasts as shown below:

> *'Base rates will continue to increase, peaking at 4.5% before starting to fall back from June 2024 onwards. Investment earnings will likewise rise as illustrated in 3- 12 month money whilst borrowing will equally rise and then fall as indicated. 10. Interest rates on PWLB loans continue to be at a record low'. The debt held by the Council are in respect of HRA self-financing.  The balance as at 31 March 2023 will be around £53.7 million, with fixed interest rates range of between 2.70% to 3.50% covering up to 50 years.*

| Link Group Interest Rate View | 19.12.22 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 |
| BANK RATE | 3.50 | 4.25 | 4.50 | 4.50 | 4.50 | 4.00 | 3.75 | 3.50 | 3.25 | 3.00 | 2.75 | 2.50 | 2.50 |
| 3 month ave earnings | 3.60 | 4.30 | 4.50 | 4.50 | 4.50 | 4.00 | 3.80 | 3.30 | 3.00 | 3.00 | 2.80 | 2.50 | 2.50 |
| 6 month ave earnings | 4.20 | 4.50 | 4.60 | 4.50 | 4.20 | 4.10 | 3.90 | 3.40 | 3.10 | 3.00 | 2.90 | 2.60 | 2.60 |
| 12 month ave earnings | 4.70 | 4.70 | 4.70 | 4.50 | 4.30 | 4.20 | 4.00 | 3.50 | 3.20 | 3.10 | 3.00 | 2.70 | 2.70 |
| 5 yr PWLB | 4.20 | 4.20 | 4.20 | 4.10 | 4.00 | 3.90 | 3.80 | 3.60 | 3.50 | 3.40 | 3.30 | 3.20 | 3.10 |
| 10 yr PWLB | 4.30 | 4.40 | 4.40 | 4.30 | 4.10 | 4.00 | 3.90 | 3.80 | 3.60 | 3.50 | 3.40 | 3.30 | 3.30 |
| 25 yr PWLB | 4.60 | 4.60 | 4.60 | 4.50 | 4.40 | 4.20 | 4.10 | 4.00 | 3.90 | 3.70 | 3.60 | 3.50 | 3.50 |
| 50 yr PWLB | 4.30 | 4.30 | 4.30 | 4.20 | 4.10 | 3.90 | 3.80 | 3.70 | 3.60 | 3.50 | 3.30 | 3.20 | 3.20 |

*Table 2: Interest Rate Forecasts from December 2022 to December 2025*

1.1. The Council capital programme is heavily financed by borrowing although the Council currently uses internal funds, as these are the cheapest form of borrowing. As the Capital Financing Requirement increases so will the need to undertake external borrowing.

**Autumn Statement 2022**

1.2. The Chancellor's Autumn Statement originally planned for 31 October was announced on 17 November. The current economic crisis gave rise to a substantial reported gap in Government finances of around £55 billion. The Autumn Statement fully funded this gap from service efficiencies and tax rises.

The main implications for local Government are:

**Council Tax**

1.3. From April 2023 (2023/24 only but expected to be for 2024/25 additionally), the referendum limit for increases in council tax will rise to 3% per year or £5, whichever is greater. In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2% (previously 1%) per year over the same timeframes.

**Business Rates**

1.4. It is stated that local authorities will be fully compensated for the loss of income as a result of the new business rates measures detailed below and local authorities will receive new burdens funding for administrative and ICT costs.

1.5. Revaluation: from 1 April 2023, business rate bills in England will be updated to reflect changes in property values since the last revaluation in 2017. A package of support worth £13.6 billion over the next 5 years will support businesses as they transition to their new bills.

1.6. Multipliers: business rates multipliers will be frozen in 2023-24 at 49.9 pence and 51.2 pence, preventing them from increasing to 52.9 pence and 54.2 pence. This will mean bills are 6% lower than without the freeze, before any reliefs are applied.

1.7. Transitional relief scheme: Upwards Transitional Relief will support properties by capping bill increases caused by changes in rateable values at the 2023 revaluation. This £1.6 billion of support will be funded by the Exchequer rather than by limiting bill decreases, as at previous revaluations. The 'upward caps' will be 5%, 15% and 30%, respectively, for small, medium, and large properties in 2023-24. They will be applied before any other reliefs or supplements.

1.8. Retail, Hospitality and Leisure Relief: support for eligible retail, hospitality, and leisure businesses is being extended and increased from 50% to 75% business rates relief up to £110,000 per business in 2023-24.

**Capital Investment**

1.9. Levelling Up Fund (LUF): the second round of LUF will go ahead. It will allocate at least £1.7 billion to priority local infrastructure projects. Successful bids will be announced before the year end.

**Social Housing**

1.10. Rents for social housing will be capped at 7% in 2023-24.

**Household Support Fund**

1.11. This will be extended for the whole of 2023-24 with total funding of £1 billion. Funding will presumably continue to be channelled through county and unitary councils.

**National Living Wage**

1.12. This will increase for individuals aged 23 and over by 9.7% to £10.42 an hour from 1 April 2023.

1.13. It was noticeable that the Autumn Statement was silent on a number of key points including:

- Government plans to implement increases to planning fees
- Future of New Homes Bonus
- Business rates re-set
- Fair Funding Review
- The future of DEFRA's waste consistency reforms
- The length of this year's local government funding settlement

**Local Government Finance Settlement**

1.14. The Local Government Finance Settlement released in the week commencing 19 December 2022, confirmed what had already been expected with no major changes or surprises from pre-published material already circulating within local government finance networks. The Settlement announced limited changes to service grants and the replacement of the previous lower tier services grant with the Funding Guarantee Grant, in essence a recalculation of the remaining revenue support grant to councils to maintain their spending powers.

1.15. Although the settlement included the levels of New Homes Bonus and Business Rates reliefs as per previous years and underlying assumptions the settlement continued the silence of policy guidance regarding key areas of local government funding set out in 3.17.

### Consultation and Planning

1.16. As in previous years the budget has been prepared in line with corporate priorities, as set out in the corporate plan This plan was consulted on widely at the time of production. The budget will be considered first by Cabinet and then by Full Council in February 2023.

1.17. The Service and Financial Planning review has been undertaken by

- Reviewing all four year assumptions of the MTFS around changes to the base budget
- Introducing officer proposals to reduce spend or in some instances increasing income where it is prudent to do so
- Liaison with the Council's wholly owned companies on their future business plans and adjusting the amount of financial return and dividend to the Council accordingly
- Maximising the use of the assets that the Council holds
- Using reserves to smooth out fluctuations in the General Fund over the four year period whilst ensuring that such reserves are not depleted further over the four year period.

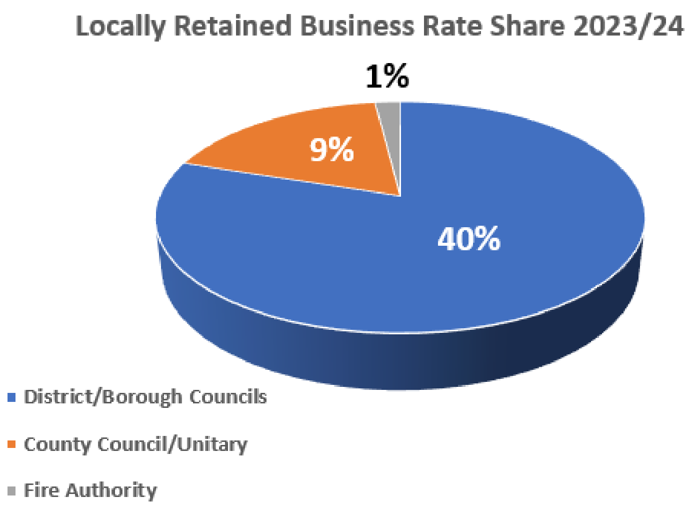
1.18. Taking account of this review the key assumptions are outlined below.

## 2. GENERAL FUND REVENUE BUDGET - KEY ASSUMPTIONS

### Retained Business Rates

2.1. Business rates income collected by Lewes District Council as the billing authority is split 50% with and to central government, with the remaining local 50% share to be distributed based on the following local shares, as set out in the framework for business rates:

*Chart 2: Split of Local Share of Business Rates*




2.2. The recent Spending Review and Autumn Statement 2022 was not explicit in terms of the reforms in respect of Business Rates Retention, (known as Fairer Funding). The implementation of these reforms has been delayed for the past 3 years and is likely to be delayed again since there is insufficient time for the Government to implement these changes by financial year 2023/24 and probably before the next general election. Any proposals would need to go through a consultation process first, any implementation could only take place as early as 2024/25. This timeframe is so close to a general election it would be highly unlikely to be undertaken as this point.

2.3. For budgeting purposes the figures for 2023/24 have now been confirmed following the financial settlement which result in an increase of some £1.045m additional business rate income in 2023/24 compared to those previously assumed in the interim MTFS.

2.4. The assumption that reform to business rates is delayed for a further year and beyond has been modelled across the MTFS and the opportunity to equalise business rate income flowing into the general fund through the adoption and use of an equalisation reserve has also been taken. This provides clarity and consistency over the medium term until such time as future reforms are communicated by government and will be kept under review.

**East Sussex Business Rates Retention Pool Arrangements**

2.5. For 2023-24 as in previous years the East Sussex Business Rates Pool consisting of East Sussex County Council (ESCC), Lewes District Council (LDC), Hasting Borough Council (HBC), Rother District Council (RDC), Wealden District Council (WDC) and Eastbourne Borough Council (EBC) will continue. This is to optimise the financial return to Pool members given the interaction of levy payments to Government.

2.6. Lewes District Council provisional benefits from the pooling arrangements amount to £0.383m in 2023/24.

**Levelling Up and Regeneration Bill**

2.7. The Levelling Up and Regeneration Bill, given its first reading on 11 May 2022 is a key component of the Government's wider programme to level up the country, as set out in the Levelling Up White Paper published in February 2022. The bill in currently making its way through Parliament. Within the bill there is provision to allow local authorities to:

*a)* Introduce a new discretionary council tax premium on second homes of up to 100%
*b)* Apply a council tax premium of up to 100% on homes which have been empty for longer than one year rather than the two years that local authorities are currently able to do.

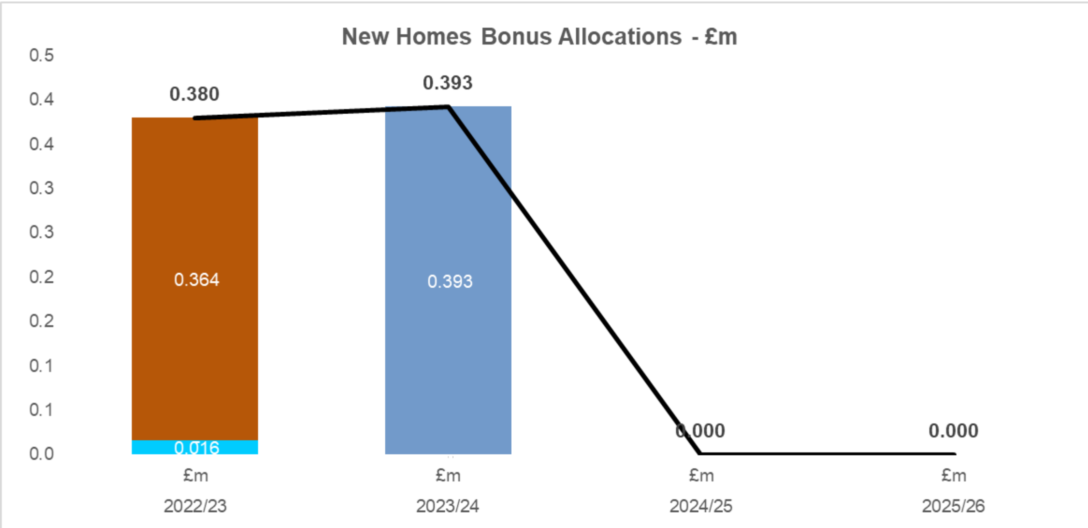
2.8. The Local Government Finance Act 1992 requires that such amendments can only be made one year after the billing authority has made a determination to implement and not before financial year beginning 1 April 2024 i.e. a determination by the Council made in this year's budget process, assuming the Levelling Up and Regeneration Bill is enacted may only be implemented from 1 April 2024.

2.9. Based on current numbers of second homes and dwellings that are empty for between 1 and 2 years approving the amendments could raise around £0.2m additional council tax income per annum assuming a reasonable attrition rate.

**New Homes Bonus (NHB)**

2.10. For 2022-23 the Government made a one off New Homes Bonus payment of £0.365m to the Council but this did not come with the four year legacy payments that existed under the previous methodology. The Local Government Finance Settlement in December confirmed NHB payments to Lewes District Council of £0.393m during 2023/24.

*Chart 3 – New Homes Bonus Allocations (source: LG Futures)*




**Council Tax**

2.11. The Autumn Statement included provision to increase the council tax referendum level to 3% or £5 whichever is the higher for District Councils for 2023-24. Although there is no mention of this referendum level for 2024-25 the indication is that the level will be the same.

2.12. The recommendation is to increase council tax by 1% for 2023-24 with an increase of 2.99% assumed for 2024-25 before returning back to £5 for the remainder of the MTFS period. An annual increase of Council Tax by one additional percentage point represents approximately £0.3m of additional annual income to Lewes District Council, although this varies year by year depending on the movements of the underlying tax base.

2.13. The aggregate Band D council requirement comprises two elements:

- Special Expenses in respect of the cost of managing and maintaining parks and open spaces. The budget of each site is charged to the council taxpayers of that part of the district area in which the facility is located.

- General Expenses, all other costs.

2.14. The Council has made a commitment to passing on changes in the cost of the upkeep of open spaces. Special Expenses amounts are shown in table 3.

| Town/Parish Area | Special Expenses 2022/23 £ | Band D 2022/23 £ | Special Expenses 2023/24 £ | Band D 2023/24 £ |
|---|---|---|---|---|
| Lewes | 343,000 | 56.70 | 353,377 | 56.90 |
| Newhaven | 134,940 | 37.09 | 139,035 | 36.06 |
| Telscombe | 57,720 | 23.10 | 59,480 | 23.37 |
| Seaford | 58,590 | 6.23 | 60,396 | 6.32 |
| Peacehaven | 41,100 | 8.65 | 42,360 | 8.51 |
| Chailey | 1,120 | 0.81 | 1,149 | 0.80 |
| Ringmer | 4,410 | 2.26 | 4,548 | 2.20 |
| **Total Special Expenses** | **640,880** | **17.45** | **660,346** | **17.45** |

*Table 3: Special Expenses by Town/Parish*

2.15. Applying a 1% increase to the General Expenses element of the Council Tax gives a Band D tax amount of £204.10 as shown in the table 4 below:

*Table 4: Proposed Band D rates*

| | 2022/23 £ | 2023/24 £ | Change £ | Change % |
|---|---|---|---|---|
| Band D | | | | |
| Special Expenses | 17.45 | 17.45 | 0.00 | 0.00% |
| General Expenses | 202.08 | 204.10 | 2.02 | 1.00% |
| **Total** | **219.53** | **221.55** | **2.02** | **0.92%** |

**Investment Interest**

2.16. On the 3 November 2022 the Bank of England increased base rates by 0.75% to 3%, the eighth consecutive interest rate rise since December 2022. It is also assumed that the base rate will continue to increase further as Bank of England tries to meet its target of keeping inflation at 2 per cent. Latest figures show inflation is currently about five times that target. Analysts currently predict that the base rate could reach 4.75 per cent next year. These interest rate rises will ultimately feed through to increases in PWLB borrowing and the council's investments. Investment rates should increase with a subsequent positive impact on the council's finances. Increases in PWLB rates will have an adverse impact on the council's capital financing costs directly and indirectly including HRA and its wholly owned housing companies since PWLB is its main source of capital financing. This could ultimately impact on the council's financial return.

**Inflation**

2.17. Most budgets are cash limited. The Consumer Prices Index (CPI) rose by 11.1% in the 12 months to October 2022 up from 10.1% in September. The most significant impact is on materials purchased in respect of repairs and maintenance and the council's capital programme, for which budgetary provision has been made. Provision has been made for specific contracts the Council has which contractual holds the Council to awarding inflationary increases many of which are linked to national recorded metrics such as CPI.

### Utility Costs

2.18. Budgeted expenditure of electricity and gas in respect of council buildings is around £0.15m per annum. The Government have placed a unit cap on the maximum amount that will be paid by business and residents for a 14-month period ending 31 March 2023. Although further measures will be extended for some households beyond this period.

2.19. Due to the ongoing volatility within global energy markets and the potential ending of Government support to businesses an additional budgeted provisional increase of £0.1m has been made within the 2023/24 budget allowing for the price cap not to continue beyond March 2023. This is following advice from the Councils external energy consultants.

2.20. However, Government have now confirmed that support to businesses beyond March 2023 will take the form of a discount on the underlying market unit prices for energy rather than a cap on the unit price. This although welcome will mean businesses and the Council will be subject to increased uncertainty on the costs of energy due to the volatility of global markets.

2.21. Therefore, the proposed budgeted provision will be held corporately and used to support service budgets as clarity on price caps, government support and market rates become clearer. Monthly budget reporting over the course of 2023/24 will provide updates on demand and allocation of this provision which is to be delegated to the Director of Finance and Performance in consultation with the Portfolio Holder for Finance.

2.22. If the proposed budget increase in 2023/24 is agreed the Council will have increased its budgets for gas and electricity considerably over the past 24 months. It is currently assumed and modelled that energy rates will return to long term averages during the financial year 2026/27 of the MTFS and result in a budgeted reduction of £0.134m in that year. This will be kept under review as more information and time progresses, with the next review being undertaken next year.

### Pay Assumptions

2.23. The 2023/24 budget includes provisional pay award costs of £0.422m, this is a reduction of £0.406m shown in the interim MTFS due to a refresh of assumptions and calculation of increments.

2.24. The budgeted provision for cost-of-living award in 2023/24 will be held as a corporate provision until such time as the actual pay award is agreed. Service budgets at the point of award and payroll transaction will be uplifted to reflect the correct and agreed pay award ensuring that budgets across the Council are representative of agreed values and reported against accurately.

2.25. Pay related cost in the budget includes the following:

- Adjustment to the base budget to reflect the final 2022/23 staff pay award of £1,925 per FTE post agreed in November 2022, compared to the base budget position of 2.5%.
- Adjustment to the base budget to reflect the final 2021/22 staff pay award of 1.75% compared to the base budget of 2.50%.
- Contractual increments where staff are not at the top of their pay grade for 2023/24, resulting in a budgeted provision of £0.046m.

2.26. Cost of living assumptions and the associated budgeted value over the MTFS are as follows:

| MTFS Financial Year | Budget Assumption | Budget Provision - General Fund £m | Budget Provision - HRA £m |
|---|---|---|---|
| 2023/24 | 4.0% | £0.376 | £0.053 |
| 2024/25 | 3.0% | £0.409 | £0.059 |
| 2025/26 | 2.5% | £0.349 | £0.050 |
| 2026/27 | 2.5% | £0.357 | £0.051 |

**Pensions**

2.27. The Medium Term Financial Strategy includes an increase from the current contribution in line with pay inflation increases. The next triennial review will be with effect from 1 April 2023.

**Employer Pension Costs**

2.28. The approach will be consistent with the actions agreed following the current actuarial review of the East Sussex Local Government Pension Fund at 31 March 2022; the outcome has been profiled into the budget for the three years to 2025/26.

2.29. The 2022 valuation confirmed that the Fund's total assets, which at 31 March 2022 were valued at £194.0m. There was an improvement in the reported funding level from 102.2% to 116.8% and a change in the funding surplus from £3.22m to a surplus of £28.0m.

2.30. 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 from April 2023 to March 2026 have been set in accordance with this requirement.

2.31. For Lewes District Council the employer pension contribution rates for 2023/24, 2024/25, & 2025/26 will be 22.85% per annum, which were based on an annual primary rate of 23.9% reduced by 1.8% secondary rate plus 0.75% relating to the Early Retirement and Voluntary Severance (ERVS) Scheme.

2.32. The next actuarial review will be on 31 March 2025 and the revised contribution schedule with any budget implications will be built into budgets for 2026/27 onwards.

2.33. For 2023/24 this budget reflects the outcome of the 2022 Pension Fund Revaluation and the funding options offered to employers by the Fund.

2.34. As part of budget-setting 2023/24, the approved approach will be:

- To pay the primary employer contribution rate at 23.9% of salaries. This has been factored into the 2023/24 base budget.
- To reduce the annual primary contribution above by the secondary employer credit/rate at -1.8%.

- To pay the 0.75% relating to the Early Retirement and Voluntary Severance (ERVS) Scheme.
- To continue to rebuild the Pensions Reserve ready for the next revaluation in 2025.

**Capital Financing**

2.35. Capital financing for the draft Capital Programme is detailed in Section 5. Given the budgetary pressures experienced from the Council no revenue contributions have been assumed to finance capital which is largely funded by borrowing, the revenue implications of which have been included in the budget.

**Revised Budget 2022/23**

2.36. At Cabinet on the 8 December the Council reported a projected overspend of £1.091m due to the backdrop of the impact of price inflation on energy costs, increased cost of goods and services and pressures in demand services such as a rising number of homelessness supported.

2.37. There were also pressures following the conclusion and agreement of the pay award for 2022/23 which was significantly above (estimated as £0.50m) the budgeted pay award of 2.5% allowed for.

2.38. The Council was prudent and set aside reserves as at 2021/22 year-end to provide resilience and as a result was able to bring £1.012m of one-off funds to support the 2022/23 position, resulting in the reported projected overspend.

2.39. At the December Cabinet it was agreed that further work would be undertaken regarding the plan to transfer £0.841m into reserves in 2022/23 and other support to ensure a balanced position for the year.

2.40. A proposed revised balanced budget for 2022/23 is available in Appendix 2.

**Contingencies**

2.41. The 2022-23 budget included a general contingency of £0.350m. This contingency has proved useful in managing the budget for the current financial year.

2.42. For 2023/24, a number of earmarked reserves are available to cover any associated risks within the budget and will be available to adjust budgets if necessary, given:

- emerging pressures in relation to utilities and inflation.
- the uncertainty of COVID, ongoing financial implications from it, and uncertainty of the government funding associated with it
- the uncertainty of the economic recovery and subsequent demand for services.

2.43. The release of this contingency will be at the discretion of the Director of Finance & Performance in consultation with the Finance portfolio holder.

**Fees and Charges**

2.44. Although infection levels arising from the COVID 19 pandemic appear to be reducing the financial impact on businesses and the local authority's finances continues to be felt. Income level forecasts from the main income streams continue to be an issue although many of these forecasts set last year there has been a review of fees and charges as part of the budget setting process.

2.45. Fees and Charges are considered appropriately discretionary and are only reviewed in the light of covering the costs of providing the services.

2.46. Details of specific fees and charges increases in 2023-24 are given in Appendix 5 the impact of these has been incorporated into the budget which results in an increase in income of £0.12m.

**Budget Growth**

2.47. Budget growth splits into three distinct categories:

Unavoidable budget pressures total £0.333m

2.48. These are changes and additions to the baseline 2022/23 budget in order to reflect the anticipated cost of current service provision and adjusted for the anticipated demand for services in 2023/24.

2.49. These can be seen in Appendix 3b, the most material of these pressures are as follows:

- Local Election Costs £0.110m – the cost of running local elections was not previously budgeted for either through the creation of a provision or budgeted for in the year of elections. This is a base budget proposal to fund a provision which will then be available to drawdown and fund election costs as required.

- Energy Costs £0.096m – increased base budget provision for the likely increases costs of energy for the council following the end of government support and underlying unit costs of energy.

- External Audit Fees £0.055m – The Public Sector Audit Appointments (PSAA) have advised the council, along with most councils in the country, that the next external audit appointments will cost approximately 150% more than previous appointments.

Service Investment total £0.994m

2.50. This is ongoing service investment built into the base budget improve service delivery. The investment was included following CMT prioritisation along with consultation with Cabinet portfolio holders and Cabinet itself which allocated the resources to the areas it was felt there was the greatest need for service investment or a clear business case for change or improved outcomes.

2.51. These can be seen in Appendix 3c, the most material of these pressures are as follows:

- LDC Waste Establishment £0.360m – this proposal provides the base budget to fund the revised establishment agreed in 2022/23 following consultation and the revised pay grades within the waste service

- Investment in renewable diesel £0.174m – the investment provides the budget to allow the waste service to move forward with the Councils commitment to environmental methods of operation with the adoption of renewable diesel.

- Food Waste Collections £0.134m – following notification from DEFRA requirement for food waste collections, this investment allows the recruitment of staff to deliver the service.

One off or time limited budget pressures total £0.250m

2.52. This budget growth includes growth where there is uncertainty about the timing or impact of some changes, for time limited projects, invest to save schemes or to fund something for a defined period of time.

2.53. These can be seen in Appendix 3e and include the following proposal:

- Local Council Elections £0.250m – this one-off budget in 2023/24 provides for the costs of the local elections taking place in the Lewes district in 2023.

Efficiencies and Income Generation total -£2.011m

2.54. A total of -£0.114m efficiencies and -£1.897m income generation are included in the budget for 2023/24, full details are provided in Appendix 3d, the most material of these are as follows:

- Increase in Investment Income -£0.875m - Increase in interest income related to underlying increases in interest rates in the wider financial markets.

- Homelessness Prevention Grant (HPG) -£0.535m – the HPG is a ringfenced grant provided from government to support homelessness provision/services within the district. Previously this grant has been considered an un-ringfenced income and included as part of general financing/income along with council tax and therefore it is not new income but purely a presentational change. The proposal embeds the grant into the income budget of the service to support and fund the provision of homelessness rather than using general financing/income to fund the support. The expenditure budget of the service is unaffected.

- Inflationary increase in charges to HRA -£0.305m – inflation increase to the HRA recognising the support the HRA receives from service provision from the general fund covering various support services and facilities

- General increases in Fees & Charges -£0.120m – this is the cumulative increase in the proposed income resulting in the review of fees and charges across services.

Technical Adjustments total £0.5m

2.55. Essentially, these are adjustments to the budget to reflect previous decisions relating to taking out of the budget those items that had previously been incorporated as one-off budget items. They are therefore reversed in the following year's budget to ensure they do not remain in the base budget as they are no longer required.

**Reserves**

2.56. The General Reserve is forecast to be £3.95m by 31 March 2023 which is within the appropriate levels and £1.95m above the recommended minimum level of £2m.

2.57. The final budget report to Full Council will include a review of reserves and their adequacy as part of the Section 151 Officer's Section 25 Report. This will also include a more detailed narrative on the application and purpose of each reserve and will also include review of the budget proposals robustness.

2.58. Appendix 7 sets out the reserves position as at year-end 2022/23 with this position being updated as part of the financial year-end outturn and closedown.

**Risks**

2.59. The main risks to the balanced position of the General Fund budget are that:

*a)* Savings from efficiencies and transformation not achieved
*b)* Council income streams continue to be affected by the pandemic beyond the provisions already made in the MTFS
*c)* Failure or uncertainty of major partners to deliver
*d)* Pay negotiations are more than budgeted from April 2023 onwards
*e)* Reduction assumption in future inflationary rates are incorrect
*f)* Additional cost capital
*g)* Companies do not perform as well as expected leading to reduced income to the Council
*h)* Business Rates income is lower than forecast
*i)* Variations in interest rates or non-performance of property portfolio and other delivery vehicles effecting returns to council
*j)* Slippage in the capital programme adversely affects revenue savings and additional income in the MTFS
*k)* Cuts by partner organisations such as the County Council adversely affect service provision

## 3. GENERAL FUND CAPITAL PROGRAMME

3.1. The latest General Fund Programme, shown in Appendix 6, amounts to around £182.6m (GF of £98.1m and HRA £84.5m) of investment over four years. The current Capital Investment Strategy was reported to Cabinet in February 2022, and it sets out a framework for funding and investment decisions in respect of capital assets, in the context of the Council vision and priorities and available financial resources. The Capital Investment Strategy demonstrates that the Council take capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.

3.2. It sets out the long-term context in which capital expenditure and investment decisions are made and considers the risk, reward and impact on the achievement of the Council's priority outcomes. When setting its capital programme, the Council takes into consideration the following:

- 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.

3.3. 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.

3.4. 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 the financial plans and to demonstrate that the capital investment is affordable. The revenue and capital budgets are integrated with the financial impact of the proposed Capital Programme, being reflected in the Revenue Budget estimates.

3.5. 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.

3.6. The efficient and effective use of capital resources, including sound asset management, is fundamental to achieving the Council 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.

3.7. 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**

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

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

*i.* To maintain a four-year rolling Capital Programme which remains within the approved affordable, sustainable and prudential limits;
*ii.* 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;
*iii.* To identify opportunities for investment in new schemes that result in capital growth and/or new revenue income streams;
*iv.* To maximise available resources by actively seeking external funding to support Council priorities and disposing of surplus assets; and

v. To use internal resources alongside external resources where appropriate to support the Capital Programme and minimise any borrowing costs.

3.10. 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 2022/23 to 2026/27**

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

| Summary of Capital Programme | Revised Programme | Proposed Programme | | | |
|---|---|---|---|---|---|
| | **2022/23** | **2023/24** | **2024/25** | **2025/26** | **2026/27** |
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| **HRA Programme** | 14,706 | 19,684 | 16,125 | 31,603 | 26,584 |
| **Recovery and Stabilisation** | 1,052 | 20 | - | - | - |
| **Regeneration** | 14,625 | 35,223 | 10,655 | 340 | - |
| **Energy Schemes** | 62 | 500 | 3,895 | 4,250 | 2,200 |
| **Service Delivery** | 1,137 | 6,331 | 7,167 | 3,327 | 227 |
| **Specialist (Flooding & Coastal Defences)** | 688 | 236 | 236 | 236 | 236 |
| **Information Technology** | 404 | 213 | 150 | 150 | 150 |
| **Asset Management** | 2,373 | 2,930 | 250 | 100 | 100 |
| **Open Spaces / Biodiversity** | 220 | 610 | - | - | - |
| **Indoor Leisure Facilities** | 1,183 | 2,159 | 1,100 | 300 | 300 |
| **Parks and Pavilions** | 1,006 | 200 | 200 | 200 | 200 |
| **Community Infrastructure** | 900 | 900 | 900 | 900 | 900 |
| **Finance Transformation** | 329 | 150 | 150 | 150 | 150 |
| **Total Capital Programme** | **38,684** | **69,156** | **40,828** | **41,556** | **31,047** |
| | | | | | |
| **Financed By:-** | | | | | |
| **HRA** | | | | | |
| **Capital Receipts** | 7,493 | 4,901 | 766 | 2,398 | 2,470 |
| **Grants & Contributions** | - | 1,935 | - | 3,100 | 2,371 |
| **Major Repairs Reserve** | 5,035 | 4,965 | 4,965 | 4,965 | 4,979 |
| **Revenue Contributions** | 100 | 100 | 100 | 100 | 100 |
| **Borrowing Need** | - | 4,648 | 8,159 | 18,905 | 14,529 |
| **General Fund** | | | | | |
| **Capital Receipts** | 589 | 1,859 | 3,645 | 4,000 | 96 |
| **Grants & Contributions** | 12,510 | 29,888 | 12,255 | 2,340 | 2,000 |
| **Earmarked Reserves** | 1,978 | 436 | 436 | 436 | 436 |
| **Borrowing Need** | 10,979 | 20,424 | 10,502 | 5,312 | 4,066 |
| **Total Funding** | **38,684** | **69,156** | **40,828** | **41,556** | **31,047** |

**Capital Programme - Revenue Budget Implications**

3.12. 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 continued to be funded from capital grants and other contributions, the majority of the approved Capital Programme must be funded through prudential borrowing.

3.13. 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 2023/24 onwards net of interest on forecast balances and company loan repayments. Details are set out in the Treasury Management Strategy for 2023/24 that will be approved in February 2023.

**Capital Programme Oversight Board**

3.14. A Capital Programme Oversight Board (CPOB) has been established to provide strategic direction, oversight and corporate assurance for the General Fund capital programme and Housing Revenue Account (HRA) Business Plan across Council. The CPOB will be responsible for addressing programme issues, reviewing risk and financial implications, driving through the Assurance Review recommendations in respect of the capital programme and move towards a fully sustainable capital programme and asset release.

3.15. **CPOB Responsibilities are to:**

- Be responsible and accountable for feeding into the annual Service & Financial Planning process.
- Establish and embed a robust and effective governance framework through which all Councils capital projects will be evaluated, prioritised for development and delivery, subject to Member approval;
- Provide oversight of the capital programme and the Housing Revenue Account (HRA) Business Plan;
- Agree recommendations to relevant Committee(s), as required, to ensure the programme achieves its objectives in-line with initial proposals, Business Cases and assessed options appraisals;
- Scrutinise and challenge programmes and projects at a strategic level in relation to budgets, actual spend, timing, and overall financial strategy;
- Monitor the achievement of the capital programme's core aims and objectives;
- Monitor the HRA Business Plan assumptions in line with Section 76 of the Local Government and Housing Act 1989;
- Monitor the critical path for delivery across the capital programme and take timely decisions as the capital programme evolves, while ensuring that the capital programme is delivered in a joined-up way across Council departments.
- Assist with resolving issues across Council departments while ensuring appropriate resources, capacity and capability are in place to deliver the capital programme and where necessary, commit resources as required;
- Ensure risks are being effectively managed and updated, and mitigations are identified appropriately required.

**Housing Revenue Account Capital Programme**

3.16. The draft HRA Capital Programme is intrinsically linked to the HRA Business Plan since the resources to fund the Programme are largely generated through housing rents. Appendix 6 shows the existing HRA capital programme over the next four years totalling £84.5m.

3.17. Notable inclusions are:

- New Acquisitions & New Build
- Retirement schemes equipment's
- Retirement schemes - Guest House
- Improvements to Stock

3.18. The Tenants of Lewes District (TOLD) have been consulted on the Housing Revenue Account (HRA) Revenue Budget and Rent Setting 2023/24 and HRA Capital Programme 2023-27. The proposed rent increase reflects the requirements under The Direction on the Rent Standard 2019 together with the Rent Policy Statement for Social Housing February 2020.

## 4. LEGAL IMPLICATIONS

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

4.2. Sections 42A of the Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.

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

## 5. FINANCIAL IMPLICATIONS

5.1. These are covered within the main body of the report Legal Implications 113. Section 30 of the Local Government Finance Act 1992 requires that a local authority 'must set a balanced budget and council tax before the 11th March in the financial year preceding that for which it is set'.

5.2. The Local Government Act 2000 in particular Section 9 states that it is the responsibility of the full council, on the recommendation of the executive to approve the budget and related council tax demand.

5.3. The Local Government Act 2003, section 25 requires the Council's Section 151 Officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations. This will be done at Council in February 2023 when the Budget is approved.

5.4. Failure to set a legal budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999.

5.5. The S151 Officer will submit her Section 25 report on the robustness of estimates and adequacy of reserves to Full Council in February 2023. This report will be based on a detailed financial resilience and stress test of the Council's proposed income and expenditure plans.

## 6. RISK IMPLICATIONS

6.1. The pandemic, COVID 19 resulted in a significant reduction in the Council's income streams over the last year with the negative impact on some of these income streams some as commercial rents, lettings and car parks still being experienced with some unlikely to return to pre COVID levels, as organisations like ours change their ways of working.

6.2. The delayed Autumn Statement has done little to clarify Government thinking at an individual authority level as to the general direction of business rates income retained by the authority.

6.3. In spite of these issues and other risks around expenditure which are explained in the report the Council has been able to set a balanced budget in 2023/24, albeit with a limited drawdown of £0.229m on reserves.

## 7. EQUALITIES AND FAIRNESS ANALYSIS

7.1. An Equality & Fairness Analysis has been undertaken on the councils budget for 2023/24. This has concluded that the only significant equality implication relates to the setting of council tax at 1%, rather than at the proposed government maximum of 3%. The cost-of-living crisis is likely to continue to impact household budgets across the board, with utilities, food products and fuel increasing in price. Working-age people on low-incomes or squeezed budgets are likely to impacted more as the year progresses, as well as older people particularly by increased heating costs in autumn and winter.

7.2. Residents in rural locations who rely on oil to heat their homes will be subject to increased oil costs. People reliant on cars, including those in rural locations, could be impacted by increased running costs. Food items have already seen some price increases, and households – particularly larger ones – are likely to feel that increased cost.

7.3. Other proposals set out in the budget may have equality implications which will be considered in more detail as part of future reporting.

7.4. It is hoped these proposals will go some way towards helping to mitigate some of the current cost of living challenges. The full Equality Analysis is available from the report author.

## 8. CONCLUSION

8.1. The Council faces considerable financial challenges in the medium term, primarily relating to changes and uncertainty in both public finances and the wider economic environment.

8.2. Appendices

- Appendix 1 – Budget Summary 2023/24 and MTFS
- Appendix 2 – Budget Summary 2022/23 Base & Revised
- Appendix 3a – Budget Proposals - Pay Related

- Appendix 3b – Budget Proposals – Unavoidable Budget Pressures
- Appendix 3c – Budget Proposals – Service Investment
- Appendix 3d – Budget Proposals – Efficiencies and Income Generation
- Appendix 3e – Budget Proposals – Budget Pressures – One-Off (funded from reserves) and Technical Adjustments
- Appendix 4 - Budget Summary by Directorate & Service 2023/24
- Appendix 5 – Proposed Fees and Charges 2023/24
- Appendix 6 – Capital Programme
- Appendix 7 – Reserves

**Background Papers**

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

- Local Government Finance Settlement 2023/24
- Interim Medium Term Financial Strategy 2023/24 to 2026/27

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## Appendix 1 – Budget Summary 2023/24 and MTFS

**Lewes District Council**
**Budget Summary**

| | 2023/24 £ | 2024/25 £ | 2025/26 £ | 2026/27 £ |
|---|---|---|---|---|
| | | | | |
| **Net Budget Requirement b/f** | **14,289,900** | **15,603,094** | **16,967,563** | **18,058,706** |
| | | | | |
| **Adjustments to Base Budget** | | | | |
| Pay Related costs | 821,465 | 408,708 | 348,499 | 357,142 |
| Contract Inflation | 0 | 0 | 0 | 0 |
| Unavoidable Budget Pressures | 333,331 | 55,000 | 0 | (172,280) |
| Service Investment | 994,200 | (47,056) | (40,994) | 0 |
| Budget Pressures - One-Off (funded by reserves) | 250,000 | (250,000) | 0 | 0 |
| Efficiencies | (113,648) | 0 | 0 | 0 |
| Income Generation | (1,897,154) | (65,183) | (99,362) | (174,362) |
| Technical Adjustments | 925,000 | 1,263,000 | 883,000 | 0 |
| **Net Budget Movement** | **1,313,194** | **1,364,469** | **1,091,143** | **10,500** |
| | | | | |
| **Net Budget Requirement** | **15,603,094** | **16,967,563** | **18,058,706** | **18,069,205** |
| | | | | |
| **FINANCED BY:** | | | | |
| Council Tax | (8,383,397) | (8,653,258) | (8,883,444) | (9,115,692) |
| Council Tax (Surplus)/Deficit | (448,000) | (448,000) | (448,000) | (448,000) |
| National Non-Domestic Rates Baseline | (2,326,794) | (2,456,423) | (2,456,423) | (2,456,423) |
| Business Rates Retained Growth | (810,094) | (1,926,195) | (1,926,195) | (1,926,195) |
| Business Rates - Newhaven Enterprise | (400,000) | (400,000) | (400,000) | (400,000) |
| Business Rates Equalisation | (979,866) | 262,325 | 262,325 | 262,325 |
| Business Rates Retention Pooling Levy | (383,000) | (383,000) | (383,000) | (383,000) |
| SFA Multiplier Compensation | (396,348) | (396,348) | (396,348) | (396,348) |
| New Homes Bonus | (392,646) | (392,646) | (392,646) | (392,646) |
| Better Care Fund (BCF) - Conversion | (508,120) | (508,120) | (508,120) | (508,120) |
| Services Grant | (87,124) | (87,124) | (87,124) | (87,124) |
| Funding Guarantee Grant | (258,496) | (258,496) | (258,496) | (258,496) |
| Transfers (From)/Into Reserves* | (229,209) | (500,000) | 0 | 0 |
| **TOTAL FINANCING** | **(15,603,094)** | **(16,147,285)** | **(15,877,471)** | **(16,109,719)** |
| | | | | |
| **FORECAST BUDGET GAP** | **(0)** | **820,278** | **2,181,235** | **1,959,487** |
| **FORECAST BUDGET GAP %** | **0.00%** | **4.83%** | **12.08%** | **10.84%** |

| ***Transfers from and/or into reserves to fund:** | | |
|---|---|---|
| Election Reserve - One-off budget pressures in 2023/24 | 250,000 | |
| Contribution to general reserves | (20,791) | |
| Contribution from general reserves | | 500,000 |
| **Total** | **229,209** | **500,000** |

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Appendix 2 – Budget Summary 2022/23 Base & Revised

| **General Fund Budget Summary** | **2022/23 Base Budget £** | **2022/23 Revised Budget £** | **2023/24 Draft Budget £** |
|---|---|---|---|
| **Corporate Services** | | | |
| Corporate Management Team | 460,250 | 460,250 | 470,250 |
| Financial Services Team | 838,650 | 838,650 | 838,650 |
| Business Planning and Performance | 793,750 | 893,750 | 661,791 |
| Internal Audit and Corporate Fraud | 243,400 | 243,400 | 243,400 |
| Corporate Finance | 112,400 | 112,400 | 112,400 |
| Human Resources | 343,950 | 343,950 | 343,950 |
| Information Technology | 1,760,150 | 1,760,150 | 1,775,300 |
| Local Land Charges | (74,850) | (74,850) | (72,168) |
| Legal Services | 397,900 | 397,900 | 661,977 |
| Local Democracy | 796,150 | 796,150 | 981,904 |
| **Total Corporate Services** | **5,671,750** | **5,771,750** | **6,017,454** |
| | | | |
| **Regeneration and Planning** | | | |
| Estates and Property | (11,000) | 289,000 | (60,223) |
| Wave Leisure | 223,550 | 223,550 | 223,550 |
| Solar Panel Trading Account | (74,200) | (74,200) | (74,200) |
| Planning | 531,300 | 985,300 | 531,300 |
| Building Control | 57,600 | 57,600 | 57,600 |
| Regeneration | 529,700 | 687,200 | 511,952 |
| Regeneration Portfolio | 128,400 | 128,400 | 128,400 |
| **Total Regeneration and Planning** | **1,385,350** | **2,296,850** | **1,318,379** |
| | | | |
| **Service Delivery** | | | |
| Head of Customer First | 240,950 | 240,950 | 240,950 |
| CFRT Income, Max & Welfare | 1,025,650 | 1,035,150 | 1,025,650 |
| CFRT Regulatory Services | 52,150 | 124,200 | 52,150 |
| CFRT Customer Contact | 943,450 | 940,400 | 965,950 |
| Bereavement Services | (23,250) | (23,250) | (23,250) |
| Neighbourhood First | 1,589,300 | 1,669,950 | 1,803,300 |
| Waste & Recycling | 3,762,300 | 3,762,300 | 4,404,500 |
| Homes First - Head | 71,850 | 71,850 | 71,850 |
| Homes First - Housing Property Services | 786,150 | 786,150 | 786,150 |
| Homes First - Neighbourhood Management | 887,750 | 887,750 | 945,750 |
| Homes First - Customer Experience | 165,850 | 165,850 | 165,850 |
| Homes First - Housing Needs & Standards | 901,600 | 1,057,900 | 401,387 |
| **Total Service Delivery** | **10,403,750** | **10,719,200** | **10,840,237** |
| | | | |
| **Tourism and Enterprise** | | | |
| Arts Development | 5,900 | 5,900 | 5,900 |
| Tourism | 279,450 | 279,450 | 279,450 |
| **Total Tourism and Enterprise** | **285,350** | **285,350** | **285,350** |
| | | | |
| Recharges to the HRA | (4,356,300) | (4,049,115) | (4,161,241) |
| | | | |
| **Central** | | | |
| Corporately Managed Budgets | 900,000 | 900,000 | 1,302,915 |
| Pay Award - 2022/23 | 0 | 493,223 | 0 |
| | | | |
| **Net Budget Requirement** | **14,289,900** | **16,417,258** | **15,603,094** |
| **FINANCED BY:** | | | |
| Council Tax | (8,062,600) | (8,062,600) | (8,383,397) |
| Council Tax (Surplus)/Deficit | (448,000) | (448,000) | (448,000) |
| National Non-Domestic Rates Baseline | 0 | 0 | (2,326,794) |
| Business Rates Retained Growth | 0 | 0 | (810,094) |
| Retained Business Rates | (4,308,350) | (4,308,350) | 0 |
| Business Rates - Newhaven Enterprise | (812,650) | (812,650) | (400,000) |
| Business Rates Equalisation | 0 | 0 | (979,866) |
| SFA Multiplier Compensation | 0 | 0 | (396,348) |
| New Homes Bonus | (380,150) | (380,150) | (392,646) |
| Better Care Fund (BCF) - Conversion | 0 | (600,000) | (508,120) |
| Homeless Prevention Grant | (520,150) | (520,150) | 0 |
| Localising CT Support Admin Grant | (344,000) | (344,000) | 0 |
| Services Grant | (255,000) | (255,000) | (87,124) |
| Funding Guarantee Grant | | 0 | (258,496) |
| Use of Resilience Fund | 0 | (650,000) | 0 |
| Transfers (From)/Into Reserves* | 841,000 | (36,358) | (229,209) |
| **Net Budget Requirement** | **(14,289,900)** | **(16,417,258)** | **(15,603,094)** |
| **Net Budget Deficit** | **0** | **0** | **(0)** |

Appendix 3a – Budget Proposals - Pay Related

**Lewes District Council**
**Budget Proposals 2023/24 to 2026/27**

| Proposal Ref | Directorate | Service | Proposal Title | Proposal Description and service impact | 2023/24 £ | 2024/25 £ | 2025/26 £ | 2026/27 £ |
|---|---|---|---|---|---|---|---|---|
| **Pay Related Costs** | | | | | | | | |
| LDC2324001 | Central | Corporately Managed Budgets | 2021/22 Base Budget Pay Inflation Adjustment | The budgeted award (2.5%) in 2021/22 loaded into service budgets was high than the actual pay award (1.75%). Therefore an adjustment to reduce service salaries budgets is required of 0.55% to ensure that budgets match actuals pay levels. | -93,648 | | | |
| LDC2324002 | Central | Corporately Managed Budgets | 2022/23 Base Budget NI Adjustment | The budgeted pay award for 2022/23 was based on an employer NI rate of 15.05%. However the Government have now reversed the initial 1.25% point increase effective from Nov 22. The base budgets for NI need adjusting to allow for the reduced costs of NI for the Council pay bill. | -36,274 | | | |
| LDC2324003 | Central | Corporately Managed Budgets | 2022/23 Pay Award Adjustment | The budgeted pay award for 2022/23 was based on a 2.5% uplift across all salary bands. However, the most likely pay award assumption for 2022/23 is a fixed award of £1,925 per scale point. This respresents an increase over the initial budgeted base figure. | 529,497 | | | |
| LDC2324004 | Central | Corporately Managed Budgets | Budget growth in respect of increments linked to nationally negotiated pay inflation. | Budget growth in respect of SCP incremental progression over previous base budget calculations linked to nationally negotiated pay inflation. | 45,881 | | | |
| LDC2324005 | Central | Corporately Managed Budgets | Budget growth in respect of nationally negotiated pay inflation. | Budget growth in respect of nationally negotiated pay inflation. | 376,009 | 408,708 | 348,499 | 357,142 |
| **Pay Related Costs Total** | | | | | **821,465** | **408,708** | **348,499** | **357,142** |

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# Appendix 3b – Budget Proposals – Unavoidable Budget Pressures

**Lewes District Council**
**Budget Proposals 2023/24 to 2026/27**

| Proposal Ref | Directorate | Service | Proposal Title | Proposal Description and service impact | 2023/24 £ | 2024/25 £ | 2025/26 £ | 2026/27 £ |
|---|---|---|---|---|---|---|---|---|
| **Unavoidable Budget Pressures** | | | | | | | | |
| LDC2324006 | Central | Corporately Managed Budgets | External Audit Fees | Following communication from PSAA external audit fees are to increase by 150% from 2023/24 | 55,500 | | | |
| LDC2324007 | Corporate Services | Local Democracy | Election Costs | The cost of running local elections is not currently budgeted for and there is no provision. This proposal is to baseline a yearly pro rata figure to ensure a provision exists to fund election costs as they occur. | 110,250 | | | |
| LDC2324008 | Central | Corporately Managed Budgets | Energy costs | Likely costs of increase in energy costs assuming no support from Government | 95,950 | | | |
| LDC2324009 | Central | Corporately Managed Budgets | Energy Costs | Assumption that the cost of energy will return to underlying average levels | | | | -134,780 |
| LDC2324010 | Corporate Services | Local Land Charges | Contractual inflation uplifts linked to published Government indices | Modern Democracy | 2,682 | | | |
| LDC2324011 | Corporate Services | Local Democracy | Contractual inflation uplifts linked to published Government indices | Idox Election Trainer | 504 | | | |
| LDC2324012 | Corporate Services | Legal Services | Contractual inflation uplifts linked to published Government indices | Modern.gov | 1,218 | | | |
| LDC2324013 | Corporate Services | Information Technology | Contractual inflation uplifts linked to published Government indices | Civica Contracts | 15,150 | | | |
| LDC2324014 | Regeneration and Planning | Estates and Property | Contractual inflation uplifts linked to published Government indices | Plant Maintenance (TSS) | 6,060 | | | |
| LDC2324015 | Regeneration and Planning | Estates and Property | Contractual inflation uplifts linked to published Government indices | Electrical Services (GM Monk) | 5,909 | | | |
| LDC2324016 | Regeneration and Planning | Estates and Property | Contractual inflation uplifts linked to published Government indices | Fire Safety (GM Monk) | 808 | | | |
| LDC2324017 | Service Delivery | Waste & Recycling | Fuel Inflation | The underlying price for fuel has resulted in a short term budget pressures. | 10,000 | 65,000 | | -37,500 |
| LDC2324018 | Service Delivery | Waste & Recycling | DEFRA consultant to ensure compliance to new legislation requirement | | 10,000 | -10,000 | | |
| LDC2324019 | Service Delivery | Waste & Recycling | Contractual inflation uplifts across the Waste service | | 19,300 | | | |
| **Unavoidable Budget Pressures Total** | | | | | **333,331** | **55,000** | **0** | **-172,280** |

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# Appendix 3c – Budget Proposals – Service Investment

**Lewes District Council**
**Budget Proposals 2023/24 to 2026/27**

| Proposal Ref | Directorate | Service | Proposal Title | Proposal Description and service impact | 2023/24 £ | 2024/25 £ | 2025/26 £ | 2026/27 £ |
|---|---|---|---|---|---|---|---|---|
| **Service Investment** | | | | | | | | |
| LDC2324020 | Corporate Services | Local Democracy | Proposal to increase Member Allowances | Provision for increase in Member Allowances in 2023/24. | 50,000 | | | |
| LDC2324021 | Corporate Services | Legal Services | Transfer of LDC Legal Team to LDC t&c | Standardisation of staff terms and conditions (legal team). | 9,859 | | | |
| LDC2324022 | Service Delivery | Waste & Recycling | Food Waste Collections | DEFRA requirement for food waste collections. Ops can be moved off of Refuse into food waste. This is to recruit the drivers | 133,750 | 133,750 | | |
| LDC2324023 | Service Delivery | Waste & Recycling | Underlying shortfall in budgeted staffing establishment following restructure in 2021/22 | The budgeted establishment for LDC Waste for 2022/23 does not reflect the agreed restructure of the organisation. This proposal builds approprite provision into the base for the current structure. | 359,900 | | | |
| LDC2324024 | Corporate Services | Business Planning and Performance | Transfer of BTT to Base Budget funding | Accounting adjustment to ensure correct tratment of staffing costs. | -131,959 | -27,256 | -40,994 | |
| LDC2324025 | Service Delivery | Waste & Recycling | Investment in renewable diesel | This proposal moves the Council towards its environmental commitments | 173,600 | | | |
| LDC2324026 | Service Delivery | Neighbourhood First | Energy surveys | Investment in energy surveys | 86,000 | -86,000 | | |
| LDC2324027 | Service Delivery | Neighbourhood First | Tree planting and maintenance | | 85,000 | | | |
| LDC2324028 | Service Delivery | Neighbourhood First | Ash dieback management | | 20,000 | | | |
| LDC2324029 | Service Delivery | Neighbourhood First | Biosphere - Living Coast | | 10,000 | | | |
| LDC2324030 | Service Delivery | Homes First - Housing Needs & Standards | Review allocations and CBL policy | | 15,000 | | | |
| LDC2324031 | Service Delivery | Homes First - Housing Needs & Standards | Implement Housemark data review | | 20,000 | | | |
| LDC2324032 | Service Delivery | Homes First - Neighbourhood Management | Housholds action plan | | 15,000 | | | |
| LDC2324033 | Service Delivery | Homes First - Neighbourhood Management | Prevention HUB set up & delivery | | 25,000 | | | |
| LDC2324034 | Service Delivery | Homes First - Neighbourhood Management | Retirement schemes - marketing/incentives | | 15,000 | | | |
| LDC2324035 | Service Delivery | Homes First - Neighbourhood Management | Community safety - contibution to Offensive Weapon Homiside Reviews | | 3,000 | | | |
| LDC2324036 | Service Delivery | CFRT Customer Contact | Statutory debt repayment plan - implementation | | 5,000 | | | |
| LDC2324037 | Service Delivery | Neighbourhood First | Interim rental vehicles for cleansing | | 13,000 | -13,000 | | |
| LDC2324038 | Corporate Services | Legal Services | CCTV - compliance with policy | | 3,000 | -3,000 | | |
| LDC2324039 | Corporate Services | Local Democracy | Member Induction | | 20,000 | -20,000 | | |
| LDC2324040 | Corporate Services | Local Democracy | Committee webcasting - ongoing system maint. | | 5,000 | | | |
| LDC2324041 | Corporate Services | Corporate Management Team | District News | | 10,000 | | | |
| LDC2324042 | Service Delivery | CFRT Customer Contact | Ascendent annual data contract | Contract to support business activity i.e. recovery of debts | 12,500 | | | |
| LDC2324043 | Service Delivery | CFRT Customer Contact | Telesolutions 'treble touch' recovery comms porta | Used to recover overpaid housing benefit investment | 5,000 | | | |
| LDC2324044 | Service Delivery | Waste & Recycling | Printed communications to Residents on waste services collections | Budget for printed calendars, including postage, to all residents | 20,000 | -20,000 | | |
| LDC2324045 | Service Delivery | Waste & Recycling | Short Term hire vehicle for Waste | Required as a result of HSE investigation ; purchase anticipated October 2023 (within capital fleet programme) as a result of supply chain delivery | 11,550 | -11,550 | | |
| **Service Investment Total** | | | | | **994,200** | **-47,056** | **-40,994** | **0** |

Appendix 3d – Budget Proposals – Efficiencies and Income Generation

**Lewes District Council**
**Budget Proposals 2023/24 to 2026/27**

| Proposal Ref | Directorate | Service | Proposal Title | Proposal Description and service impact | 2023/24 £ | 2024/25 £ | 2025/26 £ | 2026/27 £ |
|---|---|---|---|---|---|---|---|---|
| **Efficiencies** | | | | | | | | |
| LDC2324046 | Regeneration and Planning | Regeneration | Proposal to increase the efficiency of the Commercial Business Team by reducing the establishment | Removal of the post of Commercial Property Development Officer | -17,748 | | | |
| LDC2324047 | Service Delivery | Waste & Recycling | Various savings identified & programmed to ensure value for money | As a result of capital fleet programme 23/24, vehicle repairs will reduce (£73k saving). Various other savings as result of legal and contractual arrangements | -95,900 | | | |
| **Efficiencies Total** | | | | | **-113,648** | **0** | **0** | **0** |
| **Income Generation** | | | | | | | | |
| LDC2324049 | HRA | Recharges to the HRA | Inflationary increase in charges to HRA | Recharges to HRA to reflect the inflationary increase in providing support at all levels and all enabling services which the HRA relies. | -304,941 | -130,689 | -108,908 | -108,908 |
| LDC2324050 | Central | Corporately Managed Budgets | General review of LDC Fees & Charges | Proposal of general increase in Fees & Charges across all services with increases implemented at various points within the financial year as regulatory notice periods and systems allow | -120,000 | -120,000 | | |
| LDC2324051 | Central | Corporately Managed Budgets | General increases in F&C | Proposal of general increase in F&C bought half way through the financial years | | -32,727 | -65,455 | -65,455 |
| LDC2324052 | Regeneration and Planning | Estates and Property | Increased commerical income return | Additional income | -62,000 | | | |
| LDC2324053 | Central | Corporately Managed Budgets | Increase in investment income | Increase in interest income related to underlying increase in interest rates in the wider markets | -875,000 | 225,000 | 75,000 | |
| LDC2324054 | Service Delivery | Homes First - Housing Needs & Standards | Homelessness Prevention Grant - ringfenced to support local housing and homelessness in the area | Proposal based on Government notification of 2 year settlement over 2023/24 and 2024/25 | -535,213 | -6,767 | | |
| **Income Generation Total** | | | | | **-1,897,154** | **-65,183** | **-99,362** | **-174,362** |

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# Appendix 3e – Budget Pressures – One-Off (funded from reserves) and Technical Adjustments

**Lewes District Council**
**Budget Proposals 2023/24 to 2026/27**

| Proposal Ref | Directorate | Service | Proposal Title | Proposal Description and service impact | 2023/24 £ | 2024/25 £ | 2025/26 £ | 2026/27 £ |
|---|---|---|---|---|---|---|---|---|
| **Budget Pressures - One-Off (funded from reserves)** | | | | | | | | |
| LDC2324048 | Corporate Services | Legal Services | Local Council Elections for Lewes District Council in 2023/24 | | 250,000 | -250,000 | | |
| **Budget Pressures - One-Off (funded from reserves)** | | | | | **250,000** | **-250,000** | **0** | **0** |
| **Technical Adjustments** | | | | | | | | |
| LDC2324055 | HRA | Recharges to the HRA | Budget adjustment to remove the £500k one-off charge to the base HRA budget recharge | | 500,000 | | | |
| LDC2324056 | Central | Corporately Managed Budgets | Adjustment to MRP Impact/Calculations | | 123,000 | 893,000 | 127,000 | |
| LDC2324057 | Central | Corporately Managed Budgets | Interest Payable due to new borrowing | | 302,000 | 370,000 | 756,000 | |
| **Technical Adjustments Total** | | | | | **925,000** | **1,263,000** | **883,000** | **0** |

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# Appendix 4 – Budget Summary by Directorate & Service 2023/24

**Lewes District Council**
**Budget Summary By Directorate & Service 2023/24**

| Directorate | Service | Base Gross Budget | Service Pressures, inflation and service investment | Efficiencies | Gross Budget | Income Generation Proposals | Service Income | Technical Adjustments | Net Budget |
|---|---|---|---|---|---|---|---|---|---|
| Corporate Services | Corporate Management Team | 480,250 | 10,000 | 0 | 490,250 | 0 | -20,000 | 0 | 470,250 |
| Corporate Services | Financial Services Team | 838,650 | 0 | 0 | 838,650 | 0 | 0 | 0 | 838,650 |
| Corporate Services | Business Planning and Performance | 798,750 | -131,959 | 0 | 666,791 | 0 | -5,000 | 0 | 661,791 |
| Corporate Services | Internal Audit and Corporate Fraud | 243,400 | 0 | 0 | 243,400 | 0 | 0 | 0 | 243,400 |
| Corporate Services | Corporate Finance | 112,400 | 0 | 0 | 112,400 | 0 | 0 | 0 | 112,400 |
| Corporate Services | Human Resources | 343,950 | 0 | 0 | 343,950 | 0 | 0 | 0 | 343,950 |
| Corporate Services | Information Technology | 1,760,150 | 15,150 | 0 | 1,775,300 | 0 | 0 | 0 | 1,775,300 |
| Corporate Services | Local Land Charges | 50,150 | 2,682 | 0 | 52,832 | 0 | -125,000 | 0 | -72,168 |
| Corporate Services | Legal Services | 668,650 | 264,077 | 0 | 932,727 | 0 | -270,750 | 0 | 661,977 |
| Corporate Services | Local Democracy | 797,650 | 185,754 | 0 | 983,404 | 0 | -1,500 | 0 | 981,904 |
| Regeneration and Planning | Estates and Property | 1,362,200 | 12,777 | 0 | 1,374,977 | -62,000 | -1,373,200 | 0 | -60,223 |
| Regeneration and Planning | Wave Leisure | 248,550 | 0 | 0 | 248,550 | 0 | -25,000 | 0 | 223,550 |
| Regeneration and Planning | Solar Panel Trading Account | 115,800 | | | 115,800 | | -190,000 | | -74,200 |
| Regeneration and Planning | Planning | 1,458,300 | 0 | 0 | 1,458,300 | 0 | -927,000 | 0 | 531,300 |
| Regeneration and Planning | Building Control | 341,300 | | | 341,300 | | -283,700 | | 57,600 |
| Regeneration and Planning | Regeneration | 965,550 | 0 | -17,748 | 947,802 | 0 | -435,850 | 0 | 511,952 |
| Regeneration and Planning | Regeneration Portfolio | 128,400 | 0 | 0 | 128,400 | 0 | 0 | 0 | 128,400 |
| Service Delivery | Head of Customer First | 240,950 | 0 | 0 | 240,950 | 0 | 0 | 0 | 240,950 |
| Service Delivery | CFRT Income, Max & Welfare | 30,698,050 | 0 | 0 | 30,698,050 | 0 | -29,672,400 | 0 | 1,025,650 |
| Service Delivery | CFRT Regulatory Services | 632,850 | 0 | 0 | 632,850 | 0 | -580,700 | 0 | 52,150 |
| Service Delivery | CFRT Customer Contact | 943,450 | 22,500 | 0 | 965,950 | 0 | 0 | 0 | 965,950 |
| Service Delivery | Bereavement Services | 117,750 | 0 | 0 | 117,750 | 0 | -141,000 | 0 | -23,250 |
| Service Delivery | Neighbourhood First | 2,402,550 | 214,000 | 0 | 2,616,550 | 0 | -813,250 | 0 | 1,803,300 |
| Service Delivery | Waste & Recycling | 5,140,700 | 738,100 | -95,900 | 5,782,900 | 0 | -1,378,400 | 0 | 4,404,500 |
| Service Delivery | Homes First - Head | 71,850 | 0 | 0 | 71,850 | 0 | 0 | 0 | 71,850 |
| Service Delivery | Homes First - Housing Property Services | 786,150 | 0 | 0 | 786,150 | 0 | 0 | 0 | 786,150 |
| Service Delivery | Homes First - Neighbourhood Management | 887,750 | 58,000 | 0 | 945,750 | 0 | 0 | 0 | 945,750 |
| Service Delivery | Homes First - Customer Experience | 165,850 | 0 | 0 | 165,850 | 0 | 0 | 0 | 165,850 |
| Service Delivery | Homes First - Housing Needs & Standards | 1,563,450 | 35,000 | 0 | 1,598,450 | -535,213 | -661,850 | 0 | 401,387 |
| Tourism and Enterprise | Arts Development | 28,400 | 0 | 0 | 28,400 | 0 | -22,500 | 0 | 5,900 |
| Tourism and Enterprise | Tourism | 352,450 | 0 | 0 | 352,450 | 0 | -73,000 | 0 | 279,450 |
| HRA | Recharges to the HRA | -4,356,300 | 0 | 0 | -4,356,300 | -304,941 | 0 | 500,000 | -4,161,241 |
| Central | Corporately Managed Budgets | 1,001,500 | 972,915 | 0 | 1,974,415 | -995,000 | -101,500 | 425,000 | 1,302,915 |
| **NET EXPENDITURE** | | **51,391,500** | **2,398,996** | **-113,648** | **53,676,848** | **-1,897,154** | **-37,101,600** | **925,000** | **15,603,094** |

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**Appendix 5 - Lewes District Council Fees and Charges Proposals 2023/2024**

| By Service and Activity | | 2022/2023 Current charge £pence | **2023/2024 Proposed charge £pence** | VAT | Increase £pence |
|---|---|---|---|---|---|
| **CAR PARKING (OFF STREET)** | | | | | |
| Central Lewes - short stay | up to 30 mins | 0.60 | 0.60 | | 0.00 |
| | up to 1 hour | 0.80 | 0.80 | | 0.00 |
| | | 1.80 | 1.80 | | 0.00 |
| Central Lewes - medium stay | up to 1 hour | 0.80 | 0.80 | | 0.00 |
| | up to 2 hours | 1.70 | 1.70 | | 0.00 |
| | up to 3 hours | 2.60 | 2.60 | | 0.00 |
| | up to 4 hours | 3.50 | 3.50 | | 0.00 |
| Outer Lewes - long stay | up to 1 hour | 0.70 | 0.70 | | 0.00 |
| | up to 2 hours | 1.40 | 1.40 | | 0.00 |
| | up to 3 hours | 2.20 | 2.20 | | 0.00 |
| | up to 4 hours | 2.90 | 2.90 | | 0.00 |
| | over 4 hours | 4.10 | 4.10 | | 0.00 |
| Brook Street, Lewes | all day | 1.90 | 1.90 | | 0.00 |
| Newhaven and Seaford (including multi-storey) | up to 30 mins | 0.60 | 0.60 | | 0.00 |
| | up to 1 hour | 0.80 | 0.80 | | 0.00 |
| | up to 2 hours | 1.10 | 1.10 | | 0.00 |
| | up to 3 hours | 1.30 | 1.30 | | 0.00 |
| | up to 4 hours | 1.80 | 1.80 | | 0.00 |
| | over 4 hours | 2.20 | 2.20 | | 0.00 |
| **All Sites** | | | | | |
| Commercial vendors | per day (sliding scale) | £0 - £501 | £0 - £501 | | |
| **All Sites** | | | | | |
| Infringement of Parking Order | Penalty Charge Notices | 50.00 | 50.00 | | 0.00 |
| | - if paid in 14 days | 25.00 | 25.00 | | 0.00 |
| **ELECTRIC VEHICLE CHARGERS** | for the first 10 minutes | 3.50 | 3.50 | | 0.00 |
| | per minute thereafter | 0.25 | 0.25 | | 0.00 |
| **LEWES HOUSE** | | | | | |
| *Venue Hire (minimum 2 hours Monday to Friday from 9am to 6pm)* | | | | | |
| Garden Room and Garden - up to 100 people | per hour | 75.00 | 75.00 | | 0.00 |
| Garden Room only - up to 30 people (November to March) | per hour | 40.00 | 40.00 | | 0.00 |
| Warren Room - up to 50 people | per hour | 55.00 | 55.00 | | 0.00 |
| Business Room - up to 40 people | per hour | 40.00 | 40.00 | | 0.00 |
| Plus surcharge from 6pm to 11pm | per hour | 15.00 | 15.00 | | 0.00 |
| Weekend surcharge | one-off fee | 30.00 | 30.00 | | 0.00 |
| *Exhibition Rate (minimum 2 days Monday to Sunday 9am to 6pm)* | | | | | |
| Warren Room | per day | 100.00 | 100.00 | | 0.00 |
| Business Room | per day | 100.00 | 100.00 | | 0.00 |
| Warren Room and Business Room | per day | 150.00 | 150.00 | | 0.00 |
| Complete Suite excluding garden | per day | 200.00 | 200.00 | | 0.00 |
| Plus surcharge from 6pm to 11pm | per hour | 15.00 | 15.00 | | 0.00 |
| Weekend surcharge | per day | 30.00 | 30.00 | | 0.00 |
| Charges for other arrangements by application and negotiation | | | | | |
| **ARTS DEVELOPMENT** | | | | | |
| | Artwave Artist Advert (Single) | 85.00 | 85.00 | | 0.00 |
| | Artwave Artist Advert (Double) | 170.00 | 170.00 | | 0.00 |
| | Artwave Artist Advert (Full Page) | 400.00 | 400.00 | | 0.00 |
| | Artwave Business Advert (Single) | 105.00 | 105.00 | | 0.00 |
| | Artwave Business Advert (Double | 210.00 | 210.00 | | 0.00 |
| | Artwave Business Advert (Full Pa | 500.00 | 500.00 | | 0.00 |
| | Artwave Charity/School Advert (S | 65.00 | 65.00 | | 0.00 |
| | Artwave Charity/School Advert (D | 130.00 | 130.00 | | 0.00 |
| | Artwave Charity/School Advert (F | 300.00 | 300.00 | | 0.00 |
| **TOURISM** | | | | | |
| | Visit Lewes Silver Member | 99.00 | 99.00 | | 0.00 |
| | Visit Lewes Gold Member | 149.00 | 149.00 | | 0.00 |
| | Gin & Fizz Exhibitor Fee | 60.00 | 60.00 | | 0.00 |
| | Gin & Fizz Hot Food Traders Fee | 175.00 | 175.00 | | 0.00 |
| | Gin & Fizz Other Food Traders Fe | 140.00 | 140.00 | | 0.00 |
| | Gin & Fizz Other Food - 1 Sessior | 85.00 | 85.00 | | 0.00 |
| | Gin & Fizz Bar Traders Fee | 175.00 | 175.00 | | 0.00 |
| | Gin & Fizz Bar - 1 Session only | 90.00 | 90.00 | | 0.00 |
| | Gin & Fizz Programme Ad | 100.00 | 100.00 | | 0.00 |
| **ANIMAL WARDENS** | | | | | |
| Statutory Charge per stray dog | | 30.00 | 30.00 | | 0.00 |
| Seizure Charge per stray dog | In addition to statutory charge | 30.00 | 30.00 | | 0.00 |
| Return of Dog | | 45.00 | 45.00 | | 0.00 |
| Kennelling | per day | 25.00 | 25.00 | | 0.00 |
| **PORT HEALTH** | | | | | |
| Ship Sanitation Certificates (Statutory Fee) | Ships up to 1000 gross tonnage | 100.00 | 100.00 | | 0.00 |
| | Ships 1001 to 3000 gross tonnage | 135.00 | 135.00 | | 0.00 |
| | Ships 3001 to 10000 gross tonnage | 205.00 | 205.00 | | 0.00 |

| By Service and Activity | | 2022/2023 Current charge £pence | **2023/2024 Proposed charge £pence** | VAT | Increase £pence |
|---|---|---|---|---|---|
| | Ships 10001 to 20000 gross tonnage | 265.00 | 265.00 | | 0.00 |
| | Ships 20001 to 30000 gross tonnage | 340.00 | 340.00 | | 0.00 |
| | Ships > 30001 gross tonnage | 400.00 | 400.00 | | 0.00 |
| | Vessels with 50 - 1000 persons | 400.00 | 400.00 | | 0.00 |
| | Vessels with more than 1000 persons | 680.00 | 680.00 | | 0.00 |
| | Extensions | 70.00 | 70.00 | | 0.00 |
| | Additional sampling costs | 80.00 | 80.00 | | 0.00 |
| | | | | | |
| **PRIVATE SECTOR HOUSING** | | | | | |
| **Houses in Multiple Occupation** | | | | | |
| *Initial fees* | | | | | |
| Shared House | | | | | |
| 5 Persons | | 848.00 | 941.00 | | 93.00 |
| 6 Persons | | 861.00 | 956.00 | | 95.00 |
| 7 Persons | | 875.00 | 971.00 | | 96.00 |
| 8 Persons | | 888.00 | 986.00 | | 98.00 |
| 9 Persons | | 902.00 | 1,001.00 | | 99.00 |
| | | | | | |
| Bedsit Type of Accomodation | | | | | |
| 2 Bedsits | | 955.00 | 1,060.00 | | 105.00 |
| 3 Bedsits | | 1,009.00 | 1,120.00 | | 111.00 |
| 4 Bedsits | | 1,063.00 | 1,180.00 | | 117.00 |
| 5 Bedsits | | 1,116.00 | 1,239.00 | | 123.00 |
| 6 Bedsits | | 1,170.00 | 1,300.00 | | 130.00 |
| | | | | | |
| Hostel Type Accomodation | | | | | |
| Up to 10 Persons | | 848.00 | 941.00 | | 93.00 |
| 11 to 20 Persons | | 1,116.00 | 1,239.00 | | 123.00 |
| 21 to 40 Persons | | 1,385.00 | 1,537.00 | | 152.00 |
| 41 to 60 Persons | | 1,653.00 | 1,835.00 | | 182.00 |
| 61 to 80 Persons | | 1,922.00 | 2,133.00 | | 211.00 |
| More than 81 Persons | | 2,190.00 | 2,431.00 | | 241.00 |
| | | | | | |
| *Renewal fees* | | | | | |
| Shared House | | | | | |
| 5 Persons | | 595.00 | 660.00 | | 65.00 |
| 6 Persons | | 606.00 | 673.00 | | 67.00 |
| 7 Persons | | 617.00 | 685.00 | | 68.00 |
| 8 Persons | | 628.00 | 697.00 | | 69.00 |
| 9 Persons | | 639.00 | 709.00 | | 70.00 |
| | | | | | |
| Bedsit Type of Accomodation | | | | | |
| 2 Bedsits | | 682.00 | 757.00 | | 75.00 |
| 3 Bedsits | | 726.00 | 806.00 | | 80.00 |
| 4 Bedsits | | 769.00 | 854.00 | | 85.00 |
| 5 Bedsits | | 812.00 | 901.00 | | 89.00 |
| 6 Bedsits | | 856.00 | 950.00 | | 94.00 |
| | | | | | |
| Hostel Type Accomodation | | | | | |
| Up to 10 Persons | | 595.00 | 660.00 | | 65.00 |
| 11 to 20 Persons | | 812.00 | 901.00 | | 89.00 |
| 21 to 40 Persons | | 1,030.00 | 1,143.00 | | 113.00 |
| 41 to 60 Persons | | 1,247.00 | 1,384.00 | | 137.00 |
| 61 to 80 Persons | | 1,464.00 | 1,625.00 | | 161.00 |
| More than 81 Persons | | 1,681.00 | 1,866.00 | | 185.00 |
| | | | | | |
| **Mobile Homes Act 2013** | | | | | |
| New Application Fee | | | | | |
| Band A 2-5 units | | 175.00 | 194.00 | | 19.00 |
| Band B 6-24 units | | 234.00 | 260.00 | | 26.00 |
| Band C 25-99 units | | 269.00 | 299.00 | | 30.00 |
| Band D 100+ units | | 316.00 | 351.00 | | 35.00 |
| Band E single unit at family site | | 100.00 | 111.00 | | 11.00 |
| | | | | | |
| Transfer of site license | | | | | |
| Band A 2-5 units | | 69.00 | 77.00 | | 8.00 |
| Band B 6-24 units | | 69.00 | 77.00 | | 8.00 |
| Band C 25-99 units | | 69.00 | 77.00 | | 8.00 |
| Band D 100+ units | | 69.00 | 77.00 | | 8.00 |
| Band E single unit at family site | | 25.00 | 28.00 | | 3.00 |
| | | | | | |
| Variation of site license | | | | | |
| Band A 2-5 units | | 104.00 | 115.00 | | 11.00 |
| Band B 6-24 units | | 104.00 | 115.00 | | 11.00 |
| Band C 25-99 units | | 104.00 | 115.00 | | 11.00 |
| Band D 100+ units | | 104.00 | 115.00 | | 11.00 |
| Band E single unit at family site | | 50.00 | 56.00 | | 6.00 |
| | | | | | |
| Annual Fee | | | | | |
| Band A | | 117.00 | 130.00 | | 13.00 |
| Band B | | 139.00 | 154.00 | | 15.00 |
| Band C | | 172.00 | 191.00 | | 19.00 |

**Appendix 5 - Lewes District Council Fees and Charges Proposals 2023/2024**

| By Service and Activity | | 2022/2023 Current charge £pence | **2023/2024 Proposed charge £pence** | VAT | Increase £pence |
|---|---|---|---|---|---|
| Band D | | 211.00 | 234.00 | | 23.00 |
| Band E | | 59.00 | 65.49 | | 6.49 |
| Deposit of park rules with LA (not applicable to single unit) | | | 65.00 | | 65.00 |
| **BUILDING CONTROL (Building Regulations)** | | | | | |
| An illustrative set of charges is listed below. | The full list of fees and charges is available from the Council web site at www.lewes.gov.uk | | | | |
| Dwelling-houses and Flats not exceeding 250m2 or more than 3 storeys: | | | | | |
| 1 dwelling-house | Plan charge | 280.00 | 308.00 | | 28.00 |
| | Inspection charge | 510.00 | 561.00 | | 51.00 |
| | Building Notice charge | 850.00 | 935.00 | | 85.00 |
| 2 dwelling-houses | Plan charge | 380.00 | 418.00 | | 38.00 |
| | Inspection charge | 680.00 | 748.00 | | 68.00 |
| | Building Notice charge | 1,190.00 | 1,309.00 | | 119.00 |
| 3 dwelling-houses | Plan charge | 450.00 | 495.00 | | 45.00 |
| | Inspection charge | 890.00 | 979.00 | | 89.00 |
| | Building Notice charge | 1,460.00 | 1,606.00 | | 146.00 |
| 2 flats | Plan charge | 360.00 | 396.00 | | 36.00 |
| | Inspection charge | 650.00 | 715.00 | | 65.00 |
| | Building Notice charge | 1,120.00 | 1,232.00 | | 112.00 |
| 3 flats | Plan charge | 450.00 | 495.00 | | 45.00 |
| | Inspection charge | 850.00 | 935.00 | | 85.00 |
| | Building Notice charge | 1,350.00 | 1,485.00 | | 135.00 |
| **DEVELOPMENT CONTROL (Planning applications)** | Statutory fees | | | | |
| An illustrative set of charges is listed below. | The full list of fees and charges is available from the Council web site at www.lewes.gov.uk | | | | |
| New dwellings | Outline application (per 0.1ha) | 462.00 | 462.00 | | 0.00 |
| | Outline application (max.for 2.5ha) | 11,432.00 | 11,432.00 | | 0.00 |
| | Outline application (per 0.1ha over 2.5) | 138.00 | 138.00 | | 0.00 |
| | Outline application (maximum fee) | 150,000.00 | 150,000.00 | | 0.00 |
| | Full application (per dwelling unit) | 462.00 | 462.00 | | 0.00 |
| | Full application (max. for 50 dwellings) | 22,859.00 | 22,859.00 | | 0.00 |
| | Full application (per dwelling over 50) | 138.00 | 138.00 | | 0.00 |
| | Full application (maximum fee) | 300,000.00 | 300,000.00 | | 0.00 |
| | Reserved matters (per dwelling unit) | 462.00 | 462.00 | | 0.00 |
| | Reserved matters (max.for 50 dwellings) | 22,859.00 | 22,859.00 | | 0.00 |
| | Reserved matters (per dwelling <50) | 138.00 | 138.00 | | 0.00 |
| | Reserved matters (maximum fee) | 300,000.00 | 300,000.00 | | 0.00 |
| **COMMUNITY INFRASTRUCTURE LEVY (CIL)** | Regulations specify that fees are subject to annual indexation | | | | |
| Residential Development | Low Zone (South of the South Downs National Park) per $m^2$ | 115.61 | 115.61 | | 0.00 |
| | High Zone (North of the South Downs National Park) per $m^2$ | 192.69 | 192.69 | | 0.00 |
| Retail Development | per $m^2$ | 128.46 | 128.46 | | 0.00 |
| **SECTION 106 DEVELOPER CONTRIBUTIONS** | | | | | |
| Recycling | Kerbside per dwelling | 19.00 | 19.00 | | 0.00 |
| **PLANNING SERVICES** | | | | | |
| Planning research for third parties | per hour | 50.00 | 55.00 | | 5.00 |
| Compliance checks for planning applications | Householder application - per hour | 27.00 | 29.70 | | 2.70 |
| | Non-householder application - per hour | 92.00 | 101.20 | | 9.20 |
| Pre-application service (in the Lewes district except the SDNP area) | | | | | |
| - large scale major applications | up to 6 meetings | 3,600.00 | 3,960.00 | | 360.00 |
| | per additional meeting | 500.00 | 550.00 | | 50.00 |
| - medium scale major applications | up to 4 meetings | 1,800.00 | 1,980.00 | | 180.00 |
| | per additional meeting | 360.00 | 396.00 | | 36.00 |
| - small scale major applications | up to 2 meetings | 900.00 | 990.00 | | 90.00 |
| | per additional meeting | 200.00 | 220.00 | | 20.00 |
| - minor applications | up to 2 meetings | 450.00 | 495.00 | | 45.00 |
| | per additional meeting | 120.00 | 132.00 | | 12.00 |
| - small minor applications | initial meeting | 250.00 | 275.00 | | 25.00 |
| | per additional meeting | 60.00 | 66.00 | | 6.00 |

**Appendix 5 - Lewes District Council Fees and Charges Proposals 2023/2024**

| By Service and Activity | | 2022/2023 Current charge £pence | **2023/2024 Proposed charge £pence** | VAT | Increase £pence |
|---|---|---|---|---|---|
| - residential schemes for 1-2 dwellings | initial meeting | 150.00 | 165.00 | | 15.00 |
| | per additional meeting | 60.00 | 66.00 | | 6.00 |
| - telecommunications, change of use, renewable energy | initial meeting | 75.00 | 82.50 | | 7.50 |
| | per additional meeting | 60.00 | 66.00 | | 6.00 |
| - householder schemes | written advice and site visits | 12.50 | 13.75 | | 1.25 |
| - listed building schemes | written advice and site visits | 12.50 | 13.75 | | 1.25 |
| Publications | e.g. Local Plan | 50.00 | 55.00 | | 5.00 |
| | e.g. Local Plan on Cdrom | 15.00 | 16.50 | | 1.50 |
| | Emerging Core Strategy | 12.00 | 13.20 | | 1.20 |
| Document search and retrieval | per document | 0.60 | 0.66 | | 0.06 |
| Electronic copy of document | Building Control document | 55.00 | 60.50 | | 5.50 |
| | Planning legal document | 12.50 | 13.75 | | 1.25 |
| Standard copying charges | Minimum charge for 3 pages | 1.20 | 1.32 | | 0.12 |
| | A4 size per page | 0.10 | 0.10 | | 0.00 |
| | A3 size per page | 0.20 | 0.22 | | 0.02 |
| | A2 size per page | 1.80 | 1.98 | | 0.18 |
| | A1 size per page | 2.40 | 2.64 | | 0.24 |
| | A0 size per page | 3.00 | 3.30 | | 0.30 |
| Colour copying charges | A4 size per page | 1.25 | 1.38 | | 0.13 |
| | A3 size per page | 2.50 | 2.75 | | 0.25 |
| | A2 size per page | 6.00 | 6.60 | | 0.60 |
| | A1 size per page | 12.00 | 13.20 | | 1.20 |
| | A0 size per page | 18.00 | 19.80 | | 1.80 |
| Services for Solicitors: | priority service | 12.50 | 13.75 | | 1.25 |
| | Compliance checks for Enforcement (per site) | 50.00 | 55.00 | | 5.00 |
| | Building Control file retrieval fee | 50.00 | 55.00 | | 5.00 |
| | Compliance checks for Building Control (per site) | 75.00 | 82.50 | | 7.50 |
| | Building Control database information - where reference quoted | 5.00 | 5.50 | | 0.50 |
| **STREET NAMING AND NUMBERING** | | | | | |
| New individual property | per application | 50.00 | 55.50 | | 5.50 |
| New Development or Re-development | per plot/unit | 50.00 | 55.50 | | 5.50 |
| New Development or Re-development ( 3-10 New Addresses ) | per application | 150.00 | 166.50 | | 16.50 |
| New Development or Re-development ( 11-19 New Addresses ) | per application | 250.00 | 277.50 | | 27.50 |
| New Development or Re-development ( 20+ New Addresses ) | per application | 350.00 | 388.50 | | 38.50 |
| Change of House Name or Commercial Property Name | per application | 50.00 | 55.50 | | 5.50 |
| Change of Building Name (eg block of flats) | per application | 100.00 | 111.00 | | 11.00 |
| Street Renaming | per application | 200.00 | 222.00 | | 22.00 |
| | plus per property | 25.00 | 27.75 | | 2.75 |
| Alterations to SNN Scheme after SNN confirmation | per application | 350.00 | 388.50 | | 38.50 |
| | per plot/unit | 25.00 | 27.75 | | 2.75 |
| Confirmation of postal address to solicitors or conveyancers | | 25.00 | 27.75 | | 2.75 |
| **ALLOTMENTS** | per year per plot (253 square metres) | 73.00 | 81.00 | | 8.00 |
| **CEMETERIES** | | | | | |
| Internment | 1.83m (equivalent to 6 feet) | 925.00 | 1,027.00 | | 102.00 |
| | 2.29m (equivalent to 7 feet 6 inches) | 1,220.00 | 1,354.00 | | 134.00 |
| | 2.74m (equivalent to 9 feet) | 1,622.00 | 1,800.00 | | 178.00 |
| | cremated remains | 280.00 | 311.00 | | 31.00 |
| | stillborn child (under 1 month) | free | - | | |
| | child (under 12 years) | free | - | | |
| | in existing vault | actual cost | | | |
| Interred ashes in Garden of Rest | | 276.00 | 306.00 | | 30.00 |
| Purchase of Burial Rights | ordinary 50 years | 1,169.00 | 1,298.00 | | 129.00 |
| | special 50 years | 1,199.00 | 1,331.00 | | 132.00 |
| Designated child space | 50 years | free | | | |
| Garden of Rest | | 310.00 | 344.00 | | 34.00 |
| Right to erect/place on grave or vault | Headstone | 223.00 | 248.00 | | 25.00 |
| | Kerbstone or Border | 276.00 | 306.00 | | 30.00 |
| | Flatstone or Wall Tablet | 222.00 | 246.00 | | 24.00 |
| | Additional Inscription | 106.00 | 118.00 | | 12.00 |
| Chapel | | 98.00 | 109.00 | | 11.00 |
| Searches | | 32.00 | 36.00 | | 4.00 |
| Transfer of Grant Ownership | | 75.00 | 83.00 | | 8.00 |
| Exhumation | | actual cost | | | |
| **PARKS AND OPEN SPACES** | | | | | |
| Hire of Sports Pitches | per game or session | | | | |
| - Football and Rugby | adult rate | 70.00 | 78.00 | | 8.00 |
| | adult training rate | 34.00 | 38.00 | | 4.00 |
| | juniors rate | 34.00 | 38.00 | | 4.00 |
| | juniors training rate | 18.00 | 20.00 | | 2.00 |
| | Malling | | | | |
| | adult rate | 50.00 | 55.00 | | 5.00 |
| | adult training rate | 25.00 | 28.00 | | 3.00 |
| | juniors rate | 25.00 | 28.00 | | 3.00 |
| | juniors training rate | 12.00 | 13.00 | | 1.00 |
| | Telscombe minis | 12.00 | 13.00 | | 1.00 |

**Appendix 5 - Lewes District Council Fees and Charges Proposals 2023/2024**

| By Service and Activity | | 2022/2023 Current charge £pence | **2023/2024 Proposed charge £pence** | VAT | Increase £pence |
|---|---|---|---|---|---|
| | Changing rooms only | 38.00 | 42.00 | | 4.00 |
| - Cricket | grass day rate | 75.00 | 83.00 | | 8.00 |
| | grass evening rate | 32.00 | 36.00 | | 4.00 |
| | grass juniors rate | 38.00 | 42.00 | | 4.00 |
| | artificial day rate | 56.00 | 62.00 | | 6.00 |
| | artificial evening rate | 25.00 | 28.00 | | 3.00 |
| | artificial juniors rate | 28.00 | 31.00 | | 3.00 |
| | changing rooms only | 41.00 | 46.00 | | 5.00 |
| - Stoolball | day rate | 50.00 | 55.00 | | 5.00 |
| | evening rate | 27.00 | 30.00 | | 3.00 |
| - Bowling | season ticket | | | | |
| | - adult | 122.00 | 135.00 | | 13.00 |
| | - junior | 62.00 | 69.00 | | 7.00 |
| | - concessions | 82.00 | 91.00 | | 9.00 |
| | per hour per person | | | | |
| | - adult | 3.50 | 4.00 | | 0.50 |
| | - juniors and concessions | 2.50 | 3.00 | | 0.50 |
| | visiting teams per rink | 16.00 | 18.00 | | 2.00 |
| - Croquet | croquet field | 20.00 | 22.00 | | 2.00 |
| Hire of Open Spaces | | | | | |
| - Commercial Organisations | small event - per day | 710.00 | 788.00 | | 78.00 |
| | small event - half day (maximum 4 hours) | 355.00 | 394.00 | | 39.00 |
| | medium event - per day | 1,328.00 | 1,474.00 | | 146.00 |
| | medium event - half day (maximum 4 hours) | 665.00 | 738.00 | | 73.00 |
| | large event - per day | negotiable | | | |
| | Fitness / Exercise classes per hour (4+ persons) | 57.00 | 63.00 | | 6.00 |
| - Not For Profit Organisations (per day) | Within District - up to 100% discount | - | | | |
| | Outside District - discounts from 0% - 50% on commercial fees shown above | £0.00 | - | | 0.00 |
| | Abseil events - Charity fundraising | £0.00 | - | | 0.00 |
| **<u>WASTE COLLECTION</u>** | | | | | |
| **<u>Domestic</u>** | | | | | |
| Bulky waste | 5 items or 10 bags | | | | |
| | 10 items or 20 bags | | | | |
| Bulky waste | 1 - 3 items | 50.00 | 50.00 | | 0.00 |
| | Each item over 3 total (per item), maximum 6 items | 10.00 | 10.00 | | 0.00 |
| | | | | | 0.00 |
| | | | | | 0.00 |
| **<u>Other</u>** | | | | | 0.00 |
| Dog bin emptying | on street collections (per bin) | | | | 0.00 |
| - single compartment dog waste | | 6.00 | 6.00 | | 0.00 |
| - single compartment litter and dog waste | | 1.74 | 3.00 | | 1.26 |
| - separate compartments litter and dog waste | | 3.48 | 4.00 | | 0.52 |
| - single compartment litter | | 1.75 | 2.00 | | 0.25 |
| - single compartment dog waste | on street purchase (per bin) | 278.98 | 278.98 | | 0.00 |
| - single compartment litter | | 468.00 | 468.00 | | 0.00 |
| - single compartment litter and dog waste | | 468.00 | 500.00 | | 32.00 |
| - single compartment dog waste | on street installation (per bin) | 45.00 | 55.00 | | 10.00 |
| - single compartment litter | | 45.00 | 55.00 | | 10.00 |
| - single compartment litter and dog waste | | 45.00 | 45.00 | | 0.00 |
| 140 wheelie bin | DEVELOPER | 35.00 | 35.00 | | 0.00 |
| 140 wheelie bin | RESIDENT | 20.00 | 20.00 | | |
| 240 wheelie bin | DEVELOPER | 47.50 | 47.50 | | 0.00 |
| 240 wheelie bin | RESIDENT | 30.00 | 30.00 | | |
| 770 euro bin | | 275.00 | 275.00 | | 0.00 |
| 1100 euro bin | | 300.00 | 300.00 | | 0.00 |
| Special events (per bin) | 240L Bin | 9.00 | 9.00 | | 0.00 |
| | 770L Bin | 31.50 | 31.50 | | 0.00 |
| | 1100L Bin | 40.50 | 40.50 | | 0.00 |
| | Minimum charge for event | 50.00 | 50.00 | | 0.00 |
| **<u>Green waste</u>** | | | | | |
| | Annual Green Waste Collection Service | 70.00 | 70.00 | | 0.00 |
| | Second/Additional half price green waste collection service | 35.00 | 35.00 | | 0.00 |
| **<u>COUNCIL TAX & BUSINESS RATES</u>** | | | | | |
| Recovery action | Summons cost | 52.50 | 52.50 | | 0.00 |
| | Liability order | 30.00 | 30.00 | | 0.00 |
| **Legal Services** | | | | | |
| An illustrative set of charges is listed below. | | | | | |
| Other charges by application and more complex transactions by negotiation | | | | | |

**Appendix 5 - Lewes District Council Fees and Charges Proposals 2023/2024**

| By Service and Activity | | 2022/2023 Current charge £pence | **2023/2024 Proposed charge £pence** | VAT | Increase £pence |
|---|---|---|---|---|---|
| Section 106 agreement | time spent x hourly rate | £540 minimum | £540 minimum | | |
| Lease | time spent x hourly rate | £825-£2,750 | £825-£2,750 | | |
| Consent, Deed of Variation, Easement, Sale of Freehold | time spent x hourly rate | £550-£2,000 | £550-£2,000 | | |
| Licence | time spent x hourly rate | £900-£2,000 | £900-£2,000 | | |
| Right to Buy | engrossment fee | 60.00 | 60.00 | | 0.00 |
| Copying large/complicated agreements and plans | including retrieval fee | 75.00 | 75.00 | | 0.00 |
| Other copying (in addition to retrieval fee) | per side copied | 0.50 | 0.50 | | 0.00 |
| Other copying (where retrieval not required) | minimum charge | 7.50 | 7.50 | | 0.00 |
| | plus per side copied | 0.50 | 0.50 | | 0.00 |
| **Estate Surveyor Services** | Commercial services | | | | |
| Lease - grant | Per transaction | 500.00 | 500.00 | | 0.00 |
| Lease - Deed of Variation, Surrender | Per transaction | 400.00 | 400.00 | | 0.00 |
| Lease - ancillary transactions (e.g. licences to assign) | Per transaction | 250.00 | 250.00 | | 0.00 |
| Licence (e.g. scaffolding and other temporary structures) | Per transaction | 250.00 | 250.00 | | 0.00 |
| Garden Licence | Per transaction dependant on time spent (max) | 250.00 | 250.00 | | 0.00 |
| Disposal/Wayleave/Easement | Per transaction | 500.00 | 500.00 | | 0.00 |
| **ELECTORAL SERVICES** | | | | | |
| **Register of Electors** | Statutory fees | | | | |
| Paper copy | Set up fee | 10.00 | 10.00 | | 0.00 |
| | plus per 1,000 names | 5.00 | 5.00 | | 0.00 |
| Electronic copy | Set up fee | 20.00 | 20.00 | | 0.00 |
| | plus per 1,000 names | 1.50 | 1.50 | | 0.00 |
| Plus Postage and Packing if applicable | | 10.00 | 10.00 | | 0.00 |
| Marked Register and Marked Absent Voting lists | | | | | |
| Paper copy | set up fee | 10.00 | 10.00 | | 0.00 |
| | plus per 1,000 names | 2.00 | 2.00 | | 0.00 |
| Electronic copy | set up fee | 10.00 | 10.00 | | 0.00 |
| | plus per 1,000 names | 1.00 | 1.00 | | 0.00 |
| **Land Charges** | | | | | |
| An illustrative set of the main charges is listed below. | The full list of fees and charges is available from the Council web site at www.lewes.gov.uk | | | | |
| Official Search of the Local Land Charges Register (LLC1) | search of the whole register | 16.00 | 16.00 | | 0.00 |
| CON29 Part 1 – required enquiries | | 87.00 | 87.00 | | 0.00 |
| **MISC LICENSING** | | | | | |
| **Street Trading Consents (Lewes and Newhaven Precincts)** | | | | | |
| Individual Traders | Application Fee | 25.00 | 25.00 | e | 0.00 |
| | Daily Rate | 10.00 | 10.00 | e | 0.00 |
| | Weekly Rate | 75.00 | 75.00 | e | 0.00 |
| | Annual Rate | 475.00 | 475.00 | e | 0.00 |
| Pavement Licences | NEW for 2023/24 | 0.00 | 75.00 | e | 75.00 |
| Market Operators | Annual Rate | 475.00 | 475.00 | e | 0.00 |
| Camping Licences | Application Fee & Renewal New f | 0.00 | 250.00 | e | 250.00 |
| Zoo Licensing Act 1981 | Vet Fee + | 590.00 | 590.00 | e | 0.00 |
| Guard Dogs Act 1975 | £145 in 20/21 | 145.00 | 145.00 | e | 0.00 |
| Dangerous Wild Animals Act 1976 | Initial ApplicationVet fee + | 750.00 | 750.00 | e | 0.00 |
| Dangerous Wild Animals Act 1976 | Renewal Vet Fee + | 250.00 | 250.00 | e | 0.00 |
| Dangerous Wild Animals Act 1976 | Variation Vet Fee + | 200.00 | 200.00 | e | 0.00 |
| Stage Hypnotism | | 65.00 | 65.00 | e | 0.00 |
| Sex Establishments | Initial Grant of Licence | 3,250.00 | 3,250.00 | e | 0.00 |
| | Annual Renewal | 1,750.00 | 1,750.00 | e | 0.00 |
| | Variation | 1,750.00 | 1,750.00 | e | 0.00 |
| Scrap Metal Dealers Act 2013 | Site Licence - New | 375.00 | 375.00 | e | 0.00 |
| | Site Licence - Renewal | 375.00 | 375.00 | e | 0.00 |
| | Collector - New | 255.00 | 255.00 | e | 0.00 |
| | Collector - Renewal | 255.00 | 255.00 | e | 0.00 |
| | Licence Variation | 75.00 | 75.00 | e | 0.00 |
| Concessions | Event by a charity (inc street colle | censing Officer | Free upon ap | e | |
| **TAXI LICENSING** | | | | | |
| Knowledge Test Hackney Carriage | £55 in 20/21 | 0.00 | - | e | 0.00 |
| Knowledge Test Private Hire | £45 in 20/21 | 0.00 | - | e | 0.00 |
| Dual Knowledge Test Additional Test | new in 21/22 | 45.00 | 50.00 | e | 5.00 |
| CSE, Safeguarding test | | To be sourced | To be sourcec | e | |
| Drivers License Application Fee | | 130.00 | 144.00 | e | 14.00 |
| Additional fees for new drivers only | Includes safeguarding, disability tr | 65.00 | 72.00 | e | 7.00 |
| Additional DBS fee | | 44.00 | 72.00 | e | 28.00 |
| Hackney Carriage/Private Hire/Dual Driver's Licence (Renewal) | 1 Year £115 in 20/21 | 77.00 | 115.00 | e | 38.00 |
| | 3 Years £300 in 20/21 | 200.00 | 300.00 | e | 100.00 |
| Hackney Carriage / Private Hire Vehicle Licence | 1 Year £160 in 20/21 | 107.00 | 160.00 | e | 53.00 |
| Private Hire Operator Licence 5 Year up to 5 Vehicles | £490 in 20/21 | 441.00 | 490.00 | e | 49.00 |
| Private Hire Operator Licence 5 Year 6 - 10 Vehicles | £625 in 20/21 | 562.50 | 625.00 | e | 62.50 |
| Private Hire Operator Licence 5 Year 11 - 20 Vehicles | £895 in 20/21 | 805.50 | 895.00 | e | 89.50 |
| Private Hire Operator Licence 5 Year 21 - 40 Vehicles | £1,440 in 20/21 | 1,296 | 1,440.00 | e | 144.00 |
| Private Hire Operator Licence 5 Year 41 - 80 Vehicles | £2,530 in 20/21 | 2,277.00 | 2,530.00 | e | 253.00 |
| Private Hire Operator Licence 5 Year 81-100 Vehicles | £3,070 in 20/21 | 2,763.00 | 3,070.00 | e | 307.00 |
| Private Hire Operator Licence 5 Year 101+ Vehicles | | 3,500.00 | 3,500.00 | e | 0.00 |
| Replacement of Lost /Damaged Licence Plates | | 40.00 | 44.00 | e | 4.00 |
| Replacement of Lost /Damaged Door Signs | new in 21/22 | 10.00 | 11.00 | e | 1.00 |

**Appendix 5 - Lewes District Council Fees and Charges Proposals 2023/2024**

| By Service and Activity | | 2022/2023 Current charge £pence | **2023/2024 Proposed charge £pence** | VAT | Increase £pence |
|---|---|---|---|---|---|
| Replacement of Driver's Badge | | 10.00 | 11.00 | e | 1.00 |
| Transfer of Licence Plate to Different Vehicle | Private Hire & Hackney | 37.50 | 41.50 | e | 4.00 |
| Temporary Transfer of Vehicle Licence (Inc. Test and Seal) | | 50.00 | 55.50 | e | 5.50 |
| Transfer of Ownership | | 37.50 | 41.50 | e | 4.00 |
| Vehicle Change of Use | From Private Hire to Hackney Car | 37.50 | 41.50 | e | 4.00 |
| Driver's Licence - Change of Use as Above | | 37.50 | 41.50 | e | 4.00 |
| Change of Address | | 0.00 | - | e | 0.00 |
| Missed Appointment | | 0.00 | - | e | 0.00 |
| | | | | | |
| **LICENSING ACT 2003** | | | | | |
| Premises Licence and Club Premises Certificates | Statutory fees apply as shown below | | | | |
| (Licence fees are linked to non-domestic rateable value of the premises) | | | | | |
| Application Fee | Band A | 100.00 | 100.00 | e | 0.00 |
| | Band B | 190.00 | 190.00 | e | 0.00 |
| | Band C | 315.00 | 315.00 | e | 0.00 |
| | Band D | 450.00 | 450.00 | e | 0.00 |
| | Band E | 635.00 | 635.00 | e | 0.00 |
| Annual Charge | Band A | 70.00 | 70.00 | e | 0.00 |
| | Band B | 180.00 | 180.00 | e | 0.00 |
| | Band C | 295.00 | 295.00 | e | 0.00 |
| | Band D | 320.00 | 320.00 | e | 0.00 |
| | Band E | 350.00 | 350.00 | e | 0.00 |
| Minor variation application | | 89.00 | 89.00 | e | 0.00 |
| Dis Application DPS | | 23.00 | 23.00 | e | 0.00 |
| Personal Licence | | 37.00 | 37.00 | e | 0.00 |
| Tempory Event Notice | | 21.00 | 21.00 | e | 0.00 |
| Theft, loss etc of premises licence summary | | 10.50 | 10.50 | e | 0.00 |
| Application for a provisional statement where premises being built etc. | | 315.00 | 315.00 | e | 0.00 |
| Notice of change of name or address | | 10.50 | 10.50 | e | 0.00 |
| Application to vary a licence to specify individual as Designated Premises Supervisor | | 23.00 | 23.00 | e | 0.00 |
| Application for transfer of Premises Licence | | 23.00 | 23.00 | e | 0.00 |
| Interim authority notice following death etc. of licence holder | | 23.00 | 23.00 | e | 0.00 |
| Theft, loss etc. of certificate or summary | | 10.50 | 10.50 | e | 0.00 |
| Notification of change of name or alteration of rules of club | | 10.50 | 10.50 | e | 0.00 |
| Change of relevant registered address of club | | 10.50 | 10.50 | e | 0.00 |
| Theft, loss etc. of Tempory Event Notice | | 10.50 | 10.50 | e | 0.00 |
| Theft, loss etc. of Personal Licence | | 10.50 | 10.50 | e | 0.00 |
| Duty to notify of change of name or address | | 10.50 | 10.50 | e | 0.00 |
| Right of freeholder etc. to be notified of licensing matters | | 21.00 | 21.00 | e | 0.00 |
| Premises Licenses Additional Fees | | | - | e | 0.00 |
| Where the number of people that the applicant allows on the premises at any one time is 5,000 or more an additional fee will be charged. | | 0 | | | |
| | | | | | |
| **ENVIRONMENTAL HEALTH LICENSING** | | | | | |
| Acupuncture, tattooing ear piercing and electrolysis (Premises) | | 93.00 | 140.00 | e | 47.00 |
| Acupuncture, tattooing ear piercing and electrolysis (Person) | | 41.50 | 90.00 | e | 48.50 |
| Acupuncture, tattooing ear piercing and electrolysis (Premises + Person) | | 135.00 | 230.00 | e | 95.00 |
| Amendment to registered premises | | 0.00 | - | e | 0.00 |
| Replacement Certificate | | 0.00 | - | e | 0.00 |
| | | | | | |
| **ANIMAL WELFARE** | | | | | |
| Animal Welfare Regs 2018 Dog Day Care | | 225.00 | 250.00 | e | 25.00 |
| Animal Welfare Regs 2018 Sale of animals | | 250.00 | 277.00 | e | 27.00 |
| Animal Welfare Regs 2018 Breeding Dogs | Vet Fee + 1st inspection only | 250.00 | 277.00 | e | 27.00 |
| Animal Welfare Regs 2018 Cat and Dog Home Boarding | | 225.00 | 250.00 | e | 25.00 |
| Animal Welfare Regs 2018 Horses (upto 10) | Vet Fee + | 225.00 | 250.00 | e | 25.00 |
| Animal Welfare Regs 2018 Horses (between 11and 20) | Vet Fee + | 316.00 | 350.00 | e | 34.00 |
| Animal Welfare Regs 2018 Horses (More than 20) | Vet Fee + | 415.00 | 460.00 | e | 45.00 |
| Animal Wefare Regs 2018 Keeping or training animals | | 145.00 | 161.00 | e | 16.00 |
| Animal Welfare Regs 2018 Dog Day Care ADDITIONAL ACTIVITY | | 69.00 | 76.55 | e | 7.55 |
| Animal Welfare Regs 2018 Sale of animals ADDITIONAL ACTIVITY | | 91.00 | 101.00 | e | 10.00 |
| Animal Welfare Regs 2018 Breeding Dogs ADDITIONAL ACTIVITY | | 101.00 | 112.00 | e | 11.00 |
| Animal Welfare Regs 2018 Cat and Dog Home Boarding ADDITIONAL ACTIVITY | | 59.00 | 65.50 | e | 6.50 |
| Animal Welfare Regs 2018 Horses (upto 10) ADDITIONAL ACTIVITY | | 107.00 | 118.50 | e | 11.50 |
| Animal Welfare Regs 2018 Horses (between 11and 20) ADDITONAL ACTIVITY | | 123.00 | 136.00 | e | 13.00 |
| Animal Welfare Regs 2018 Horses (More than 20) ADDITIONAL ACTIVITY | | 251.00 | 278.00 | e | 27.00 |
| Animal Wefare Regs 2018 Keeping or training animals ADDITIONAL ACTIVITY | | 46.00 | 51.00 | e | 5.00 |
| Animal Welfare Regs 2018 Dog Day Care PLV | | 138.00 | 153.00 | e | 15.00 |
| Animal Welfare Regs 2018 Sale of animals PLV | | 144.00 | 160.00 | e | 16.00 |
| Animal Welfare Regs 2018 Breeding Dogs PLV | | 156.00 | 173.00 | e | 17.00 |
| Animal Welfare Regs 2018 Cat and Dog Home Boarding PLV | | 113.00 | 125.00 | e | 12.00 |
| Animal Welfare Regs 2018 Horses (upto 10) PLV | | 162.00 | 180.00 | e | 18.00 |
| Animal Welfare Regs 2018 Horses (between 11and 20) PLV | | 177.00 | 196.00 | e | 19.00 |
| Animal Welfare Regs 2018 Horses (More than 20) PLV | | 305.00 | 338.00 | e | 33.00 |
| Animal Wefare Regs 2018 Keeping or training animals PLV | | 145.00 | 161.00 | e | 16.00 |
| Animal Welfare Regs 2018 Dog Day Care RESCORE | | 115.00 | 128.00 | e | 13.00 |
| Animal Welfare Regs 2018 Sale of animals RESCORE | | 101.00 | 112.00 | e | 11.00 |
| Animal Welfare Regs 2018 Breeding Dogs RESCORE | | 111.00 | 123.00 | e | 12.00 |
| Animal Welfare Regs 2018 Cat and Dog Home Boarding RESCORE | | 90.00 | 100.00 | e | 10.00 |
| Animal Welfare Regs 2018 Horses (upto 10) RESCORE | | 117.00 | 130.00 | e | 13.00 |
| Animal Welfare Regs 2018 Horses (between 11and 20) RESCORE | | 133.00 | 147.00 | e | 14.00 |
| Animal Welfare Regs 2018 Horses (More than 20) RESCORE | | 261.00 | 289.00 | e | 28.00 |
| Animal Wefare Regs 2018 Keeping or training animals RESCORE | | 0.00 | - | e | 0.00 |
| Animal Welfare Regs 2018 Dog Day Care APPEAL | | 82.00 | 91.00 | e | 9.00 |
| Animal Welfare Regs 2018 Sale of animals APPEAL | | 71.00 | 79.00 | e | 8.00 |

**Appendix 5 - Lewes District Council Fees and Charges Proposals 2023/2024**

| By Service and Activity | | 2022/2023 Current charge £pence | **2023/2024 Proposed charge £pence** | VAT | Increase £pence |
|---|---|---|---|---|---|
| Animal Welfare Regs 2018 Breeding Dogs APPEAL | | 82.00 | 91.00 | e | 9.00 |
| Animal Welfare Regs 2018 Cat and Dog Home Boarding APPEAL | | 60.00 | 66.50 | e | 6.50 |
| Animal Welfare Regs 2018 Horses (upto 10) APPEAL | | 87.00 | 96.50 | e | 9.50 |
| Animal Welfare Regs 2018 Horses (between 11and 20) APPEAL | | 103.00 | 114.00 | e | 11.00 |
| Animal Welfare Regs 2018 Horses (More than 20) APPEAL | | 231.00 | 256.00 | e | 25.00 |
| Animal Wefare Regs 2018 Keeping or training animals APPEAL | | 0.00 | - | e | 0.00 |
| **GAMBLING ACT 2003** | | | | | |
| *Lotteries (Statutory Fee)* | Initial | 40.00 | 40.00 | e | 0.00 |
| | Renewal | 20.00 | 20.00 | e | 0.00 |
| *Gaming Machines (Licensed Premises - Licensing Act 2003)* | Statutory Fees | | | | 0.00 |
| Notify Licensing Authority of intention to provide a maximum of 2 gaming machines - category C and/or D | machines - category C and/or D | 50 | 50.00 | e | 0.00 |
| New licensed premises gaming permit | | 150.00 | 150.00 | e | 0.00 |
| Vary an existing licensed premises gaming permit | | 100 | 100.00 | e | 0.00 |
| Transfer an existing licensed premises gaming permit | | 25 | 25.00 | e | 0.00 |
| Annual Fee (Permits over 2 machines) | | 50 | 50.00 | e | 0.00 |
| *Bingo Premises Licence* | Statutory Fees | | | | 0.00 |
| Annual Fee | | 800 | 800.00 | e | 0.00 |
| Application to vary a licence | | 1,500 | 1,500.00 | e | 0.00 |
| Application to transfer a licence | | 1,000.00 | 1,000.00 | e | 0.00 |
| Application for reinstatement of a licence | | 1,000.00 | 1,000.00 | e | 0.00 |
| Application for provisional statement | | 2,700.00 | 2,700.00 | e | 0.00 |
| Application for a new premises licence | | 2,700.00 | 2,700.00 | e | 0.00 |
| Application for a new premises licence (Provisional Statement Holder) | | 1,000.00 | 1,000.00 | e | 0.00 |
| *Adult gaming centre premises licence* | Statutory Fees | | | | 0.00 |
| Annual Fee | | 800.00 | 800.00 | e | 0.00 |
| Application to vary a licence | | 800.00 | 800.00 | e | 0.00 |
| Application to transfer a licence | | 1,000.00 | 1,000.00 | e | 0.00 |
| Application for reinstatement of a licence | | 1,000.00 | 1,000.00 | e | 0.00 |
| Application for provisional statement | | 1,500.00 | 1,500.00 | e | 0.00 |
| Application for a new premises licence | | 1,500.00 | 1,500.00 | e | 0.00 |
| Application for a new premises licence (Provisional Statement Holder) | | 1,500.00 | 1,500.00 | e | 0.00 |
| *Club Gaming/Machine Permit* | Statutory Fees | | | | 0.00 |
| Application for a new permit | | 200.00 | 200.00 | e | 0.00 |
| Application for a permit (Club Premises Certificate Holder) | | 100.00 | 100.00 | e | 0.00 |
| Application for a permit (Existing Operator)) | | 100.00 | 100.00 | e | 0.00 |
| Application to vary a permit | | 100.00 | 100.00 | e | 0.00 |
| Renewal | | 200.00 | 200.00 | e | 0.00 |
| Renewal (Club Premises Certificate Holder) | | 100.00 | 100.00 | e | 0.00 |
| Annual Fee | | 50.00 | 50.00 | e | 0.00 |
| Copy of Permit | | 15.00 | 15.00 | e | 0.00 |
| *Betting premises (Track licence)* | Statutory Fees | | | | 0.00 |
| Annual Fee | | 800.00 | 800.00 | e | 0.00 |
| Application to vary a licence | | 1,000.00 | 1,000.00 | e | 0.00 |
| Application to transfer a licence | | 800.00 | 800.00 | e | 0.00 |
| Application for reinstatement of a licence | | 800.00 | 800.00 | e | 0.00 |
| Application for provisional statement | | 2,000.00 | 2,000.00 | e | 0.00 |
| Application for a new premises licence | | 2,000.00 | 2,000.00 | e | 0.00 |
| Application for a new premises licence (Provisional Statement Holder) | | 800.00 | 800.00 | e | 0.00 |
| *Betting premises (other) licence* | Statutory Fees | | | | 0.00 |
| Annual Fee | | 500.00 | 500.00 | e | 0.00 |
| Application to vary a licence | | 1,200.00 | 1,200.00 | e | 0.00 |
| Application to transfer a licence | | 1,000.00 | 1,000.00 | e | 0.00 |
| Application for reinstatement of a licence | | 1,000.00 | 1,000.00 | e | 0.00 |
| Application for provisional statement | | 2,300.00 | 2,300.00 | e | 0.00 |
| Application for a new premises licence | | 2,300.00 | 2,300.00 | e | 0.00 |
| Application for a new premises licence (Provisional Statement Holder) | | 1,000.00 | 1,000.00 | e | 0.00 |
| *Temporary use notice* | | 250.00 | 250.00 | e | 0.00 |
| *Family entertainment centre premises licence* | Statutory Fees | | | | 0.00 |
| Annual Fee | | 600.00 | 600.00 | e | 0.00 |
| Application to vary a licence | | 800.00 | 800.00 | e | 0.00 |
| Application to transfer a licence | | 800 | 800.00 | e | 0.00 |
| Application for reinstatement of a licence | | 800 | 800.00 | e | 0.00 |
| Application for provisional statement | | 1,500 | 1,500.00 | e | 0.00 |
| Application for a new premises licence | | 1,500.00 | 1,500.00 | e | 0.00 |
| Application for a new premises licence (Provisional Statement Holder) | | 800.00 | 800.00 | e | 0.00 |
| *Family Entertainment Centre Gaming Machine Permit* | Statutory Fees | | | | 0.00 |
| Application for a new permit | | 300.00 | 300.00 | e | 0.00 |
| Renewal | | 300.00 | 300.00 | e | 0.00 |
| Application to Substitute name | | 25 | 25.00 | e | 0.00 |
| Copy of permit | | 15 | 15.00 | e | 0.00 |

**APPENDIX 6**

| LDC CAPITAL PROGRAMME 2022/23 to 2026/27 | Revised Programme 2022/23 £ | Proposed Programme 2023/24 £ | Proposed Programme 2024/25 £ | Proposed Programme 2025/26 £ | Proposed Programme 2026/27 £ |
|---|---|---|---|---|---|
| **HRA HOUSING INVESTMENT CAPITAL PROGRAMME** | | | | | |
| New Acquisitions & New Build | 7,593,000 | 11,501,000 | 9,025,000 | 24,503,000 | 19,470,000 |
| Retirement schemes equipment's | - | 47,500 | - | - | - |
| Retirement schemes - Guest House | - | 35,000 | - | - | - |
| Improvements to Stock (condition survey) | 5,035,000 | 4,965,000 | 4,965,000 | 4,965,000 | 4,979,000 |
| **Total HRA Housing** | **12,628,000** | **16,548,500** | **13,990,000** | **29,468,000** | **24,449,000** |
| **General Fund Housing** | | | | | |
| Private Sector Housing Support | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Mandatory Disabled Facilities Grants | 1,524,240 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| **Total General Fund Housing** | **1,659,240** | **1,135,000** | **1,135,000** | **1,135,000** | **1,135,000** |
| **Loans to Housing Companies** | | | | | |
| LHIC & Aspiration Homes | 419,060 | 2,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| **Total Loans to Housing Companies** | **419,060** | **2,000,000** | **1,000,000** | **1,000,000** | **1,000,000** |
| **Total HRA & GF Housing** | **14,706,300** | **19,683,500** | **16,125,000** | **31,603,000** | **26,584,000** |
| **GENERAL FUND CAPITAL PROGRAMME** | | | | | |
| Recovery and Stabilisation | 1,051,740 | - | - | - | - |
| HR/Payroll system | - | 20,000 | - | - | - |
| **Recovery and Stabilisation** | **1,051,740** | **20,000** | **-** | **-** | **-** |
| **Regeneration** | | | | | |
| Commercial Property Acquisition & Development | 500,000 | 1,000,000 | - | - | - |
| North Street Quarter, Lewes | 228,390 | 300,000 | - | - | - |
| North Street Quarter - Springman House, Lewes | 100,000 | - | - | - | - |
| New Business Unit, Newhaven - 9/10 Avis Way | 1,332,680 | 6,300,000 | 400,000 | - | - |
| The Friars Redevelopment, Lewes | 1,000,000 | - | | - | - |
| Newhaven High Street (Future High Streets Fund) - former Co-Op Building, Dacre Road Car Park, Public Real/Wayfinding | 660,000 | 6,749,580 | | - | - |
| Reimagining Newhaven | - | 3,000,000 | 3,500,000 | - | - |
| Asset Development, Newhaven | 652,930 | - | - | - | - |
| The Sidings, Railway Quay, Newhaven | 154,420 | - | - | - | - |
| Marine Workshops (UTC), Newhaven (1) | 958,440 | - | - | - | - |
| Marine Workshops (UTC), Newhaven (2) | 1,300,000 | - | - | - | - |
| Caburn House, Lewes | 260,380 | - | - | - | - |
| Newhaven Town Deal (x7 themes) Town Fund | 4,483,430 | 7,590,310 | 6,424,600 | - | - |
| Levelling Up Fund - (Fish Landing Stages, Seafood Processing (Avis Way), West Quay Restaurant) | 2,993,860 | 9,938,520 | - | - | - |
| Newhaven Enterprise Centre | - | 15,000 | - | - | - |
| UK Shared Prosperity Fund Investment Plans | - | 330,000 | 330,000 | 340,000 | - |
| **Total Regeneration** | **14,624,530** | **35,223,410** | **10,654,600** | **340,000** | **-** |
| **Asset Management** | | | | | |
| Asset Management - block allocation | 2,372,930 | 100,000 | 100,000 | 100,000 | 100,000 |
| Car Parks | - | 50,000 | - | - | - |
| Flint Walls Repairs, Lewes | - | 30,000 | - | - | - |
| Public Conveniences | - | 100,000 | - | - | - |
| Stanley Turner Changing Rooms Improvements, Lewes | - | 150,000 | - | - | - |
| Market Tower/Square, Lewes | - | 50,000 | - | - | - |
| Robinson Road Depot , Newhaven | - | 2,100,000 | 150,000 | - | - |
| School Hill House, Lewes | - | 50,000 | - | - | - |
| Newhaven Square - roof works | - | 150,000 | - | - | - |
| 2 Fisher Street/187 High Street, Lewes Health & Safety | - | 150,000 | - | - | - |
| **Total Asset Management** | **2,372,930** | **2,930,000** | **250,000** | **100,000** | **100,000** |
| **Indoor Leisure Facilities** | | | | | |
| Indoor Leisure Facilities - block allocation | 541,320 | 300,000 | 300,000 | 300,000 | 300,000 |
| Lewes Leisure Centre - Replacement AHU/Boilers | 135,000 | - | - | - | - |
| Seahaven Swim and Fitness, Newhaven - Priority Works | 350,000 | - | - | - | - |
| Peacehaven Leisure Centre | 40,000 | - | - | - | - |
| Downs Leisure Centre - Priority Works | 116,200 | - | - | - | - |
| Wave Leisure Trust Ltd - Projects at LDC Sites - Downs, Lewes,Seahaven,Peacehaven | - | 1,059,000 | - | - | - |
| Seahaven Swim and Fitness - Roof | - | 800,000 | 800,000 | | |
| **Total Indoor Leisure Facilities** | **1,182,520** | **2,159,000** | **1,100,000** | **300,000** | **300,000** |
| **Energy Schemes** | | | | | |
| Local Energy Schemes | - | 250,000 | 3,645,000 | 4,000,000 | 1,950,000 |
| Ouse Valley Solar Farm (Ovesco) | 62,000 | - | - | - | - |
| Retrofit Lending Schemes | - | 250,000 | 250,000 | 250,000 | 250,000 |
| **Total Energy Schemes** | **62,000** | **500,000** | **3,895,000** | **4,250,000** | **2,200,000** |

| LDC CAPITAL PROGRAMME 2022/23 to 2026/27 | Revised Programme 2022/23 £ | Proposed Programme 2023/24 £ | Proposed Programme 2024/25 £ | Proposed Programme 2025/26 £ | Proposed Programme 2026/27 £ |
|---|---|---|---|---|---|
| **Community Infrastructure Levy** | **900,000** | **900,000** | **900,000** | **900,000** | **900,000** |
| **Service Delivery** | | | | | |
| Vehicle & Plant Replacement Programme | 1,036,660 | 227,000 | 227,000 | 227,000 | 227,000 |
| Vehicle Replacement Programme | - | 3,500,000 | - | 1,100,000 | - |
| Wheel Bins | - | 963,700 | - | - | - |
| Food Caddies | - | 35,000 | - | - | - |
| Robinson Road Refurbishment | - | 150,000 | - | - | - |
| EV Charge Points and Car Clubs | - | 150,000 | - | - | - |
| Bell Lane Rec - rain garden | - | 60,000 | - | - | - |
| Rewilding and Nature Restoration | - | 20,000 | - | - | - |
| Stanley Turner/Cockshut | - | 600,000 | - | - | - |
| Upper House Project | - | 50,000 | - | - | - |
| Play Areas | - | 400,000 | - | - | - |
| Cliff Top Fencing | - | | 40,000 | - | - |
| Burial Records Digitalisation | - | 50,000 | - | - | - |
| Car Park Machines | - | 125,000 | - | - | - |
| New Crematorium & Green Burial Facility | 100,000 | - | 6,900,000 | 2,000,000 | - |
| **Total Service Delivery** | **1,136,660** | **6,330,700** | **7,167,000** | **3,327,000** | **227,000** |
| **Specialist** | | | | | |
| Flood Protection Measures | 193,230 | 136,000 | 136,000 | 136,000 | 136,000 |
| Coastal Defence Works | 494,280 | 100,000 | 100,000 | 100,000 | 100,000 |
| **Total Specialist** | **687,510** | **236,000** | **236,000** | **236,000** | **236,000** |
| **Parks & Pavilions** | | | | | |
| Parks & Pavilions - Remedial works | 1,006,380 | 160,000 | 200,000 | 200,000 | 200,000 |
| Play Area Upgrade / Replacement equipment | - | 40,000 | - | - | - |
| **Total Parks & Pavilions** | **1,006,380** | **200,000** | **200,000** | **200,000** | **200,000** |
| **Open Space / Biodiversity** | 220,010 | | | | |
| Stanley Turner Stream Realignment | - | 220,000 | - | - | - |
| Funds for local groups for Biodiversity Projects | - | 7,500 | - | - | - |
| Wildlife Planting / Habitat creation in parks | - | 30,000 | - | - | - |
| Creation of Wildflower Seed Areas | - | 7,500 | - | - | - |
| Tree Planting | - | 10,000 | - | - | - |
| Town & Parish Council - joint working /grants | - | 25,000 | - | - | - |
| Newhaven / Peacehaven Coastal Park | - | 60,000 | - | - | - |
| Land at Lewes Brooks | - | 250,000 | - | - | - |
| **Total Open Space - Biodiversity** | **220,010** | **610,000** | **-** | **-** | **-** |
| Information Technology | 403,620 | 150,000 | 150,000 | 150,000 | 150,000 |
| Laptop Refresh | | 63,000 | | | |
| **Information Technology** | **403,620** | **213,000** | **150,000** | **150,000** | **150,000** |
| **Finance Transformation** | **329,310** | **150,000** | **150,000** | **150,000** | **150,000** |
| **Total General Fund Non-Housing** | **23,977,210** | **49,472,110** | **24,702,600** | **9,953,000** | **4,463,000** |
| **Total HRA & GF Programme** | **38,683,510** | **69,155,610** | **40,827,600** | **41,556,000** | **31,047,000** |

| Financing and Funding Availability | Revised Programme 2022/23 £ | Proposed Programme 2023/24 £ | Proposed Programme 2024/25 £ | Proposed Programme 2025/26 £ | Proposed Programme 2026/27 £ |
|---|---|---|---|---|---|
| **HRA** | | | | | |
| Capital Receipts | 7,493,000 | 4,900,500 | 766,000 | 2,398,000 | 2,470,000 |
| Grants & Contributions | - | 1,935,000 | - | 3,100,000 | 2,371,000 |
| Major Repairs Reserve | 5,035,000 | 4,965,000 | 4,965,000 | 4,965,000 | 4,979,000 |
| Revenue Contributions | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Borrowing Need | - | 4,648,000 | 8,159,000 | 18,905,000 | 14,529,000 |
| **Total HRA** | **12,628,000** | **16,548,500** | **13,990,000** | **29,468,000** | **24,449,000** |
| | - | - | - | - | - |
| **General Fund** | - | - | - | - | - |
| Capital Receipts | 588,770 | 1,859,000 | 3,645,000 | 4,000,000 | 96,000 |
| Grants & Contributions | 12,510,230 | 29,888,410 | 12,254,600 | 2,340,000 | 2,000,000 |
| Earmarked Reserves | 1,977,900 | 436,000 | 436,000 | 436,000 | 436,000 |
| Revenue Contributions | - | - | - | - | - |
| Borrowing Need | 10,978,610 | 20,423,700 | 10,502,000 | 5,312,000 | 4,066,000 |
| **Total GF** | **26,055,510** | **52,607,110** | **26,837,600** | **12,088,000** | **6,598,000** |
| **Total Funding** | **38,683,510** | **69,155,610** | **40,827,600** | **41,556,000** | **31,047,000** |

# Appendix 7 – Reserves

**Lewes District Council**
**Statement of Reserves**

| Description | Balance as at 31/03/2022 £ | 2022/23 Net Commitments £ | Expected Balance as at 31/03/2023 £ | 2023/24 Net Commitments £ | Expected Balance as at 31/03/2024 £ | 2024/25 Net Commitments £ | Expected Balance as at 31/03/2025 £ | 2025/26 Net Commitments £ | Expected Balance as at 31/03/2026 £ |
|---|---|---|---|---|---|---|---|---|---|
| Asset Management | (1,318,000) | 663,000 | (655,000) | | (655,000) | | (655,000) | | (655,000) |
| Revenue Grants and Contributions | (1,327,000) | 313,800 | (1,013,200) | | (1,013,200) | | (1,013,200) | | (1,013,200) |
| Strategic Change | (872,000) | 150,000 | (722,000) | | (722,000) | | (722,000) | | (722,000) |
| Vehicle & Equipment Replacement | (500,000) | 150,000 | (350,000) | | (350,000) | | (350,000) | | (350,000) |
| Election Reserve | 0 | | 0 | 139,750 | 139,750 | (110,250) | 29,500 | (110,250) | (80,750) |
| Managing In Year Economic Downtown | 0 | | 0 | | 0 | | 0 | | 0 |
| Capital Receipts | (132,000) | | (132,000) | | (132,000) | | (132,000) | | (132,000) |
| Business Rates Equalisation Reserve | (861,000) | (1,187,225) | (2,048,225) | 979,866 | (1,068,359) | (262,325) | (1,330,684) | (262,325) | (1,593,009) |
| Income Protection | (125,000) | 93,373 | (31,627) | | (31,627) | | (31,627) | | (31,627) |
| Capital Financing Support | (500,000) | | (500,000) | | (500,000) | | (500,000) | | (500,000) |
| Community Grants | (105,000) | | (105,000) | | (105,000) | | (105,000) | | (105,000) |
| Cost of Living Pressures | (700,000) | | (700,000) | | (700,000) | | (700,000) | | (700,000) |
| Resilience Fund | (750,000) | 750,000 | 0 | | 0 | | 0 | | 0 |
| **Total Earmarked Reserves** | **(7,190,000)** | **932,948** | **(6,257,052)** | **1,119,616** | **(5,137,436)** | **(372,575)** | **(5,510,011)** | **(372,575)** | **(5,882,586)** |
| S31 Grant NNDR (timing difference) | (2,802,000) | 2,802,000 | 0 | | 0 | | 0 | | 0 |
| Economic Regeneration (NHEZ) | (3,086,000) | | (3,086,000) | | | | | | |
| General Fund Revenue Account | (4,615,000) | 664,543 | (3,950,457) | (20,791) | (3,971,248) | 500,000 | (3,471,248) | | (3,471,248) |
| **HRA Balances** | **(4,238,000)** | **(175,000)** | **(4,413,000)** | | **(4,413,000)** | | **(4,413,000)** | | **(4,413,000)** |

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| | |
|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **2 February 2023** |
| **Title:** | **Treasury Management and Prudential Indicators 2023/24, Capital Strategy & Investment Strategy** |
| **Report of:** | **Homira Javadi, Director of Finance and Performance (Chief Finance Officer – S151 Officer)** |
| **Cabinet member:** | **Councillor Zoe Nicholson, Deputy Leader of the Council and Cabinet Member for Finance and Assets** |
| **Ward(s):** | **All** |
| **Purpose of the report:** | **To approve the Council's Annual Treasury Management Strategy, Capital Strategy & investment Strategy together with the Treasury and Prudential Indicators.** |
| **Decision type:** | **Budget and policy framework** |
| **Recommendation:** | **Cabinet is asked to recommend the following proposals to full Council to:**<br>**a. Approve the Treasury Management Strategy and Annual Investment Strategy for 2023/24 as set out in Appendix A;**<br>**b. Approve the Minimum Revenue Provision Policy Statement 2023/24 as set out at paragraph 8;**<br>**c. Approve the Prudential and Treasury Indicators 2023/24 to 2025/26, as set out at paragraph 6;**<br>**d. Approve the Capital Strategy set out in Appendix E.** |
| **Reasons for recommendations:** | **It is a requirement within the budget setting process for the Council to review and approve the Prudential and Treasury indicators, Treasury Strategy, Capital Strategy and Investment Strategy.** |
| **Contact Officer:** | **Ola Owolabi, Deputy Chief Finance Officer**<br>**Telephone: 01323 415083**<br>**E-mail address: Ola.Owolabi@lewes-eastbourne.gov.uk** |

## 1. Introduction

1.1 The Prudential and Treasury Indicators and Treasury Strategy covers:

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

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

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

1.4 CIPFA has published the updated Treasury Management and Prudential Codes, and has stated that after a soft introduction of the Codes, Local Authorities are expected to fully implement the required reporting changes within the Treasuru Management Strategy reports from 2023/24.

1.5 The Department for Levelling Up, Housing and Communities (DLUHC) is proposing to tighten up regulations around local authorities financing capital expenditure on investments in commercial projects for yield and has already closed access to all PWLB borrowing if such schemes are included in an authority's capital programme. The new CIPFA codes have adopted a similar outlook to discourage further capital expenditure on commercial investments for yield.

DLUHC is also conducting a consultation on amending MRP regulations/guidance for England. The latest information is that any changes will take effect from 2024/25 at the earliest.

1.6 Prudential Code changes from 1 April 2023 - There are a number of changes to be implemented for CIPFA Code revisions for the 2023/24 financial year as follow:

**a.** Adopting a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;

**b.** Long-term treasury investments, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;

**c.** Pooled funds are to be included in the indicator for principal sums maturing in years beyond the initial budget year;

**d.** Amendment to the knowledge and skills register for officers and members involved in the treasury management function;

**e.** Reporting to members is to be done quarterly. Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly.

**f.** Environmental, social and governance (ESG) issues to be addressed within an authority's treasury management policies and practices.

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

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

1.8 **Minimum Revenue Provision (MRP)**

The Council's MRP methodologies for borrowing incurred pre and post 1 April 2008 will be based on an annuity method. Under this methodology, MRP will be lower in the early years and increases over time. This is considered a prudent approach as it reflects the time value of money (i.e. the impact of inflation) as well as providing a charge that is better matched to how the benefits of the asset financed by borrowing are consumed over its useful life. That is, a method that reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years.

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

The Council uses Link Treasury Services Limited as its external treasury management advisors, and recognises that responsibility for treasury management decisions remains with the Council at all times. It also recognises that there is value in employing external providers of treasury management services in order to have access to specialist skills and resources. The Council will ensure that the terms of their appointment are subjected to regular review.

**2. Potential impact on climate change and the environment**

2.1 Fund managers will contribute to be required to consider ESG (Environmental, Social and Governance) factors in their investment process. All the fund managers would be expected to have signed up to the UN Principles for Responsible Investment (PRI). PRI argues that active participation in ESG and exercising shareholder rights on this basis can help to improve the performance of companies which may otherwise not address such concerns and so being an engaged corporate stakeholder is a more effective way to bring about change in corporate behaviour on ethical issues. Further requirements from those identified above are not practical given the limited ability to directly influence any immediate change in the financial markets.

2.2 The Council recognises the importance of supporting sustainability and ethical investments and as part of future investment strategy, consideration will be given to potential opportunities to invest in environmentally focussed instruments or organisations locally and/or countrywide. 'Ethical, Social and Governance' (ESG) investment criteria will be considered and, where viable in adherence to the policies laid out in this strategy, will only be entered into following satisfactory assessment of the instrument and/or organisation. This will ensure the Council complies with the CIPFA investment guidance that makes it clear that all investing must adopt SLY principles – security, liquidity and yield: ethical issues will play a subordinate role to those priorities.

**3. End of year investment report**

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

**4. Outcome expected and performance management**

4.1 Loans, Investments and Prudential Indicators will be monitored regularly during 2023/24 and performance will be reported to members quarterly.

**5. Financial appraisal**

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

**6. Legal implications**

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

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The Act also requires the Council to set out specific strategies in relation to key aspects of its treasury management operations before the start of each financial year, specifically for borrowing and investments along with its policy for setting aside MRP to cover debt repayments associated with borrowing to fund capital investment.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance

**7. Equality analysis**

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

**8. Conclusion**

8.1 Capital prudential indicators are set to demonstrate plans for borrowing are affordable. The movement in the Capital Financing Requirement (CFR) forecasts for 2022/23; 2023/24, 2024/25 & 2025/26 are set as £10.6m; £24.4m, £17.2m, & £22.5m respectively. The borrowing has been reflected within the Capital Financing Requirement, which sets out the Council's borrowing requirements and includes both the use of internal resources and external borrowing. The proposed Minimum

Revenue Provision Policy has been updated to ensure prudent provision is made for the repayment of borrowing.

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

**9. Appendices:**

A. Treasury Management Strategy Statement, Minimum Revenue Provision and Annual Investment Strategy
B. The Treasury Management Role of the Section 151 Officer
C. Counterparty List
D. Link Treasury Services Limited on the Economic Background and Forward View
E. Capital Strategy
F. Glossary: Local Authority Treasury Management Terms

**Background papers**

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

- CIPFA Treasury Management in the Public Services code of Practice (the Code);
- Cross-sectorial Guidance Notes;
- CIPFA Prudential Code;
- Treasury Management Strategy and Treasury Management Practices;
- Council Budget 2 February 2023;
- Finance Matters and Performance Monitoring Reports 2022;
- CIPFA Prudential Property Investment.

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

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APPENDIX ‘A’

Lewes District Council

# Treasury Management Strategy, Annual Investment Strategy, Capital Strategy and Minimum Revenue Provision Policy

# 2023/24

# CONTENTS

## 1. INTRODUCTION

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

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

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

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

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

CIPFA defines treasury management as:

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

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

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

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

**2021 revised CIPFA Treasury Management Code and Prudential Code**

CIPFA has published the revised Codes and has stated that revisions need to be included in the reporting framework from the 2023/24 financial year. The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes: -

**Treasury management**
Arising from the Council's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

**Service delivery**
Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

**Commercial return**
Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

There are a number of changes to be implemented for CIPFA Code revisions for the 2023/24 financial year as follow:

**a.** **Adopting a new liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;

**b.** **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;

**c.** **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year; (*Pooled funds is a term used to collectively refer to a set of money from individual investors combined, i.e., "pooled" together for investment purposes. The funds are combined with the intention of benefiting from economies of scale through cost minimisation);*

**d.** Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;

**e.** **Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;

f. **Environmental, social and governance (ESG)** issues to be addressed within an authority's treasury management policies and practices.

## 2. TREASURY MANAGEMENT REPORTING

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

a. **Annual treasury strategy** (issued February and includes);
    a. A Minimum Revenue Provision (MRP) policy (this reflects capital expenditure previously financed by borrowing and how the principal element is charged to revenue over time);
    b. The treasury management strategies (how the investments and borrowings are to be organised) including treasury prudential indicators and limits;
    c. An investment strategy (the parameters on how investments are to be managed).

b. **Mid-year update** – (issued November / December and provides);
    a. an update for members with the progress of the treasury management activities undertaken for the period April to September and
    b. an opportunity for amending prudential indicators and any policies if necessary.

c. **Annual outturn** – (issued June and contains);
    a. details of actual treasury operations undertaken in the previous financial year.

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

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

## 3. TREASURY MANAGEMENT POLICY STATEMENT

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

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

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

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

## 4. CAPITAL STRATEGY

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

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

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

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

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

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

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

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

CIPFA concerns relating to the rapid expansion of acquisitions of commercial property and its relationship with CIPFA's statement in its Prudential Code that authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Where authorities exceed the limits of the Prudential Code and the wider Prudential Framework this places a strain on the credibility of the Prudential Framework to secure the prudent management of local authority finances.

The Prudential Framework (including statutory guidance and the Prudential Code itself) allows local authorities the flexibility to take their own decisions; provided that the decisions taken are prudent, affordable and sustainable and that they have regard to the statutory guidance. However, local authorities will need to ensure if they acquire commercial property (without borrowing from the PWLB) with substantial investment returns that they have a clear rationale for such acquisitions. If after having regard to the statutory guidance and the Prudential Code local authorities decide to depart from such guidance, they can only do so where a robust and reasonable argument can be put that an alternative approach will still meet the authority's various duties under Chapter 1 of the Local Government Act 2003.

## 5. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2023/24

### 5.1 Borrowing Strategy for 2023/24

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

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

- Cash from existing and/or new capital resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves);
- Cash raised by borrowing externally;
- Cash being held for other purposes (e.g. earmarked reserves or working capital) but used in the short term for capital investment. This is known as 'internal borrowing' as there will be a future need to borrow externally once the cash is required for the other purposes.
- use of innovative or more complex sources of funding such as green bond issues, private placements and sale and leaseback structures

Under the CIPFA Prudential Code an authority is responsible for deciding its own level of affordable borrowing within set prudential indicator limits (see section 6). Borrowing does not have to take place immediately to finance its related capital investment and may be deferred or borrowed in advance of need within policy. The Council's primary objective when borrowing is to strike an appropriately low risk balance between securing low interest rates and achieving cost certainty over the period for which funds are required.

When MRP is not required to repay debt, it will accumulate as cash balances which will then be invested. Investment balances will increase by MRP each year until the debt is repaid. The Council's Draft Revenue Budget and Capital Programme 2023/24 to 2025/26 forecasts £151.5m (HRA of £60.0m and GF of £91.5m) of capital investment over the next three years with £83.6m met from existing or new resources. The amount of new borrowing required over this period is 0therefore £67.9m (HRA of £31.7m and GF of £36.2m) as shown in Table 2a below.

| **Table 2a** | **2022/23 Forecast** | **2023/24 Estimate** | **2024/25 Estimate** | **2025/26 Estimate** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| **Capital Expenditure** | | | | |
| General Fund (GF) | 17.4 | 39.1 | 25.8 | 11.1 |
| Housing Revenue Account (HRA) | 12.6 | 16.5 | 14.0 | 29.5 |
| Loans (including Subsidiary Companies) | 0.5 | 2.0 | 1.0 | 1.0 |
| Commercial Investments | 0.6 | 0.3 | - | - |
| Service Delivery Investments | 7.6 | 11.2 | - | - |
| **Total** | **38.7** | **69.2** | **40.8** | **41.6** |
| **GF Financed by:** | | | | |
| Capital Receipts | - | (1.6) | (3.6) | (4.0) |
| Capital Grants & Contributions | (8.1) | (20.0) | (12.3) | (2.3) |
| Earmarked Reserves | (2.0) | (0.4) | (0.4) | (0.4) |
| Revenue Contributions | - | - | - | - |
| **Borrowing Need** | **(7.4)** | **(17.2)** | **(9.5)** | **(4.3)** |
| **HRA Financed by:** | | | | |
| Capital Receipts | (7.5) | (4.9) | (0.8) | (2.4) |
| Capital Grants & Contributions | - | (1.9) | - | (3.1) |
| Major Repairs Reserve (MRR) | (5.0) | (5.0) | (5.0) | (5.0) |
| Revenue Contributions | (0.1) | (0.1) | (0.1) | (0.1) |
| **Borrowing Need** | **-** | **(4.6)** | **(8.2)** | **(18.9)** |
| **Loans Financed by:** | | | | |
| **Borrowing Need** | **(0.5)** | **(2.0)** | **(1.0)** | **(1.0)** |
| **Commercial Investments Financed by:** | | | | |
| Capital Receipts | (0.6) | (0.3) | - | - |
| **Service Delivery Investments Financed by:** | | | | |
| Capital Grants & Contributions | (4.4) | (9.9) | - | - |
| **Borrowing Need** | **(3.1)** | **(1.3)** | **-** | **-** |

As existing and forecast future resources are insufficient to meet the level of spend, the borrowing need of £67.9m will be met from both internal and external borrowing. This is to use the Council's own surplus funds until external borrowing is required. Internal borrowing reduces borrowing costs and risk as there is less exposure of external investments. The benefits of internal borrowing need to be monitored and weighed against deferring new external borrowing into future years when long-term borrowing rates could rise.

| Table 2b<br>Capital Financing Requirement | 2022/23<br>Forecast | 2023/24<br>Estimate | 2024/25<br>Estimate | 2025/26<br>Estimate |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| General Fund | 31.6 | 51.3 | 60.4 | 63.9 |
| HRA | 75.0 | 79.6 | 87.8 | 106.7 |
| **Total CFR** | **106.6** | **131.0** | **148.1** | **170.6** |
| **Movement in CFR** | | **24.4** | **17.2** | **22.5** |
| | | | | |
| **Movement in CFR represented by:** | | | | |
| Net financing needed for the year (as above) | 11.0 | 25.1 | 18.7 | 24.2 |
| Less: MRP | (0.4) | (0.7) | (1.5) | (1.7) |
| **Movement in CFR** | **10.6** | **24.4** | **17.2** | **22.5** |

The amount that notionally should have been borrowed is known as the **capital financing requirement (CFR)**. The CFR and actual borrowing may be different at a point in time and the difference is either an under or over borrowing amount. The Council is required to repay an element of the CFR each year through a revenue charge. This is known as the minimum revenue provision (MRP) and is currently estimated to be £0.7m for 2023/24. MRP will cause a reduction in the CFR annually.

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

| Table 3 | 2022/23<br>Forecast | 2023/24<br>Estimate | 2024/25<br>Estimate | 2025/26<br>Estimate |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| GF Borrowing at 1 April<br>HRA Borrowing at 1 April | -<br>51.7 | 2.0<br>51.7 | 7.0<br>48.3 | 17.0<br>54.5 |
| **Borrowing at 1 April** | 51.7 | 53.7 | 55.3 | 71.5 |
| GF new borrowing<br>HRA new borrowing<br>less: loan maturities | 2.0<br>-<br>- | 5.0<br>4.6<br>(8.0) | 10.0<br>8.2<br>(2.0) | 21.3<br>18.9<br>- |
| Net Borrowing Total | 2.0 | 1.6 | 16.2 | 40.2 |
| **Borrowing at 31 March** | **53.7** | **55.3** | **71.5** | **111.7** |
| CFR at 1 April<br>Net Capital Expenditure<br>MRP | 96.0<br>11.0<br>(0.4) | 106.6<br>25.1<br>(0.7) | 131.0<br>18.7<br>(1.5) | 148.1<br>24.2<br>(1.7) |
| **CFR at 31 March** | **106.6** | **131.0** | **148.1** | **170.6** |
| | | | | |
| **Under / (Over) borrowing** | **52.9** | **75.7** | **76.7** | **59.0** |

The Council is currently maintaining an under-borrowing position. As at the end of 2023/24, the Council is projected to be under- borrowed by 75.7m, in 2023/24, £76.7m in 2024/25 and £59.0m by 2025/26.

## 5.2 PWLB Loans

It is important to state that borrowing is only used to fund the capital programme so the level of borrowing should not exceed the CFR for any meaningful amount of time. As previously stated, the CFR (Capital Financing Requirement) is the amount of capital expenditure the Council has financed by internal or external borrowing. The current assumption is that internal borrowing is prioritised over externalising debt. However, officers will monitor external rates of borrowing and the sustainability of using internal borrowing to determine if it becomes more beneficial to externalise the debt and invest core cash in deposits or investment funds.

The PWLB can lend for up to 50 years and also for the short term to Local Government. The PWLB is the source of loans/funds, if no other lender can provide finance. PWLB will not lend to an authority that plans to buy investment assets primarily for yield that is identified in their capital programme. The Chief Finance Officer will be expected by the PWLB to certify that no such purposes are planned.

From a Treasury Management perspective, it is recommended that the PWLB should be retained as a borrowing option and therefore the purchase of investment properties primarily for yield should be excluded from the capital programme.
This is recommended not only due to the reduced rates now available through PWLB but due to the backstop accessibility of this source of borrowing. The Council will not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with PWLB loans. Under the prudential code, local authorities cannot borrow from the PWLB or any other lender for speculative purposes and must not use internal borrowing to temporarily support investments purely for yield.

If the Council wishes to on-lend money to deliver objectives in an innovative way, the government would expect that spending to be reported in the most appropriate category (service spending, housing, economic regeneration, preventative action, or treasury management) based on the eventual use of the money.

## 5.3 Borrowing other than with the PWLB

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

The UK Municipal Bond Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority may make use of this new source of borrowing as and when appropriate.

## 5.4 Policy on Borrowing in Advance of Need

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

### 5.5 Debt Rescheduling

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

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

The reasons for any rescheduling to take place will include:

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

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

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).

Therefore, the strategy is to continue to seek opportunity to reduce the overall level of Council’s debt where prudent to do so, thus providing in future years cost reduction in terms of lower debt repayments costs, and potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be agreed by the S151 Officer, and our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

### 5.7 Community Municipal Investments

Community Municipal Investments are a form of debt/loan-based crowdfunding. Community Municipal Investments (CMIs) are issued by a council corporate body, with residents and general public investors providing capital on the basis of receiving a financial return. The majority of CMIs are typically linked in some form to environmental or social criteria and provide tangible benefit to the local community beyond just financial.

The Council is currently considering the launch of a CMI. Communities can invest money, with £5 being the minimum investment, for a fixed period (the initial bond is expected to be for a five-year period) and will receive income at regular intervals. The Council is expected to benefit through this offering as a cheaper alternative to PWLB borrowing. The Council would pay a small initial and annual fee to the organisation responsible for setting up and administering the bonds. The

funds raised by these bonds would be used to finance capital spend in respect of the installation of electric vehicle charging points, local energy schemes, etc across the district in support of the Council's 'responding to the challenges presented by the climate crisis' priority. CMIs have a higher social value than mainstream borrowing as a result of increased community engagement and directing the cost of borrowing (interest payments) back
into the local area.

The Council will continue to monitor market developments and will seek to use and develop other funding solutions if better value may be delivered. This may include other sources of long term borrowing if the terms are suitable, including listed and private placements, bilateral loans from banks, local authorities or others and sale and leaseback arrangements.

The Treasury Management Strategy must be flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Chief Finance Officer in accordance with treasury management delegations.

### 5.8 Continual Review

Treasury officers continue to review the need to borrow taking into consideration the potential increases in borrrowing costs, the need to finance new capital expenditure, refinancing maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns. Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Chief Finance Officer will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

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

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

## 6. PRUDENTIAL AND TREASURY INDICATORS 2022/23 to 2025/26

### 6.1 Prudential and Treasury Indicators

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

The Prudential Indicators for 2022/23 to 2025/26 are set out in **Table 4** below:

| **Table 4** | **2022/23 Forecast** | **2023/24 Estimate** | **2024/25 Estimate** | **2025/26 Estimate** |
|---|---|---|---|---|
| **Capital Expenditure (gross) £m** Council's capital expenditure plans (including HRA) | £38.7 | £69.2 | £40.8 | £41.6 |
| **Capital Financing Requirement £m** *Measures the underlying need to borrow for capital purposes* | £106.6 | £131.0 | £148.1 | £170.6 |
| **Ratio of financing costs to net revenue stream - General Fund %** *Identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against net revenue stream* | -1.6% | 0.7% | 9.8% | 16.4% |
| **Ratio of financing costs to net revenue stream - HRA %** *Identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against net revenue stream* | 11.1% | 10.4% | 11.4% | 14.4% |
| **Proportion of net income from commercial and service investments to net revenue stream** | 12.1% | 11.6% | 11.6% | 11.2% |

The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2021/22 to 2025/26 are set out in **Table 5** below:

| **Table 5** | **2022/23 Estimate** | **2023/24 Estimate** | **2024/25 Estimate** | **2025/26 Estimate** |
|---|---|---|---|---|
| **Authorised Limit for external debt** | **£m** | **£m** | **£m** | **£m** |
| Borrowing – GF & HRA | 139.3 | 166.1 | 185.0 | 209.7 |
| Other long-term liabilities | - | - | - | - |
| **Total** | **139.3** | **166.1** | **185.0** | **209.7** |
| **The Authorised Limit -** The authorised limit represents a limit beyond which external debt is prohibited and it is the maximum amount of debt that the Council can legally owe. This limit is set by Council and can only be revised by Council approval. It reflects the level of external borrowing which, while not desirable, could be afforded in the short term, but is not sustainable in the longer. The current limit is set at 10% above the Operational Boundary. *Note – excludes any required allowances for IFRS 16 – Leasing change from 2024/25.* | | | | |
| **Operational boundary for external debt** | **£m** | **£m** | **£m** | **£m** |
| Borrowing – GF & HRA | 126.6 | 151.0 | 168.1 | 190.6 |
| Other long-term liabilities | - | - | - | - |
| **Total** | **126.6** | **151.0** | **168.1** | **190.6** |

| Table 5 | 2022/23 Estimate | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate |
|---|---|---|---|---|
| **The Operational Boundary -** This is the expected borrowing position of the Council during the year, taking account of the timing of various funding streams. The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. This indicator may be breached temporarily for operational reasons. | | | | |
| **Upper limit for fixed interest rate exposure*** Identifies a maximum limit for fixed interest rates for borrowing and investments. | 100% | 100% | 100% | 100% |
| **Upper limit for variable interest rate exposure*** Identifies a maximum limit for variable interest rates for borrowing and investments. | 20% | 20% | 20% | 20% |
| **Maturity Structure of Borrowings*** The Council needs to set upper and lower limits with respect to the maturity structure of its borrowing: | | | | |
| Upper limit for under 12 months | *25%* | *25%* | *25%* | *25%* |
| Lower limit for under 12 months | *0%* | *0%* | *0%* | *0%* |
| Upper limit for 12 months to 2 years | *40%* | *40%* | *40%* | *40%* |
| Lower limit for over 12 months to 2 years | *0%* | *0%* | *0%* | *0%* |
| Upper limit for 2 years to 5 years | *50%* | *50%* | *50%* | *50%* |
| Lower limit for 2 years to 5 years | *0%* | *0%* | *0%* | *0%* |
| Upper limit for 5 years to 10 years | *75%* | *75%* | *75%* | *75%* |
| Lower limit for 5 years to 10 years | *0%* | *0%* | *0%* | *0%* |
| Upper limit for over 10 years | *100%* | *100%* | *100%* | *100%* |
| Lower limit for over 10 years | *25%* | *25%* | *25%* | *25%* |

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

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

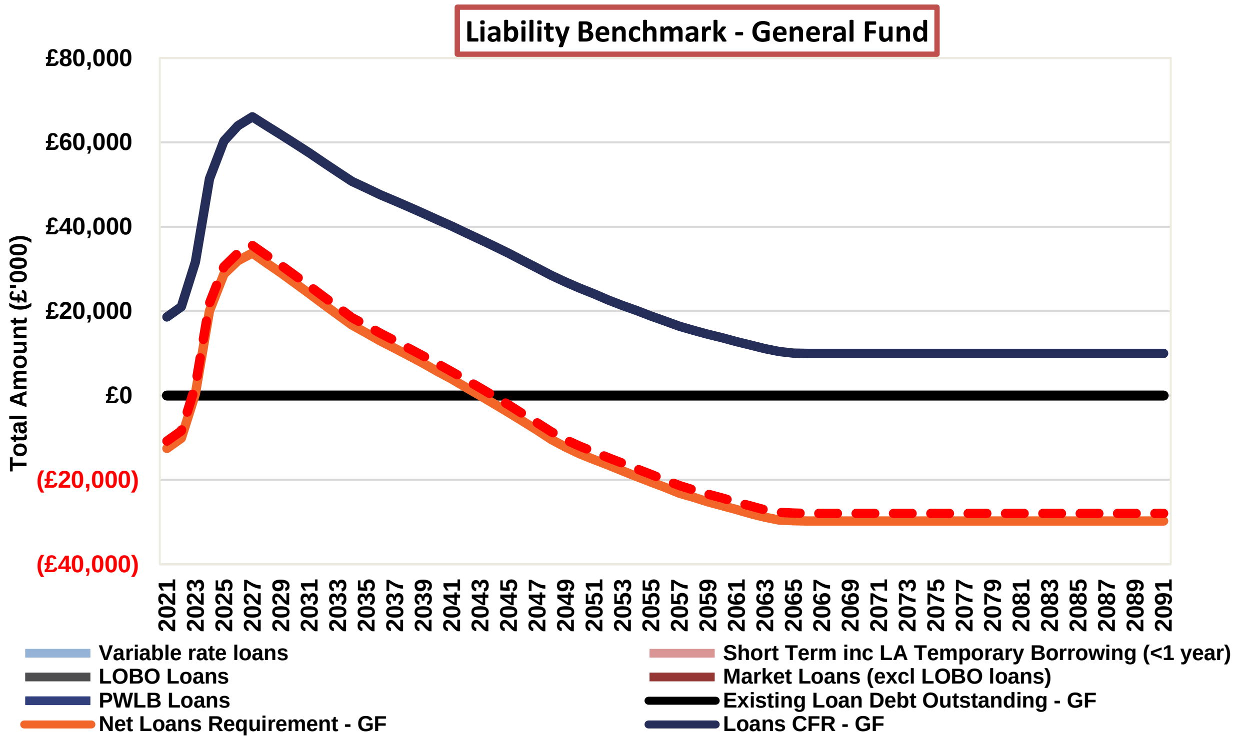
### 6.2 Liability Benchmark

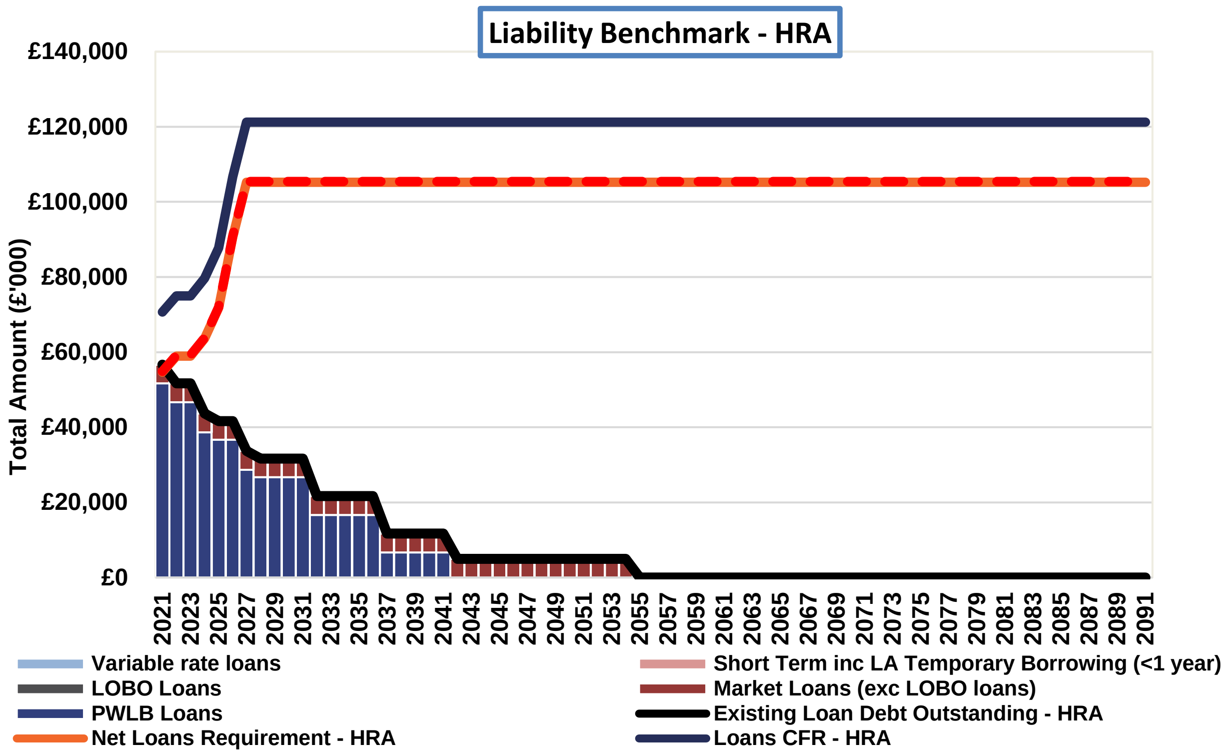
The Liability Benchmark / Gross Loans Requirement is determined by taking the projected Net Loans Requirement, then adding an element representing the average balance that the Council need to keep liquid to meet the peaks and troughs of the Cashflow movements. It is an additional prudential indicator introduced to identifies the minimum future borrowing needs, compared to the capital financing requirement and the actual level of external debt.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the

Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to day cash flow.

Please note that the balance sheet resources figures are based on the 2021/22 unaudited accounts which are yet to be audited. Therefore, it is subject to change.



The GF and HRA liability benchmark (graph above as at 31 March 2022) show the level of expected external borrowing given current projections for capital investment up to year 2025/26. The projected borrowing levels show what the Council expects it level to be. Where the aggregate borrowing level is below the benchmark, the Council will be in an under-borrowed position, and when it is above it will be over-borrowed. This makes assumptions regarding repayment dates and this can be used as a tool for scheduling future borrowing requirements.

## 7. ANNUAL INVESTMENT STRATEGY

### 7.1 Investment Policy

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

- DLUHC's Guidance on Local Government Investments ("the Guidance");
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code");
- CIPFA Treasury Management Guidance Notes 2021;
- CIPFA Prudential Property Investment.

The Council's investment priorities will be security first, portfolio liquidity second, then yield, (return) and the social impact. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.

  To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- Other information sources used will include the financial press, share price and other such information pertaining to the financial sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.

### 7.2 Investment Strategy for 2023/24

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

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

### 7.3 Investment returns expectations.

The current forecast and the MPC meeting minutes indicated concerns over the sudden recent rise in multiple inflationary pressures, which could well mean a further increase in Bank Rate is now possible ahead of the start of the financial year covered by this Strategy. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows.:

| **Average earnings in each year** | |
|---|---|
| 2022/23 (remainder) | 3.95% |
| 2023/24 | 4.40% |
| 2024/25 | 3.30% |
| 2025/26 | 2.60% |
| 2026/27 | 2.50% |
| Long term later years | 2.80% |

The overall balance of risks to economic growth in the UK is probably now skewed to the upside but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population.

### 7.4 Investment treasury indicator and limit

Total principal funds invested for greater than 365 days. These limits are set regarding the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

| **Upper limit for principal sums invested for longer than 365 days** | | | |
|---|---|---|---|
| | **2023/24** | **2024/25** | **2025/26** |
| Principal sums invested for longer than 365 days | £4m | £4m | £4m |

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

### 7.5 Specified and Non-Specified Investments

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

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

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

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

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

### 7.6 Creditworthiness Policy

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

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

The Council as part of its due diligence in managing creditworthiness, uses amongst other information, a tool provided by treasury management advisors. This service employs a sophisticated modelling approach utilising credit ratings from the three credit rating agencies and by using a risk weighted scoring system, does not give undue reliance to just one agency's ratings.

This modelling approach combines credit ratings with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swaps (CDS) spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

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

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

- Yellow *5 years*
- *Purple 2 years*
- *Blue 1 year (only applies to nationalised or semi nationalised UK Banks)*
- *Orange 1 year*
- *Red 6 months*
- *Green 100 days*
- *No Colour Not to be used.*

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

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

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

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

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

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

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

### 7.7 Criteria for Specified Investments:

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

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

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

| Table 8 | Minimum credit criteria | Maximum investments | Period |
|---|---|---|---|
| UK Local Authorities | Government Backed | £2m | 2 years |
| Green Energy Bonds | Internal and External Due Diligence | £2m | 2-5 years |

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

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

**Alternative investments** - it is proposed that a new class of "alternative investments" be added to the Councils list of non-specified investment instruments. The motivation for this is increased diversification from the current concentration of credit risk on financial institutions along with the potential for increased returns in the current low interest rate environment whilst still meeting the DHLUC requirements regarding security, liquidity and yield.

A variety of products are available that are secured against real assets such as green energy, timber, commercial properties, and private real estates. Thorough due diligence will need to be undertaken on any such products before any investment is made. The need for due diligence will likely involve legal advice, the Council treasury management advisors and that of external auditors.

## 7.9 Non treasury management investments

This Council invests in non-treasury management (policy) investments. These do not form part of the treasury management strategy.

## 7.10 Retrofit Loan Scheme in Lewes in Partnership with Lendology CIC

The Council is currently considering the launch of an initiative that provides loans via a partner agency Lendology CIC. Lendology is a Social Enterprise lender with full Financial Conduct Authority permissions and operates closely in partnership with their council partners to deliver loans to homeowners for repairs, adaptations, energy efficiency measures and renewables. They provide a bespoke service distributing council funds as loans, recovering the funds to re-lend again and again.

Council partner may choose to operate the scheme on a ‘loans first’ basis, meaning Lendology acts as a grant screening partner on their behalf. Loans are provided as per the council partner policy, meaning that Lendology can operate according to local needs and priorities. Loans are available at an interest rate of 4.2% APR, which is lower than many loan companies and specialises in assisting people who may not normally be able to access a loan on the high street.

The Council subsidises the interest for the period of all loans. This ensures a reasonable fixed rate of interest is offered to make funding available for certain improvements. Loan products are constantly being reviewed, and Lendology have a variety of loan products to meet individual need. Lendology financial assessment will determine the most appropriate loan product to meet individual need. In some circumstances, applicants may require a combination of loan products and a variation of interest rate to ensure responsible and affordable lending. Lendology may insist on loans being protected at the land registry by a Title Restriction.

The funds provided by the Council are held by Lendology CIC in a ringfenced account under an agreement signed by the Council. The repayment from these loans is re-cycled and made available to be lent again, so has become a self-sustaining funding source.

## 7.11 Risk and Sensitivity Analysis

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

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

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

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

### 7.12 Lending to third parties

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

### 7.13 The Climate Change and Sustainability Strategy

The Climate Change and Sustainability Strategy was produced following the Climate Emergency declaration made at Full Council in July 2019 and sets out the district wide strategy and vision for a net zero carbon district by 2030. The visions and actions contained within the strategy have been developed in response to the urgency of the climate emergency being faced. The strategy will enable the Council to work with the community to co-ordinate its response into meaningful and long-lasting action. With limited financial resources the Council needs to ensure it prioritises the right actions to have a lasting positive impact on the district in relation to carbon reduction, sustainability, and a green economic recovery.

The current Corporate Plan prioritises Sustainability and Community Wealth Building. Community wealth building is a key part of the sustainability strategy and forms part of action area 7 Circular Economy and Community Wealth. The Council is considered 'an anchor institution' and can use its substantial spending power and influence to drive investment into the local economy to enable a green economic recovery and local job creation and retention. Community wealth is a thread that runs throughout the climate change and sustainability strategy particularly in relation to procurement but also training and skills. The action plan and strategy refer directly to the 'Reimagining Lewes District Action Plan' that was subject to a cabinet paper in December 2020.

### 7.14 The Council's Approach to Ethical Investments

Ethical investing is a term used to describe an investment process which takes environmental, social and governance (ESG) or other ethical considerations into account and is a topic of increasing interest within treasury management. Investment guidance, both statutory and from CIPFA, makes clear however that all investment must adopt the principals of security, liquidity, yield, and that ethical issues must play a subordinate role to those priorities.

Historically, the council has not included ethical criteria when determining its investment criteria. The investment environment can be very fast moving, so there is a need to ensure that any investment criteria are objective, such as credit ratings. It is difficult to gain an objective assessment of the ethical standing of a potential counterparty, particularly to a tight timescale.

Ethical considerations are difficult to evaluate subjectively and would also need to be applied to the counterparty list after taking into account security and liquidity issues. The council's current counterparty list is, due to the high credit quality criteria used by the council, very small, and therefore does not encompass solely those organisations which promote themselves as ethical. However, none of the organisations on the counterparty list have given cause for concern regarding the ethical nature of their business.

Furthermore, the council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the council's mission and values. This would include avoiding direct investment in institutions with material links to:

- Human rights abuse (e.g. child labour, political oppression);
- Environmentally harmful activities (e.g. pollutions, destruction of habitat, fossil fuels);
- Socially harmful activities (e.g. tobacco, gambling).

A small, but growing, number of financial institutions are promoting ESG products and Link Asset Services are currently looking at how these can be incorporated into its creditworthiness assessment service. This is still very much an evolving area and should any investment in ESG products be undertaken by the Council, this would require to be within the approved counterparty and creditworthiness criteria, and with regard to the views of our treasury advisors on any proposals.

ESG criteria attached to investments can include a range of different factors depending on the region where their core activities take place and the commercial sector they occupy. The following are criteria that the Fitch Rating Agency takes into consideration:

- **Environmental Category:** Emissions and Air Quality; Energy and Waste Management; Waste and Hazardous Material; Exposure to Environmental Impact;
- **Social Category:** Human Rights; Community Relations; Customer Welfare; Labour Relations; Employee Wellbeing; Exposure to Social Impacts;
- **Governance Category:** Management Structure; Governance Structure; Group Structure; Financial Transparency.

The Council does not invest in equities and therefore does not have influence over the activities of companies that part-ownership might provide. However, as an investor the council can take the following approach:

a. For direct investments, the Council will seek to ensure that counterparties (excluding the UK Government and other UK Local Authorities) have 'Responsible Investment Policies or Environmental, Social and Governance (ESG) policies' in place prior to investing.
b. For indirect investments, the council will seek to ensure that any fund managers used have their own responsible investment policies or have signed up to widely recognised policies such as the United Nations Principles for Responsible Investment.
c. The Council recognises that it has no control or influence over where its counterparties themselves lend money or invest once an investment has been made by the Council.

The investment guidance, both statutory and from CIPFA, makes clear that all investing must adopt SLY principles – security, liquidity, and yield: ethical issues must play a subordinate role to those priorities. Link is looking at ways to incorporate these factors into their creditworthiness assessment service, but with a lack of consistency, as well as coverage, Link continue to review the options and will update the Council as progress is made.

## 8. MINIMUM REVENUE PROVISION POLICY STATEMENT 2023/24

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

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

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

The guidance also requires an annual review of MRP policy being undertaken and it is appropriate that this is done as part of this annual Treasury Management Policy and Strategy.

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

The policy from 2023/24 and in future years is therefore as follows: -

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

- Annuity basis over a maximum of 50 years.

**From borrowing incurred after 1 April 2008, the MRP policy will be:**

- Asset Life Method (annuity method) – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations. A maximum useful economic life of 50 years for land and 50 years for other assets. This option will also be applied for any expenditure capitalised under a capitalisation directive.

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

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

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

These options provide for a reduction in the borrowing need over approximately the asset's life. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place). Repayments included in finance leases are applied as MRP. It is important to note that changes in the Local Government Financial Regulations means that in the future operating leases will be treated in a manner consistent with financial leases.

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

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

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

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

## 9. SCHEME OF DELEGATION

### 9.1 Full Council

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

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

The report covers:

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

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

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

### 9.2 Cabinet

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

### 9.3 Lewes District Council Audit and Standards Committee

- Scrutiny of performance against the strategy.

### 9.4 Training

Treasury Management training for committee members will be delivered as required to facilitate more informed decision making and challenge processes. The Council further acknowledges the importance of ensuring that all Members and staff involved in the treasury management function receive adequate training and are fully equipped to undertake the duties and responsibilities allocated to them. To assist with this undertaking, a Member training event was provided in October 2021 and similar events will be provided when required. Officers will continue to attend courses/seminars presented by CIPFA and other suitable professional organisations.

## 10. OTHER TREASURY ISSUES

### 10.1 Banking Services

Lloyds Bank currently provides banking services for the Council.

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

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

### 10.3 IFRS16 - Leasing

The CIPFA LAASAC Local Authority Accounting Code Board has deferred implementation of IFRS16 until 1.4.24, the 2024/25 financial year.

### 10.4 IFRS9 – English Local Authorities

The DLUHC enacted a statutory over-ride from 1.4.18 for a five-year period until 31.3.23 following the introduction of IFRS 9 in respect of the requirement for any unrealised capital gains or losses on marketable pooled funds to be chargeable in year. This has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31.3.23: this was intended to allow authorities to initiate an orderly withdrawal of funds if required. In addition, IFRS9 impacts the write-down in the valuation of impaired loans. At the time of writing, we are still waiting to hear whether the application of IFRS9 will be deferred for a further period.

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

The S151 (responsible) officer -

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

Role extended by the revised CIPFA Treasury Management and Prudential Codes 2021 as set out below:

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

# APPENDIX ‘C’ - COUNTERPARTY LIST

| 2023/24 Counterparty/Bank List | Fitch Rating Long Term Status | Long Term | Short Term | Viability | Moody's Ratings Long Term Status | Long Term | Short Term | S&P Ratings Long Term Status | Long Term | Short Term | Suggested Duration | Suggested Duration (Watch/Outlook Adjusted) | CDS Price | 1 Month % Change | 3 Month % Change | 6 Month % Change | Invest. Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | SB | AA- | | | SB | Aa3 | | SB | AA | | Not Applicable | Not Applicable | 22.62 | 12.81% | 13.26% | 121.33% | £5m |
| BNP Paribas Fortis | SB | A+ | F1 | a+ | SB | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | | | | | £5m |
| KBC Bank N.V. | SB | A+ | F1 | a | PO | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | O - 12 mths | | | | | £5m |
| Canada | SB | AA+ | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | 39.24 | -0.02% | -0.05% | 0.69% | £5m |
| Bank of Montreal | NO | AA- | F1+ | aa- | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | | | | £5m |
| Bank of Nova Scotia | SB | AA- | F1+ | aa- | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | | | | £5m |
| Canadian Imperial Bank of Commerce | SB | AA- | F1+ | aa- | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | | | | £5m |
| National Bank of Canada | SB | A+ | F1 | a+ | SB | Aa3 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | | | | £5m |
| Royal Bank of Canada | SB | AA- | F1+ | aa- | SB | Aa1 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | | | | £5m |
| Toronto-Dominion Bank | SB | AA- | F1+ | aa- | SB | Aa1 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | | | | £5m |
| Denmark | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | 13.01 | -13.20% | -7.00% | 42.49% | £5m |
| Danske A/S | SB | A | F1 | a | SB | A2 | P-1 | NO | A+ | A-1 | R - 6 mths | R - 6 mths | 60.52 | -0.83% | -28.46% | -16.90% | £5m |
| Finland | SB | AA+ | | | SB | Aa1 | | SB | AA+ | | Not Applicable | Not Applicable | 20.00 | -11.11% | -11.07% | 10.74% | £5m |
| Nordea Bank Abp | SB | AA- | F1+ | aa- | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | | | | £5m |
| OP Corporate Bank plc | | WD | WD | | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | | | | £5m |
| France | NO | AA | | | SB | Aa2 | | NO | AA | | Not Applicable | Not Applicable | 15.01 | 0.06% | -24.95% | 24.77% | £5m |
| BNP Paribas | SB | A+ | F1 | a+ | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 61.22 | 3.29% | -29.70% | -14.05% | £5m |
| Credit Agricole Corporate and Investment Bank | SB | A+ | F1 | WD | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 40.32 | 6.80% | -34.93% | -17.01% | £5m |

| 2023/24 Counterparty/Bank List | Fitch Rating Long Term Status | Long Term | Short Term | Viability | Moody's Ratings Long Term Status | Long Term | Short Term | S&P Ratings Long Term Status | Long Term | Short Term | Suggested Duration | Suggested Duration (Watch/Outlook Adjusted) | CDS Price | 1 Month % Change | 3 Month % Change | 6 Month % Change | Invest. Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Credit Agricole S.A. | SB | A+ | F1 | a+ | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 53.77 | 6.81% | -34.91% | -17.00% | £5m |
| Credit Industriel et Commercial | SB | A+ | F1 | a+ | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | | | | £5m |
| Societe Generale | SB | A- | F1 | a- | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | 66.24 | 4.64% | -31.72% | -18.90% | £5m |
| Germany | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | 15.01 | 0.06% | -14.17% | 49.65% | £5m |
| Bayerische Landesbank | SB | A- | F1 | bbb | PO | Aa3 | P-1 | | NR | NR | R - 6 mths | R - 6 mths | | | | | £5m |
| Commerzbank AG | | WD | WD | WD | SB | A1 | P-1 | SB | BBB+ | A-2 | G - 100 days | G - 100 days | 81.65 | 0.57% | -40.66% | -18.35% | £5m |
| Deutsche Bank AG | PO | BBB+ | F2 | bbb+ | SB | A1 | P-1 | SB | A- | A-2 | G - 100 days | G - 100 days | 117.90 | 5.34% | -25.12% | -5.49% | £5m |
| DZ BANK AG Deutsche Zentral-Genossenschaftsbank | SB | AA- | F1+ | | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | | | | £5m |
| Landesbank Baden-Wuerttemberg | SB | A- | F1 | bbb | SB | Aa3 | P-1 | | NR | NR | R - 6 mths | R - 6 mths | | | | | £5m |
| Landesbank Berlin AG | | | | | SB | Aa3 | P-1 | | | | O - 12 mths | O - 12 mths | | | | | £5m |
| Landesbank Hessen-Thueringen Girozentrale | SB | A+ | F1+ | | SB | Aa3 | P-1 | | NR | NR | O - 12 mths | O - 12 mths | 63.32 | -0.04% | -0.06% | 3.53% | £5m |
| Landwirtschaftliche Rentenbank | SB | AAA | F1+ | | SB | Aaa | P-1 | SB | AAA | A-1+ | P - 24 mths | P - 24 mths | | | | | £5m |
| Norddeutsche Landesbank Girozentrale | SB | A- | F1 | bb | SB | A3 | P-2 | | NR | NR | G - 100 days | G - 100 days | | | | | £5m |
| NRW.BANK | SB | AAA | F1+ | | SB | Aa1 | P-1 | SB | AA | A-1+ | P - 24 mths | P - 24 mths | | | | | £5m |
| Netherlands | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | 14.65 | -3.10% | 4.79% | 60.10% | £5m |
| ABN AMRO Bank N.V. | SB | A | F1 | a | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | | | | £5m |
| Bank Nederlandse Gemeenten N.V. | SB | AAA | F1+ | | SB | Aaa | P-1 | SB | AAA | A-1+ | P - 24 mths | P - 24 mths | | | | | £5m |
| Cooperatieve Rabobank U.A. | SB | A+ | F1 | a+ | SB | Aa2 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 23.74 | 0.00% | 0.00% | 0.00% | £5m |

| 2023/24 Counterparty/Bank List | Fitch Rating Long Term Status | Long Term | Short Term | Viability | Moody's Ratings Long Term Status | Long Term | Short Term | S&P Ratings Long Term Status | Long Term | Short Term | Suggested Duration | Suggested Duration (Watch/Outlook Adjusted) | CDS Price | 1 Month % Change | 3 Month % Change | 6 Month % Change | Invest. Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ING Bank N.V. | SB | AA- | F1+ | a+ | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 43.27 | -6.62% | -21.73% | -16.53% | £5m |
| Nederlandse Waterschapsbank N.V. | | | | | SB | Aaa | P-1 | SB | AAA | A-1+ | P - 24 mths | P - 24 mths | | | | | £5m |
| Norway | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | 13.01 | -13.20% | -7.00% | 29.71% | £5m |
| DNB Bank ASA | | | | | PO | Aa2 | P-1 | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | | | | £5m |
| Sweden | SB | AAA | | | SB | Aaa | | SB | AAA | | Not Applicable | Not Applicable | 15.44 | -7.04% | -6.65% | 17.14% | £5m |
| Skandinaviska Enskilda Banken AB | SB | AA- | F1+ | aa- | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | | | | £5m |
| United Kingdom | NO | AA- | | | NO | Aa3 | | NO | AA | | Not Applicable | Not Applicable | 22.63 | 12.86% | -49.76% | 131.62% | £5m |
| Collateralised LA Deposit* | | | | | | | | | | | Y - 60 mths | Y - 60 mths | | | | | £5m |
| Debt Management Office | | | | | | | | | | | Y - 60 mths | Y - 60 mths | | | | | £5m |
| Multilateral Development Banks | | | | | | | | | | | Y - 60 mths | Y - 60 mths | | | | | £5m |
| Supranationals | | | | | | | | | | | Y - 60 mths | Y - 60 mths | | | | | £5m |
| UK Gilts | | | | | | | | | | | Y - 60 mths | Y - 60 mths | | | | | £5m |
| Al Rayan Bank Plc | | | | | SB | A1 | P-1 | | | | R - 6 mths | R - 6 mths | | | | | £5m |
| Bank of Scotland PLC (RFB) | SB | A+ | F1 | a | SB | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | 53.87 | -2.77% | 8.52% | 8.71% | £5m |
| Barclays Bank PLC (NRFB) | SB | A+ | F1 | a | NO | A1 | P-1 | PO | A | A-1 | R - 6 mths | R - 6 mths | 100.00 | -9.01% | -30.83% | -12.92% | £5m |
| Barclays Bank UK PLC (RFB) | SB | A+ | F1 | a | SB | A1 | P-1 | PO | A | A-1 | R - 6 mths | R - 6 mths | | | | | £5m |
| Close Brothers Ltd | SB | A- | F2 | a- | SB | Aa3 | P-1 | | | | R - 6 mths | R - 6 mths | | | | | £5m |
| Clydesdale Bank PLC | SB | A- | F2 | bbb+ | SB | A3 | P-2 | SB | A- | A-2 | G - 100 days | G - 100 days | | | | | £5m |
| Co-operative Bank PLC (The) | SB | B+ | B | b | PO | Ba1 | NP | | | | N/C - 0 mths | N/C - 0 mths | | | | | £5m |

| 2023/24 Counterparty/Bank List | Fitch Rating Long Term Status | Long Term | Short Term | Viability | Moody's Ratings Long Term Status | Long Term | Short Term | S&P Ratings Long Term Status | Long Term | Short Term | Suggested Duration | Suggested Duration (Watch/Outlook Adjusted) | CDS Price | 1 Month % Change | 3 Month % Change | 6 Month % Change | Invest. Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Goldman Sachs International Bank | SB | A+ | F1 | | SB | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | 98.94 | 0.68% | -30.57% | -24.93% | £5m |
| Handelsbanken Plc | SB | AA | F1+ | | | | | SB | AA- | A-1+ | O - 12 mths | O - 12 mths | | | | | £5m |
| HSBC Bank PLC (NRFB) | SB | AA- | F1+ | a | SB | A1 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 59.20 | -6.41% | -34.27% | -13.22% | £5m |
| HSBC UK Bank Plc (RFB) | SB | AA- | F1+ | a | SB | A1 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | | | | | £5m |
| Lloyds Bank Corporate Markets Plc (NRFB) | SB | A+ | F1 | | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | | | | £5m |
| Lloyds Bank Plc (RFB) | SB | A+ | F1 | a | SB | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | 58.21 | -4.99% | -38.74% | -17.68% | £5m |
| National Bank Of Kuwait (International) PLC | SB | A+ | F1 | | | | | SB | A | A-1 | R - 6 mths | R - 6 mths | | | | | £5m |
| NatWest Markets Plc (NRFB) | SB | A+ | F1 | WD | SB | A1 | P-1 | SB | A- | A-2 | R - 6 mths | R - 6 mths | 80.62 | -7.42% | -42.27% | -25.97% | £5m |
| Santander Financial Services plc (NRFB) | SB | A+ | F1 | | NO | A1 | P-1 | SB | A- | A-2 | R - 6 mths | R - 6 mths | | | | | £5m |
| Santander UK PLC | SB | A+ | F1 | a | NO | A1 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | | | | | £5m |
| SMBC Bank International Plc | SB | A- | F1 | | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths | R - 6 mths | 31.18 | 0.00% | 0.00% | 0.00% | £5m |
| Standard Chartered Bank | SB | A+ | F1 | a | SB | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | 56.22 | -5.92% | -33.93% | -15.76% | £5m |
| Coventry Building Society | SB | A- | F1 | a- | SB | A2 | P-1 | | | | R - 6 mths | R - 6 mths | | | | | £5m |
| Leeds Building Society | SB | A- | F1 | a- | SB | A3 | P-2 | | | | G - 100 days | G - 100 days | | | | | £5m |
| Nationwide Building Society | SB | A | F1 | a | SB | A1 | P-1 | SB | A+ | A-1 | R - 6 mths | R - 6 mths | | | | | £5m |
| Principality Building Society | SB | BBB+ | F2 | bbb+ | SB | Baa2 | P-2 | | | | N/C - 0 mths | N/C - 0 mths | | | | | £5m |
| Skipton Building Society | SB | A- | F1 | a- | SB | A2 | P-1 | | | | R - 6 mths | R - 6 mths | | | | | £5m |
| West Bromwich Building Society | | | | | SB | Ba3 | NP | | | | N/C - 0 mths | N/C - 0 mths | | | | | £5m |

| 2023/24 Counterparty/Bank List | Fitch Rating Long Term Status | Long Term | Short Term | Viability | Moody's Ratings Long Term Status | Long Term | Short Term | S&P Ratings Long Term Status | Long Term | Short Term | Suggested Duration | Suggested Duration (Watch/Outlook Adjusted) | CDS Price | 1 Month % Change | 3 Month % Change | 6 Month % Change | Invest. Limit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Yorkshire Building Society | SB | A- | F1 | a- | SB | A3 | P-2 | | | | G - 100 days | G - 100 days | | | | | £5m |
| National Westminster Bank PLC (RFB) | SB | A+ | F1 | a | SB | A1 | P-1 | SB | A | A-1 | B - 12 mths | B - 12 mths | | | | | £5m |
| The Royal Bank of Scotland Plc (RFB) | SB | A+ | F1 | a | SB | A1 | P-1 | SB | A | A-1 | B - 12 mths | B - 12 mths | | | | | £5m |
| United States | SB | AAA | | | | Aaa | | SB | AA+ | | Not Applicable | Not Applicable | 19.58 | -12.07% | -4.95% | 16.40% | £5m |
| Bank of America N.A. | SB | AA | F1+ | aa- | PO | Aa2 | P-1 | PO | A+ | A-1 | O - 12 mths | O - 12 mths | | | | | £5m |
| Bank of New York Mellon, The | SB | AA | F1+ | aa- | SB | Aa1 | P-1 | SB | AA- | A-1+ | P - 24 mths | P - 24 mths | 40.35 | 0.00% | 0.00% | 0.00% | £5m |
| Citibank N.A. | SB | A+ | F1 | a | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 94.68 | 1.68% | -28.67% | -22.73% | £5m |
| JPMorgan Chase Bank N.A. | SB | AA | F1+ | aa- | SB | Aa1 | P-1 | PO | A+ | A-1 | O - 12 mths | O - 12 mths | | | | | £5m |
| Wells Fargo Bank, NA | SB | AA- | F1+ | a+ | SB | Aa1 | P-1 | SB | A+ | A-1 | O - 12 mths | O - 12 mths | 78.61 | 6.38% | -28.24% | -23.53% | |

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

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

**Non-Specified Investments:**

| | Minimum credit Criteria | Maximum Investments | Period |
|---|---|---|---|
| UK Local Authorities | Government Backed | £2m | 2 years |
| Green Energy Bonds | Internal and External Due Diligence | £2m | 2-5 years |

# APPENDIX ‘D’

**Link Treasury Services Limited Economic Background & Interest Rate Forecast**

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators’ misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

| | UK | Eurozone | US |
|---|---|---|---|
| **Bank Rate** | 3.0% | 1.5% | 3.75%-4.00% |
| **GDP** | -0.2%q/q Q3 (2.4%y/y) | +0.2%q/q Q3 (2.1%y/y) | 2.6% Q3 Annualised |
| **Inflation** | 11.1%y/y (Oct) | 10.0%y/y (Nov) | 7.7%y/y (Oct) |
| **Unemployment Rate** | 3.6% (Sep) | 6.6% (Sep) | 3.7% (Aug) |

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen’s passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c£500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% - 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia’s invasion of Ukraine on 22nd February 2022.

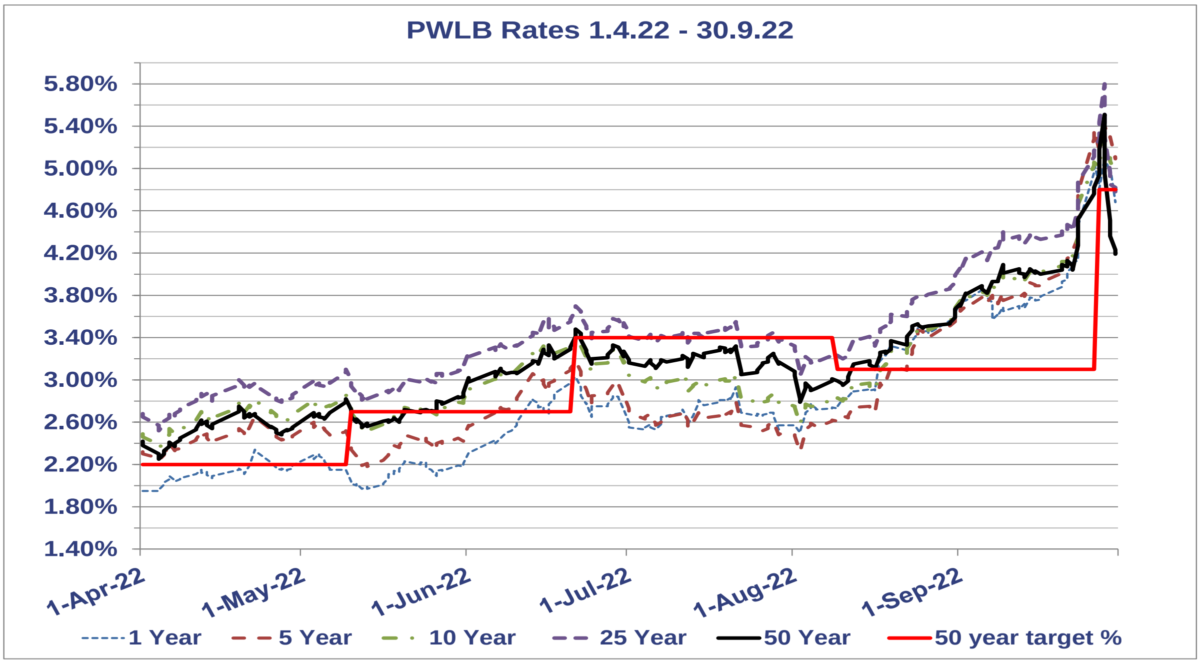
Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3% in November and the market expects Bank Rate to hit 4.5% by May 2023.

Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and December. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of $1.035, on the Monday following the Truss government's "fiscal event", to $1.20. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.




However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

| | 1 Year | 5 Year | 10 Year | 25 Year | 50 Year |
|---|---|---|---|---|---|
| **Low** | 1.95% | 2.18% | 2.36% | 2.52% | 2.25% |
| **Date** | 01/04/2022 | 13/05/2022 | 04/04/2022 | 04/04/2022 | 04/04/2022 |
| **High** | 5.11% | 5.44% | 5.35% | 5.80% | 5.51% |
| **Date** | 28/09/2022 | 28/09/2022 | 28/09/2022 | 28/09/2022 | 28/09/2022 |
| **Average** | 2.81% | 2.92% | 3.13% | 3.44% | 3.17% |
| **Spread** | 3.16% | 3.26% | 2.99% | 3.28% | 3.26% |

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

## CENTRAL BANK CONCERNS – NOVEMBER 2022

At the start of November, the Fed decided to push up US rates by 0.75% to a range of 3.75% - 4%, whilst the MPC followed a day later by raising Bank Rate from 2.25% to 3%, in line with market expectations. EZ rates have also increased to 1.5% with further tightening in the pipeline.

Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the COVID-19 lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

### Interest Rate Forecast

**Comparison of forecasts for Bank Rate today v. previous forecast**

| Bank Rate | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 19.12.22 | 3.50 | 4.25 | 4.50 | 4.50 | 4.50 | 4.00 | 3.75 | 3.50 | 3.25 | 3.00 | 2.75 | 2.50 | 2.50 |
| 08.11.22 | 3.50 | 4.25 | 4.50 | 4.50 | 4.50 | 4.00 | 3.75 | 3.50 | 3.25 | 3.00 | 2.75 | 2.50 | 2.50 |
| Change | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

- The Bank of England's Monetary Policy Committee (MPC) has increased Bank Rate to 3.50% from 3%. The increase was made in line with expectations. However, there was a range of views within the Committee, with six members voting for a 50 basis points increase, one for 75 basis points and two for no increase at all.
- Over recent weeks, relative calm has returned to the gilt markets and the £ has now risen from a historic low of \$1.03 to \$1.22, and the cumulative movement in gilt yields over the course of 2022 remains broadly in line with that seen in the Euro-zone bond markets but somewhat higher than the US (40bps).
- Market expectations remain for Bank Rate to peak at between 4.5% and 4.75% by mid-2023, and it has been announced that the Chancellor's Budget will take place on 15 March,

accompanied by analysis from the Office for Budget Responsibility, and followed on 23 March by the planned MPC meeting.

- Market views remain similar to those of Link Group's Interest Rate Strategy Group (IRSG). IRSG still sees the peak in Bank Rate at 4.5%, although there are several challenges ahead that could see the Bank leave rates at an elevated level for longer, once the peak is reached.
- The first of those challenges is the tight labour market (unemployment is at a near 48 year low 3.7%), and average wage increases are now above 6% y/y, against the backdrop of a significant number of high profile strikes throughout December and January (the Bank would broadly want wages to be in the range of 3% - 3.5%). There is also the prospect that unless the workforce participation rate increases and/or immigration policies are relaxed, there is no clear route that would give rise to sustainable increases in economic growth.
- So much of the eventual numbers will also be guided by what happens in Ukraine too, particularly the implications for further need for energy subsidies for UK households and businesses. The current Government support is due to be extended from April, but households can typically expect to pay £3,000 per annum under the revised scheme compared to the current £2,500.
- Regarding forecast for PWLB rates, investors will likely remain a little nervous over the UK's future fiscal policy and foreign investors may require a "confidence premium" until it is clear that the Sunak Government is able to meet most of its spending commitments within acceptable financial constraints. However, in addition, the OBR forecasts the Central Government Net Cash Requirement is £650bn between 2023/24 and 2027/28 and maturing gilts will swell that figure to >£1.2trillion, and Quantitative Tightening will potentially push the eventual number even higher. So, the Bank and the Government will need to tread carefully in their messaging to markets and the way that funding requirements are met.
- As for the housing market, the most recent surveys by Halifax and Nationwide Building Society show house prices falling. Historically, the MPC has appeared reluctant to tighten monetary policy in a falling housing market, but it looks like it is going to have to at least for a further three to six months whilst unemployment remains low and wages are rising fast.
- From a practical standpoint those clients looking to borrow will, most probably, need to continue to focus on optimising their cashflow forecasts, and given the (still) relatively elevated level of rates right across the curve at present, seek to fund either temporarily from local authorities or with short-dated loans from the PWLB. The forecast expects both short- and longer-term rates to be somewhat lower over the duration of the forecast.
- On the flipside, if an authority is fully funded or wishes to reduce its exposure to long-dated debt, there may still be scope to repay loans prematurely (both market and PWLB) whilst the high discount rates prevail.
- In terms of forecast, money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months. The forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

The current and previous PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

| Link Group Interest Rate View | 19.12.22 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 |
| BANK RATE | 3.50 | 4.25 | 4.50 | 4.50 | 4.50 | 4.00 | 3.75 | 3.50 | 3.25 | 3.00 | 2.75 | 2.50 | 2.50 |
| 3 month ave earnings | 3.60 | 4.30 | 4.50 | 4.50 | 4.50 | 4.00 | 3.80 | 3.30 | 3.00 | 3.00 | 2.80 | 2.50 | 2.50 |
| 6 month ave earnings | 4.20 | 4.50 | 4.60 | 4.50 | 4.20 | 4.10 | 3.90 | 3.40 | 3.10 | 3.00 | 2.90 | 2.60 | 2.60 |
| 12 month ave earnings | 4.70 | 4.70 | 4.70 | 4.50 | 4.30 | 4.20 | 4.00 | 3.50 | 3.20 | 3.10 | 3.00 | 2.70 | 2.70 |
| 5 yr PWLB | 4.20 | 4.20 | 4.20 | 4.10 | 4.00 | 3.90 | 3.80 | 3.60 | 3.50 | 3.40 | 3.30 | 3.20 | 3.10 |
| 10 yr PWLB | 4.30 | 4.40 | 4.40 | 4.30 | 4.10 | 4.00 | 3.90 | 3.80 | 3.60 | 3.50 | 3.40 | 3.30 | 3.30 |
| 25 yr PWLB | 4.60 | 4.60 | 4.60 | 4.50 | 4.40 | 4.20 | 4.10 | 4.00 | 3.90 | 3.70 | 3.60 | 3.50 | 3.50 |
| 50 yr PWLB | 4.30 | 4.30 | 4.30 | 4.20 | 4.10 | 3.90 | 3.80 | 3.70 | 3.60 | 3.50 | 3.30 | 3.20 | 3.20 |

| Link Group Interest Rate View | 08.11.22 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 |
| BANK RATE | 3.50 | 4.25 | 4.50 | 4.50 | 4.50 | 4.00 | 3.75 | 3.50 | 3.25 | 3.00 | 2.75 | 2.50 | 2.50 |
| 3 month ave earnings | 3.60 | 4.30 | 4.50 | 4.50 | 4.50 | 4.00 | 3.80 | 3.30 | 3.00 | 3.00 | 2.80 | 2.50 | 2.50 |
| 6 month ave earnings | 4.20 | 4.50 | 4.60 | 4.50 | 4.20 | 4.10 | 3.90 | 3.40 | 3.10 | 3.00 | 2.90 | 2.60 | 2.60 |
| 12 month ave earnings | 4.70 | 4.70 | 4.70 | 4.50 | 4.30 | 4.20 | 4.00 | 3.50 | 3.20 | 3.10 | 3.00 | 2.70 | 2.70 |
| 5 yr PWLB | 4.30 | 4.30 | 4.20 | 4.10 | 4.00 | 3.90 | 3.80 | 3.60 | 3.50 | 3.40 | 3.30 | 3.20 | 3.10 |
| 10 yr PWLB | 4.50 | 4.50 | 4.40 | 4.30 | 4.20 | 4.00 | 3.90 | 3.70 | 3.60 | 3.50 | 3.40 | 3.30 | 3.20 |
| 25 yr PWLB | 4.70 | 4.70 | 4.60 | 4.50 | 4.40 | 4.30 | 4.10 | 4.00 | 3.90 | 3.70 | 3.60 | 3.50 | 3.50 |
| 50 yr PWLB | 4.30 | 4.40 | 4.30 | 4.20 | 4.10 | 4.00 | 3.80 | 3.70 | 3.60 | 3.40 | 3.30 | 3.20 | 3.20 |

**A Summary overview of the future path of the bank rate**

- **The** central forecast for interest rates was previously updated on 8 November and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the Government's policy of emphasising fiscal rectitude will probably mean Bank Rate will not need to increase to further than 4.5%.
- Further down the road, it is anticipated that the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us - but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiraling upwards in what is evidently a very tight labour market.
- Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)
- On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower

income families already spend nearly all their income on essentials such as food, energy, and rent/mortgage payments.

**PWLB RATES**

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.
- View the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

**The balance of risks to the UK economy: -**

- The overall balance of risks to economic growth in the UK is to the downside.

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

- Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- The Bank of England acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- UK / EU trade arrangements - if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea, and Middle Eastern countries, which could lead to increasing safe-haven flows.

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

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- The Government acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.
- The pound weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term US treasury yields rise strongly and pull gilt yields up higher than currently forecast.
- Projected gilt issuance, inclusive of natural maturities and QT, could be too much for the markets to comfortably digest without higher yields consequently.

**APPENDIX 'E'**

# Capital Strategy

## 1) Introduction

1.1 This Capital Strategy provides high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in Lewes District Council (LDC), along with an overview of how associated risk is managed and the implications for future financial sustainability. It has purposely been written in an accessible style to enhance understanding of what can be very technical areas, and the key objectives are to deliver a capital programme that:

- o Ensure the Council's capital assets are used to support the Council's vision;
- o Reduce ongoing commitments/schemes;
- o Reduce the current and projected level of borrowing;
- o Reduce borrowing impacts on the Council's revenue budget;
- o Increase capital programme partnership/support opportunities;
- o Links with the Council's asset management/disposal plan;
- o Is affordable, financially prudent and sustainable;
- o Ensure the most cost-effective use of existing assets and new capital investment.

1.2 The Capital Strategy is a 'living document' and will be periodically, usually annually, updated to reflect changing local circumstances and other significant developments. The Strategy outlines the council's approach to capital investment, ensuring that it is in line with the council's corporate priorities. It is good practice that capital strategy and asset management/disposal plans are regularly reviewed and revised to meet the changing priorities and circumstances of the Council.

1.3 The strategy provides an important link between the ambitions set out in the Council's longer-term vision and Council Plan and the important investment in infrastructure that will help turn that vision into a reality. The economic climate and financial challenges due to COVID-19 are thought-provoking. However, the Council is committed to investing now for the longer term and financing that commitment will be made possible by the Council's financial resilience that continue to be developed through various themes and ongoing initiatives, including –

- o Recovery and Reset Programme/Best use of Assets review;
- o Medium Term Financial Strategy;
- o Prudential Code/Treasury Management Strategy

## 2. Capital Expenditure and Financing

### 2.1 Expenditure

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

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

2.1.3 In 2023/24, the Council is planning capital expenditure of £69.2million (and £151.5million over the next three years) as summarised in Table 1 below:

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

| Capital Expenditure | 2022/23 budget | 2023/24 budget | 2024/25 budget | 2025/26 budget |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| General Fund | 17.4 | 39.1 | 25.8 | 11.1 |
| HRA | 12.6 | 16.5 | 14.0 | 29.5 |
| Loans (including Subsidiary Companies) | 0.5 | 2.0 | 1.0 | 1.0 |
| Commercial Investments | 0.6 | 0.3 | - | - |
| Service Delivery Investments | 7.6 | 11.2 | - | - |
| **TOTAL** | **38.7** | **69.2** | **40.8** | **41.6** |

2.1.4 The main General Fund capital projects scheduled for 2023/24+ are as follows:

- New Business Unit, Avis Way Newhaven
- Local Energy Schemes
- New Crematorium & Green Burial Facility
- Waste Vehicle Repalcement

The main Service Delivery Investment capital projects scheduled for 2023/24+ are as follows:

- Newhaven (Levelling Up Fund)
- Marine Workshops, Newhaven
- The Friars, Lewes

2.1.5 Investments for service purposes are taken or held primarily and directly for the delivery of public services rather than commercial gain. Some future projects will include elements of both purposes, so judgments are taken on the primary purpose.

2.1.6 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that the Council's housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

## 2.2 Governance

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

2.2.2 The draft Capital Programme is subject to formal scrutiny prior to setting the budget (and followed by Cabinet and Full Council approval).

## 2.3 Financing

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

*Table 2: Capital Financing Sources*

| Description | 2022/23 budget | 2023/24 budget | 2024/25 budget | 2025/26 budget |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| External sources (Grants and Contributions) | 12.5 | 31.8 | 12.3 | 5.4 |
| Own resources (Capital Receipts, MRR, Reserves, Revenue) | 15.2 | 12.3 | 9.9 | 11.9 |
| Borrowing | 11.0 | 25.1 | 18.7 | 24.2 |
| **TOTAL** | **38.7** | **69.2** | **40.8** | **41.6** |

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

*Table 3: Repayment of Debt Finance*

| | 2022/23 budget | 2023/24 budget | 2024/25 budget | 2025/26 budget |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| MRP | 0.4 | 0.7 | 1.5 | 1.7 |

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

2.3.4 The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £24.4 million in 2023/24. Based on the above figures for expenditure and financing, the Council's estimated CFR is presented in **Table 4** below.

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

| | 31 March 2023 | 31 March 2024 | 31 March 2025 | 31 March 2026 |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| General Fund | 31.6 | 51.3 | 60.4 | 63.9 |
| HRA | 75.0 | 79.6 | 87.8 | 106.7 |
| **TOTAL CFR** | **106.6** | **131.0** | **148.1** | **170.6** |

## 3. Asset Management

### 3.1 Asset Management Strategy

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

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

### 3.2 Asset Disposals

3.2.1 When a capital asset is no longer needed, it may be sold so that the proceeds (known as capital receipts) can be spent on new assets or to repay debt. The Council is also permitted to spend capital receipts on service transformation projects until 2022/23. Repayments of capital grants, loans and investments also generate capital receipts. The Council takes a prudent approach of assuming future capital receipts only when there is a high probability of realisation.

## 4. Treasury Management

### 4.1 Introduction

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

4.1.2 As at 31 December 2022, the Council had borrowing of £51.7 million at an average interest rate of 3.31% and cash balances of £33.3 million including money market funds, local authority and bank deposits with an average rate of 1.76%.

### 4.2 Borrowing

4.2.1 The Council’s main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently around 4.3%) and long-term fixed rate loans where the future cost is known but higher (e.g. 4.8% for a 25-year term).

4.2.2 Projected levels of the Council's total outstanding debt (which comprises borrowing and leases) are shown below in **Table 5**, compared with the Capital Financing Requirement (Table 4 above).

*Table 5: Prudential Indicator: Estimates of Gross Debt and the Capital Financing Requirement*

| | 31 March 2023 | 31 March 2024 | 31 March 2025 | 31 March 2026 |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| External Debt | 53.7 | 55.3 | 71.5 | 111.7 |
| Capital Financing Requirement | 106.6 | 131.0 | 148.1 | 170.6 |

4.2.3 Statutory guidance is that debt should remain below the Capital Financing Requirement, except in the short-term. As can be seen from **Table 5**, the Council expects to comply with this in the medium term.

*Affordable Borrowing Limit*

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

*Table 6: Prudential Indicators: Authorised Limit and Operational Boundary for External Debt*

| | 2022/23 limit | 2023/24 limit | 2024/25 limit | 2025/26 limit |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| Authorised limit | 139.3 | 166.1 | 185.0 | 209.7 |
| Operational boundary | 126.6 | 151.0 | 168.1 | 190.6 |

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

**4.3 PWLB Loan**

4.3.1 The government recognises the valuable contribution that local authorities make to the social and economic infrastructure and supports local investment in part by offering low cost loans to local authorities through the Public Works Loan Board (PWLB).

4.3.2 In compliance with the HM Treasury guidance, the Council need to ensure that the capital programme/investments are compliant with the ongoing access to the PWLB lending terms, which include an assurance from the Chief Finance Officer (Section 151 Officer) that the Council is not borrowing in advance of need and does not intend to buy investment assets primarily for yield.

4.3.4 The purpose of the PWLB is to offer long-term, affordable loans to support local authority investment in the following areas –

- Service spending, i.e. activities that would normally be captured in the following areas in the DLUHC Capital Outturn Return (COR): culture & related services, environmental & regulatory services, etc.
- Housing, i.e., activities normally captured in the HRA and General Fund housing sections of the COR, or housing delivered through a local authority housing company.
- Regeneration projects would usually have one or more of the following characteristics:
    - the project is addressing an economic or social market failure by providing services, facilities, or other amenities;
    - the Council is making a significant investment in the asset beyond the purchase price:
    - the project involves or generates significant additional activity that would not otherwise happen without the Council's intervention;
    - the project may generate rental income, these rents are recycled within the project or applied to related regeneration projects, rather than being applied to wider services.
- Preventative action with the following characteristics - intervention that prevents a negative outcome, there is no realistic prospect of support from a source other than the Council; has an exit strategy, and does not propose to hold the investment for longer than is necessary; the intervention takes the form of grants, loans, sale and leaseback, equity injections, or other forms of business support that generate a balance sheet asset.
- Treasury management covers refinancing or extending existing debt from any source, and the externalisation of internal borrowing.

4.3.5 Individual projects and schemes may have characteristics of several different categories. In these cases, the CFO would use professional judgment to assess the main objective of the investment and consider which category is the best fit.

4.3.6 If the Council wishes to on-lend money to deliver objectives in an innovative way, the government expects that spending to be reported in the most appropriate category based on the eventual use of the money. The Council must not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with PWLB loans.

4.3.7 Under the prudential code, the Council cannot borrow from the PWLB or any other lender for speculative purposes, and must not use internal borrowing to temporarily support investments purely for yield, which would usually have one or more of the following characteristics:

- buying land or existing buildings to let out at market rate;
- buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification;

- buying land or existing buildings other than housing which generate income and are intended to be held indefinitely.

4.3.8 The decision over whether a project complies with the terms of the PWLB is for the Chief Finance Officer. This decision will be final unless the Treasury has concerns that issuing the loan is incompatible with HM Treasury's duty to Parliament to ensure that public spending represents good value for money to the Exchequer and aligns with relevant legislation. In practice such an eventuality is highly unlikely and would only occur after extensive discussion with the local authority in question – but a safeguard is necessary to protect the taxpayer.

**4.4 Investments**

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

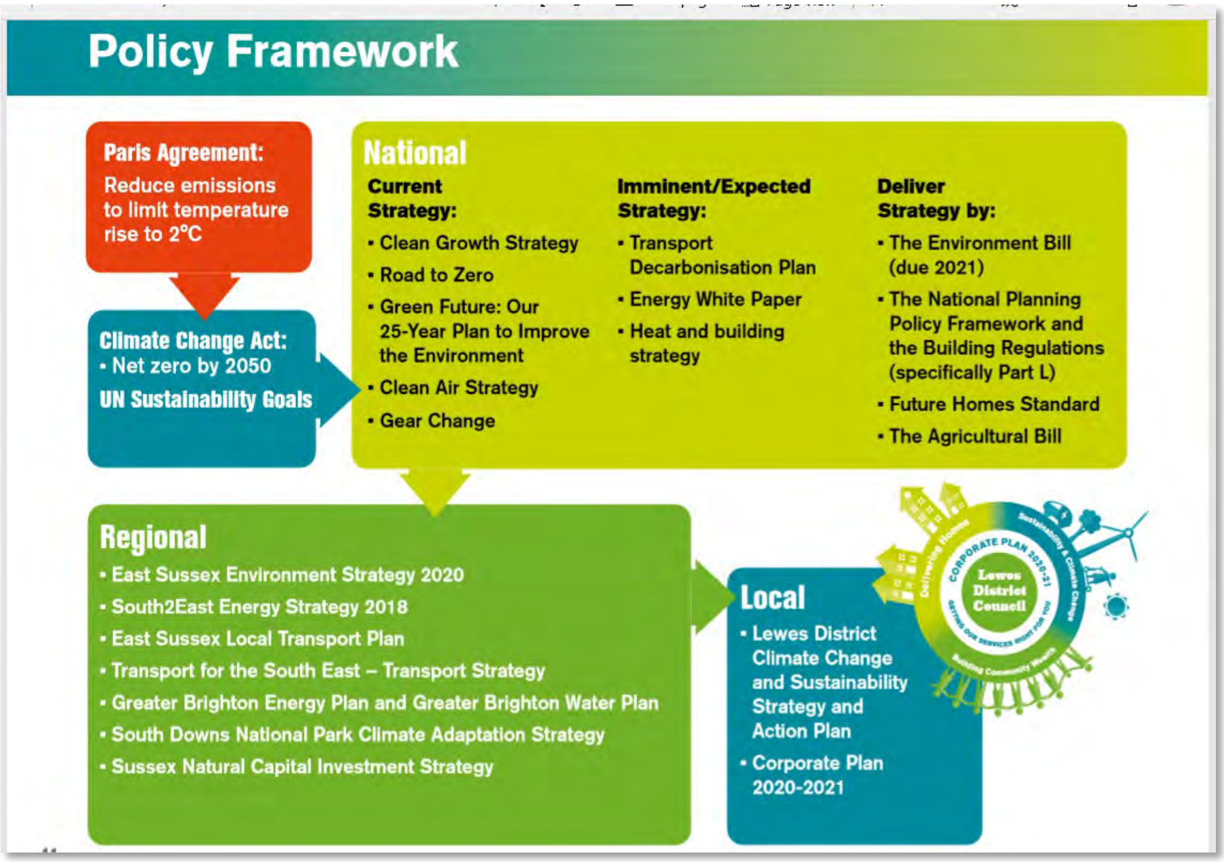
4.4.2 The Council's Investment Strategy is to prioritise security and liquidity over yield and social/ethical impact, focussing on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely in selected high-quality banks, to minimise the risk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

**4.5 The Climate Change and Sustainability Strategy**

4.5.1 The Climate Change and Sustainability Strategy was produced following the Climate Emergency declaration made at Full Council in July 2019 and sets out the district wide strategy and vision for a net zero carbon district by 2030. The visions and actions contained within the strategy have been developed in response to the urgency of the climate emergency being faced. The strategy will enable the Council to work with the community to co-ordinate its response into meaningful and long-lasting action. With limited financial resources the Council needs to ensure it prioritises the right actions to have a lasting positive impact on the district in relation to carbon reduction, sustainability and a green economic recovery.

4.5.2 The current Corporate Plan prioritises Sustainability and Community Wealth Building. Community wealth building is a key part of the sustainability strategy and forms part of action area 7 Circular Economy and Community Wealth. The Council is considered 'an anchor institution' and can use its substantial spending power and influence to drive investment into the local economy to enable a green economic recovery and local job creation and retention. Community wealth is a thread that runs throughout the climate change and sustainability strategy particularly in relation to procurement but also training and skills.

4.5.3 The policy framework below provides insight into major pieces of policy and how they link to our climate change and sustainability strategy.




## 4.6 The Council's Approach to Ethical Investments

4.6.1 Ethical investing is a term used to describe an investment process which takes environmental, social and governance (ESG) or other ethical considerations into account and is a topic of increasing interest within treasury management. Investment guidance, both statutory and from CIPFA, makes clear however that all investment must adopt the principals of security, liquidity, yield and that ethical issues must play a subordinate role to those priorities.

4.6.2 Furthermore, the council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the council's mission and values. This would include avoiding direct investment in institutions with material links to:

- o Human rights abuse (e.g. child labour, political oppression);
- o Environmentally harmful activities (e.g. pollutions, destruction of habitat, fossil fuels);
- o Socially harmful activities (e.g. tobacco, gambling).

4.6.3 The investment guidance, both statutory and from CIPFA, makes clear that all investing must adopt SLY principles – security, liquidity and yield: ethical issues must play a subordinate role to those priorities. Link is looking at ways to incorporate these factors into their creditworthiness assessment service, but with a lack of consistency, as well as coverage, Link continue to review the options and will update the Council as progress is made.

## 4.7 Governance

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

## 5. Investments for Service Purposes

5.1 Investments for service purposes' (or service investments) are taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.

- Service investments may or may not involve financial returns; however, obtaining those returns will not be the primary purpose of the investment.
- For local authorities, service investments will normally constitute capital expenditure, and it may be appropriate to borrow to finance service investments.

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

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

**Investments for Treasury Management purposes**

5.3 Investments for treasury management purposes' (or treasury management investments) are those investments that arise from the Council's cash flows or treasury risk management activity, and ultimately represent balances that need to be invested until the cash is required for use in the course of business.

- Treasury investments may include an allowance for a reasonable level of short-term treasury investments to provide access to liquidity.
- Treasury investments may also include the investment of borrowing proceeds where it has been prudent for an organisation to borrow in advance of the need for cash, e.g. in order to reduce financing and interest rate risks.
- Treasury investments may also arise from other treasury risk management activity that seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.
- Treasury management investments should always be on commercial terms and will rarely constitute capital expenditure for local authorities.
- For authorities with long-term surplus cash, this category may include long-term investments such as equities, bonds and property, whether accessed through a fund or directly, but unless there is a link to cash flow management or treasury risk management activity, it is likely that such investments would be for commercial purposes, i.e. primarily for financial return.

## 6. Commercial Investments

6.1.1 Commercial' in this context refers to the purpose of the investment. Commercial investments are not taken to meet treasury management cash flow needs, and do not result from treasury risk management activity to prudently manage the risks, costs or income from existing or forecast debt or treasury investments. They are additional investments voluntarily taken primarily in order to generate net financial return or profit.

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

6.1.3 Local authorities will be prohibited from accessing the PWLB if they plan debt-for-yield commercial investments in any of the three years. Commercial activity must be secondary priority to economic regeneration and housing provision. There will be more monitoring of what it is that local authorities are delivering by way of a capital scheme and Section 151 officers are required to formally validate those policies to HM Treasury/PWLB.

6.1.4 The Council can fund the purchase of investment property through various means **excluding borrowing** money, normally from the Debt Management Office as part of HM Treasury. The rental income paid by the tenant/annual surplus then supports the council's budget position and enables the council to continue to provide services for local people. The reasons for buying and owning property investments are primarily

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

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

### 6.2 Current Investments

6.2.1 In recent years, the Council has invested in commercial property in the District on a selective basis, usually where there is a fit with corporate priorities and a positive financial return that can be used to contribute towards the protection of local services.

### 6.3 Commercial Investment Strategy

6.3.1 However, in recognition of the continued shortfall in local government funding and commitments, the Council Commercial Investment Strategy will support achieving a step change increase in commercial investment and trading by the Council.

6.3.2 CIPFA has made clear that Councils should not borrow to invest commercially, and their Capital Investment Strategy must make it clear as to where they depart from this principle and why. However, it has been recognised that local investments that are primarily designed for regeneration or service delivery purposes and which have a knock-on positive impact to the revenue budgets are not intended to be covered by this principle.

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

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

**6.4 Governance**

6.4.1 The Governance arrangements are stipulated within the Commercial Investment Strategy.

**6.5 Deciding whether investments are for treasury, service or commercial purposes**

6.5.1 It is the purpose of an investment that identifies whether it is for treasury management, service or commercial purposes. Any individual investment or class of investments can be in any of these three categories. The chief finance officer will need to make a professional judgement about which category a given investment falls into.

6.5.2 For example, pooled investment funds are widely used for treasury management purposes to invest sums until the time required to meet future cash flows. But if they were to be used by authorities that have a borrowing need as long-term investments primarily for the purpose of earning a profit above the cost of borrowing, they should be classed as investments for commercial purposes. The authority would be borrowing in order to invest primarily for financial return.

6.5.3 The boundary between treasury management use of pooled funds and commercial use of pooled funds is for the chief finance officer and treasury teams to judge. For example, it might be appropriate for an authority to hold a low-risk, short-duration bond fund, even if it forecasts a likely need to borrow within the duration of the fund, as part of its liquidity strategy, with limited risk to capital and no net cost to the revenue account. As part of a short-to-medium-term treasury management strategy to manage the authority’s liquidity needs and borrowing costs, such investments might be considered to be treasury investments.

6.5.4 A truly long-term fund, for example of equities or property, is unlikely to meet this purpose for a borrowing authority, as the risks to capital are too high to make sense as part of liquidity management. The authority’s investment strategy could set out the reasoning for judging such funds to be for treasury management purposes rather than being primarily for financial profit.

## 7. Other Liabilities

### 7.1 Outstanding Commitments

7.1.1 The Council also has the following outstanding commitments:

- The Council has also set aside £0.14 million at 31st March 2022 to cover the financial risk associated with Business Rates appeals lodged with the Valuation Office Agency (VOA).

### 7.2 Guarantees

7.2.1 A 30-year Business Plan for the Council's HRA has been developed, which is currently generating sufficient rental income each year to run an efficient and effective housing management service, whilst at the same time servicing the outstanding debt. However, if the HRA is unable to repay the outstanding debt at any point in the future, the Council (through its General Fund) is liable to repay any remaining balance. The remaining balance on HRA debt as at 31st March 2022 was £51.7 million).

### 7.3 Governance

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

## 8. Revenue Implications

### 8.1 Financing Cost

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

*Table 7a: Prudential Indicator: Estimate of Proportion of Financing Costs to Net Revenue Stream (General Fund)*

| | **2022/23** | **2023/24** | **2024/25** | **2025/26** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| Financing Costs (£m) | -0.22 | 0.10 | 1.49 | 2.53 |
| Proportion of Net Revenue Stream | -1.6% | 0.7% | 9.8% | 16.4% |

*Table 7b: Prudential Indicator: Estimate of Proportion of Financing Costs to Net Revenue Stream (HRA)*

| | **2022/23** | **2023/24** | **2024/25** | **2025/26** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| Financing Costs (£m) [excluding depreciation] | 1.76 | 1.77 | 2.09 | 2.78 |
| Proportion of Net Revenue Stream | 11.1% | 10.4% | 11.4% | 14.4% |

*Table 7c: Prudential Indicator: Proportion of Net Income to Net Revenue Stream (Commercial & Service Delivery)*

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| Financing Costs (£m) [excluding depreciation] | 1.65 | 1.73 | 1.75 | 1.73 |
| Proportion of Net Revenue Stream | 12.1% | 11.6% | 11.6% | 11.2% |

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

**8.2 Prudence, Affordability and Sustainability**

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

*Prudence*

- Prudential indicators 7 and 8 presented above (Paragraph 8.1.1) are within expected and controllable parameters. Thus:
  - *Prudential Indicator 7 (General Fund) - Proportion of Financing Costs to Net Revenue Stream* – the growth in financing costs reflects the Council's ambitions for capital investment in its strategic priorities over the medium-term.
  - *Prudential Indicator 8 (HRA) - Proportion of Financing Costs to Net Revenue Stream* – the indicator profile mirrors the HRA 30-Year Business Plan.
- *Underlying Prudent Assumptions* – a prudent set of assumptions have been used in formulating the Capital Programme. This is illustrated in the approach to capital receipts whereby the proceeds are not assumed within projections until the associated sale is completed and the money received by the Council; and
- *Repairs and Maintenance* – the approach to asset maintenance is professionally guided with assets maintained in a condition commensurate with usage and expected life, addressing those items that could affect ongoing and future maintenance, in the most appropriate and cost-effective manner.

*Affordability*

- The estimated 'revenue consequences' of the Capital Programme (£151.5 million over three years) have been included in the 2023/24 Budget and Medium-Term Financial Strategy (MTFS), extending to 2025/26; and
- The MTFS includes a reserves strategy, which includes contingency funds in the event that projections are not as expected (further supported by CFO report to Council under Section 25 of the Local Government Act 2003 on the robustness of estimates and the adequacy of financial reserves and balances).

*Sustainability*

- Capital schemes that are expected to deliver long-term revenue savings/generate income are given due priority.

- As explained in Section 3.1 above, the Asset Management Strategy will represent an enhancement to the Council approach to asset planning through (especially) taking a longer-term view. This includes providing for future operational need, balancing the requirement to achieve optimal performance, whilst taking account of technological change and managing the risk of obsolescence.

## 9. Prioritisation Principles and Obligations to deliver a scheme

9.1 The capital investment process is to ensure that money available for capital expenditure is prioritised in the way that best meets the Council's objectives and must be achieved within the constraints of the capital funding available. The Council need to demonstrate that it uses a clear, understandable method of comparing projects in order to prioritise expenditure and continue to allow schemes to be ranked according to Council's need, while ensuring the best allocation of the Council scarce resources in the most efficient/sustainable way and thus ensuing value for money.

9.2 Therefore, it is important that there is a strict definition of what is included within the scheme. Demand for capital resources to meet investment needs and aspirations will exceed the resources available to the Council and rolling programme items are the first call on available resources to ensure that existing approved service levels can continue to be delivered. New resource development bids will need to be prioritised as follows:

| **Projects Prioritisation for Capital Programme Inclusion** | |
|---|---|
| **Priority 1** | Projects which enable compliance with Health & Safety and the Council's legal/statutory duties including projects which address any infrastructure deficits related to statutory compliance. |
| **Priority 2** | Projects that generate revenue savings through the delivery of a new business strategy or service transformation proposals or invest to save and cost avoidance. |
| **Priority 3** | Projects where a major proportion of the capital funding from external sources will be lost if the project fails to go ahead but subject to consideration of future revenue requirements. |
| **Priority 4** | Projects that contribute to the delivery of a smaller property portfolio through increased co-location or space utilisation or adaptation of new ways of working. |
| **Priority 5** | Projects that facilitate improvement, economic development, regeneration and housing growth |
| **Priority 6** | Projects that address cross-cutting issues, facilitate joint-working with partners or generate new/additional income. |

9.3 The Council's financial and service planning process need to ensure decisions about the allocation of capital and revenue resources are taken to achieve a corporate and consistent approach. The funding of capital schemes is via the following hierarchy:

- External grants and contributions;
- Capital receipts from the disposal of fixed assets;
- Leasing finance; (where applicable);
- Revenue contributions;
- External Borrowing.

9.4 The strategy will be to employ 'Whole Life Costing' that will demonstrate the systematic consideration of all relevant costs and revenues associated with the acquisition and ownership of an asset, i.e., encourages decision-making that takes account of the initial capital cost, running cost, maintenance cost, refurbishment requirements and disposal cost.

## 10. Knowledge and Skills

### 10.1 Officers

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

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

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

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

### 10.2 External Advisors

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

### 10.3 Councillors

10.3.1 May 2023 is the next date for district council elections. Duly elected councillors will receive training appropriate to their role in the new Council.

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

## 11. CFO Statement on the Capital Strategy

### 11.1 Prudential Code

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

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

### 11.2 Affordability

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

- *Capital Programme* – the Programme as presented above (in Section 2.1) is supported by a robust and resilient MTFS extending through until 2024/25 that contains adequate revenue provision, including sufficient reserves in the event that plans and assumptions do not materialise as expected.
- *Asset Management* – as presented above (in Section 3.1) a new Asset Management Strategy is under development, which is taking a strategic longer-term (i.e. beyond 2025/26) view of the Council's asset base. A fundamental aim of the Strategy is to achieve the optimum balance between future operational need and affordability, which will be reflected in its component parts including strategies for purchasing and constructing new assets, investment in existing assets, transferring of assets to other organisations and the disposal of surplus assets.
- *Commercial Investment* – as presented above (in Section 6.3) the Commercial Investment Strategy is also under development. The primary aim of the Strategy long-term is income generation to replace the shortfall in Government funding. The Strategy is progressing positively towards the delivery stage and its success will be critical to the long-term affordability of the Capital Strategy.

### 11.3 Risk

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

- *Treasury Management St*rategy – the Council will formally approve the Treasury Management Strategy for 2023/24, at the Lewes District Council – Full Council meeting on 20 February 2023, in accordance with CIPFA's "Treasury Management in the Public Services: Code of Practice 2021". That Strategy was developed by the Council's (professionally qualified and experienced) Finance team and informed by specialist advisors Link Asset Services and other relevant and extant professional guidance.
- *Investment Strategy* – the Council will also formally approve an Investment Strategy for 2023/24, at the Council meeting on 20 February 2023, in accordance with DLUHC's "Statutory Guidance on Local Government Investments (3rd Edition) 2021". As with the Treasury Management Strategy, the Investment Strategy was developed by the Finance team and informed by specialist advisors Link Asset Service and other relevant and extant professional guidance.
- *Commercial Activities* – as noted above (in Paragraph 6.2) the Council is committed to significantly expanding the scale of its commercial activities in the medium-term as part of its Commercial Investment Strategy. It is recognised and accepted that increased commercial activity brings with its additional risk. The Strategy is therefore being developed in accordance with contemporary best practice. This includes the engagement of professional advisors on the commercial, financial and legal aspects of the project and the preparation of full supporting business cases prior to the commencement of both in-house and arm's length trading activities, strictly in accordance with HM Treasury's 'five-case model' ("The Green Book: Central Government Guidance on Appraisal and Evaluation").

## 12.0 Capital Programme Oversight Board

### 12.1 Objectives –

- The Capital Programme Oversight Board (CPOB) will provide strategic direction, oversight and corporate assurance for the General Fund capital programme and Housing Revenue Account (HRA) Business Plan across Lewes District and Eastbourne Borough Councils.
- The CPOB will have an oversight and stewardship role for the delivery of both Councils Capital expenditure including, the Council General Fund Capital Plan, the Council's Housing Capital (HRA), Commercial Activities/non-commercial investments, capital financing/funding, etc.
- The CPOB is also responsible for addressing programme issues and reviewing risk and financial implications for LECs.
- The CPOB will drive through the Assurance Review recommendations in respect of the capital programme and move towards a fully sustainable capital programme and asset release.

**12.2** **Responsibilities -** The responsibilities of the CPOB are to:

- Be responsible and accountable for feeding into the annual Service & Financial Planning process
- Establish and embed a robust and effective governance framework through which all Councils capital projects will be evaluated, prioritised for development and delivery, subject to Member approval
- Provide oversight of the capital programme and the Housing Revenue Account (HRA) Business Plan
- Agree recommendations to relevant Committee(s), as required, to ensure the programme achieves its objectives in-line with initial proposals, Business Cases and options appraisals assessed through PRSOP and RAMP
- Scrutinise and challenge programmes and projects at a strategic level in relation to budgets, actual spend, timing, and overall financial strategy
- Monitor the achievement of the capital programme's core aims and objectives
- Monitor the HRA Business Plan assumptions in line with Section 76 of the Local Government and Housing Act 1989
- Continually monitor any potential impacts upon the HRA as they evolve i.e., Social Housing White Paper, Covid-19 etc
- Monitor the critical path for delivery across the capital programme
- Take timely decisions as the capital programme evolves
- Ensure the capital programme is delivered in a joined-up way across Council departments.
- Assist with resolving issues across Council departments
- Ensuring appropriate resources, capacity and capability are in place to deliver the capital programme across LECs, and where necessary, commit resources as required
- Ensure risks are being effectively managed and updated, and mitigations are identified appropriately required

## Appendix F

# GLOSSARY

## Local Authority Treasury Management Terms

| Terms | Descriptions |
|---|---|
| **A (Fitch) Rating** | Fitch Ratings publishes credit ratings that are forward-looking opinions on the relative ability of an entity or obligation to meet financial commitments.<br><br>*A: High credit quality*. 'A' rating denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. |
| **Bond** | A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets |
| **Borrowing** | Usually refers to the stock of outstanding loans owed, and bonds issued. |
| **CFR** | Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed.<br><br>The CFR increases with capital expenditure and decreases with capital finance and MRP. |
| **Capital gain or loss** | An increase or decrease in the capital value of an investment, for example through movements in its market price. |
| **CIPFA** | The Chartered Institute of Public Finance and Accountancy (CIPFA) is a UK-based international accountancy membership and standard-setting body. The only such body globally dedicated to public financial management. |
| **Collective investment scheme** | Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds'). |

| Terms | Descriptions |
|---|---|
| **Cost of carry** | When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim. |
| **Counterparty** | The other party to a loan, investment or other contract. |
| **Counterparty limit** | The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk. |
| **Covered bond** | Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds. |
| **CPI** | Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee. |
| **Deposit** | A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets. |
| **Diversified income fund** | A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income. |
| **Dividend** | Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance. |
| **DMADF** | Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland. |
| **DLUHC** | Department for Levelling Up, Housing and Communities (*formerly known as Ministry of Housing, Communities and Local Government - MHCLG*). |
| **DMO** | Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments. |
| **Equity** | An investment which usually confers ownership and voting rights |
| **Floating rate note (FRN)** | Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA |
| **FTSE** | Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two |

| Terms | Descriptions |
|---|---|
| | |
| **GDP** | Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth. |
| **Income Return** | Return on investment from dividends, interest and rent but excluding capital gains and losses. |
| **GILT** | Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on. |
| **LIBID** | London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR. |
| **LIBOR** | London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms.<br><br>Phased out in 2022. |
| **LOBO** | Lender's Option Borrower's option |
| **MMF** | Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds |
| **MPC** | The Monetary Policy Committee (MPC) decides what monetary policy action the Bank of England will take to keep inflation low and stable. |
| **OBR** | The Office for Budget Responsibility was created to provide independent and authoritative analysis of the UK's public finances. It is one of a growing number of official independent fiscal watchdogs around the world. |
| **PMI** | Purchasing Managers' Index (PMI) - A composite PMI is the weighted average of manufacturing and service sector PMIs for a given geography or economy, produced by IHS Markit. Weights are derived from official data relating to each sector's contribution to GDP (value added). |
| **Pooled Fund** | Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds'). |

| Terms | Descriptions |
|---|---|
| | |
| **PWLB** | Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland. |
| **Quantitative easing (QE)** | Process by which central banks directly increase the quantity of money in the economy to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money. |
| **S & P 500** | The S&P 500 (also known as the Standard & Poor's 500) is a registered trademark of the joint venture S&P Dow Jones Indices. It is a stock index that consists of the 500 largest companies in the U.S. and is generally considered the best indicator of how U.S. stocks are performing overall. |
| **SME** | SME finance is the funding of small and medium-sized enterprises and represents a major function of the general business finance market – in which capital for different types of firms are supplied, acquired, and costed or priced. |
| **SONIA** | Sterling overnight interest average – a benchmark interest rate for overnight deposits. |
| **Short-dated** | Usually means less than one year |
| **TMSS** | Approved Council’s Treasury Management Strategy Statement |
| **Total return** | The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses. |

# Agenda Item 11

| | |
|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **2 February 2023** |
| **Subject:** | **Housing Revenue Account (HRA) Revenue Budget and Rent Setting 2023/24 and HRA Capital Programme 2022-26** |
| **Report of:** | **Homira Javadi, Director of Finance and Performance (Chief Finance Officer – S151 Officer)** |
| **Cabinet member:** | **Councillor Zoe Nicholson, Deputy Leader and Cabinet Member for Finance and Assets** |
| **Ward(s):** | **All** |
| **Purpose of the report:** | **To agree the detailed HRA budget proposals, rent levels and service charges for 2023/24 and the HRA Capital Programme 2022-26** |
| **Decision type:** | **Budget and policy framework** |
| **Recommendation:** | **Members are asked to recommend the following proposals to Full Council:**<br>**i) The HRA budget for 2023/24 and revised 2022/23 budget as set out in Appendix 1**<br>**ii) That social and affordable rents (including Shared Ownership) are increased by 7% in line with government policy issued in December 2022**<br>**iii) That private sector leased property rents are increased by 7% (mirroring the approach to social and affordable rents)**<br>**iv) That the revised service charges are implemented**<br>**v) That garage rents are increased by 7%**<br>**vi) The HRA Capital Programme as set out in Appendix 2** |
| **Reasons for recommendations:** | **The Cabinet must recommend to Full Council the setting of the HRA revenue and capital budget and the level of social and affordable housing rents for the forthcoming year** |
| **Contact Officer(s)** | **Name: Helen Waring**<br>**Post Title: Consultant – HRA Business Plan**<br>**E-mail: Helen.waring@lewes-eastbourne.gov.uk**<br>**Telephone Number: 07522 186807** |

## 1.0 Introduction

1.1 The HRA is a statutory ring-fenced account that represents all landlord functions. The HRA is required to be self-financing, which means that expenditure must be entirely supported from rental and other HRA-related income. The main tool for the financial management of the HRA is the 30-Year Business Plan.

1.2 Any significant changes to the assumptions underpinning the 30-Year Business Plan will trigger a full review to assess the impact, but, in any event, there will be an annual review and update.

1.3 In a departure from existing Social Rent Policy, for 2023/24, the Government consulted Local Authorities and other Social Housing providers on a proposal to cap the rent increase below the usual Consumer Prices Index (CPI) + 1% level, due to the high inflation rates being experienced this year. The outcome of that consultation was the implementation of a rent cap of a maximum 7%. Using September CPI + 1% would have resulted in a potential rent increase of 11.1%.

1.4 Capping the rent increase at 7% has clearly impacted the HRA significantly and has resulted in an intense review of all income and costs within the 30-Year Business Plan to identify efficiencies. It should be noted that, like everybody, the Council's costs have increased significantly in some areas. Of particular significance for the HRA are employee costs (Council and contractors), building costs, energy costs and borrowing costs. Had the rent increased by 11.1%, an additional £650k in income may have been available to fund HRA expenditure.

## 2 Proposal

### 2.1 2023/24 HRA Revenue Budget

2.1.1 The 2023/24 budget is attached at **Appendix 1**.

2.1.2 The 2023/24 budget is showing a deficit of £59k compared to a deficit of £1.095m in the 2022/23 revised budget, an improvement of £1.036m. These deficits are sustainable in the context of the HRA 30-Year Business Plan now that a thorough review has been undertaken and cost efficiencies identified.

2.1.3 Rent, Service Charges and other inflationary income increases of £1.320m are offset by increases in costs (excluding Repairs and Maintenance) of £907k. There has also been a net increase in interest costs of £102k. Whilst the Repairs and Maintenance budget shows a decrease (£725k) against the 2022/23 revised budget, this is because one-off pressures have been experienced in 2022/23 which will not continue into 2023/24. The 2023/24 Repairs and Maintenance budget has been reset at £629k above the 2022/23 original budget.

2.1.4 The Major Repairs Reserve is funded from cash backed depreciation of £5.4m plus inflation per year and will be used to fund expenditure on improving the stock and other HRA assets.

2.1.5 The HRA external debt outstanding at 31.03.22 was £51.673m. Internal debt outstanding (borrowed from the General Fund) was £24.236m. The total outstanding debt at 31.03.24 is estimated to be £80.557m. In later years, debt levels will increase as the Authority begins to borrow more to fund property acquisitions and new build. The average debt per property is currently approximately £24k.

2.1.6 The Council's treasury management advisors are predicting a gradual decrease in interest rates (from the current relatively high level of 4.5%) over the next three years. The interest budget has been prepared on this basis.

2.1.7 The HRA outturn for 2022/23 is expected to deliver a £1.095m deficit, an adverse variance of £769k over the original budget. This is mainly due to:

a) a net reduction in expected income of £82k – mainly associated with a loss of garage income
b) a net increase in costs of £587k made up as follows:
   - a large pressure of £1.354m on the repairs and maintenance budget owing to catch-up works required following the Covid pandemic. This pressure is expected to be "one-off".
   - efficiencies of £374k identified in management costs
   - depreciation calculated at £405k lower than anticipated when the budget was set
   - a net increase of £100k in interest costs (due to higher-than-expected internal borrowing in 2021/22)
   - other, smaller, savings of £88k being identified
c) the inclusion of a revenue contribution to the Capital Programme (100k)

2.1.8 The HRA Business Plan is based on a policy of maintaining a minimum level of HRA Working Balance at £2.306m. This is deemed to be a prudent level of reserve to ensure that the HRA remains sustainable in the event of any unforeseen risk arising. For 2022/23 and 2023/24, the following table shows that the HRA Working Balance will remain some £1m above the minimum level.

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

| | **HRA Working Balance** £'000 | **Major Repairs Reserve (MRR)** £'000 |
|---|---|---|
| **Balance at 1.4.22** | **4,406** | **10,042** |
| Surplus/(Deficit) | (1,095) | |
| Depreciation | | 5,048 |
| Expenditure Financed from MRR | | (5,035) |
| **Estimated Balance 31.3.23** | **3,311** | **10,055** |
| Surplus/(Deficit) | (59) | |
| Depreciation | | 5,445 |
| Expenditure Financed from MRR | | (4,965) |

| | | |
|---|---|---|
| **Estimated Balance 31.3.24** | **3,252** | **10,535** |

The Major Repairs Reserve is used to fund improvements to the Council's HRA assets.

## 2.2 Rent Levels for 2023/24

2.2.1 The Council has been following the Government's guidance for rents for social housing since December 2001. This has been subject to various legislative changes in recent years and, in 2023/24, rents can be increased by no more than 7%. The proposal to increase rents by the maximum 7% is based on maintaining a sustainable (affordable) HRA Business Plan. Whilst Supported Housing and Shared Ownership properties are exempt from the cap and could be increased by CPI +1% (11.1%), it is proposed to apply a 7% rent increase to all types of stock. The average weekly social rent will be £100.90 and average affordable weekly rent will be £179.59.

## 2.3 Service Charges

2.3.1 The service charges for 2023/24 have been calculated using a combination of actual costs from 2021/22 and estimates where more appropriate for 2023/24. For properties that share services, these charges cover common services such as communal heating, lighting, equipment maintenance contracts, cleaning, and grounds maintenance. In Retirement Housing Accommodation, the charges additionally include Retirement Housing Advisers' staff costs. These costs should be charged separately from the rent in those properties to which they apply.

It should be noted that, in a year when inflation is particularly high, full cost recovery could mean that some service charge increases could prove challenging (in particular energy charges). Homes First will review the level of these charges and offer support where possible to mitigate the impact on individual tenants.

2.3.2 **The Communal Service Charges** recover the cost of communal services provided to non-sheltered flats. The various services provided include grounds maintenance, maintenance of lifts, cleaning, door entry & alarm systems, TV aerials, laundry services and communal lighting.

The estimated average service charge for 2023/24 is £5.70 per week (2022/23: £5.34) with the lowest at £0.96 and the highest at £22.30, capped at a 7% increase. The communal element of the service charge is eligible for housing benefit and Universal Credit.

2.3.3 **The Homeless Accommodation Service Charge**: The service charge relates to the services provided at homelessness accommodation held within the Housing Revenue Account.

The Homeless Accommodation Service Charge for 2023/24 has been set to achieve full cost recovery. The communal element of the service charge is eligible for housing benefit and Universal Credit.

2.3.4 **Support Charge for Sheltered Housing**: Following the withdrawal of East Sussex County Council from the Supporting People scheme, the Council introduced, from May 2016, a redesigned Support Scheme for tenants in sheltered accommodation.

The estimated average service charge for 2023/24 is £3.03 per week (2022/23: £2.83). The service charge has been updated to reflect the 2023/24 budget to achieve full cost recovery, capped at a 7% increase. This service charge is not eligible for housing benefit

2.3.5 **Sheltered Accommodation Service Charge**: The service charge has been updated to reflect the 2023/24 budget to achieve full cost recovery.

The estimated average service charge is £29.51 per week (2022/23: £27.58). The service charge has been updated to reflect the 2023/24 budget to achieve full cost recovery, capped at a 7% increase. The communal elements of the service charges are eligible for housing benefit and Universal Credit.

2.3.6 All other service charges have been updated to reflect the 2022/23 actuals and achieve full cost recovery. This includes charges for digital television reception, residual lifeline services and domestic cookers provided at certain properties.

## 2.4 Garage Rents

2.4.1 It is recommended that garage rents increase by 7%, in line with the cap applied to Social Housing rents.

## 2.5 Capital Programme

2.5.1 The Capital Programme set out in Appendix 2 reflects the proposals contained within the HRA 30-Year Business Plan. Total budgeted expenditure for 2023/24 is £16.466m.

2.5.2 The budget for the major works element of the programme has been set at £4.5m per annum. This sum and all sums required over the next 30 years reflect an affordable level of investment which will allow Lewes' housing stock to be appropriately maintained. However, although affordable and helping to maintain stock, the sums included may fall someway short of works required long-term, as identified in the Stock Condition Survey. Sustainability is and will continue to be a key driver in developing capital repairs schemes. Funding for the major works programme comes from the Major Repairs Reserve. Annual allocations of £415k for disabled adaptations and £50k for recreation and play areas are added to the programme, since these would not be included in stock survey figures.

2.5.3 The Capital Programme continues to include sums for the acquisition of properties and new builds. In the case of acquisition, each proposed acquisition will be modelled to ensure "viability" (that the annual costs associated with the purchase and upkeep of the property will not exceed the rental income). New build schemes either have been brought or will need to be brought to Cabinet for individual approval. The reports will include an analysis of the effects on the Business Plan.

## 3 Outcome Expected and Performance Management

3.1 The HRA budget will be monitored regularly during 2023/24 and performance will be reported to Cabinet quarterly.

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

## 4 Consultation

4.1 The Tenants of Lewes District (TOLD) have been consulted on this report. The proposed rent increase for 2023/24 reflects the requirements under The Direction on the Rent Standard 2019 and the Policy Statement on Rents for Social Housing December 2022.

4.2 It should be noted that the Council recognises that the current cost of living challenges means that the rent increase and other increases in charges proposed in this report may create further issues for many of our tenants. A range of help and advice is available, and a detailed leaflet can be obtained via the Council's website or by contacting Homes First. An advice sheet will be sent out to all tenants with their rent increase letters at the end of February.

## 5 Corporate Plan and Council Policies

5.1 Delivering Homes is one of the key priorities in the 2020-2024 Corporate Plan – Re-imagining Lewes District. The proposals contained within this report flow directly from the HRA 30-Year Business Plan, which itself aligns with the Corporate Plan. Key (current and future) Council policies, plans and strategies will all be aligned to help deliver the objectives and goals of the HRA 30-Year Business Plan, including the Housing Strategy, Commercial Strategy, Allocations Policy, Homelessness Strategy, Local Plan, Tenancy Policy and Town Centre Strategy.

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

6.1 The capital and revenue budgets, rents and service charges have been set in line with Government policy and with the HRA 30-Year Business Plan.

## 7 Financial Appraisal

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

## 8 Legal Implications

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

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

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

8.4 Section 23 of the Welfare Reform and Work Act 2016 set the rent setting policy for four years whereby local authority social rents in England were to be reduced by 1% each year, commencing on 1 April 2016. In October 2017, the government confirmed details for future social rents and from 2020/21, providers are able to increase rents up to a limit of CPI plus 1% each year. This policy is designed to provide more certainty over rent levels.

8.5 Under the Local Authorities (Functions and Responsibilities) Regulations 2000, the task of formulating a plan for determining the Council's minimum revenue provision (i.e. its budget) is the responsibility of Cabinet, whilst the approval or adoption of that plan is the responsibility of the full Council. This explains the decision-making route in the officer's recommendation.

*Date of legal input: 09.01.23* *Legal ref: 011724-LDC-OD*

## 9 Risk Management Implications

9.1 The 2023/24 Budget and Capital Programme will require close monitoring in the forthcoming year to ensure that they, and therefore the 30-Year HRA Business Plan, remain on track. Any large variances to expenditure or income will need to be reviewed and, if significant or ongoing, modelled into the Business Plan to assess the impact and likely mitigation.

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

## 10 Equality Analysis

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

- Changes to charges will impact the protected groups of age and disability, additionally those experiencing homelessness and potentially carers may be impacted.
- Communication around any change to charges must be clear and timely and contain information on how concerns may be channelled. Concerned residents (or their carers) should have a clear avenue to raise concerns or receive further information. Alternative formats should be arranged upon request.

- The cost of living crisis has impacted many residents across the board. Not only people of working age but anyone all with limited funds who have been trying to manage the increase in price of food and energy. The Councils have funded local support initiatives including enhanced advice provision. The Councils will continue to maintain the website and Customer Advisor resources to support residents with any queries and concerns they may have relating to the cost of living crisis.

## 11 Sustainability Implications

11.1 Following the investment of £500k over the last two years to kickstart sustainability pilot schemes, the major repairs programme now includes monies to continue to help Lewes District Council move towards meeting its target of achieving zero carbon emissions and full climate resilience by 2030. This challenging target may rely on securing external funding to be fully realised.

## 12 Appendices

- Appendix 1 - HRA 2022/23 Revised Revenue Budget and 2023/24 Budget
- Appendix 2 - HRA Capital Programme 2022/23-2025/26

## 13 Background Papers

- Government's Policy Statement on Rents for Social Housing (December 2022) Policy statement on rents for social housing - GOV.UK (www.gov.uk)

APPENDIX 1

## HOUSING REVENUE ACCOUNT

| 2022-23 Original Budget £' 000 | 2022-23 Revised Budget £'000 | | 2023-24 | 2023-24 BUDGET £' 000 |
|---|---|---|---|---|
| | | **INCOME** | | |
| (15,798) | (15,837) | Dwelling Rents | (17,003) | |
| (484) | (362) | Non-Dwelling Rents | (391) | |
| (1,276) | (1,277) | Charges for Services and Facilities | (1,386) | |
| (194) | (194) | Contributions towards Expenditure | (210) | |
| **(17,752)** | **(17,670)** | **GROSS INCOME** | | **(18,990)** |
| 4,859 | 6,213 | Repairs and Maintenance | 5,488 | |
| 3,592 | 3,384 | Supervision and Management | 3,740 | |
| 1,454 | 1,456 | Special Services | 1,579 | |
| 193 | 145 | Rents, Rates, Taxes and Other Charges | 157 | |
| 148 | 148 | Increase in Impairment of Debtors | 157 | |
| 5,450 | 5,045 | Depreciation of Fixed Assets | 5,442 | |
| 3 | 3 | Amortisation of Intangible Assets | 3 | |
| 52 | 10 | Debt Management Costs | 10 | |
| **15,751** | **16,404** | **GROSS EXPENDITURE** | | **16,576** |
| **(2,001)** | **(1,266)** | **NET COST OF HRA SERVICES** | | **(2,414)** |
| 296 | 130 | HRA share of Corporate and Democratic Core | | 140 |
| **(1,705)** | **(1,136)** | **NET OPERATING COST OF HRA** | | **(2,274)** |
| | | **Capital Financing and Interest Charges** | | |
| 2,043 | 2,221 | Interest Payable | 2,376 | |
| (12) | (90) | Interest Receivable | (143) | |
| **2,031** | **2,131** | Total Capital Financing and Interest Charges | | **2,233** |
| 0 | 100 | Revenue Contribution to Captal Expenditure | | 100 |
| **326** | **1,095** | **HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT** | | **59** |
| | | **HOUSING REVENUE ACCOUNT WORKING BALANCE** | | |
| **(2,973)** | **(4,406)** | **Working Balance at 1 April** | | **(3,311)** |
| **326** | **1,095** | **(Surplus) or Deficit for the Year** | | **59** |
| **(2,647)** | **(3,311)** | **Working Balance at 31 March** | | **(3,252)** |

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**HRA CAPITAL PROGRAMME 2022/22 to 2025/26**

| Expenditure | Original Programme 2022/23 £ | Projected Programme 2022/23 £ | Proposed Programme 2023/24 £ | Proposed Programme 2024/25 £ | Proposed Programme 2025/26 £ |
|---|---|---|---|---|---|
| **HRA HOUSING INVESTMENT CAPITAL PROGRAMME** | | | | | |
| **Acquisition and Construction of New Dwellings** | 9,166,000 | 7,592,000 | 11,501,000 | 9,025,000 | 24,503,000 |
| **Improvements to Stock (Stock Condition Survey)** | 3,270,000 | 4,350,000 | 4,500,000 | 4,500,000 | 4,500,000 |
| **Improvements to Stock (Non-Stock Condition Survey)** | 415,000 | 587,000 | 415,000 | 415,000 | 415,000 |
| **Housing Estates Recreation and Play Areas** | 50,000 | 98,000 | 50,000 | 50,000 | 50,000 |
| **Total HRA Capital Programme** | **12,901,000** | **12,627,000** | **16,466,000** | **13,990,000** | **29,468,000** |

| Funding Availability | Original Programme 2022/23 £ | Projected Programme 2022/23 £ | Proposed Programme 2023/24 £ | Proposed Programme 2024/25 £ | Proposed Programme 2025/26 £ |
|---|---|---|---|---|---|
| **HRA** | | | | | |
| Capital Receipts | 2,076,000 | 7,492,000 | 4,818,000 | 766,000 | 2,398,000 |
| Capital Grants | - | - | 1,935,000 | - | 3,100,000 |
| Major Repairs Reserve | 10,825,000 | 5,035,000 | 4,965,000 | 4,965,000 | 4,965,000 |
| Revenue Contributions | - | 100,000 | 100,000 | 100,000 | 100,000 |
| Borrowing Need | - | - | 4,648,000 | 8,159,000 | 18,905,000 |
| **Total HRA** | **12,901,000** | **12,627,000** | **16,466,000** | **13,990,000** | **29,468,000** |

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|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **2 February 2023** |
| **Title:** | **Purchase of land at Landport Brooks** |
| **Report of:** | **Tim Whelan, Director of Service Delivery** |
| **Cabinet member:** | **Councillor Matthew Bird, Cabinet member for sustainability** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **Approval to buy land at Landport Brooks** |
| **Decision type:** | **Key** |
| **Officer recommendation(s):** | **(1) That Cabinet approves the strategic approach presented and agrees as follows:**<br><br>**a. To purchase the Land at Landport Brooks to put Lewes District Council in a position to deliver a range of environmental, ecological, flood mitigation and health and wellbeing outcomes subject to valuation, legal advice and the usual due diligence**<br><br>**b. To develop the business case to reflect that this is a long-term investment with environmental and potential commercial opportunities for LDC.**<br><br>**(2) That officers work with stakeholders and the community to deliver the best outcomes for the site, to achieve biodiversity gains, improving floodplain storage capacity and other environmental benefits.**<br><br>**(3) To authorise the Director of Service Delivery, in consultation with the Portfolio Holder for Sustainability to carry out all necessary actions to facilitate the project including negotiating the purchase of the land and determining the terms of, and authorising the execution of, all necessary documentation.** |
| **Reasons for recommendations:** | **As a public authority in England LDC has a duty to have regard to conserving biodiversity as part of policy or decision-making. Conserving biodiversity can include restoring or enhancing a population or habitat.** |

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**Telephone number: Tel: 07788 515359**

## 1 Introduction

1.1 A 36.80-acre parcel of land has become available for purchase at Landport Lewes. The land is formed of 2 separate parcels divided by the Lewes to London trainline but joined by an underpass under the railway line. The eastern boundary (approximately 1km long) is the River Ouse and to the west is Landport Estate and a flood defence bank sits on the land that is maintained by Lewes District Council to protect properties at the bottom of the estate. The land is low lying alluvial marsh with no development potential. It is currently laid to grass and grazed between March and October.

1.2 The north of the site is part of the Offham Marshes SSSI, totalling approximately 6.1 acres of the parcel of land for sale.
Three amphibian species breed in large numbers in the ditches on the SSSI. These include several thousand common toads Bufo bufo, making this one of the best sites in the county for this species. Less obvious are the smooth newt and the palmate newt. Smaller numbers of common frogs breed more frequently in the shallow pools that form in the fields.
These large amphibian populations provide a food supply for grass snakes, which breed on the site. The ditches support the scarce hairy dragonfly, the variable damselfly, and many water beetles, including Britain's largest species, the rare great silver beetle. The damp fields support several uncommon flies.

1.3 LDC would purchase the land to realise biodiversity enhancements and stackable environmental benefits including potential commercial returns. It would be an asset for the council that would allow it to achieve these benefits.

## 2 Proposal

2.1 Proposals can be summarised as:

- Purchase the land at Landport Brooks
- Develop business and management plans for the site including the area under SSSI designation
- Work with the community and stakeholders to understand the best outcomes for the site and realise the most benefits
- Attract incentive-based conservation funding and other funding sources

**3 Outcome expected and performance management**

3.1 Working with partners the council could use the land to realise stackable benefits that could include:

- Obligations under the Biodiversity Duty - applying best practice towards achieving no net loss and preferably a net gain of biodiversity through the thorough application of the mitigation hierarchy (avoid, minimise, rehabilitate/restore, offset)
- Biodiversity Net Gain (internal/external)
- Improving floodplain storage capacity and flood alleviation
- Carbon sequestration/offsetting
- Attract incentive-based conservation funding
- District Level Licencing (Great crested newts)
- Environmental land management schemes (ELMS)/ Countryside stewardship
- Public amenity
- Health and wellbeing outcomes
- Income generation through grazing

**4 Consultation**

4.1 The Cabinet member for sustainability attended a meeting of interested local stakeholders on 2nd December 2022 to discuss the council's position and hear their views.

**5 Corporate plan and council policies**

5.1 Owning the land would afford opportunities for delivery on our Climate Change and Sustainability Strategy, Biodiversity Strategy, Pollinator Strategy and LDC Natural Flood Management plans.

5.2 There are synergies with the major project taking place on the outskirts of Lewes that will see the realignment of a local stream, the Cockshut, and the creation of a new wetland habitat. The project is a partnership between the council, Ouse and Adur Rivers Trust, Lewes Railway Land Wildlife Trust and South Downs National Park Authority and will bring huge biodiversity benefits and reduce flood risk in the area.

5.3 Officers will explore 'stackable benefits' through, for example, possible natural flood management, biodiversity net gain and carbon offsetting income potential as the frameworks, guidance and national requirements become clearer and funding becomes available.

**6 Business case and alternative option(s) considered**

6.1 The land is marketed by Lambert & Foster for £275,000. This works out at approximately £7500/acre. Negotiations with the landowner are ongoing: https://www.lambertandfoster.co.uk/property/lf003034/

6.2 There is potential for income generation through a number of sources including natural flood management, offsetting and Biodiversity Net Gain.

6.3 A robust business case and management plan will be developed in consultation with the community and stakeholders

## 7 Financial appraisal

7.1 The recommendation is to agree that funding be earmarked from the Council's capital programme in order to purchase the Land at Landport Brooks that will put the Council in a position to deliver a range of environmental, ecological, flood mitigation and health and wellbeing outcomes.

The current Capital Investment Programmes for the Council does not include a provision to purchase the Land at Landport Brooks, the capital outlay might need to be funded through either the realignment of existing capital resources and/or availability of capital receipt. The funding for this land will now be included within the 2023/24 capital programme for approval - subject to capital receipts availability, i.e., proceeds received from the disposal of surplus assets (such as land or buildings), which can only be used to buy or fund capital expenditure. The wider financial implications from the business case including potential income generation will need to be incorporated into the overall Council's revenue budget and capital programme.

## 8 Legal implications

8.1 As a local authority, LDC is under an obligation pursuant to the Natural Environmental and Rural Communities Act 2006 to have regard to the purpose of conserving biodiversity in exercising its functions.

LDC will carry out all appropriate due diligence in relation to the purchase of the property.

11560-LDC-KS 3rd January 2023

## 9 Risk management implications

9.1 The land could be bought by others and managed in a way detrimental to the SSSI and not aligned to the strategies of LDC.

9.2 This land is an active flood plain already and by purchasing it LDC will be better able to explore how the flood plain is managed in manner which helps reduce flood risk, by ensuring it drains down quickly after an event and so makes space for the next flood alongside creating more space for flood water.

9.3 Loss of potential future income to LDC from commercial and environmental opportunities afforded by this purchase.

## 10 Equality analysis

10.1 The Equality Act does not have key relevance to this report, which is chiefly aimed at land management considerations.

However, access to nature is paramount to healthy, thriving communities, noting that Landport is in Castle Ward – one of the most deprived 20 per cent Lower-layer Super Output Areas in England*.

Working with communities and increasing their access to nature, climate resilience and improving their local environment, contributes to improving their sense of place and improving wellbeing.

## 11 Environmental sustainability implications

11.1 The council is committed to supporting measures to help arrest biodiversity losses, restore habitats and species and work for climate resilience to promote healthy and thriving communities. The purchase of this land gives the council opportunities to really deliver on nature-based solutions, build climate resilience and enhance and increase biodiversity and nature across Lewes district.

## 12 Contribution to Community Wealth Building

12.1 The Corporate Plan prioritises Sustainability and Community Wealth Building. The council is considered 'an anchor institution' and can use its substantial spending power and influence to drive investment in the local economy to enable a green economic recovery and local job creation and retention.
LDC must ensure that they land they do own is run by and for the people. Parks and other land holdings help to create good local economies, ensure sensible environmental stewardship, and advance social justice.
Community wealth is a thread that runs through the overarching climate change and sustainability strategy particularly in relation to procurement but also training and skills.

## 13 Appendices

- Appendix 1 – Briefing note

## 14 Background papers

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

- * The Index of Multiple Deprivation 2019 is the official measure of relative deprivation for small areas (or neighbourhoods) in England. Indices-of-Deprivation-2019-final.pdf (eastsussexjsna.org.uk)
- Environmental land management schemes: overview - GOV.UK (www.gov.uk)
- Details of the land sale Landport Road, Lewes - Lambert & Foster (lambertandfoster.co.uk)

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# Appendix 1: Briefing Note

Land at Lewes Brooks
Landport Road, Lewes, East Sussex,
BN7 2SU

## Background

A 36.80 acre parcel of land has become available for sale at Landport Lewes. The land is formed of 2 separate parcels divided by the Lewes to London trainline but joined by an underpass under the railway line. The eastern boundary (approximately 1km long) is the River Ouse and to the west is Landport Estate and a flood defence bank sits on the land that is maintained by LDC to protect properties at the bottom of the estate.

The land is marketed by Lambert & Foster for £275,000. This works out at approximately £7500/acre.

[https://www.lambertandfoster.co.uk/property/lf003034/](https://www.lambertandfoster.co.uk/property/lf003034/)

## Site description

The land is low lying alluvial marsh with no development potential. It is currently laid to grass and grazed between March and October by a tenant farmer with an annual agreement.

The land is subject to a current Environmental Stewardship Scheme Agreements for Organic Entry Level plus Higher Level Stewardship expiring 31/05/2023.

The main river bank is currently undergoing improvement works. The Environment Agency maintain the river bank in terms or erosion and a 1:30 or 1:20 flood defence.

The EA works include the planting of several hundred trees to mitigate for vegetation clearance along the bank of the river.

The north of the site is part of the Offham Marshes SSSI. Three amphibian species breed in large numbers in the ditches. These include several thousand common toads *Bufo bufo*, making this one of the best sites in the county for this species. Less obvious are the smooth newt and the palmate newt . Smaller numbers of common frogs breed more frequently in the shallow pools that form in the fields. These large amphibian populations provide a food supply for grass snakes, which breed on the site. The ditches support the scarce hairy dragonfly, the variable damselfly, and many water beetles, including Britain's largest species, the rare great silver beetle. The damp fields support several uncommon flies.

## Legal

The land is owned in Trust and is represented by a local Lewes resident whose father farmed the land for a number of years. Further title checks need to be undertaken but no concerns have been flagged.

## Benefits

If the Council was to purchase the land there are numerous benefits that can be attained. Working with partners the Council could use the land the realise stackable benefits that could include:

- Biodiversity Net Gain
- Flood alleviation
- Carbon sequestration/offsetting
- Obligations under the Biodiversity Duty
- District Level Licencing (Great crested newts)
- ELMS/Countryside stewardship
- Public amenity
- Health and wellbeing outcomes
- Income generation through grazing

- **Aerial photo and site plan**


2

| | |
|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **2 February 2023** |
| **Title:** | **Reimagining Newhaven Programme – Project Update** |
| **Report of:** | **Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning** |
| **Cabinet member:** | **Councillor James MacCleary, Leader of the Council and Cabinet Member for Regeneration and Prosperity** |
| **Ward(s):** | **Newhaven South** |

**Purpose of report:**

**(1) To provide an update on the progress of the Reimagining Newhaven Programme, including proposals for new health, leisure, and wellbeing services.**

**(2) To enable the purchase of other vacant assets within Newhaven town centre to support the programme.**

**(3) To accelerate investment into renewable energy solutions to support both the programme and wider sustainability strategy objectives for the district.**

**Decision type:** **Key Decision**

**Officer recommendation(s):**

**(1) To note the progress of the Reimagining Newhaven Programme.**

**(2) To approve a new budget of up to £2.5m to develop the proposals for 5-8 Newhaven Square as set out in Appendix 1 (Exempt).**

**(3) To approve a new budget of up to £4m, additional to the existing co-funding, to develop the extended proposals for 10 Newhaven Square as set out in Appendix 1 (Exempt).**

**(4) To delegate authority to the Director of Regeneration and Planning, in consultation with the Lead Member for Finance & Assets, Lead Member for Regeneration & Prosperity, and the Chief Finance Officer, to further the programme as follows including determining the terms of, and authorising the execution of, all related documentation:**

- **to make allocations within the General Fund Capital Programme, subject to agreed terms, leases, and business cases;**

- **to acquire vacant / under-utilised commercial property up to £1m within Newhaven town centre using existing approved budgets, including negotiating terms, subject to a business case;**

- **to progress programme delivery including feasibility, procurement, professional appointments, development, and award of contracts;**

- **to make investment(s) of up to £250k in new renewable energy solutions, within existing approved sustainability budgets, to support the programme, also the wider objectives of the Council, including any opportunities for the acquisition of third party company shares, subject to a business case, further legal advice, and full due diligence;**

- **to take all necessary steps to conclude leases, including financing and negotiation.**

**(5) To waive compliance with the Council's Contract Procedure Rules in the event that the agreed rent for those leases exceeds £25,000 per annum for the reasons set out in this report.**

**Reasons for recommendations:**

**(1) To drive forward the Reimagining Newhaven Programme in delivering interventions that continue to best serve the town and the wider community, in the context of the changing landscape and current operating environment. This includes the opportunity to incorporate health services and an enhanced leisure and wellbeing offer in the town centre.**

**(2) To further the programme proposals through the re-use of vacant land and property assets within Newhaven town centre.**

**(3) To accelerate the delivery of renewable energy solutions within the district, supporting local training and upskilling opportunities, in-line with the Council's Climate Change and Sustainability Strategy.**

**Contact Officer(s):**

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**Post title: Head of Development, Investment and Delivery**
**E-mail: nathan.haffenden@lewes-eastbourne.gov.uk**
**Telephone number: 01323 436422**

## 1 Introduction

1.1. This report provides an update on the Reimagining Newhaven Programme, recent developments to enhance the programme deliverables, and new opportunities for renewable energy solutions and investments within the district.

## 2 Background

2.1. On 7th July 2022, Cabinet noted an update on the progress of the programme at that time and approved the development of a new business case that incorporated health, leisure, and wellbeing services alongside the existing Future High Streets Fund (FHSF) interventions.

2.2. The delivery of these key interventions is linked to the following objectives, which will continue to be delivered as part of the current programme proposals:

- Job creation.
- Help to make the town centre an attractive place to live, work and visit.
- Transform disused and underutilised commercial town centre assets.
- Provide new commercial space for start-up businesses and local entrepreneurs.
- Increase footfall and dwell time in the town centre.
- Deliver a scheme that will act as a catalyst for planned regeneration.
- Improve wayfinding and accessibility.
- Improve the sightlines into the town centre.

2.3. On 8th July 2021, Cabinet approved a total programme budget of £7,946,182 funded as follows:

| | |
|---|---:|
| FHSF grant (inc. contingency) | £5,004,938 |
| Co-funding (inc. Newhaven Enterprise Zone) | £2,941,244 |

The current economic position has had an impact on the programme finances, specifically inflation on costs and increases to PWLB borrowing, which must be considered as part of these proposals. Equally, the Council continues to prioritise building future resilience within the town, supporting the ongoing economic recovery, and best serving the Newhaven community. The programme has therefore been reviewed to ensure these key objectives can be met in the operating environment.

2.4. The Lewes District Council (LDC) Climate Change and Sustainability Strategy sets out how the Council addresses the causes and impacts of climate change in order to meet the Climate Emergency Declaration made in 2019. A key action area of the strategy includes energy and the built environment, finding solutions to create more energy efficient homes, buildings, and places in the district, working with statutory partners, business, third sector, and community partners.

2.5. The Council also continues to work closely and collaboratively with the East Sussex College Group (ESCG), furthering opportunities to develop new skills, training, and apprenticeships for local people. ESCG has made significant steps in advancing its curriculum offer around sustainability, carbon reduction, and climate change, including the recently established Training Hub in the county and partnership with OHM Energy Ltd.

## 3 Progress Update

3.1. The last update presented to Cabinet in July 2022 set out an overview of progress against key delivery stages. The update also outlined a number of project challenges impacting on delivery in addition to economic including:

- Safe removal of hazardous materials
- Upgrades to services infrastructure
- Enhanced site security measures
- Availability and capacity of local supply chains

3.2. The programme continues to progress, and the following has been achieved to date as the original business case has been reviewed:

- **Dacre Road car park** – a specification of works has been tendered to undertake the essential repairs. The works include structural and concrete repairs, resurfacing and drainage, new lighting, new lift, improved security, infrastructure to support the events spaces on the top decks, infrastructure for EV charging, and plans for green living walls. A contractor has now been appointed and a delivery programme is being developed to phase the works ensuring elements of the car park remain available to the public.

- **10 Newhaven Square (former Coop)** – the site has been secured, scaffold erected, internal strip out completed, and new roof design submitted to the local planning authority. Subject to planning approval, a procurement exercise will be undertaken for the roof replacement and external façade alternations. Then, subject to agreed terms, the internal fit-out phases may commence.

- **5-8 Newhaven Square (former Peacocks)** – the building is vacant and is currently being used as a temporary site base to support the programme. The proposals as set out in this report outline the future proposed use of the asset and budget requirements to bring it forward.

3.3. The Council has also been approached by the private market regarding other potential opportunities within Newhaven town centre to acquire new third-party, vacant property (residential and commercial), which could have synergies and benefits to the programme as proposals and business cases are developed.

3.4. Decisions are now required to ensure the programme continues at pace, in-line with the existing external grant deadlines, and delivers still upon the strategic objectives of the Council and its Corporate Plan for Newhaven more widely. Therefore, as part of ongoing discussions with key partners and stakeholders, including NHS Sussex, local GPs, Wave Leisure, and private land/property agents, new proposals have been developed to enhance the existing local offer of the programme.

## 4 Programme Proposals

4.1. The following table sets out the proposals for the programme currently, further detailed within Appendix 1 (Exempt):

| Asset | Proposals |
|---|---|
| Dacre Road multi-storey car park | To proceed in accordance with the FHSF and existing approvals – to refurbish the existing car park and create a multi-purpose public and events space on the upper decks. |
| 10 Newhaven Square (former Coop) | To further a revised offer for creative and community spaces in-line with the current market demand, incorporating a new GP surgery, Primary Care Network (PCN), and complimentary wellbeing services with Wave Leisure Trust, subject to space and capacity. |
| 5-8 Newhaven Square (former Peacocks) | To further an opportunity to convert, refurbish, and re-purpose the existing building to provide a second GP surgery, having access and links to the PCN. |

4.2. Dacre Road car park

The car park is in a very poor condition, having both a visual and economic impact on the town centre. The refurbishment of the car park will help to transform the area and enable the FHSF interventions. Options will now be explored in more detail to scope the 'Urban Living Room' on the top decks as defined in the bid, ensuring proposals meet current and future requirements. The ability to integrate health, leisure, and wellbeing within the town centre could extend to this as well as other assets as part of the proposals.

4.3. 10 Newhaven Square

The building has been long-term vacant, is in a very poor condition throughout, and attracts an annual revenue holding cost since being vacant.

The FHSF bid included a community and creative offer. In considering the current market and local needs, a review of the scope has been undertaken to ensure the offer remains relevant and fit-for-purpose, with consideration of other regeneration schemes in progress around the town.

In addition, an existing GP practice within the town is at risk of losing their premises within the next 1-2 years. Underpinned by a letter of support from NHS Sussex, the Council has therefore developed a scope to incorporate the practice within the former Coop building alongside a creative/community offer.

This includes a new PCN, building on existing primary care services working in partnership with community, mental health, social care, pharmacy, hospital, and voluntary services. The PCN will enable a greater provision of proactive, personalised, coordinated, and more integrated health and social care within the town for local people.

With independent specialist support, a Schedule of Accommodation (SoA) has been agreed and draft Heads of Terms (HoTs) developed. The Council will now look to progress to finalise the terms with the NHS Sussex Integrated Care Board (ICB) toward an Agreement for Lease (AFL), which will support the business case and increased budget request for developing the offer as part of a wider programme.

4.4. <u>5-8 Newhaven Square</u>

Acting only as a temporary project site base, the building is vacant and in need of repair/upgrade. Again, the building also attracts an annual revenue holding cost for the time it remains vacant.

The asset did not form part of the FHSF bid. However, its town centre location and proximity to 10 Newhaven Square presents an opportunity to provide a more strategic offer for health and wellbeing services alongside FHSF interventions.

A second GP practice within the town is also at risk of losing their premises. The risk to primary care within the town in the next 2-years and its protection is critical to ensure local people continue to have access to local health services. NHS Sussex has, again, given their support for the inclusion of the practice in our future plans for the town centre and supports proposals for this asset, which would also link to the new PCN.

Again, a SoA has been agreed and HoTs are being drafted. Subject to finalised terms and an AFL, it is proposed that a new budget allocation is made to support the proposals and authority delegated to finalise the business case.

4.5. The incorporation of health, leisure, and wellbeing services within the town will achieve high levels of collaboration and partnership across the sectors to best serve the needs of the community, whilst also further increasing footfall and dwell time within the town centre. Alongside the existing creative industry interventions, the proposals will help to create an even stronger local offer to help support and strengthen Newhaven by creating a thriving and sustainable town centre.

4.6. These current proposals set out the most effective method of meeting current market pressures and without compromising on the overall programme objectives, specifically the generation of additional income sources to support increased local regeneration, subject to terms, leases, and business cases. The proposals will require additional capital budgets as set out within Appendix 1 (Exempt).

4.7. Lease terms will continue to be developed with each prospective tenant however, under the Scheme of Delegations, officers cannot currently grant a lease for more than 10 years or at an annual rent of more than £25,000 (except for a rent review). In order to provide maximum flexibility on utilisation of the assets under the programme, officers propose the Director of Regeneration and Planning to have authority to grant leases longer than 10 years and/or for more than an annual rent of £25,000, subject to consultation on any final terms with the Lead Member for Finance and Assets, and the Chief Finance Officer.

4.8. The ability to also consider and further new opportunities to acquire other potential vacant / under-utilised assets within the town centre as part of the programme will help to support viability objectives in developing the evolving business case(s).

4.9. A Project Adjustment Request (PAR) will be submitted to central government if required.

4.10. Sustainable Development

The programme will continue to focus on sustainable development objectives in-line with the LDC Climate Change and Sustainability Strategy, including new partnership and business opportunities to accelerate renewable energy solutions and increase options for local training, skills, and apprenticeships.

In addition to achieving official BREEAM rating, the programme presents an opportunity to increase the use of solar PV within the town centre as well as across the town given the amount of Council-owned assets in that location. The Council will therefore explore how renewable technological investments will help to meet carbon reduction objectives and reduce future asset energy costs. Also, when considering the greater need across the district, this can be considered on an even wider scale covering social housing decarbonisation and efficiencies within Corporate Landlord.

Subject to legal and financial due diligence, and a sound and robust business case, investment into a local service provider / installer (acquisition of shares) could present greater strategic opportunities, value for money, and accelerate delivery for the Council.

## 5 Outcomes expected and performance management

5.1. Subject to final business cases, the proposals will:

- Continue to deliver the FHSF outputs and objectives.
- Generate new income streams to support further local regeneration.
- Secure, futureproof, and enhance primary care services in the town.
- Link health services to leisure / wellbeing interventions.
- Increase the re-use of vacant and/or under-utilised Council-owned assets, reducing annual vacancy costs.
- Increase the overall footfall within the town centre.
- Further the actions of the LDC Climate Change and Sustainability Strategy.

5.2. The outcomes set out will help to create a place-led, integrated, and strengthened town centre, that brings new and diversified uses to serve resident, business, and visitor communities, with an expanded range of services to generate and maintain a sustainable footfall across a range of industries including health and leisure.

5.3. The investment into sustainable development and renewable technologies, both at technology and corporate level, will help to further objectives and unlock new opportunities to accelerate the decarbonisation and energy efficient programmes across the district – spanning public and private sector.

## 6 Consultation

6.1. The programme has been subject to changes in the last 6-12 months to reflect the current national economic position. The proposals have been subject to consultation with key internal and external stakeholders, which will continue as the programme progresses including Lead Members, Strategic Property Board (SPB), Ward Councillors, MP, and Newhaven Town Council.

## 7 Corporate plan and council policies

7.1. The Re-imagining Lewes District Corporate Plan 2020- 2024 sets out the following areas to be addressed by the existing Reimagining Newhaven programme:

- **Building Community Wealth** - the programme will contribute to reducing employment inequality through provision of new opportunities, help the Council to prioritise investment into the local economy and increase opportunities for start-up businesses and local entrepreneurs through provision of new affordable spaces. This will help to retain more wealth locally.

- **Sustainability and Climate Change** - providing new wayfinding routes to encourage more walking and cycling fits strongly with this theme of the Corporate Plan and will also support visitors to access key locations in Newhaven by foot and bicycle. Equally, by re-purposing existing buildings, the programme aims to help reduce the Council's carbon footprint. Finally, the investment into renewable technologies and providers/installers will help to expand and accelerate the actions of the strategy.

7.2. The proposals as set out in this report will continue to achieve these core Corporate Plan priorities, only improving upon them through the introduction of new opportunities, increased local services, reduced Council costs, and continued sustainability solutions.

## 8 Financial implications

8.1. The General Fund Budget 2022/23 and Capital Programme was approved by the Council in February 2022. This included funding for Regeneration, incorporating the Reimagining Newhaven Programme based on the business case approved by government and overarching terms agreed by Cabinet in July 2021 as follows:

| | |
|---|---:|
| FHSF grant (inc. contingency) | £5,004,938 |
| Co-funding (inc. Newhaven Enterprise Zone) | £2,941,244 |
| **TOTAL** | **£7,946,182** |

8.2. The FHSF is subject to compliance with the Department for Levelling Up, Housing and Communities (DLUHC) Funding Agreement and associated conditions. The funding is principally capital and is predicated on co-funding secured through public sector and private-sector sources.

8.3. The FHSF capital grant of £5,004,938 was to be paid annually over three years and by 31st March 2024. The grant funding spend profile has been updated based on known information and forms part of the government PAR submission. The programme spend profile will continue to be reviewed as the specifics of the updated business case are developed including delivery timescales.

8.4. Additional co-funding is required to incorporate the health, leisure, and wellbeing proposals within 10 Newhaven Square as outlined. It is recommended that an increase of £4m is included within the General Fund Capital Programme as detailed within Appendix 1 (Exempt) to facilitate the proposals, delegated to the Director of Regeneration and Planning, in consultation with the Lead Member for Finance and Assets, and the Chief Finance Officer, subject to terms, leases, and a business case.

8.5. A new capital budget is also required to support the proposals for 5-8 Newhaven Square. As detailed within Appendix 1 (Exempt), it is recommended that a £2.5m allocation is included within the General Fund Capital Programme, also delegated to the Director of Regeneration and Planning, in consultation with the Lead Member for Finance and Assets, and the Chief Finance Officer, subject again to terms, leases, and a business case.

8.6. There are existing allocations within the General Fund Capital Programme for the acquisition of commercial assets within Newhaven town centre, which could be utilised when assessing any further opportunities to bring on-stream other vacant assets to support the programme business case(s) and further regenerate the high street.

8.7. There are existing allocations within the General Fund Capital Programme for sustainable energy investments to help further the actions of the LDC Climate Change and Sustainability Strategy. Any proposals for investment will be subject to further financial due diligence, including valuation, and recommendations by the Council's appointed treasury management advisor(s).

## 9 Legal implications

9.1. The delivery of the programme to date has included legal due diligence, including matters of legal title, contract, and compliance with the UK subsidy control regime (where applicable).

9.2. The approval of the PAR by central government may require amendments to existing legal documents, including those between the Council and DLUHC such as the Grant Offer Letter and Memorandum of Understanding (MoU). Any changes to those (and any other related) documents will be subject to further legal advice.

9.3. The Council cannot dispose of land held in the General Fund for a consideration less than the best that can be reasonably obtained in the market, except with the express consent of the Secretary of State. Disposal includes granting a lease. The rule only applies to leases where the lease term exceeds seven years.

9.4. The Secretary of State has given a general consent (General Disposal Consent (England) 2003) so that specific consent is not required for the disposal of land where the authority considers it will help to secure the promotion or improvement of the economic, social, or environmental wellbeing of its area. Disposal at less than best consideration is always subject to the condition that the undervalue does not exceed £2m.

9.5. If publicly owned land is disposed of at less than best consideration, the local authority is providing a subsidy to the purchaser. Any such subsidy will need to be determined in accordance with the new Subsidy Control rules.

9.6. The Council's Contract Procedure Rules (CPRs) say that no lease of land where the estimated rent exceeds £25,000 per annum shall be made except after auction or the invitation of tenders or expressions of interest following appropriate public advertisement, unless authorised by Cabinet. This rule does not apply to the renewal of a lease under the Landlord and Tenant Act 1954. At present, the amount of rent for the proposed leases are uncertain and this report seeks a waiver from the CPRs in the event that the agreed rent exceeds £25,000 per annum. The justification for the waivers is set out in the body of the report.

9.7. Subject to the above, all appointments and contracts have and will continue to be made in accordance with the Council's Contract Procedure Rules (CPR) and the Public Contract Regulations 2015, subject to prior legal advice.

9.8. The acquisition of new land and/or buildings will be subject to further legal due diligence, as part of a robust business case and in-line with Financial Regulations.

9.9. Any investment(s) into third-party organisation(s), including the acquisition of company shares, will also be subject to further legal due diligence and specialist advice.

*011195-LDC-KS 09 January 2023*

**10 Risk management implications**

10.1. The FHSF element of the programme is subject to a full risk register submitted to DLUHC on a regular basis and is maintained as part of the Council's project management procedures.

10.2. There is now a risk to the delivery of the existing programme and business case due to the current economic circumstances, specifically increasing expenditure, inflation, and limited / static income, which would need to be addressed so as not to compromise the core funding outputs and objectives.

10.3. There is also a risk to the future of primary care services within the town as existing private property arrangements imminently come to an end. Those existing premises also have limited capacity to meet future local service needs, including space for growth and expansion, including those additional services from the PCN.

10.4. The proposals within this report seek to both mitigate these risks and increase the opportunity value by creating an enhanced programme, addressing a number of areas to help secure and futureproof core local services, expand on the town centre offer, increase footfall, regenerate vacant assets, and generate new income streams to support regeneration project costs through health, leisure, wellbeing, and creative industries.

10.5. The recent increases in PWLB borrowing have been significant and have an impact on delivery – both the existing programme and the proposals set out in this report. It is not known how long the current, higher rates will last, if they decrease to previous levels at all, which will make forecasts within a medium-long term business case difficult to predict. Appendix 1 (Exempt) sets out different scenarios for PWLB borrowing and the financial impact(s) on the Council in progressing with the programme, set against the strategy and policy benefits within this report.

The Council, as part of its usual treasury management function, will continue to closely monitor borrowing rates and identify scope for financial savings at the earliest opportunity to make business case efficiencies. In addition, the Council may consider utilising other financial resources (i.e., capital receipts) to reduce any revenue burden from additional borrowing requirements, which will be considered as part of the finalised business case(s) delegated to senior officers and Lead Member(s).

10.6. All recommendations regarding further financial investment, in land / assets / organisations, shall be subject to detailed financial, legal, and commercial advice, supported and underpinned by robust viability appraisals and business cases, linked to a risk management strategy.

## 11 Equality analysis

11.1. An Equality and Fairness Screening for Re-imagining Newhaven programme has been undertaken.

The following potential positive Impacts include:

- Street level access to the services being provided in 10 Newhaven Square, meaning better accessibility for disabled people, people with mobility issues, their carers, and also people with pushchairs.
- New and improved floor surfaces, lighting, and additional security in the Dacre Road car park.
- Installation of new lift to enable access to the multi-purpose public and events space on the top decks of the Dacre Road car park.
- Accessible new wayfinding routes and signage.
- Community Kitchen and other activities that may help tackle social isolation and promote cohesive communities.

A copy of the full analysis is available on request from equalitiesemail@lewes-eastbourne.gov.uk.

## 12 Environmental impact analysis

12.1. The environmental impact analysis will continue to be reviewed as the programme and business case develops as set out. There is opportunity to further strengthen positive local environmental impacts through the acceleration of sustainable energy solutions and investments in the town and wider district.

## 13 Contribution to Community Wealth Building

13.1. The Reimagining Newhaven Programme contributes to the Council's '5 Pillars of Community Wealth Building' as follows:

- **Anchor commissioning and procurement** – LDC-led procurement for professional appointments, contractors and operators will support local businesses and local jobs.

- **Socially productive use of land and property** – supporting local jobs and enterprise to generate local wealth. The programme will ensure maximum wealth is produced through construction. Place-making is at the heart of the programme, enabling the town centre to adapt and thrive. The programme aims to boost town centre activity by increasing footfall and dwell time throughout the town centre and high street, which will now include increased strategic links with public sector partners.

- **Fair employment and just labour markets** – the programme will generate (and protect) local jobs and create new opportunities for local entrepreneurs. The programme will also provide local supplier opportunities within the construction and operational stages and beyond.

- **Making financial power work for local places** – the programme aims to act as a catalyst and support for planned regeneration both within the town centre and widespread across Newhaven. The introduction of the PCN will have a significant benefit to the health and social care services within the town.

- **Grow local and community ownership of the economy** – the interventions being delivered by the programme will provide opportunities for local enterprises to thrive and grow and retain wealth within the local area.

13.2. The proposals continue to build and strengthen the community wealth opportunities, utilising both new and existing private / public sector partnerships to support local economic growth through place-based solutions.

13.3. The investment into local energy providers/installers could help to provide both strategy and financial benefits, accelerating decarbonisation within the district and helping to support local people in this cost-of-living crisis.

## 14 Appendices

- Appendix 1 (Exempt) – Programme Proposals

## 15 Background papers

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

- LDC Cabinet – Reimaging Newhaven project update – 7th July 2022

- LDC Cabinet – Housing development update – 9th June 2022

- LDC Cabinet – Reimagining Newhaven – 8th July 2021

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

# Agenda Item 15

Document is Restricted