

# Cabinet

## 13 July 2022



Working in partnership with **Eastbourne Homes**

**Time and venue:**

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

**Membership:**

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

**Quorum: 3**

*Published: Tuesday, 5 July 2022*

## Agenda

**1 Minutes of the meeting held on 1 June 2022 (Pages 5 - 6)**

**2 Apologies for absence**

**3 Declaration of members' interests**

**4 Questions by members of the public**

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

**5 Urgent items of business**

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

**6 Right to address the meeting/order of business**

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

**7 Recovery and Stabilisation Programme (Pages 7 - 18)**

Report of Chief Executive  
Lead Cabinet member: Councillor David Tutt

**8 Cost of Living Crisis (Pages 19 - 22)**

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

- 9 Corporate performance - quarter 4 - 2021/22 (Pages 23 - 44)**  
Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet member: Councillor Colin Swansborough
- 10 Revenue & Capital Outturn - 2021/22 (Pages 45 - 60)**  
Report of Chief Finance Officer  
Lead Cabinet member: Councillor Stephen Holt
- 11 Treasury management annual report 2021/22 (Pages 61 - 82)**  
Report of Chief Finance Officer  
Lead Cabinet member: Councillor Stephen Holt
- 12 Eastbourne Borough Council Homelessness & Rough Sleeping Strategy 2022 - 2027 (Pages 83 - 116)**  
Report of Director of Service Delivery  
Lead Cabinet member: Councillor Alan Shuttleworth
- 13 Review of Planning Policy and Licensing for Houses in Multiple Occupation (Pages 117 - 128)**  
Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet members: Councillors Alan Shuttleworth and Colin Swansborough
- 14 Methodology for collecting monitoring fees in connection with the compliance with/of S106 Legal Agreements (Pages 129 - 136)**  
Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet member: Councillor Colin Swansborough
- 15 Revised Planning Pre-Application Charging Schedule (Pages 137 - 148)**  
Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet member: Councillor Colin Swansborough
- 16 Housing development update (Pages 149 - 162)**  
Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet member: Councillor Alan Shuttleworth

(This report contains exempt appendices. Any discussion of these must take place at item 18 following exclusion of the public.)

**17 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).

**18 Housing development update - Exempt Appendix 2 and 3 (Pages 163 - 166)**

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

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

## **Information for the public**

### **Accessibility:**

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

### **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:**

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

## Democratic Services

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

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

**Telephone:** 01323 410000

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

**Modern.gov app available:** View upcoming public committee documents on your device. Free modern.gov [iPad app](#) or [Android app](#) or [Microsoft app](#) .



Working in partnership with **Eastbourne Homes**

## Cabinet

**Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 1 June 2022 at 1.00 pm.**

### **Present:**

Councillor David Tutt (Chair).

Councillors Stephen Holt (Deputy-Chair), Margaret Bannister, Alan Shuttleworth and Rebecca Whippy.

### **Officers in attendance:**

Robert Cottrill (Chief Executive), Homira Javadi (Chief Finance Officer), Tim Whelan (Director of Service Delivery), Walter Ferguson (Service Manager), Ola Owolabi (Deputy Chief Finance Officer (Corporate Finance)), Simon Russell (Head of Democratic Services) and Sean Towey (Head of Environment First).

### **1 Minutes of the meeting held on 21 March 2022**

The minutes of the meeting held on 21 March 2022 were submitted and approved and the Chair was authorised to sign them as a correct record.

### **2 Apologies for absence**

An apology for absence was reported from Councillor Swansborough.

### **3 Declaration of members' interests**

Councillors Tutt declared a personal and prejudicial interest in agenda item 7 (Waste and recycling services - fleet) as a Director of South East Environmental Services Ltd (SEESL). He left the room for the duration of this item. Councillor Holt chaired the meeting for the duration of this item.

The Director of Service Delivery clarified that he would be presenting the report and responding to questions for agenda item 7 (Waste and recycling services - fleet), separate from his role as a SEESL Director.

### **4 Waste and recycling services - fleet**

The Cabinet considered the report of the Director of Service Delivery, introducing and seeking Cabinet's approval for a replacement strategy for the waste and recycling fleet to circa 2035. This was against a backdrop of new and emerging technologies; alternative fuels and energy vectors; ageing vehicles and Eastbourne Carbon Neutral 2030. Further details were contained in the report.

Thanks were conveyed to the waste team for their work in producing the report.

Councillors Tutt declared a personal and prejudicial interest in this item as a Director of South East Environmental Services Ltd (SEESL) that discussed the proposals and made recommendations to Cabinet. He left the room for the duration of this item. Councillor Holt chaired the meeting for the duration of this item.

**Resolved (Key decision):**

(1) To upgrade the refuse and recycling collection vehicle (RCV) fleet from April 2023 with re-purposed vehicles, subject to approval by Full Council.

(2) To use renewable diesel as an alternative to regular diesel from April 2023, subject to due diligence.

(3) To procure an electric vehicle fleet for food waste collections from 2025 and subject to government New Burdens Funding support and depot upgrade, subject to a further report to Cabinet and Full Council supported by a business case.

(4) To install charging infrastructure at Courtlands Road depot to support the EV fleet (as part of an associated workstream subject to separate approvals).

(5) To secure ultra-low emission vehicles for the RCV fleet and street cleansing by 2030, to align with the council's carbon neutral target, subject to a further report to Cabinet and Full Council supported by a business case.

**Reason for decisions:**

Recommendations to Cabinet for waste recycling and street cleansing vehicle procurement required from 2023, with associated adaptations at the depot to support ambitions to decarbonise the fleet by 2030.

The meeting ended at 1.15 pm

Councillor David Tutt (Chair)

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Title:</b>	<b>Recovery and Stabilisation Programme</b>
<b>Report of:</b>	<b>Robert Cottrill, Chief Executive</b>
<b>Cabinet member:</b>	<b>Councillor David Tutt, Leader of the Council</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To update on progress of the Recovery and Stabilisation Programme</b>
<b>Decision type:</b>	<b>Non key</b>
<b>Officer recommendation(s):</b>	<b>1) Note the progress made with the Recovery and Stabilisation Programme 2) Note the Recovery and Stabilisation savings set out in Appendix A 3) Note and endorse the assurance review update set out in Appendix B</b>
<b>Reasons for recommendations:</b>	<b>The Recovery and Stabilisation programme provides a structured and accountable approach for delivering the level of significant organisational change needed to respond to current and future challenges.</b>
<b>Contact Officer(s):</b>	<b>Name: Lee Banner Post title: Transformation Programme Manager E-mail: <a href="mailto:lee.banner@lewes-eastbourne.gov.uk">lee.banner@lewes-eastbourne.gov.uk</a> Telephone number: 07894 237929</b>

## **1. Recovery and Stabilisation Programme Achievements**

- 1.1 Since the Recovery and Stabilisation (R&S) programme commenced in 2020, considerable outcomes and benefits have been delivered in pursuit of the overall aims. In addition to those previously reported to Cabinet, the benefits delivered include:
- Work to implement new technology to automate a range of transactional processes within Customer First went live in early March 2022. A new generation chat bot was implemented on the council's website and, in its first three months of operation, has performed well:
    - The bot has responded to over 20,000 queries from residents, with 21% of the responses being provided out of hours.
    - The system is currently operating at a 93% accuracy rate when compared with a fully-trained member of staff – this is above average performance at this stage of the bot's development and will continue to improve as lessons are learned.

- Livechat (real time, web-enabled staff discussions with customers) volumes have reduced by approximately 75% as a result of the bot answering customer enquiries.

The next phase of the project is to implement the chat bot on the contact centre phone line, and the goal is that, over time, it will reduce the volumes of queries into the contact centre, enabling the team to provide more in-depth support to those customers in the greatest need and to focus on more value-adding activity.

- The project to implement a new revenues and benefits system continues to progress well beyond the decision, last year, to purchase the NPS system from NEC. Significant work is underway to implement the system next year (working around the peak period of year-end related activity).
- The project to explore options for the identification of a single system to manage environmental health and licensing activity recently reached a key milestone. A preferred supplier of the new system has been identified, and the project will move into its implementation phase once the commercial discussions to finalise the terms of the contract are completed.
- The Digital Democracy project has supported the livestreaming of a number of council meetings, starting with February's Cabinet meeting. The project team is working to refine the technology and kit to better support public meetings – this will progress as soon as the necessary kit can be procured.
- As the council's website was launched over 4 years ago, a project is launching to explore the latest technology to support better online delivery of services to and engagement with customers. The timeline to replace the website will be confirmed once resources to lead the activity are appointed.
- The previously reported review of internal communications is progressing well, and a survey seeking the views and opinions of all staff recently closed. Analysis of the results will feed into a number of workshops with staff prior to drafting an Internal Communications Strategy.
- The capital programme has been reviewed and income targets relating to the property portfolio (non-residential) were previously reported to Cabinet.
- Through the Strategic Property Board, assets/properties are being reviewed to identify a priority list for further consideration as to how they can best support the council to meet its current and long-term financial challenges.
- The Covid-19 community hub helpline, which has been operating since March 2020, continues to operate and be available to customers, however, in recent months, levels of contact have been consistently very low.

- 1.2 As part of the conditions placed upon the council by government for exceptional financial support (capitalisation) to be provided, an external assurance review was required. This was produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department of Levelling Up, Housing and Communities during the summer of 2021. A copy of the report, together with a number of recommendations, was published in December 2021, and Cabinet noted and endorsed the report and its recommendations in February 2022.

The report set out a number of actions that the council was expected to undertake in order to ensure an improved and sustainable financial position for the future. A summary of what CIPFA and government expected and how the council has responded is set out in Appendix B. The summary paints a positive



picture, with a good proportion of the actions already completed, and the rest on track for delivery in the near future. Appendix B was submitted to government last month as the council's update and latest response to the assurance review.

Government has confirmed that the council will be subject to a follow up assurance review to assess progress over the summer. At the point of writing this report, no exact date has been confirmed for the follow up review.

## 2. Overview

- 2.1 Since 2020, the R&S programme has been the vehicle through which the council has co-ordinated its response to the Covid-19 pandemic and the subsequent impact on the economy (both for the council and the borough). R&S oversees and guides the priority activity to address the challenges of the council's new operational context in a sustainable way, and to respond to the changing needs and demands of residents. As set out in Appendix B, R&S was renamed from "Recovery and Reset" earlier this year to better reflect the longer-term changes being implemented through this activity.
- 2.2 Over the last 2 years, the R&S programme has made strong progress in leading and delivering the changes required in support of the council's response to the Covid-19 pandemic and the work to manage the budget shortfall over the life of the Medium-Term Financial Strategy (MTFS) period.
- 2.3 Following the capitalisation direction from central government in early 2021 in response to the extreme financial pressures being experienced, and the subsequent external assurance review being undertaken in the summer of 2021 and the resulting report being published in December, Cabinet agreed in February 2022 that the process of monitoring progress of the external assurance review will be undertaken as part of the R&S activity. Since that time, CMT has regularly considered the assurance review and progress against the associated recommendations at its twice-weekly Recovery and Stabilisation Oversight meetings.
- 2.4 This report provides an update on R&S activity since the last report was considered by Cabinet in February 2022.

## 3. Financial Context

- 3.1 The table below sets out the R&S savings plan which was revised to £2.258m and identified within the 2021/22 budgets alongside the actual delivery against those targets of £1.902m. Full details are shown in Appendix A.

<b>R&amp;S Programme 2021/22</b>	<b>2021/22 Planned £000</b>	<b>2021/22 Delivered £000</b>	<b>Additional Savings £000</b>
Total savings	2,258.25	2,467.05	208.8
Revised Budget Target	850.00	850.00	-
<b>Over/(Underachieved)</b>	<b>1,408.25</b>	<b>1,617.05</b>	<b>208.8</b>

3.2 The original target of £850,000 was increased to £2.258m, and the relevant budgets adjusted to be delivered in 2021/22. The actual delivery against these specific targets is £2.467m, which has been delivered recurrently. Additional and one-off savings have been achieved within 2021/22, and the allocation of these savings and the ability for these to be on-going will be reviewed. Cabinet is recommended to agree the allocation of one-off savings elsewhere on this agenda. Savings targets for 2022/23 will continue to be monitored in line with the economic recovery. Additional pressure, due to the increased inflation and increased fuel prices, will increase the funding gap, and opportunities to deliver further efficiencies will be explored.

3.3 The final detailed budget information is being considered in a separate item on this agenda.

#### **4. Priority Based Budgeting**

4.1 Cabinet previously received a report which explained the Priority Based Budgeting work being undertaken to reduce the need for borrowing and to address the projected budget shortfall in 2022/23. Cabinet approved a number of service and organisational changes. It was noted that a further report would present what further changes would need to be made to address the financial situation in future years.

4.2 Through the Priority Based Budgeting approach, each area of the council's expenditure has been scrutinised, and a range of budget reduction options prepared for members' consideration. For each service area, three levels of reduction were tested, with weight being given to:

- where efficiencies could be achieved without reduction in service levels
- minimising the potential impact on residents
- whether the service was statutory or discretionary
- managing and mitigating any risks associated with the service change
- whether the change could be short-term and reversible

4.3 The table at Appendix A sets out the latest position as a result of these considerations. Some of the proposals will deliver a level of budget reduction in the current financial year, whilst others will yield savings, or increased income generation, from 2022/23. Savings of £2.258m are now incorporated into the 2021/22 revised budget with further savings being identified and embedded in the 2022/23 budget.

4.4 The savings set out in Appendix A are critical to supporting the delivery of a balanced budget for 2021/22 and beyond, and one-off savings have allowed for the reduction of borrowing from the capitalisation directive requirement. The savings identified contribute significantly to the further reductions needed for 2022/23.

#### **5. Consultation**

5.1 No further consultation/consideration of consultation is required for the content of this report.

## **6. Corporate Plan and Council Policies**

- 6.1 This report does not significantly adversely impact on the council's long-term strategic aims as set out in the refreshed Corporate Plan and associated policies.

## **7. Business Case and Alternative Option(s) Considered**

- 7.1 As set out in the report.

## **8. Financial Appraisal**

- 8.1 As set out in the report.

## **9. Legal Implications**

- 9.1 Legal advice has been taken, and will continue to be taken, in respect of specific actions arising from the assurance review.

*Lawyer consulted 21.06.22*

*Legal ref: 010741-EBC-KS*

## **10. Risk Management Implications**

- 10.1 The risks within R&S are regularly assessed and managed as part of the programme/project management activities. The identification and management of any significant risks in relation to the programme will be reported, along with mitigation plans to address them. With regard to the Priority Based Budgeting proposals specifically, all have been subject to project management discipline including appropriate risk and impact assessment processes.

## **11. Equality Analysis**

- 11.1 An Equality & Fairness Analysis has been undertaken on the R&S proposals. The outcome of this was reported to Cabinet in 2021. Screening of the additional proposals did not find any further risk of adverse impact on groups with protected characteristics.

## **12. Environmental Sustainability Implications**

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

## **13. Appendices**

- Appendix A – Recovery and Stabilisation Programme Savings
- Appendix B – Assurance Review Summary

## **14. Background Papers**

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

- None

## Recovery and Stabilisation 2021/22

	2021/22 Planned £000	2021/22 Delivered £000
<b><u>Reshaping Services</u></b>		
HR reshaping	13.75	13.80
Homes First reshaping	936.80	936.90
Environment First reshaping	5.55	5.60
Neighbourhood first reshaping	108.10	108.10
CMT reshaping	192.90	192.90
Heritage service reshaping	19.10	19.10
Voluntary & Community Grants incl Ward Budgets	85.25	85.25
Contract cleaning	50.00	50.00
Refuse - Alternate Weekly Collections	217.85	208.20
Weed control	14.00	14.00
Street cleansing	38.75	38.80
Public conveniences	47.50	47.50
Events programme - Airbourne	141.70	141.70
Bulky waste - cease free collections	20.00	20.00
Garden waste	50.00	50.00
CFRT reshaping	(42.60)	(42.60)
Functional Leads	(47.30)	(47.30)
Bereavement services	(110.00)	(102.00)
SEESL salaries and fuel	(13.10)	(121.90)
<b><u>Best Use of Assets</u></b>		
Congress	60.00	60.00
Devonshire Park Theatre	280.00	224.00
Close 1 Grove Road	130.00	130.00
Rental income recovery	60.00	60.00
Interest charge for capital programme		375.00
<b>Total Savings</b>	<b>2,258.25</b>	<b>2,467.05</b>
<b>Over /(underachieved)</b>	<b>2,258.25</b>	<b>2,467.05</b>

## Local Government Finance Review – Eastbourne Borough Council

### Context

Similar to the majority of local authorities, Eastbourne Borough Council (EBC) experienced significant financial challenges caused by the Covid-19 pandemic and, in light of Eastbourne's economic profile, its drastic impact on the authority's income from tourism, culture and leisure.

EBC was one of a number of local authorities to request exceptional financial support (EFS) from the government. Government agreed to £12.8m of financial support (£6.8m in 2020/21 and £6m in 2021/22) by allowing the authority to capitalise its revenue shortfalls (capitalisation) during this time. The government agreement was subject to an external assurance review.

Alongside its request for EFS, the council took early steps to mitigate the financial impacts of the pandemic. Central to these steps was the development and implementation of the council's Recovery and Stabilisation Programme (originally named the Recovery and Reset programme). This resulted in over £2.2m of reduction in EFS requirements for 2020/21 (reduced from £6.8m to £4.6m) and an estimated further reduction of £3.5m for 2021/22 (expected reduction from £6m to £2.5m).

Recognising the additional cost of capitalisation (ie. Public Works Loan Board repayment rate for 20 years plus 1%), EBC has developed an asset disposal strategy which would allow it to generate the required capital receipts in a measured and controlled way while avoiding a "fire-sale" of taxpayers' assets.

EBC has, to date, delivered over £4.2m of capital receipts to repay the capitalisation amount and is working towards generating over £4m of additional receipts in 2022/23.

This report provides an update on the steps and action taken by the council in response to the recommendations made by the Chartered Institute of Public Finance and Accountancy (CIPFA) who carried out the external review.

### Actions taken in response to the Assurance Review recommendations

1. In December 2021, the council received a report setting out the recommendations made by CIPFA as part of the external assurance review.
2. An implementation plan was formally put in place to ensure visibility and timely delivery of the recommendations, and actions taken to address all areas of concern set out in the report.
3. This document provides a summary of the progress made and the actions taken to date.

### Overarching recommendations

4. Reducing reliance on tourism income – whilst EBC recognises the significance of tourism economy for the borough and its role in supporting the economy, the refreshed Corporate Plan (which was adopted by full council in May 2022) provides a more

modest outlook for the council going forward. The council is fully aware of the need for ongoing financial stability and longer-term financial resilience.

5. The Medium-Term Financial Strategy (MTFS) has been reformulated to incorporate the changed financial circumstances and, in particular, the need to replenish the council's reserves.
6. The final, overarching recommendation related to strategic risk management in relation to commercial transactions. In line with this recommendation, the council's strategic risk register was updated by the Audit and Governance Committee in March 2022 and now makes explicit reference to this, and the role of the Strategic Property Board in ensuring these risks are well managed.

#### Recommendations relating to Assets

7. The report made a number of recommendations relating to the council's assets and the approach to asset management. Central to the response has been the preparation of a document setting out the council's "Assets for Disposal Consideration". This document was submitted to government for consideration on 10 January 2022. The council's Strategic Property Board oversees the implementation of the disposals work and reviews the disposal consideration paper on a bi-monthly basis. The paper provides individual valuations and market appraisals of all assets, including the rural estate.
8. Alongside this, the council has reviewed its capital financing requirements and will continue to do this as part of budget setting processes each year. The capital programme has been reduced and now only includes items focused on health and safety and/or urgent works. The council's non-HRA capital programme is expected to decrease from £28.4m in 2021/22 to £2.3m in 2024/25, while the non-HRA (ie. general funding) borrowing projections are expected to reduce from £18.9m in 2021/22 to £0.5m in 2024/25. With regard to the housing investment, a report is due to be considered by Cabinet elsewhere on this agenda which will set out an affordable, consolidated programme in line with the HRA business plan.
9. In order to ensure the Minimum Revenue Provision (MRP) Policy is fit for both current and future spending plans, an independent review has been undertaken (by Links). The outcomes of this report will be reported to the Audit and Governance Committee in July and is being considered by Cabinet elsewhere on this agenda.
10. As was recommended, further work has been undertaken to recoup arrears from commercial tenants. Repayment plans and/or recovery action is taking place on all accounts. Between March and May 2022, this activity reduced the debt of £790,000 by £120,000. The Strategic Property Board receives a bi-monthly update on progress made to recover these debts.
11. A phased process has been developed for the future of the key strategic seafront sites. The first phase has been to initiate an expression of interest process for the "fort fun" site (recently surrendered by the previous tenant). This work remains on-going.

Discussions with the Environment Agency regarding forthcoming sea defence works may have an impact on this.

#### Recommendations relating to capitalisation

12. The council was recommended to monitor its in-year requirement for capitalisation of revenue expenditure to ensure it stays within the EFS limit. This has been a key consideration in preparations of budgets and in the development of both the Treasury Management Strategy and the Capital Strategy. The outturn report to Cabinet elsewhere on the agenda provides assurance to members that the EFS limits have not been exceeded. The interim outturn report is indicative of a reduction of £1.9m in the revised capitalisation amount for 2021/22 (reduced from £4.4m to just over £2.5m).

#### Recommendations relating to commercial/borrowing

13. The council's trading companies have been subject to a thorough internal review, which included a challenge of their benefit to the council. A report of this work, including a detailed SWOT-style analysis of each company, was considered by the Corporate Management Team (CMT) in April 2021. Following this review, the recommendations were revisited and reaffirmed. In addition, Links have since been commissioned to undertake an external review of the asset management plan.
14. With regard to Investment Company Eastbourne Ltd (ICE), independent reviews have been carried out by Grant Thornton and the council's external auditors (Deloitte). In light of this, EBC is satisfied that value for money has been achieved.
15. As was recommended, the Audit and Governance Committee has been augmented to include an independent, non-political member. The appointment was agreed by the Committee at its meeting in March 2022. The first meeting to be attended by the new member, Stephen Gilbert, will be in July 2022.
16. It is agreed by the council that a commercial framework is needed against which to assess future investment based or traded activities. A suitable scope for this is now under development but, in the meantime, the council can provide assurance that, in the current, post-Covid-19 financial landscape there are no significant investments being considered.
17. The council's housing investment company (EHICL) has undertaken multiple valuations with a view to taking decisions about the future of its investments. Valuations based on balance sheets and on open market values have been completed. A final valuation based on annual rent roles is currently in progress. All three valuations will be presented to the EHICL Board in July 2022, at which point, decisions will be taken on the future of the assets.
18. Arrangements have been made for existing audit contracts to be extended to include all relevant companies in which the council has a stake.

#### Recommendations relating to governance/oversight

19. Additional external assistance has been sought by the council to support the implementation of the assurance review recommendations. This support has been

invaluable in enabling the recommendations set out in this report to be actioned in a timely manner. Alongside this, the CMT has acted on the recommendation to include the Chief Legal Officer as a full member of CMT.

20. The Priority Based Budget approach instigated as part of the Recovery and Reset process will continue, as that process is now reframed as the Recovery and Stabilisation programme.
21. Treasury management and related training, with a particular emphasis on the impact of the capitalisation directions and the risks associated with commercial investment, has continued to be a central part of training for members over the past year. The same focus on this training will continue in the coming year and beyond.
22. As was specifically recommended, the restructure of the council's finance section has been completed.
23. It was also recommended that financial issues relating to the ICE transaction be regularly reviewed by Cabinet and the Audit and Governance Committee. This has been agreed and will be actioned elsewhere on the agenda.
24. A full post-review audit of the 2018/19 accounts was carried out with the council's external auditors. A disclosure checklist has been completed for the subsequent years, but these sets of accounts are still to be audited.

#### Reserves

25. A new Reserves Policy was implemented from September 2021. This policy sets out clearly how the council will take a risk managed approach to future assessment of need. The Section 25 report considered by Full Council in February 2022 contained a review of reserves to ensure their adequacy, along with the application and purpose of each.

#### Savings/efficiencies

26. An assessment of expenditure per head in relevant areas (housing, culture and highways) is being undertaken. The council will look to bring spending into line with other comparator authorities.
27. The Recovery and Reset programme has been reframed as the Recovery and Stabilisation (R&S) programme. This change will be formalised by the Cabinet in July 2022. As part of the programme, capital financing for the EFS is being identified.
28. The strategic risk register now contains reference to the R&S programme and the risk of its non-delivery. This change was agreed by the Audit and Governance Committee in March 2022.
29. The R&S programme, including the savings plan which is central to it, is reported to CMT at its twice weekly dedicated R&S meetings. With some savings having been delivered ahead of schedule and other saving targets broadly on track, EBC has been



able to reduce its requirements for the full approved amount of £12.8m; see the table below:

	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
Approved 2020	6.8	6	<b>12.8</b>
Approved 2021	4.6	4.4	<b>9</b>
Actual	4.6	2.5	<b>7.1</b>
<b>Total reduction</b>			<b>£5.7m</b>

30. A new Capital Strategy Board has been developed to oversee the delivery of the capital programme. This is led by the Deputy Chief Executive and Deputy Chief Finance Officer and ensures robust projects and programme management arrangements are in place across the council.

### **Conclusion**

The council's June 2022 update on the response to the assurance review recommendations highlights significant positive progress has been achieved over recent months. A good proportion of the actions to address the recommendations have already been completed and the remaining recommendations are on track for delivery in the near future.

EBC is satisfied with the progress made to date against the recommendations as set out by CIPFA and is confident that the planned activity will deliver the required outcomes.

Future progress updates will be provided to government over the coming months, and it is anticipated that activity against all recommendations will shortly be showing as completed.

This page is intentionally left blank

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Title:</b>	<b>Cost of Living Crisis</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor David Tutt, Leader and Cabinet member for Community Strategy</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To agree a range of measures to support local people struggling due to the cost of living crisis.</b>
<b>Decision type:</b>	<b>Key</b>
<b>Officer recommendation(s):</b>	<b>(1) To agree that £250k be allocated from the newly created Cost of Living Support Reserve to establish a cost of living crisis fund.</b> <b>(2) To agree that the Deputy Chief Executive, in consultation with the Grants Task Group, be given delegated authority to allocate the cost of living crisis fund.</b>
<b>Reasons for recommendations:</b>	<b>To help tackle those worst affected by the cost of living crisis.</b>
<b>Contact Officer(s):</b>	<b>Name: Seanne Sweeney</b> <b>Post title: Community Services Lead</b> <b>E-mail: Seanne.Sweeney@lewes-eastbourne.gov.uk</b> <b>Telephone number: 01273 085630</b>

---

## **1 Introduction**

- 1.1 The UK is currently experiencing a range of significant financial challenges which are affecting the lives of the population nationally as well as locally. The combination of increased fuel costs, food costs and inflation, coming as people are only just recovering from the challenges of Covid, is putting massive pressure on households particularly those with low incomes.
- 1.2 Broader actions in response to the pandemic was agreed by full council through a notice of motion at its meeting in May 2022. Following that meeting, the Leader of the Council agreed to establish a cost of living emergency fund. This £250k fund would broadly support priorities including food, fuel and accommodation at a number of pinch points across the year.

## **2 Proposal**

- 2.1 In light of the urgency of the crisis, the Council has already made an initial payment of £20k to Eastbourne Food Bank to ensure availability of food for those in immediate need. However, as it is expected that current challenges will continue, and indeed are likely to be compounded into the autumn and winter, Cabinet is asked to agree to further measures.
- 2.2 The Deputy Chief Executive will be given delegated authority to, in consultation with the Grants Task Group, enable these funds to be distributed with maximum speed and efficiency, ensuring effective resources are allocated according to need.
- 2.3 The remaining £230k of the fund would be used to address rising need around fuel, food and accommodation. It is further proposed that local, trusted voluntary sector organisations be enlisted in administering of the fund, subject to approval of the Deputy Chief Executive and Grants Task Group. This may initially consist of Citizens Advice and Eastbourne Foodbank to support with advice, debt management, discretionary payments, and food provision respectively.
- 2.4 It is recognised that Community Fridges (or larders) can also be a sustainable and inclusive way to provide food and reduce food waste in local communities. The Council would like to support the establishment of a community fridge in each ward, and it is proposed that £30k of the fund be ringfenced to cover administrative and set-up costs for groups wishing to support their community through this provision.
- 2.5 It is unlikely that we will understand the full extent of the cost of living crisis until we move through the autumn and winter months. The energy cap rise in October along with increased need to heat homes means that household costs will inflate.

To that end, it is proposed that the fund be portioned in its implementation with one portion made available as soon as possible, another in early autumn and the final in January.

## **3 Outcome expected and performance management**

- 3.1 The challenges facing local residents as a result of the cost of living crisis are very real and very urgent. The council cannot singlehandedly resolve these complex and national level issues. However, the proposals set out in this report can and will go some way to help alleviate some of the real hardship local people are facing.

## **4 Corporate plan and council policies**

- 4.1 These proposals are in line with the corporate pledge to promote inclusion and address deprivation through working with local charities or CIC's.

## **5 Financial appraisal**

- 5.1 The draft out-turn position for 2021/22 has delivered more savings than the target and as a result the Council will be able to build upon its reserves and provide further resilience for future years. As part of the out-turn report it is requested to approve a transfer of £250,000 to a newly created Cost of Living Support Earmarked Reserve.

The cost of living fund of £250,000 will be funded from this reserve in 2022/23.

## **6 Legal implications**

- 6.1 Following Cabinet approval of the officer recommendations in this report, the persons authorised to manage and implement the cost of living crisis funding must perform those functions on a fair, open and consistent basis; and keep a record of their decision-making process, for audit and accountability purposes.

At the relevant time, the Council's legal team can advise on the need for contract or grant agreements, as applicable.

*Lawyer consulted 13.06.22*

*Legal ref: 011179-EBC-OD*

## **7 Risk management implications**

- 7.1 It's likely that for many the compounding factors of the current crisis will mean that they cannot meet their own basic needs. Planned intervention at this stage may help to prevent extreme hardship and the knock-on effect of people not able to pay for essentials.

## **8 Equality analysis**

- 8.1 The cost of living crisis is likely 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 be impacted more as the year progresses, as well as older people particularly by increased heating costs in autumn and winter. 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.

It is hoped these proposals will go some way towards mitigating the generally negative impacts brought by the cost of living crisis. The full Equality Analysis is available from the report author.

## **9 Environmental sustainability implications**

- 9.1 None.

**10 Appendices**

None

**11 Background papers**

None

# Agenda Item 9

<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Subject:</b>	<b>Corporate Performance Quarter 4 2021-22</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Colin Swansborough, Cabinet member for climate change, place services and special projects</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of the report:</b>	<b>To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets for the fourth quarter of the year 2021-22.</b>
<b>Decision type:</b>	<b>Non Key</b>
<b>Recommendation:</b>	<b>To note progress and performance for Quarter 4</b>
<b>Reasons for recommendations:</b>	<b>To enable Cabinet members to consider specific aspects of the Council's progress and performance.</b>
<b>Contact:</b>	<b>Luke Dreeling: Performance Lead Tel: 07525 351757 or email: <a href="mailto:luke.dreeling@lewes-eastbourne.gov.uk">luke.dreeling@lewes-eastbourne.gov.uk</a></b>

## **1.0 Consultation**

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

## **2.0 Recovery and Stabilisation**

- 2.1 The council's Recovery and Stabilisation programme – the activity to address the challenges of the new operational context in a sustainable way, 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 to be implemented (the council's next generation chat bot - ELLIS - launched in early March and answered over 13,000 customer queries in its first 2 months of operation, 25% of which were answered out of hours).

### **3.0 Financial appraisal**

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

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

### **4.0 Legal implications**

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

### **5.0 Equality analysis**

5.1 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.

### **6.0 Conclusion**

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

## **Appendices**

Appendix 1 – Quarter 4 Performance Overview

Appendix 2 – Eastbourne Borough Council Corporate Performance – 2021/22

## **Background Papers:**

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








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















Appendix 1




## Eastbourne Borough Council Corporate Performance Report Q4 2021-22










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

Key			
	Performance that is at or above target		Performance that is below target
	Data with no performance target		Performance that is slightly below target but is within an acceptable tolerance
	Direction of travel on performance indicator: improving performance		Direction of travel on performance indicator: declining performance
	Direction of travel on performance indicator: no change		
















## KPIs













KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22				Latest Note
				Value	Value	Value	Value	Target	Status	Short Trend	
1. Finance: Percentage of Council Tax collected during the year - Eastbourne	96.06%	<b>96.29%</b>		28.56 %	54.97 %	81.71 %	<b>96.29 %</b>	96.06 %			Outturn for 2021/22 exceeded target by 0.23%. This is a 0.4% increase on 2020/21 which was low due to the impact the pandemic has had on collection over the previous two years. It is encouraging to see that performance has begun to return to pre-pandemic levels.
2. Finance: Percentage of Business Rates collected during the year - Eastbourne	97.50%	<b>96.44%</b>		18.96 %	45.62 %	77.46 %	<b>96.44 %</b>	97.05 %			Outturn for 2021/22 was 1.06% below target. Although below target it has significantly improved on outturn for 2020/21 and is 1.74% higher.
3. Benefits: Average days to process new claims for housing/council tax benefit	22	<b>21</b>		21	24	21	<b>21</b>	22			Performance once again was within target. This is despite the team having faced additional challenges this year administering the Test and Trace Support Payments scheme and the Household Support Fund, both of which provided vital support to our residents.
4. Benefits: Average days to process change of circs (housing/council tax benefit)	<b>8</b>	<b>6</b>		6	6	5	<b>6</b>	<b>8</b>			Performance for the 4th quarter was well within target. Performance for the year achieved the new challenging target set. This is despite the additional challenges the team has faced in administering the Household Support Fund and the Test and Trace Support Payments scheme.




KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22				Latest Note
				Value	Value	Value	Value	Target	Status	Short Trend	
5, Customers: Increase the percentage of calls to the contact centre answered within 60 seconds	80%	<b>36.18%</b>		52.25 %	21.15 %	33.19 %	<b>35.95 %</b>	80 %			<p>During Q4, various grants and assistance to support the public around the cost of living crisis was announced, where the responsibility fell to Local Government to manage and administer. At the time of various announcements being made to support the public, such as the £150 Energy Rebate Scheme, it was at the same time that Local Government found out about these schemes along with residents. There were assumptions made by residents that we were aware of these schemes and as such, many residents called within a matter of days, if not the same day, to try and find out more. Contact around these schemes remained high following announcements where unfortunately knowledge and in-depth information on how these would be administered was low. Social Media communications and messaging on our phone lines was added when new or updated information came to light however, this did not stop contact being received via various channels.</p> <p>As the cost of living crisis amplified and started to impact more homes and residents, contact increased where general guidance and support was being sought not only on Central Government schemes, but also complex needs around Council Tax and difficulties paying, residents struggling to pay rent and facing eviction, as well as concerns on feeding their families and keeping their homes warm. Due to the varied nature of these calls and the complex needs of many, the length of calls increased on average as Customer Advisors sought to manage and advise residents needs.</p> <p>In addition to the cost of living crisis and complex calls, Quarter 4 also sees the busiest period of time for the local authorities due to both Annual Billing and Garden waste renewals. These two factors alone generate over 150,000 pieces of correspondence being sent over a short period of time to residents and businesses. This generates a lot of contact from not only over the phone, but also over other contact channels such as face-to-face, Webchat, emails and letters, where limited resources need to be re-deployed and managed.</p> <p>During the month of March, a new artificial intelligent Chatbot, named ELLIS, was added to our website. After vigorous testing prior to going live, ELLIS is able to answer a wide range of</p>

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22				Latest Note	
				Value	Value	Value	Value	Target	Status	Short Trend		
												<p>questions and signpost residents interacting on our website. Although ELLIS constantly learns, updates itself and is periodically updated with manual improvements, should a satisfactory answer not be provided to residents they are still able to request a conversation with an Advisor over our LiveChat service. With ELLIS introduced during one of our busiest periods in the financial year, contact and requests to speak with an Advisor dropped around 80-90%. This allowed for us to redeploy Customer Advisors from our LiveChat service and on to the phones, boosting our numbers and available agents to receive and handle incoming calls.</p> <p>Quarter 4 also continued to experience a reduction in overall available Customer Advisors due to ongoing recruitment and vacancy issues. Quarter 4 saw a recruitment drive and advert being placed every month, where the number of successful candidates continued to dwarf the number of vacancies. However, during Quarter 4 and the start of Quarter 1 for 22/22', we were able to recruit to 13 New Starters who are either in their final stages of training and starting to handle small amounts of contact on the phones or have since started their training and are due to handle contact over the coming months. Although filling our vacancies and having New Starters within the team is positive, there is the opposite impact in that this then requires a fully trained member of staff to train them, which reduces the average amount of calls they would usually handle.</p>
6. Customers: Reduce the numbers of abandoned calls to the contact centre - Ebn	5%	<b>16.06%</b>		9.01 %	23.73 %	16.86 %	<b>15.56 %</b>	5 %			Same as KPI 5.	
7. Housing: Number of households living in emergency (nightly paid) accommodation	Data only	<b>144</b>		116	123	125	<b>144</b>	Data only			Our emergency accommodation numbers have been affected by the transferring of a number of rough sleepers from discretionary accommodation. This is as per instructions from Department for Levelling Up, Housing and Communities. This is currently a temporary measure as the tenants are pending an application decision.	
8. Customers: Number of new sign-ups to the Councils' social media channels	600	<b>2,372</b>		315	460	595	<b>1,002</b>	150			Q4 we experienced the largest number of new social media followers- this was as a result of key activity relating to sharing information about support for people hosting / arriving from Ukraine	

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22				Latest Note
				Value	Value	Value	Value	Target	Status	Short Trend	
9. Customers: Number of people registering for our email service (GovDelivery)	1,800	<b>12,392</b>		3,318	1,553	2,397	<b>5,124</b>	600			Strong Q4 performance was largely a result of a surge in new email subscribers opting-in for email alerts when renewing garden waste collections.
10. Customers: Percentage of local searches that are returned within 10 working days of receipt	80%	<b>99.67%</b>		98.89 %	100 %	100 %	<b>100 %</b>	80 %			Performance remained high and finished the year ahead of target.
11. Growth: Town centre vacant retail business space	11.5%	<b>10.71%</b>		10.94 %	10.94 %	10.79 %	<b>10.17 %</b>	11.5 %			Town Centre vacancy levels were lower than the previous quarter with a continued trend for new openings. The local vacancy rate of 10.17% is below the national rate (currently 11.8%). .
12. Housing: Average void relet time key to key (month)	20.0	<b>39.3</b>		43.8	31.1	31.0	<b>51.2</b>	20.0			Performance in 21/22 was below target due to Covid restrictions, where successive lockdown periods meant we were unable to access properties. .It is not expected that such restrictions will be an issue in 22/23 and therefore no change is recommended to the target and performance will be driven across Homes First and with our contractors. There are still industry-wide issues with both the sourcing of materials and their costs and the availability of labour but void performance is one of the key areas of post-covid improvement.
13. Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	14 days	<b>3 days</b>		3 days	2 days	2 days	<b>5 days</b>	14 days			Performance finished the year considerably above target.
14. Housing: Number of Licensed HMOs Inspected per Quarter	50	<b>25</b>		10	No inspections during Q2	15	<b>0</b>	12			A recent recruitment exercise has secured an additional specialist who is being trained to carry out HMO inspections. HMO work has recently moved under the remit of Regulatory Services where a robust review is being undertaken to ensure the work is carried out in a timely manner, we hope to see improvement in the coming quarters.

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22				Latest Note
				Value	Value	Value	Value	Target	Status	Short Trend	
15. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit)	3%	<b>3.37%</b>		3.81%	3.83%	3.85%	<b>3.37%</b>	3%			Although arrears ended the year above the threshold, the level of arrears has fallen below 3.5% for the first time since March 2021. The recent improvement in performance is attributable to the majority of Rent Advisor posts now being filled.
16. Planning: Increase the percentage of Major Planning Applications processed within 13 weeks	65%	<b>90%</b>		100%	100%	100%	<b>83%</b>	65%			Performance remained high and finished the year well within target
17. Planning: Increase the percentage of minor planning applications processed within 8 weeks	75%	<b>73%</b>		81%	68%	58%	<b>91%</b>	<b>75%</b>			Although the target was achieved in Q4, the overall Annual target not quite achieved due to pressures of the pandemic, staff retention and recruitment issues. Q4 showed an upturn in speed of processing and this is set to continue with full team now in place.
18. Planning: Increase the percentage of other planning applications processed within 8 weeks	75%	<b>79%</b>		71%	81%	72%	<b>89%</b>	75%			Annual performance remains above target.
19. Recycling & Waste: % Container Deliveries on Time (SLA)	99%	<b>24%</b>		14.68 %	18.85 %	60.13 %	<b>27.99 %</b>	99%			Please note that averages from the previous quarter are used until ratified data is available from ESCC  For Q4 SEESL is still operating below target by 71% With 28% of containers being delivered on time. Quarter 4 saw a high number of requests from new garden waste customers which are not included in this figure.  Jan = 35.5% Feb = 24.9%

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22				Latest Note	
				Value	Value	Value	Value	Target	Status	Short Trend		
												March = 22.6%
20. Recycling & Waste: Missed Assisted Collections	1%	<b>0.49%</b>		0.89%	0.49%	0.27%	<b>0.31%</b>	1%				Please note that averages from the previous quarter are used until ratified data is available from ESCC Jan = 0.37% Feb = 0.21% March = 0.37%
21. Recycling & Waste: Number of missed bins (per 100,000)	100	<b>64.33</b>		96	78.67	39.67	<b>43</b>	100				Please note that averages from the previous quarter are used until ratified data is available from ESCC Jan = 48 Feb = 38 March = 43
22. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	45.00%	<b>40.01%</b>		39.87 %	39.87 %	37.8 %	<b>40.16 %</b>	45.00%				Data for this quarter from ESCC is not available yet but the trend remains off target (Q3 updated). Estimate/indicative data has been used.
23. Recycling & Waste: Total number of reported fly-tipping incidents	400	<b>779</b>		194	219	170	<b>196</b>	66				Fly-tip incidents for Q4 Jan = 70 Feb = 62 March = 64 Hotspot ward- Devonshire Main waste type- 'other household waste' Usual land type- 'Highways' Average size- volume is car-boot

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22				Latest Note	
				Value	Value	Value	Value	Target	Status	Short Trend		
												Fly tipping has increased, despite best efforts at investigation and enforcement. Additional monitoring in 'hot spots' through alternative waste collection implementation will help manage this antisocial behaviour and reduce the number of incidents hence the lower target figure.
24. Staff: Average days lost per FTE employee due to sickness	8.0 days	8.86 days		1.82 days	2.42 days	2.35 days	<b>2.27 days</b>	2.0 days				<p>Performance fell short of the annual target by around 10%, this is due to ongoing need or guidance to isolate. Easing and latterly the ending of restrictions have also had an impact. The Omicron variant being highly transmissible, combined with adverse effects of Covid-19 vaccinations have also had an impact on this figure. Improvement was seen gradually from Q2 to Q4. It is hoped that there will be further progress going forward.</p> <p>If we remove Waste Services, the Q4 figure reduces to 1.97 days and Waste Services on its own is 4.25 days, which again is a reduction from the previous quarter from 4.6 days in Q3. As stated in previous reports, we face specific challenges in waste services. HR Business Partners continue to support managers in robustly managing any attendance issues that arise which has been particularly challenging during the pandemic.</p>



## Projects

Project / Initiative	Description	Target completion
Winter Garden Improvements	Upgrade of the Winter Garden including use of recent central government grants	Q3 2022/23
Sovereign Centre Review	Under review	To be confirmed
Hampden Retail Park	The development of Hampden Retail Park to maximise income for the Council. Phase 1 to include a new Costa drive thru. Phase 2 select refurb to existing units.	Phase 1 complete. Phase 2 completion March 2023

## Devolved ward budget scheme 2021/2022 – Summary by ward to end of Quarter 4 (1 January – 31 December 2021)

Ward	Project	Description	Project Spend to Date
Devonshire	Friends of Seaside Rec	To help support the Friends of Seaside Rec's 'Fun Day' event.	£350.00
	Sober Eastbourne website maintenance	To upgrade a computer to maintain a website called Sober Eastbourne - a local sober resources directory.	£400.00
	BourneOut Pride event	Donation to BourneOut for Eastbourne Pride Event in support of 'thriving communities'.	£350.00
	Devonshire Collective Community Garden	To turn a patch of land outside 137 Seaside Road, currently attracting anti-social behaviour, into a new managed, securely fenced, accessible public space for the benefit of the local community.	£700.00
	Treebourne	To support Treebourne's bid to the Forestry Commission to help provide more trees for Eastbourne.	£500.00
	Bus shelter on Royal Parade	To replacement a bus shelter used by residents and visitors.	£2,000.00
	Matthew 25 Mission to help homeless	To help provide free food to the homeless.	£700.00
<b>Total spend for the year</b>			<b>£5,000.00</b>
Hampden Park	Water refill station - Plastic Free Eastbourne	To install a drinking water refill station at Brassey Avenue, Hampden Park.	£1,000.00
	Tennis Club dressing rooms	To help rebuild dressing rooms at Hampden Park Tennis Club.	£3,000.00
	Bee keeping at Parklands school	To set up beehives and help pupils learn about how bees live and work together, improve their understanding of the environment, and promote well-being and mental health.	£500.00
	Planters for Heron Park Junior Academy	To provide planters to help children learn about growing plants, improve understanding of the environment and enjoy the benefits of gardening.	£500.00
<b>Total spend for the year</b>			<b>£5,000.00</b>

## Devolved ward budget scheme 2021/2022 – Year end summary by ward

Ward	Project	Description	Project Spend to Date
Langney	East Sussex Hearing gazebo	To help East Sussex Hearing provide its outreach services.	£350.00
	Treebourne forestry	To support the Treebourne initiative and its bid for Forestry Commission funding.	£800.00
	Compass Arts	To help community project Compass Arts provide art courses to people with a range of needs.	£1,000.00
	Shinewater Park Fun Day	Donation towards costs for a Fun Day at Shinewater Park.	£500.00
	YMCA	To extend youth activities in the Shinewater area including the launch of a new Table-tennis club at Shinewater Sports Centre.	£1,500.00
	Engagement activities to support community projects	Funds to 3VA to support the Shinewater and North Langney Partnership's engagement activities to advertise a range of community projects.	£500.00
<b>Total spend for the year</b>			<b>£4,650.00</b>
Meads	Seven Sisters Camera Club	To provide a new projector for the Seven Sisters Camera Club.	£1,000.00
	East Sussex Hearing gazebo	To help support East Sussex Hearing's outreach service for people with hearing problems and limited transport options.	£500.00
	St John's Church Hall	To fund improvement works at St Johns Church hall, including a new dishwasher.	£2,813.00
	Meads village lighting	To restore original style lighting in Meads Village, part of the Conservation Area.	£500.00
<b>Total spend for the year</b>			<b>£4,813.00</b>
Old Town	East Sussex Hearing gazebo	To support East Sussex Hearing's outreach services.	£400.00
	Re-wilding St Mary's Churchyard	To support the re-wilding project at St Mary's churchyard.	£400.00
	Community Centre	To fund improvements at the local Community Centre.	£450.00

## Devolved ward budget scheme 2021/2022 – Year end summary by ward

Ward	Project	Description	Project Spend to Date
	Gingerbread Cafe mural	To support creation of a large scale mural at the Gingerbread Cafe in Gildredge Park, to help create a quality environment and deter graffiti.	£350.00
	Community fridge at Victoria Baptist Church	To provide a community fridge at Victoria Baptist Church to help combat food poverty.	£500.00
	Tree planting on Old Camp Road	Match funding of local residents' fundraising to provide two new trees for Old Camp road.	£250.00
	Upwycke House Garden voucher	To buy a garden centre voucher for residents to spend to create their own garden area within the grounds.	£300.00
	Ocklynge school nurture garden	To provide a dedicated friendship garden area for children at Ocklynge Junior school.	£400.00
	St Michaels Christmas	to help change the Christmas Family event to an outdoor event (due to Covid).	£350.00
	Tree planting	To plant two new trees in the green spaces at the junction of Vicarage Road and Vicarage Drive, Old Town.	£500.00
	Treebourne	To assist Treebourne in planting more street trees in the Old Town area.	£500.00
<b>Total spend for the year</b>			<b>£4,400.00</b>
Ratton	Tree planting	Tree planting to replace dead trees in Halland Close and Stanmer Drive.	£2,000.00
	Tree planting in Halland area	To fund planting of 12 new trees in the area for a much improved street environment	£3,000.00
<b>Total spend for the year</b>			<b>£5,000.00</b>
St Anthony's	Car Free Day printing	To cover print costs in support of Eastbourne Car Free Day.	£25.00
	Community Larder flooring	To provide new flooring for the Community Larder at Langney Community Centre in accordance with advice from Environmental Health.	£860.00

## Devolved ward budget scheme 2021/2022 – Year end summary by ward

Ward	Project	Description	Project Spend to Date
	Eastbourne Foodbank	To help Eastbourne Foodbank provide aid to people struggling to keep warm, with rising fuel bills.	£1,000.00
	Defiant Sports	To help Defiant Sports provide a variety of sport activities to people who would otherwise experience barriers to participation.	£1,000.00
	Treebourne	To support the Treebourne initiative for a greener Eastbourne and its bid to the Forestry Commission.	£500.00
<b>Total spend for the year</b>			<b>£3,385.00</b>
Sovereign	Eastbourne Sea Cadets	To buy replacement dingy sails for Eastbourne Sea Cadets.	£250.00
	Plastic Free Eastbourne	To help support a network of water refill stations across the town for Plastic Free Eastbourne.	£750.00
	Kings Park road signs	To provide road signs around Kings Park (as a private estate the roads and pathways are not adopted by ESCC).	£250.00
	East Sussex Hearing gazebo	To help East Sussex Hearing buy a gazebo needed to provide its outreach services.	£250.00
	Harbour walkway benches	To provide additional seating for the Harbour walkways.	£750.00
	Christmas Boxes from KCA	To help Kingsmere Community Association provide Christmas 'selection boxes' to young people in the area.	£300.00
	Chestnut Tree House	To support this children's charity that provides hospice care services and community support.	£500.00
	Defiant Sports Heaters	To buy suitable heaters for the Defiant Sports hub building, which is a fully inclusive sports/therapy centre with many activities for SEND children and adults.	£600.00
	Kingsmere Community Easter Eggs	To give out Easter eggs to young people in Kingsmere and Kings Park.	£300.00

## Devolved ward budget scheme 2021/2022 – Year end summary by ward

Ward	Project	Description	Project Spend to Date
	Wayfinder Woman Trust	To help the charity's investment in IT upgrades so it can reach a wider audience.	£500.00
<b>Total spend for the year</b>			<b>£4,450.00</b>
Upperton	Re-wilding St Mary's Churchyard	To help re-wilding of St Mary's churchyard.	£400.00
	East Sussex Hearing	To support East Sussex Hearing's outreach service by helping to fund a heavy-duty, pop-up gazebo to be used at pre-advertised sites.	£500.00
	Eastbourne Allotments raised beds	To provide additional raised beds to help more people enjoy the benefits of gardening.	£600.00
	Gingerbread cafe mural	To help fund a large scale mural at the Gingerbread Cafe in Gildredge Park, to create a quality environment and deter graffiti.	£350.00
	Gildredge House School Active Travel Maps	To cover printing costs of Gildredge House School's Active Travel Maps to help reduce number of school runs by car.	£180.50
	Water refill station for Gildredge Park	Support of Plastic Free Eastbourne to provide a water refill station in Gildredge Park.	£600.00
	EAGS seeds	To help Eastbourne Allotments Garden Society (EAGS) grow fresh produce for the local food bank.	£500.00
	Dutch oven for Grow Eastbourne volunteers	To purchase a dutch oven for Grow Eastbourne so volunteers can have hot food at work.	£70.00
	New dog waste bin	To provide a new dog waste bin near the junction of Mill Gap and St Anne's Roads.	£225.00
	New thatch for The Hermitage	To help The Friends of Manor Gardens and Gildredge Park repair the damaged thatch of The Hermitage (a listed building).	£1,574.50
<b>Total spend for the year</b>			<b>£5,000.00</b>

## Devolved ward budget scheme 2021/2022 – Year end summary by ward

Number of schemes for the year:	59
All wards total spend for the year:	£41,698.00

This page is intentionally left blank



## Appendix 2

# Eastbourne Borough Council Corporate Performance – 2021/22

KPI Description	Target 2021/22	21/22 outturn	22/23 Proposed target	Target setting rationale
1. Finance: Percentage of Council Tax collected during the year	<b>96.06% (annual with quarterly targets as well)</b>	<b>96.29%</b>	96.80%	Based on analysis of historical and recent collection performance
2. Finance: Percentage of Business Rates collected during the year	<b>97.50% (annual with quarterly targets as well)</b>	<b>96.44%</b>	97%	Based on analysis of historical and recent collection performance
3. Benefits: Average days to process new claims for housing/council tax benefit	<b>22 (quarterly and annual)</b>	<b>21</b>	22	Set at DWP targets/national average
4. Benefits: Average days to process change of circs (housing/council tax benefit)	<b>8 (quarterly and annual)</b>	<b>6</b>	6	Set at DWP targets/national average
5. Customers: Increase the percentage of calls to the contact centre answered within 60 seconds	<b>80% (quarterly and annual)</b>	36.18%	80%	Target maintained but may vary over the year to maintain performance ratio
6. Customers: Reduce the numbers of abandoned calls to the contact centre	<b>5% (quarterly and annual)</b>	16.06%	5%	Variable ratio performance target
7. Housing: Number of households living in emergency (nightly paid) accommodation	Data only	144	Data Only	N/A
8. Customers: Number of new sign-ups to the Councils' social media channels	<b>600 (annual)</b>	2372	650	Target reflects the increased uptake of subscriptions in general while allowing for some levelling out as the service reaches its maximum potential subscriber coverage.
9. Customers: Number of people registering for our email service (GovDelivery)	<b>1,800 (annual broken and then down into quarterly)</b>	12,392	2,000	Target reflects the increased uptake of subscriptions in general while allowing for some levelling out as the service reaches its maximum potential subscriber coverage.
10. Customers: Percentage of local searches that are returned within 10 working days of receipt	<b>80% (quarterly)</b>	99.67%	80%	Target based on being able to clear a significant majority within 10 working days but with some work done by 3 <sup>rd</sup> parties beyond council control

KPI Description	Target 2021/22	21/22 outturn	22/23 Proposed target	Target setting rationale
11.Growth: Town centre vacant retail business space	<b>11.5% (quarterly and annual target)</b>	10.71%	11.8%	Springboard national vacancy rate at August 2021 was 11.8%. 2021/22 target should be 11.8% acknowledging that the COVID-19 pandemic has impacted significantly on retail and hospitality as well as the likely impact of rising inflation and living costs pushing vacancy rates higher during 22/23. Reporting for Eastbourne at August 2021 was 11.25%.
12. Housing: Average void relet time key to key (month & YTD) (E)	<b>Profiled quarterly to 20</b>	39.3	20	Performance in 21/22 was below target due to Covid restrictions, where successive lockdown periods meant we were unable to access properties. It is not expected that such restrictions will be an issue in 22/23 and therefore no change is recommended to the target and performance will be driven across Homes First and with our contractors. There are still industry-wide issues with both the sourcing of materials and their costs and the availability of labour but void performance is one of the key areas of post-covid improvement.
13.Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	<b>14 days (quarterly)</b>	<b>3 days</b>	14 days	Analysis of 21-22 out-turn
14.Housing: Number of Licensed HMO's Inspected per Quarter	<b>50 (annual ) 12.5 (quarterly)</b>	<b>25</b>	12.5 Quarterly	Target maintained
15. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit)	<b>3% (quarterly)</b>	3.37%	3.0%	Strong progress in reducing arrears was made during 2020-21, resulting in a stretching of target for 2021-22, maintained target for 2022-23.
16.Planning: Increase the percentage of Major Planning Applications processed within 13 weeks	<b>65% (quarterly and annual targets)</b>	90%	65%	Government target
17.Planning: Increase the percentage of minor planning applications processed within 8 weeks	<b>75% (quarterly and annual targets)</b>	73%	75%	Government target
18.Planning: Increase the percentage of other planning applications processed within 8 weeks	<b>75% (quarterly and annual targets)</b>	79%	75%	Government target
19.Recycling & Waste: % Container Deliveries on Time	<b>99% (quarterly and annual targets)</b>	<b>24%</b>	99%	Set by SLA with SEESL

KPI Description	Target 2021/22	21/22 outturn	22/23 Proposed target	Target setting rationale
20. Recycling & Waste: Missed Assisted Collections	<b>1% (quarterly and annual targets)</b>	0.49%	1%	Set by SLA with SEESL
21. Recycling & Waste: Number of missed bins (per 100,000)	<b>100 (quarterly and annual targets)</b>	64.33	100	Set by SLA with SEESL
22. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	<b>45.00% (quarterly and annual targets)</b>	40.01%	45.00%	Local targets have been set with the aim of being realistic and continuing to drive up local performance, whilst also being mindful of Indicative national targets: 2025 – 55% 2030 – 60% 2035 – 65%
23. Recycling & Waste: Total number of reported fly-tipping incidents	<b>400 (Annual Target)</b>	<b>779</b>	480	Fly tipping has increased, despite best efforts at investigation and enforcement. Additional monitoring in 'hot spots' through alternative waste collection implementation will help manage this antisocial behaviour and reduce the number of incidents hence the lower target figure.
24. Staff: Average days lost per FTE employee due to sickness (J)	<b>8.0 days (annual and then broken down into quarterly)</b>	8.66 days	8.0 days	Set by Elected Members on an annual basis

This page is intentionally left blank

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Title:</b>	<b>Provisional revenue and capital outturn 2021/22</b>
<b>Report of:</b>	<b>Homira Javadi, Chief Finance Officer</b>
<b>Cabinet member:</b>	<b>Councillor Stephen Holt, Cabinet member for financial services</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To update Members on provisional outturn for 2021/22.</b>
<b>Decision type:</b>	<b>Key</b>
<b>Officer recommendation(s):</b>	<b>Cabinet is recommended to:</b> i) <b>Note the provisional outturn for 2021/22.</b> ii) <b>Approve the transfers from/to reserves as set out in section 3</b>
<b>Reasons for recommendations:</b>	<b>To enable Cabinet members to consider specific aspects of the Council's financial performance for 2021/22.</b>
<b>Contact Officer(s):</b>	<b>Homira Javadi: Chief Finance Officer</b> <b>Tel: 01323 415512 or email</b> <b><a href="mailto:Homira.Javadi@lewes-eastbourne.gov.uk">Homira.Javadi@lewes-eastbourne.gov.uk</a></b>

---

## **1 Executive Summary**

- 1.1 Similar to the majority of local authorities, Eastbourne Borough Council (EBC) experienced significant financial challenges caused by the Covid-19 pandemic and, in light of Eastbourne's economic profile, its drastic impact on the authority's income from tourism, culture and leisure.
- 1.2 EBC was one of a number of local authorities to request exceptional financial support (EFS) from the government. Government agreed to £12.8m of financial support (£6.8m in 2020/21 and £6.0m in 2021/22) by allowing the authority to use capital resources (i.e. capital receipts, borrowing) to fund its revenue shortfalls (capitalisation). The government agreement was subject to an external assurance review.
- 1.3 Alongside its request for EFS, the council took early steps to mitigate the financial impacts of the pandemic. Central to these steps was the development and implementation of the council's Recovery and Stabilisation Programme. This

resulted in over £2.2m of reduction in EFS requirements for 2020/21 (reduced from £6.8m to £4.6m) and an estimated further reduction of £3.5m for 2021/22 (expected reduction from £6.0m to £2.5m).

- 1.4 All local authorities have a legal duty to produce annual accounts, in support of openness and accountability. At the time of writing, the Statement of Accounts were still to be completed and signed off by the Chief Finance Officer. This is therefore a provisional outturn position and is subject to the accounts being finalised and subsequently audited.
- 1.5 This report provides information and analysis on the Council's financial performance and use of resources in the 2021/22 financial year in comparison to the revised budget set by council in February 2022. This report precedes the production of the council's formal Statement of Accounts and although it is not expected that any further material adjustments will be needed that will alter the final outturn position, it is possible that this could be the case.
- 1.6 This report highlights some of the key movements and variations. It also provides an opportunity to reassess the authority's financial plans and if possible, make provisions for any emerging risk/s in 2022/23.
- 1.7 Overall, the Council ended the year with a net General Fund revenue outturn of £13.970m against a revised budget of £14.676m resulting in a net reduction of £706k. as shown in the summary table 1 below.

**Table 1.**

	2021-22 Revised Budget	2021-22 Draft Outturn	Variance
	£	£	£
<b>Table 1: Summary Draft Out-turn 2021/22</b>			
Corporate Services	3,886,200	3,800,454	(85,746)
Service Delivery	7,885,550	7,486,124	(399,426)
Regeneration and Planning	517,950	293,469	(224,481)
Tourism and Enterprise	4,405,900	4,387,258	(18,642)
Culture Recovery Grant	(1,115,600)	(1,115,600)	-
<b>Net Cost of Services</b>	<b>15,580,000</b>	<b>14,851,705</b>	<b>(728,295)</b>
Recovery and Reset	1,233,200	1,233,200	-
Accrual to allocate		235,511	235,511
Levy Payable	237,450	237,450	-
Contingency	250,000	-	(250,000)
Covid grants	(598,000)	(1,298,000)	(700,000)
Capitalisation Direction	(4,400,000)	(2,497,905)	1,902,095
Capital Financing	2,374,160	1,208,050	(1,166,110)
<b>Other Operating Income &amp; Expenditure Total</b>	<b>(903,190)</b>	<b>(881,694)</b>	<b>21,496</b>
<b>Net Revenue Expenditure</b>	<b>14,676,810</b>	<b>13,970,011</b>	<b>(706,799)</b>

1.8 The key highlights are:

- higher than anticipated savings from in year vacancies
- reduction in cost of capital
- earlier than assumed delivery of some savings
- a number of one-off savings; and
- some one of grants

A more detailed assessment of key variances is provided below in section 2.

1.9 During the year, the council received £258k New Burdens Grant, £154k for Omicron and £598k for lost income. It was also successful in securing a Cultural Recovery Grant of £1.871m. Important to note is that these grants were one off and will not continue into future.

1.10 Whilst there were some signs of recovery, many of the authority's income streams are still well below their pre-Covid 19 levels.

1.11 Using its outturn position and available reserves (subject to final adjustments) the Council is able to make funding provision for a number of emerging risk areas and strengthen its operational and financial resilience to include:

- £250k Cost of Living Emergency Support Reserve
- £200k Inflation Reserve.
- £150k Fuel and Energy cost Reserve
- 107k to General Fund Reserves

1.12 It is proposed that a number of in year underspends such as R&S be carried forward to support reprofiled costs.

1.13 The Housing Revenue Account (HRA) ended the year with an overspend of £119k against revised of £568k as shown in section 4 and Appendix A.

1.14 The Capital Programme is reporting £29.765m spend, further details can be found in section 5 and Appendix B.

## **2 General Fund**

### **2.1 Draft Revenue Outturn 2021/22**

2.2 The 2020/21 financial year saw significant challenges as a result of the Covid-19 pandemic and associated lockdown. This prompted the Council to undertake a number of immediate actions in order to manage the unprecedented financial and operational impacts of the pandemic. These included developing its Recovery and Reset Programme (Recovery and Stabilisation Programme) and seeking capitalisation ability from the Government which was granted in the form of a capitalisation direction of £6.8M for 2020/21 and £6m for 2021/22 following a comprehensive review of the Council finances.

- 2.3 The Council was able through swift delivery of savings reduced its capitalisation requirement in 2020/21 to £3.550m and further revise down its planned requirement for 2021/22 to £4.400m.
- 2.4 An improved outturn has enabled the authority to end the year by reducing its capitalisation requirement by a further £1.9m (from £4.4m to £2.5m).
- 2.5 Whilst the capitalisation support provided the Council with a temporary headroom, it was essential for the Council to ensure it kept within the agreed limits whilst strengthened its financial resilience. The provisional outturn for 2021/22 is £13.970m against revised budget of £14.676m.

A more detailed Draft out-turn position is shown below:

Corporate Services-(£85,746):

<b>Corporate Services</b>	<b>2021-22 Revised Budget</b>	<b>2021-22 Draft Outturn</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Corporate Management	74,900	18,816	(56,084)
Financial Services	1,294,800	1,284,723	(10,007)
Human Resources	372,150	389,942	17,792
Information Technology	1,218,700	1,218,993	293
Legal	258,850	275,210	16,360
Local Democracy	736,550	710,484	(26,066)
Land Charges	(69,750)	(97,714)	(27,964)
<b>Total Corporate Service</b>	<b>3,886,200</b>	<b>3,800,454</b>	<b>(85,746)</b>

- 2.6 Overall, in line with approved budget with key variances:

- Corporate Management £56k mainly due to reallocation of costs to T&E
- Financial Service £10k in year vacancies
- Human Resources £17k pressure in occupational health support
- Local Democracy reduced operational costs
- Land Charges £27k increased income with land charges

Service Delivery (£399,426):

<b>Service Delivery</b>	<b>2021-22 Revised Budget</b>	<b>2021-22 Draft Outturn</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Director of Service Delivery	12,350	20,435	8,085
Head of Customer First	57,700	38,269	(19,432)
Account Management	7,800	18,707	10,907
Case Management	420,900	(17,334)	(438,234)
Total Specialist Advisory	7,265,100	6,008,301	(1,256,799)
Bereavement Services	(1,187,650)	(965,676)	221,974
Sub Total Specialist & Case Management	6,506,150	5,043,998	(1,462,152)
Customer and Neighbourhood Services	893,100	1,891,504	998,404
Homes First	416,250	491,919	75,669
<b>Total Service Delivery</b>	<b>7,885,550</b>	<b>7,486,124</b>	<b>(399,426)</b>



Total Service Delivery has a net underspend of (£399k), with key variances as follows:

- £8k Service Management overspend on health and safety subscription
- (19k) Head of Customer First reduced recharge
- (£438k) Case Management re-structure and move to customer contact
- (£1,256k) Specialist Advisory:
  - (£803k) -staff moved to customer contact
  - (£354k) additional grant
  - (£25k) Additional summons income
  - (£74) Parks and gardens reduced cost of maintenance
- £221k Bereavement services, reduced income
- £998k Customer and Neighbourhood services have restructured -due to realignment of services from specialist services and case management.
- £75k Homes First – the variance is primarily caused by in year restructuring and misalignment of budget and expenditure as above.

## 2.7 Regeneration and Planning (£224,481):

Planning and Regeneration	2021-22 Revised Budget £	2021-22 Draft Outturn £	Variance £
Service Management - Director	41,500	43,680	2,180
Regeneration	190,950	50,231	(140,719)
Planning	467,050	341,564	(125,486)
Group Head of Commercial Business	47,950	46,215	(1,735)
Housing Development Team	81,000	173,814	92,814
Corporate Landlord	(1,063,250)	(1,536,160)	(472,910)
Facilities Management	(43,350)	477,338	520,688
Estates and Property	(1,106,600)	(1,058,822)	47,778
Business Planning and Performance	796,100	696,789	(99,311)
<b>TOTAL REGENERATION AND PLANNING</b>	<b>517,950</b>	<b>293,469</b>	<b>(224,481)</b>

Overall, the service has performed within budget with key variances as follows:

- (£140k) Regeneration with contributions from external funds
- (£125k) Planning in year vacancies
- £92k revenue costs for Bedfordwell road cabins
- (£472k) Corporate Landlord, increase energy costs of £300k are being offset against (£772k) of income.
- £520k due to additional costs of grove road and deferred rental income
- (£99k) Business planning is mainly due to reduced grants to voluntary sector (£59k), and (£30k) staff savings.

## 2.8 Tourism and Enterprise- (£18,642):

<b>Tourism and Enterprise</b>	<b>2021-22 Revised Budget</b>	<b>2021-22 Draft Outturn</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Service Management - Director	9,300	48,699	39,399
Towner	419,850	449,051	29,201
Tourism and Enterprise	694,150	657,587	(36,563)
Catering	(203,900)	77,315	281,215
Heritage	90,350	179,547	89,197
Tourist Information	175,300	196,783	21,483
<b>Sub Total Tourism and Enterprise</b>	<b>755,900</b>	<b>1,111,232</b>	<b>355,332</b>
Sports Delivery	727,200	681,063	(46,137)
Seafront	135,900	184,998	49,098
Events	467,300	495,084	27,784
Theatres	774,850	301,530	(473,320)
Cultural Recovery Grant	1,115,600	1,115,600	-
<b>TOTAL TOURISM AND ENTERPRISE</b>	<b>3,290,300</b>	<b>3,271,658</b>	<b>(18,642)</b>
Cultural Recovery Grant	<b>(1,115,600)</b>	<b>(1,871,262)</b>	<b>(755,662)</b>

The Tourism and Enterprise position has delivered within budgets supported by £1.9m of Cultural Recovery Grant (total amount £1.871m). £755k underspend will be carried forward to 2022/23 as shown, main variances are due as follows:

- £39k Director costs for CEO recharge
- (£36k) Tourism and Enterprise, additional film income and reduced print costs
- £281k Catering
  - £118k at Stage door pub increased staff costs for table service
  - £72k winter garden delayed opening following refurbishment
  - £52k EDGC due to increased staff costs
  - £61k Pavilion Tea rooms due to increased staff costs
  - (£22k) Employee savings in Admin
- £89k Heritage due £59k of increased staff costs and £30k delayed deposition income
- £21k Tourist Information has seen small positive variances offset by costs in the trading account, they are slowly recovering from covid.
- (£46k) Sports delivery due to contract variation and grant income
- £49k Sea front has had increases to beach hut income offset by reduced income for ice cream vans and additional bandstand staff costs.
- £27k Events is due to increased staff costs.
- (£473k) Theatres performed better than expected against a reduced revised budget -Overall benefited from Cultural Recovery Grant.

## 2.9 Other Operating Income and Expenditure - £21,496:

- Recovery and reset monies include £790k of carry forward to fund 2022/23 activity to stabilise the position.

- £235k the annual leave accrual is shown here pending data to move to service lines.
- (£250k) Contingency of £250k was not used
- (£700k) Use of unallocated new burdens and Covid grants.
- £1.902k Capitalisation Direction is reduced from £4.4m to £2.5m with a negative variance of £1.9m
- (£1.166m) Capital Financing due to reduced cost of capital.

## 2.10 Capital Financing (£1,166,110)

Reduced cost of financing due to reduction in the borrowing requirements.

## 2.11 Recovery and Reset Programme – Savings

A more detailed report is provided elsewhere in the agenda.

<b>Eastbourne Recovery &amp; Reset Programme 2021/22</b>	Plan 2021/22	Delivered in 2021/22
	£000	£000
<b><u>Reshaping Services</u></b>		
HR reshaping	13.75	13.80
Homes First reshaping	936.80	936.90
Environment First reshaping	5.55	5.60
Neighbourhood first reshaping	108.10	108.10
CMT reshaping	192.90	192.90
Heritage service reshaping	19.10	19.10
Voluntary & Community Grants incl Ward Budgets	85.25	85.25
Contract cleaning	50.00	50.00
Refuse - Alternate Weekly Collections	217.85	208.20
Weed control	14.00	14.00
Street Cleansing	38.75	38.80
Public conveniences	47.50	47.50
Events programme - Airborne	141.70	141.70
Bulky waste - cease free collections	20.00	20.00
Garden waste	50.00	50.00
CFRT Reshaping	(42.60)	(42.60)
Functional leads	(47.30)	(47.30)
Cremations	(110.00)	(102.00)
SEESL Salaries and fuel	(13.10)	(121.90)
<b><u>Best Use of Assets</u></b>		
Congress	60.00	60.00
Devonshire park theatre	280.00	224.00
Close 1 Grove Road	130.00	130.00
Rental income recovery	60.00	60.00

Interest charge for Capital programme		375.00
<b>Total Savings</b>	<b>2,258.25</b>	<b>2,467.05</b>
<b>Over /(underachieved)</b>	<b>2,258.25</b>	<b>2,467.05</b>

### 3 Reserves

3.1 The council's balances are in line with its newly introduced reserves policy. The table below shows the net movements during the year.

Reserves 2021-22	Balance Brought Forward April 2021  £	Balance Carried Forward March 2022  £
General Fund Earmarked Reserve	-16,200	0
Strategic Change Reserve	-290,777	0
Cost of Living Emergency Support Reserve	0	-250,000
Inflation Reserve	0	-200,000
Fuel and Energy cost Reserve	0	-150,000
Arrears and Bad Debt Reserve	0	-400,000
Capital Programme Reserve	-335,933	-335,933
Cultural Recovery		-732,450
Regeneration Reserve	0	-12,419
Commercial Reserve	-471,000	-716,300
SHEP GF Properties Major Works Reserve	-725	-725
<b>Total Earmarked Reserves</b>	- 1,114,635	- 2,797,827
Business Rates Equalisation Reserve & Carried Forwards	-9,910,000	-6,840,470
Revenue Grants Reserve	-1,064,859	-1,492,463
Investment Company Eastbourne Reserve	-1,800,000	-2,070,000
<b>Other GF Reserves</b>	- 12,774,859	- 10,402,933
<b>General Fund Unallocated Reserve</b>	- 3,228,468	- 3,278,928

#### 4 Housing Revenue Account (HRA) £119k as shown below:

4.1

HRA 2021/22	Revised Budget	Total Actual to 31/03/2022	Variance at Year End
	£000's	£000's	£000's
<b>INCOME</b>			
Gross Rents	(14,618)	(14,548)	70
Charges for Services	(1,036)	(1,078)	(42)
<b>GROSS INCOME</b>	<b>(15,654)</b>	<b>(15,626)</b>	<b>28</b>
<b>EXPENDITURE</b>			
Management Fee	7,696	7,696	0
Supervision and Management	1,448	923	(525)
Provision for Doubtful Debts	205	8	(197)
Depreciation	4,348	4,995	647
<b>GROSS EXPENDITURE</b>	<b>13,697</b>	<b>13,622</b>	<b>(75)</b>
<b>NET COST OF HRA SERVICES</b>	<b>(1,957)</b>	<b>(2,004)</b>	<b>(47)</b>
Loan Charges - Interest	1,597	1,632	35
Interest Receivable	0	0	0
<b>NET OPERATING SURPLUS</b>	<b>(360)</b>	<b>(372)</b>	<b>(12)</b>
Contribution to Capital Expenditure	576	576	0
Contingency	233	0	(233)
Transfer to Reserves - Private Sector Leaseholder Capital	0	364	364
<b>HRA (SURPLUS) / DEFICIT</b>	<b>449</b>	<b>568</b>	<b>119</b>

The HRA is £119k overspent against a budget overspend of £449k. Within this position is £364k of private sector leaseholder contribution to reserves. Depreciation is £647k over budget which is being offset by £525k underspend against Management fees. The full position is shown in Appendix A.

#### 5 Capital Outturn

##### 5.1 Capital Programme Outturn

5.2 The capital programme changed during the year as the phasing of schemes were reviewed and approvals for additional schemes and resourcing were agreed. The original capital programme was approved in February 2021 totalling £39.2m (including £19.8m for HRA) and further approvals were sought in subsequent budget setting/monitoring reports to revise the 2021/22 programme to a budget of £37.6m (GF of £28.3m and HRA of £9.3m)

<b>2021/22 Capital Programme Summary</b>	<b>Original Estimate</b>	<b>Revised Estimate</b>	<b>Actual</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
HRA	19,820	9,251	6,948	(2,302)
Other Housing	4,602	15,712	14,084	(1,628)
Community Services	1,901	1,929	1,314	(615)
Tourism & Leisure	500	160	353	193
Corporate & Core Services	2,951	2,758	2,146	(611)
Capitalisation Direction	6,000	4,400	2,500	(1,900)
Regeneration	-	692	51	(641)
Asset Management	3,480	2,711	2,369	(342)
<b>Total Programme</b>	<b>39,253</b>	<b>37,612</b>	<b>29,765</b>	<b>(7,847)</b>
<b>Financed By:-</b>				
Capital Receipts	2,495	1,085	906	(179)
1-4-1 RTB Receipts	4,806	5,500	5,074	(426)
Grants and Contributions	5,224	4,604	3,886	(718)
Major Repairs Reserve	4,348	6,924	4,927	(1,997)
Revenue Contribution to Capital	3,085	576	576	-
Section 106 Contributions	27	27	-	(27)
Commercial Loans Repaid	-	-	9,000	9,000
GF Borrowing	11,382	18,896	4,990	(13,906)
HRA Borrowing	7,886	-	406	406
<b>Total Financing</b>	<b>39,253</b>	<b>37,612</b>	<b>29,765</b>	<b>(7,847)</b>

- 5.3 The actual capital outturn achieved for 2021/22 was £29.7m, which includes £6.9m attributed to the HRA. This indicates an 79.1% delivery compared to the revised budget and a 75.9% delivery when compared to the originally agreed programme. A significant variance to the outturn within the General Fund can be attributed to a range of internal and external factors such as capacity, pandemic, supply issues, planning, and other environmental factors with the changes documented within the regular cabinet monitoring reports presented during the year.
- 5.4 Capital reporting included a robust and rigorous review that was undertaken later in 2021 to re-profile the capital spending across financial years on all schemes in the capital programme based on a realistic assessment of expected project delivery/implementation timescales taking into account known risks.
- 5.5 The changes to the Capital Programme during the year were also due to the Levelling Up Fund activities, which is central to the Government's ambition to level up the country – investing in high value local infrastructure and building stronger and more resilient local economies and communities. It is especially intended to support investment in places where it can make the biggest difference to everyday life, including ex-industrial areas, deprived towns and coastal communities. The Council applied for funding in Round One of the Levelling Up Fund. Notification was received in October 2021 that a bid for investment was and the full £19.85m was secured.

5.6 During the financial year, the Council made significant enhancements to its capital programme governance, reporting and scheme delivery approach. Capital projects governance was enhanced through establishing a new Capital Programme Oversight Board (CPOB) with the objective to providing strategic direction, oversight and corporate assurance for the Council Capital expenditure including, the Council General Fund Capital Plan, the Council's Housing Capital (HRA), Commercial Activities/non-commercial investments, capital financing/funding, etc.

5.7 At the end of the financial year the net underspend is requested to be reprofiled by scheme into future years. The allocation of the net underspend, and its reprofiling to future financial years, will be reviewed by the Capital Programme Oversight Board to ensure that it is reprofiled realistically based on the scheme's delivery timeframe. The HRA net underspend will be reviewed against the 30-year Business Plan approved by Council in March 2022 to ensure consistency as a full reset of the HRA's capital investment plans was incorporated into the Business Plan. The outcome of this work will be incorporated into the future monitoring report to Cabinet.

## **6 Treasury Management**

6.1 In accordance with legislation and codes of practice the council is required to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2021/22. The Treasury Management Annual Report 2021/22 is being considered as a separate report on this agenda.

## **7 Conclusion**

7.1 This report provides an overview of financial performance for 2020/21. All figures are provisional and subject to the audit of the Council's accounts. The Council has made a significant progress in transitioning out of its approved capitalisation arrangements. The Recovery and Stabilisation has delivered significant savings. However, with the emerging risks of higher inflation, increased cost pressures and the likelihood of increased demand for services the Stabilisation programme will continue to remain central to the authority's Medium Term Financial Planning and priority based budgeting.

## **8 Financial implications**

8.1 As set out in the body of the report.

## **9 Legal implications**

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

## **10 Risk management implications**

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

## **11 Equality analysis**

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

## **12 Environmental sustainability implications**

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

## **13 Appendices**

- Appendix A - HRA Outturn
- Appendix B – Capital Programme Outturn

## **14 Background papers**

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

- None



**EBC Housing Revenue Account 2021/22**

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Total Actual to 31/03/2022</b>	<b>Variance at Year End</b>
	£000's	£000's	£000's	£000's
<b>INCOME</b>				
Gross Rents	(14,578)	(14,618)	(14,548)	<b>70</b>
Charges for Services	(1,036)	(1,036)	(1,078)	<b>(42)</b>
<b>GROSS INCOME</b>	<b>(15,614)</b>	<b>(15,654)</b>	<b>(15,626)</b>	<b>28</b>
<b>EXPENDITURE</b>				
Management Fee	7,834	7,696	7,696	<b>0</b>
Supervision and Management	1,479	1,448	923	<b>(525)</b>
Provision for Doubtful Debts	0	205	8	<b>(197)</b>
Depreciation	4,348	4,348	4,995	<b>647</b>
<b>GROSS EXPENDITURE</b>	<b>13,661</b>	<b>13,697</b>	<b>13,622</b>	<b>(75)</b>
<b>NET COST OF HRA SERVICES</b>	<b>(1,953)</b>	<b>(1,957)</b>	<b>(2,004)</b>	<b>(47)</b>
Loan Charges - Interest	1,564	1,597	1,632	<b>35</b>
Interest Receivable	0	0	0	<b>0</b>
<b>NET OPERATING SURPLUS</b>	<b>(389)</b>	<b>(360)</b>	<b>(372)</b>	<b>(12)</b>
Contribution to Capital Expenditure	3,085	576	576	<b>0</b>
Contingency	0	233	0	<b>(233)</b>
Transfer to Reserves - Private Sector				
Leaseholder Capital		0	364	<b>364</b>
<b>HRA (SURPLUS) / DEFICIT</b>	<b>2,696</b>	<b>449</b>	<b>568</b>	<b>119</b>

<b>HOUSING REVENUE ACCOUNT WORKING BALANCE</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Projected Outturn</b>
<b>Working Balance at 1 April</b>	<b>(4,412)</b>	<b>(5,245)</b>	<b>(5,450)</b>
<b>(Surplus) or Deficit for the year</b>	<b>2,696</b>	<b>449</b>	<b>568</b>
<b>Working Balance at 31 March</b>	<b>(1,716)</b>	<b>(4,796)</b>	<b>(4,882)</b>

This page is intentionally left blank

## 2021/22 Capital Programme Summary

No.	Scheme	Original Estimate £	Revised Estimate £	Actual £	Variance £	Comments
<b>HOUSING REVENUE ACCOUNT</b>						
1	Major Works	4,442,000	4,442,000	3,691,520	-750,480	
2	Sustainability Initiatives Pilot	438,900	-	-	-	
3	New Build	10,236,500	2,618,700	1,431,478	-1,187,222	
4	Acquisitions General	4,702,200	2,189,889	1,825,470	-364,419	
	<b>Total HRA</b>	<b>19,819,600</b>	<b>9,250,589</b>	<b>6,948,468</b>	<b>-2,302,121</b>	
6	EHIC - Loan Facility (Private Properties)	141,400	-	-	-	
7	EHIC - new mixed tenure homes facility	100,000	-	-	-	Available for drawdown as required
8	EHIC - Victoria Mansions	-	36,000	-	-36,000	Balance available for drawdown as required
9	Aspiration Homes - Credit facility	-	35,000	-	-35,000	Available for drawdown as required
10	Aspiration Homes - Facility	2,956,000	15,391,300	14,084,000	-1,307,300	Available for drawdown as required
11	Aspiration Homes - Street Acquisitions (Affordable)	-	250,000	-	-250,000	Available for drawdown as required
12	Bedfordwell Road - GF	1,405,000	-	-	-	Scheme now in HRA
	<b>Total Other Housing</b>	<b>4,602,400</b>	<b>15,712,300</b>	<b>14,084,000</b>	<b>-1,628,300</b>	
	<b>Total Housing</b>	<b>24,422,000</b>	<b>24,962,889</b>	<b>21,032,468</b>	<b>-3,930,421</b>	
<b>COMMUNITY SERVICES</b>						
13	Disabled Facilities Grants	1,200,000	1,270,305	614,514	-655,791	
14	BEST Grant (housing initiatives)	-	23,732	9,000	-14,732	
15	Coast Defences Beach Management	300,000	300,000	491,909	191,909	Planned works completed, fully grant funded
16	Cycling Strategy	40,600	-	-	-	Budget re-profiled to 2022-23
17	Play Area Sovereign Harbour	27,000	27,000	-	-27,000	Budget re-profiled to 2022-23
18	Mulberry Close Play Equip	-	30,000	30,000	-	Completed
19	Langney Cemetery - Road Improvements	30,000	-	31,820	31,820	
20	Ocklynge Cemetery - Road Improvements	15,000	-	14,340	14,340	
21	Crematorium - Road Improvements	15,000	-	-	-	Budget re-profiled to 2022-23
22	Crematorium - Cesspit Replacement	25,000	12,500	14,460	1,960	Budget part re-profiled to 2022-23
23	Crematorium - Chapel Improvements	80,000	-	-	-	Budget re-profiled to 2022-23
24	SEESL Loan	168,000	161,000	-	-161,000	Awaiting drawdown
25	Waste & Recycling Equipment	-	104,000	107,724	3,724	
	<b>Total Community Services</b>	<b>1,900,600</b>	<b>1,928,537</b>	<b>1,313,767</b>	<b>-614,770</b>	
<b>TOURISM &amp; LEISURE</b>						
26	Sovereign Centre - Existing Building	500,000	160,000	352,592	192,592	
	<b>Total Tourism &amp; Leisure</b>	<b>500,000</b>	<b>160,000</b>	<b>352,592</b>	<b>192,592</b>	
<b>CORPORATE SERVICES</b>						
27	IT Block Allocation	250,000	250,000	281,458	31,458	
28	Contingency	250,000	-	-	-	Allocated to schemes in 2021-22 programme
29	Recovery & Reset	250,000	-	-	-	Removed from programme
30	Recovery & Stabilisation	600,769	600,769	51,522	-549,247	
31	COVID-19 Capitalisation	6,000,000	4,400,000	2,500,000	-1,900,000	
32	JTP Finance Transformation	80,000	86,602	1,050	-85,552	Balance re-profiled to 2022-23
33	Hamden Park Refurbishment	1,500,000	1,800,000	1,812,483	12,483	
34	Sculpture	20,500	20,500	-	-20,500	
	<b>Total Corporate Services</b>	<b>8,951,269</b>	<b>7,157,871</b>	<b>4,646,513</b>	<b>-2,511,358</b>	
<b>REGENERATION</b>						
35	Black Robin Farm	-	350,000	50,507	-299,493	Balance re-profiled to 2022-23
36	Towner Centenary Project	-	144,500	-	-144,500	Budget re-profiled to 2022-23
37	Victoria Place Pedestrianisation	-	197,455	-	-197,455	Budget re-profiled to 2022-23
	<b>Total Regeneration</b>	<b>-</b>	<b>691,955</b>	<b>50,507</b>	<b>-641,448</b>	
<b>ASSET MANAGEMENT</b>						
38	Devonshire Park Redevelopment Project	-	-	59,092	59,092	
39	Winter Garden	1,000,000	1,147,421	1,696,139	548,718	Phase 1 completed
40	Dev Park Theatre (H&S)	-	105,000	22,221	-82,779	
41	Victoria Mansions Commercial	950,000	175,000	104,098	-70,902	Contribution to refurbishments work as per leasehold obligation (retail units).
42	Congress Theatre Roof	80,000	150,000	-	-150,000	Re-profiled to 2022-23
43	Bandstand & Promenade Renovations	500,000	150,000	28,985	-121,015	Re-profiled to 2022-23
44	EDGC Improvements (Workshop)	-	100,000	-	-100,000	Re-profiled to 2022-23
45	Seafront Lighting	100,000	160,000	55,408	-104,592	Balance re-profiled to 2022-23
46	Leisure Estate	249,550	-	-	-	Re-profiled to 2022-23
47	Food Street	100,000	200,000	158,802	-41,198	Balance re-profiled to 2022-23
48	ILTC - Improvements	60,000	86,911	22,542	-64,369	Balance re-profiled to 2022-23
49	Towner Improvements	200,000	50,000	1,200	-48,800	Re-profiled to 2022-23
50	Fort Fun	-	251,000	221,000	-30,000	Balance re-profiled to 2022-23
51	1 Grove Road	-	126,000	-	-126,000	Transferred to revenue
52	Asset Management - Block Allocation	240,000	9,436	-	-9,436	Balance re-profiled to 2022-23
	<b>Total Asset Management</b>	<b>3,479,550</b>	<b>2,710,768</b>	<b>2,369,487</b>	<b>-341,281</b>	
	General Fund	19,433,819	28,361,431	22,816,865	-5,544,566	
	HRA	19,819,600	9,250,589	6,948,468	-2,302,121	
	<b>Total</b>	<b>39,253,419</b>	<b>37,612,020</b>	<b>29,765,333</b>	<b>-7,846,687</b>	

This page is intentionally left blank

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Title:</b>	<b>Treasury management annual report 2021/22</b>
<b>Report of:</b>	<b>Homira Javadi, Chief Finance Officer</b>
<b>Cabinet member:</b>	<b>Councillor Stephen Holt, Cabinet member for financial services</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To report on the activities and performance of the Treasury Management service during 2021/22</b>
<b>Decision type:</b>	<b>Budget and Policy Framework</b>
<b>Officer recommendation(s):</b>	<b>To recommend to the Full Council:</b> <b>(1) Agree the annual Treasury Management report for 2021/22</b> <b>(2) Approve the 2021/22 prudential and treasury indicators included.</b>
<b>Reasons for recommendations:</b>	<b>Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this has to be reported to Full Council.</b>
<b>Contact Officer:</b>	<b>Name: Ola Owolabi</b> <b>Post title: Deputy Chief Finance Officer</b> <b>E-mail: <a href="mailto:ola.owolabi@lewes-eastbourne.gov.uk">ola.owolabi@lewes-eastbourne.gov.uk</a></b> <b>Telephone number: 01323 415083</b>

## **1 Introduction**

- 1.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.2 During 2021/22 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year (Council 24 February 2021)
  - a mid-year (minimum) treasury briefing.

- an annual report following the year describing the activity compared to the strategy (this report).
- 1.3 In addition, Treasury Management updates are included in the quarterly performance management reports, considered by both the Cabinet and Scrutiny Committee. Recent changes in the regulatory environment place a much greater responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members. This report was considered by the Audit and Governance Committee at its meeting on 12 July 2022 meeting.
- 1.4 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit & Governance Committee before they were reported to the full Council. Member training on treasury management issues was undertaken on 21 October 2021, which is to support Members' scrutiny role and further training is expected to take place in 2022-23.
- 1.5 This report summarises:
- Capital programme activities during the year;
  - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement (CFR));
  - Reporting of the required prudential and treasury indicators and changes to be approved;
  - Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
  - Summary of interest rate movements in the year;
  - Debt activity and investment activity.
  - Economic and Interest Rates
- 1.6 Treasury Management is an integral part of the Council's overall finances and the performance of this area is very important. Whilst individual years obviously matter, performance is best viewed on a medium / long term basis. The action taken in respect of the debt portfolio in recent years has been extremely beneficial and has resulted in savings. Short term gains might, on occasions, be sacrificed for longer term certainty and stability.
- 1.7 The criteria for lending to Banks are derived from the list of approved counter parties provided by the Council's Treasury Management advisors, Link Asset Services. The list is amended to reduce the risk to the Council by removing the lowest rated counterparties and reducing the maximum loan duration.
- 1.8 An economic commentary for the year was provided by the Council's treasury management advisors (Link), this is attached as Appendix C to this report. Bank Rate was 0.1% at the beginning of the year and despite the economy gathering momentum after pandemic restrictions eased, market expectation was for rises to

be delayed until 2022. Rising and persistent inflation changed that with Bank Rate rising to 0.75% at the end of the year.

- 1.9 During 2021 CIPFA published changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes.
- 1.10 In addition, HM Treasury issued, in May 2022, updated guidance on PWLB lending to authorities where there is more than a negligible risk of non-repayment. In the same month the Levelling Up and Regeneration Bill announced in the Queens Speech gives government more oversight of the Prudential Framework.
- 1.11 The main points of these new Codes, PWLB guidance and Levelling Up and Regeneration Bill are summarised at Appendix B.

### **EBC Capitalisation Direction**

- 1.12 Similar to other local authorities, EBC had discussions with the Department for Levelling Up, Housing and Communities (DLUHC) about Capitalisation Directive to help in dealing with 2020/21 deficit and balance the budget in 2021/22. Other councils that have been harder hit by Covid-19 have also requested support using this means across both years.
- 1.13 A capitalisation directive permits a Council to capitalise revenue expenditure if it is unable to set a balanced budget, has considered all other options, has limited reserves, and is increasing its Council Tax by the maximum permitted. The direction will only be granted in exceptional circumstances, and only the Secretary of State can permit this action legally
- 1.14 The Minister of State for Regional Growth and Local Government in a letter (on 2nd February 2021) addressed to the Leader of the Council, states that:
- With respect to the financial year of 2020/21, the Secretary of State is content to approve a total capitalisation direction to fund revenue expenditure not exceeding £6.8m, subject to conditions set out in the capitalisation direction. *Actual revenue expenditure that was capitalised in 2020/21 was £4.6m.*
  - With respect to the financial year of 2021/22, the Secretary of State is minded to approve a capitalisation direction of a total not exceeding £6m. Again, such a direction may be subject to conditions, which would be set out in the capitalisation direction. *The 2021/22 expected actual revenue expenditure that will be capitalised is estimated to be £2.5m.*
- 1.15 These capitalisation figures are yet to be audited and any revisions to this amount will be reported at the future Committee meeting. The capitalisation direction impacts the Council's Capital Expenditure and Financing 2020/21 and 2021/22 (see para 2.2 below).

## 2 The Council's Capital Expenditure and Financing 2021/22

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

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

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

	2020/21 Actual £m	2021/22 Original Estimate £m	2021/22 Revised Estimate £m	2021/22 Actual £m
General Fund	1.8	8.8	8.2	2.1
Capitalisation Direction	4.6	6.0	4.4	2.5
HRA capital expenditure	3.9	19.8	9.2	6.9
Other Housing & Regeneration	7.0	4.6	15.7	18.2
<b>Total capital expenditure</b>	<b>17.3</b>	<b>39.2</b>	<b>37.6</b>	<b>29.7</b>
Resourced by:				
• Capital receipts (including capitalisation direction funding)	4.1	7.4	6.6	6.0
• Capital grants/external funding	2.6	5.2	4.6	3.9
• Capital Reserves	3.1	4.4	6.9	4.9
• Revenue	-	3.1	0.6	0.5
<b>Use of internal balances/ borrowing</b>	<b>7.5</b>	<b>19.1</b>	<b>18.9</b>	<b>14.4</b>

## 3 The Council's overall borrowing need

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

3.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is



available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.

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

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

3.4 The Council’s 2021/22 MRP Policy (as required by Department for Levelling Up, Housing and Communities Guidance) was approved as part of the Treasury Management Strategy Report for 2021/22 on 10<sup>th</sup> February 2021. The Council’s CFR for the year is shown below and represents a key prudential indicator.

CFR	31 March 2021 Actual £m	1 April 2021 Original Estimate £m	31 March 2022 Actual £m
Opening balance	172.8	180.7	179.0
Add unfinanced capital expenditure (per table 2.0)	7.5	19.1	14.4
Less MRP	(1.3)	(0.8)	(10.2)
<b>Closing balance</b>	<b>179.0</b>	<b>199.0</b>	<b>183.2</b>

*Note - the 2021/22 MRP of £10m includes EHIC loan repayment of £9m.*

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

3.6 In the case of all capital spend financed by Prudential Borrowing; this will be subject to annuity methodology. MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction), i.e., where expenditure is capitalised,

the Authority shall charge annual Minimum Revenue Provision using the asset life method with a proxy 'asset life' of no more than 20 years.

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

**Net borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term, the Council's external borrowing net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure.

Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2020/21 plus the expected changes to the CFR over 2021/22 and 2022/23. This indicator allows the Council some flexibility to borrow in advance of its immediate capital need in 2021/22. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2021 Actual £m	1 April 2021 Original Estimate £m	31 March 2022 Actual £m
GF - Borrowing	54.2	51.9	52.1
HRA - Borrowing	47.8	54.6	48.2
Other Housing and Regeneration	57.4	72.8	59.9
<b>Net borrowing position</b>	<b>159.4</b>	<b>179.3</b>	<b>160.2</b>
CFR – General Fund	73.8	71.6	75.1
CFR – Housing (HRA)	47.8	54.6	48.2
Other Housing and Regeneration	57.4	72.8	59.9
<b>CFR</b>	<b>179.0</b>	<b>199.0</b>	<b>183.2</b>

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

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

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

Descriptions	1 April 2021	31 March 2022
Authorised limit	£199m	£199m
Operational boundary	£181m	£181m
Financing costs as a proportion of net revenue stream:		
Non HRA	8.4%	8.4%
HRA	11.1%	11.4%

#### **4 Treasury Position as at 31 March 2022**

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

4.2 Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2021/22, the Council's treasury position was as follows:

Description	31 March 2021 Principal	Rate/ Return	31 March 2022 Principal	Rate/ Return
Fixed rate funding:				
-PWLB	£122.4m		£119.2m	
-Market	£37.0m		£41.0m	
<b>Total debt</b>	<b>£159.4m</b>	<b>2.10%</b>	<b>£160.2m</b>	<b>2.01%</b>
CFR	£179.0m		£183.2m	
Over/ (under) borrowing	(£19.6m)		(£23.0m)	
<b>Total investments (excl. cash)</b>	<b>£0m</b>		<b>£9.5m</b>	

The Council held cash balances of £6m in current and call accounts which earned an average of 0.11%.

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

	31 March 2021 Actual £m	31 March 2022 Actual £m
Under 12 months	40.21	5.45
12 months and within 24 Mths.	5.45	43.45
24 months and within 5 years	8.12	8.50
5 years and within 10 years	13.60	13.22
10 years and above	92.07	89.62

The exposure to fixed and variable rates was as follows:

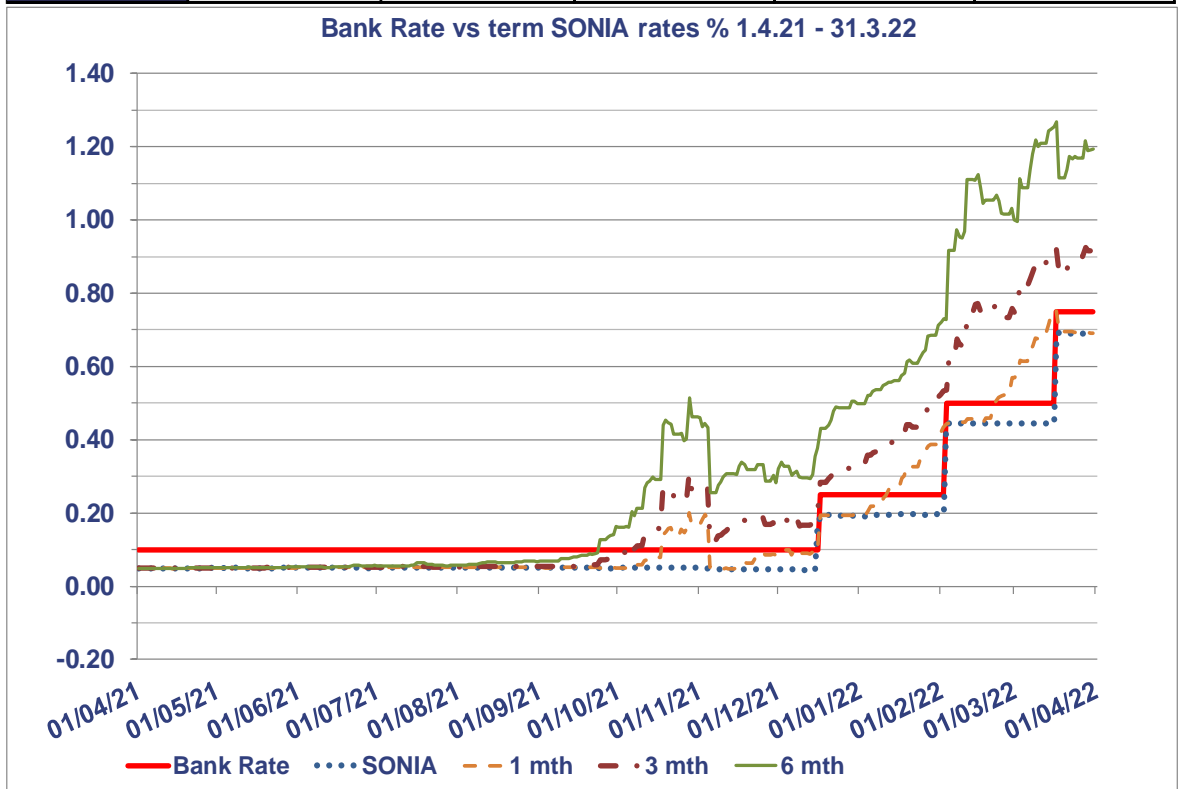
	31 March 2021 Actual £m	31 March 2022 Actual £m
Principal - Debt Fixed rate	159.4	160.2
Principal – Investments Variable rate	0	0

## 5 **The Strategy for 2021/22**

- 5.1 Investment returns plunged during 2021/22 to near zero or even into negative territory. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending.
- 5.2 The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).

5.3 Investment strategy and control of interest rate risk

	Bank Rate	SONIA	1 mth	3 mth	6 mth
High	0.75	0.69	0.75	0.93	1.27
High Date	17/03/2022	18/03/2022	16/03/2022	28/03/2022	17/03/2022
Low	0.10	0.05	0.05	0.05	0.05
Low Date	01/04/2021	15/12/2021	10/11/2021	14/04/2021	09/04/2021
Average	0.19	0.14	0.17	0.24	0.34
Spread	0.65	0.65	0.71	0.88	1.22



5.4 Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.

5.5 This authority does not have sufficient cash balances to be able to place deposits for more than a month so as to earn higher rates from longer deposits. While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

## **Borrowing strategy**

- 5.6 During 2021/22, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.
- 5.7 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.
- 5.8 The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

## **6 Borrowing Outturn for 2021/22**

### **6.1 Treasury Borrowing.**

**Borrowing** – The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. No new loans were drawn down from PWLB in 2021/22 to fund the net unfinanced capital expenditure and/or to replace maturing loans. Various temporary loans were taken to cover cash flow requirements. All loans drawn were for fixed rate and are detailed in Appendix A.

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

- **Rescheduling** – no debt rescheduling was carried out during the year as there was no financial benefit to the Council.
- **Repayment** – £760k of long term PWLB debt was repaid at maturity on 24 March 2022 and £2.45m was an instalment repayment for the repayment (EIP) loans. Various temporary loans were repaid during the year, see Appendix A.
- **Summary of debt transactions** – the overall position of the debt activity resulted in a fall in the average interest rate by 0.2%, representing a saving to the General Fund.

## 7 Interest Rates in 2021/22

7.1 The tight monetary conditions following the financial crisis continued through 2021/22 with little material movement in the shorter-term deposit rates. With many financial institutions failing to meet the Council's investment criteria, the opportunities for investment returns were limited. The PWLB rates (including the 0.2% reduction for Certainty Rate) at the beginning, average and end of the year are provided below.

Term	Interest Rate March 2021	Average Rate	Interest rate April 2022
1 Year	0.79%	1.12%	1.95%
5 Years	1.18%	1.45%	2.30%
10 Years	1.71%	1.78%	2.46%
25 Years	2.19%	2.10%	2.65%
50 Years	1.99%	1.84%	2.38%

## 8 Investment Outturn for 2021/22

8.1 **Investment Policy** – the Council's investment policy is governed by DLUHC guidance, which was been implemented in the annual investment strategy approved by the Council on 10 February 2021. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

8.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

8.3 **Resources** – the Council's longer-term cash balances comprise, primarily, revenue and capital resources, although these will be influenced by cash flow considerations. The Council's core cash resources comprised as follows, and met the expectations of the budget:

Balance Sheet Resources	31 March 2021 £m	31 March 2022 £m
GF Balances	3.23	6.25
Earmarked Reserves	7.35	8.23
HRA Balances	5.45	4.74
Major Repairs Reserve	2.57	2.60
Capital Grants & Contributions	1.44	3.59
Usable Capital Receipts	5.27	1.29
<b>Sub Total</b>	<b>25.31</b>	<b>26.70</b>
S31 Grant Reserve	10.16	4.14
<b>Total</b>	<b>35.47</b>	<b>30.84</b>

- 8.4 **Investments held by the Council** - the Council maintained an average balance of £8.3m of internally managed funds. The internally managed funds earned an average rate of return of 0.11%.
- 8.5 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 8.6 Ultra-low short-dated cash rates, which were a feature since March 2020 when Bank Rate was cut to 0.1%, prevailed for much of the 12-month reporting period which resulted in the return on sterling low volatility net asset value (LVNAV) Money Market Funds being at, or close to zero even after some managers have temporarily waived or lowered their fees. However, higher returns on cash instruments followed the increases in Bank Rate in December, February and March. At 31st March, the 1-day return on the Council's MMFs ranged between 0.48% - 0.58% p.a.
- 8.7 Similarly, deposit rates with the Debt Management Account Deposit Facility (DMADF) initially remained very low with rates ranging from 0% to 0.1% but following the hikes to policy rates increased to between 0.55% and 0.85% depending on the deposit maturity. The average return on the Authority's DMADF deposits in year was 0.08%.

## 9 **Executive Summary and Conclusion**

- 9.1 During 2021/22, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2020/21 Actual £m	2021/22 Original Estimate £m	2021/22 Actual £m
Capital expenditure	17.3	39.2	29.7
Total Capital Financing Requirement:			
• General Fund	73.8	71.6	75.1
• HRA	47.8	54.6	48.2
• Other Housing and Regeneration	<u>57.4</u>	<u>72.8</u>	<u>59.9</u>
• Total	179.0	199.0	183.2
Net borrowing	159.4		150.7
External debt	159.4		160.2
Investments (all under 1 year)	-		9.5



9.2 Other prudential and treasury indicators are to be found in the main body of this report. The Chief Finance Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the Authorised limit), was not breached. The financial year 2021/22 continued the challenging environment of previous years; low investment returns, and continuing counterparty risk continued.

## **10 The Economy and Interest Rates Forecast**

10.1 The Council's treasury advisor, Link, provides the *Economy and Interest Rates Forecast, which is attached as Appendix C.*

## **11 Other**

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

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

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

11.4 **IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard was due to come into force for local authorities from 1st April 2022. Following a consultation CIPFA/LASAAC announced an optional two-year delay to the implementation of this standard a decision which was confirmed by the Financial Reporting Advisory Board in early April 2022. Authorities can now choose to adopt the new standard on 1st April 2022, 1st April 2023 or 1st April 2024. The Chief Finance Officer intends for the Council to adopt the new standard on 1st April 2024, if resources permit adoption from April 2023 will be considered

## **12 Investment Consultants**

- 12.1 The Council has recently appointed Link Treasury Services Limited as its Treasury Adviser for an initial two-year term expiring on 30 May 2023, with the Council having the option to extend, if required. The Link Treasury Services has been appointed to support both the Lewes District Council and Eastbourne Borough Council, given that a shared finance team (with treasury management responsibility) has been established.

## **13 Reporting and Training**

- 13.1 The Chief Finance Officer reported the details of treasury management activity to each regular meeting of the Audit and Standards Committee and Cabinet held in 2021/22. A mid-term summary report was issued in November 2021.
- 13.2 The training needs of the Council's treasury management staff were reviewed as part of the annual corporate staff appraisal/training needs assessment process for all Council employees. Members of staff attended, where appropriate, Links workshops alongside colleagues from other local authorities during 2021/22. In 2021/22, Link Asset Services continue to meet with Council officers to explain developments within the sector, as well as review the Council's own investment and debt portfolios.

## **14 Corporate plan and council policies**

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

## **15 Financial appraisal**

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

## **16 Legal implications**

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

## **17 Risk management implications**

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

## **18 Equality analysis**

- 18.1 Equality issues are considered

## **19 Appendices**

- 19.1
- Appendix A – Temporary loans taken during 2021/22.
  - Appendix B - Revised CIPFA Codes, Updated PWLB Lending Facility Guidance
  - Appendix C - The Economy and Interest Rates
  - Appendix D – Glossary - Local Authority Treasury Management Terms

## **20 Background papers**

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

## Appendix A

### Temporary loans taken during 2021/22

<b>Lender - Temp Debt</b>	<b>£m</b>	<b>Start Date</b>	<b>End Date</b>	<b>Rate</b>
West Midlands Combined Authority	10	21-May-21	21 Jan 22	0.07%
Northern Ireland Housing Executive	7.0	20-Sep-21	20-Jun-22	0.07%
Middlesbrough Teeside Pension Fund	5.0	22-Nov-21	23-May-22	0.04%
West Midlands Combined Authority	10.0	21-Jan-22	20-Jan-23	0.25%
Hyndburn BC	2.0	28-Feb-22	27-Feb-23	0.70%
Swansea City & County	5.0	01-Mar-22	24-Jun-22	0.57%
Rotherham MBC	2.0	16-Mar-22	16-Jun-22	0.75%
Middlesbrough Council	5.0	11-Mar-22	29-Jul-22	0.79%
Greater Manchester Pension Fund	5.0	21-Mar-22	22-Aug-22	0.70%

### Long Term Loans taken during 2021/22

<b>Lender - Long Term Debt</b>	<b>£m</b>	<b>Start Date</b>	<b>End Date</b>	<b>Rate</b>
None				

Maturity loans – repayment is due in full at maturity.

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

## Appendix B

### Revised CIPFA Codes, Updated PWLB Lending Facility Guidance

In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements and the Council will implement the new Code fully commencing from the 2023/24 financial year. To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the CFR unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.

Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The TM Code now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.

The Council will follow the same process as the Prudential Code, i.e. delaying changes in reporting requirements to the 2023/24 strategy year.

### Public Works Loan Board (PWLB) – updated guidance for applicants

On 12th May 2022 HM Treasury issued an update to PWLB lending guidance, addressing lending to authorities where there is more than a negligible risk of non-repayment. The update states that where HM Treasury considers that a local authority may be at risk of being unable to repay PWLB lending, it will engage with that local authority to establish the extent of the risk of non-repayment. **Loans will not generally be advanced where there is a more than negligible risk of non-repayment.**

HM Treasury will generally consider that where a local authority is actively and constructively engaged with Government on addressing financial risk, that local authority is sufficiently managing risk of non-repayment. This includes where a local authority is working with the government as part of ongoing financial support measures. In such cases, HM Treasury will work with the relevant department to assess any risks to the PWLB.

The Department for Levelling Up, Housing and Communities (DLUHC) has announced plans to bring forward measures to provide the government with appropriate powers to directly address excessive risk arising from local government investing and borrowing practices. Where DLUHC believes it to be probable that a local authority would fall within the scope of the powers, it will be engaging with them immediately to get a better understanding of their risk positions in advance of the powers coming into force and to reach agreement on any actions needed to address government concerns.

### **Levelling Up and Regeneration Bill**

The Levelling Up and Regeneration Bill that was included in the Queen's Speech in May 2022 proposes to introduce new powers into the Local Government Act 2003 for capital finance risk management. The proposals would represent an increase in the Government's oversight of the Prudential Framework and its ability to intervene.

Under the proposals, the Secretary of State would be able to issue risk mitigating directions to an authority if a trigger event has occurred. A direction will be able to place borrowing limits on an authority or require it to take specified action, which could include disposing of an identified asset.

One such trigger event is if a risk threshold is breached. For the assessment of risk thresholds, there will be a range of capital risk metrics, whose basis of calculation will be specified, as will the thresholds against which breaches are to be measured. The metrics specified in the Bill are:

- the total debt (including credit arrangements) as compared to the financial resources of the authority
- the proportion of the total capital assets which are investments made, or held, wholly or mainly to generate financial return
- the proportion of the total debt (including credit arrangements) in relation to which the counterparty is not central government or a local authority
- the amount of minimum revenue provision charged to a revenue account for a financial year
- any other metric specified by regulations.

The Secretary of State will have the power to appoint an independent expert to review the level of an authority's financial risk. Authorities will be required to co-operate with the expert in any way that they consider necessary or expedient for the purposes of the conduct of the review, as far as this is practicable.

## Appendix C

### The Economy and Interest Rates by Link Treasury Services Limited

UK. Economy. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

Average inflation targeting. This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

## GLOSSARY

## Local Authority Treasury Management Terms

Terms	Descriptions
<b>Bond</b>	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
<b>Borrowing</b>	Usually refers to the stock of outstanding loans owed, and bonds issued.
<b>CFR</b>	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.  The CFR increases with capital expenditure and decreases with capital finance and MRP.
<b>Capital gain or loss</b>	An increase or decrease in the capital value of an investment, for example through movements in its market price.
<b>Collective investment scheme</b>	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').
<b>Cost of carry</b>	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.
<b>Counterparty</b>	The other party to a loan, investment or other contract.
<b>Counterparty limit</b>	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
<b>Covered bond</b>	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.
<b>CPI</b>	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
<b>Deposit</b>	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
<b>Diversified income fund</b>	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.
<b>Dividend</b>	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.



<b>Terms</b>	<b>Descriptions</b>
<b>DMADF</b>	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.
<b>DLUHC</b>	Department for Levelling Up, Housing and Communities ( <i>formerly known as Ministry of Housing, Communities &amp; Local Government - MHCLG</i> ).
<b>DMO</b>	Debt Management Office – an executive agency of HM Treasury that deals with central government’s debt and investments.
<b>Equity</b>	An investment which usually confers ownership and voting rights
<b>Floating rate note (FRN)</b>	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA
<b>FTSE</b>	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
<b>GDP</b>	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
<b>Income Return</b>	Return on investment from dividends, interest and rent but excluding capital gains and losses.
<b>GILT</b>	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
<b>LIBID</b>	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
<b>LIBOR</b>	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.  Due to be phased out by 2022.
<b>LOBO</b>	Lender’s Option Borrower’s option
<b>MMF</b>	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
<b>Pooled Fund</b>	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
<b>PWLB</b>	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.
<b>Quantitative easing (QE)</b>	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.
<b>SONIA</b>	Sterling overnight interest average – a benchmark interest rate for overnight deposits.
<b>Short-dated</b>	Usually means less than one year
<b>Total return</b>	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Title:</b>	<b>Eastbourne Borough Council Homelessness &amp; Rough Sleeping Strategy 2022 - 2027</b>
<b>Report of:</b>	<b>Tim Whelan, Director of Service Delivery</b>
<b>Cabinet member:</b>	<b>Councillor Alan Shuttleworth, Cabinet member for direct assistance services</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To introduce a new homelessness &amp; rough sleeping strategy and ask Cabinet for approval of the strategic goals, objectives, and associated action plan.</b>
<b>Decision type:</b>	<b>Key</b>
<b>Officer recommendation(s):</b>	<b>Cabinet is recommended to:</b> <b>(1) Consider the final draft of the Eastbourne Homelessness &amp; Rough Sleeping Strategy 2022 – 2027, set out in Appendix 1;</b> <b>(2) Subject to there being no requirement for significant amendments, to authorise the Director of Service Delivery to adopt the strategy for public release.</b>
<b>Reasons for recommendations:</b>	<b>To secure Cabinet approval for a new homelessness and rough sleeping strategy, which local authorities have a statutory obligation to review and publish every five years.</b> <b>The new strategy provides a strategic overview of the current challenges and sets out a framework and action plan addressing these.</b>
<b>Contact Officer(s):</b>	<b>Name: Oliver Jones.</b> <b>Post: Housing, Homelessness &amp; Community Safety Lead.</b> <b>E-mail: Oliver.Jones@lewes-eastbourne.gov.uk.</b> <b>Telephone number: 01323 415 464 / 07</b>

## **1. Introduction & background.**

- 1.1. Reducing the incidence of homelessness and ending rough sleeping is a priority for Eastbourne Borough Council. This strategy sets out the Council's approach to achieving this goal over the next five years, by setting out a new strategic

vision and an accompanying set of objectives, clearly focussed on reducing levels of homelessness.

1.2. The strategy has been developed in line with the requirements set out in the Homelessness Act 2002, which place a legal responsibility on local authorities to undertake a two stage process of reviewing homelessness in their district, and then using the findings of that review to develop and publish a revised homelessness strategy every five years.

1.3. The new strategy introduces a vision, based on three themes, that together shape an approach to managing homelessness across the Borough. These focus on:

- **Prevention** - to lower the incidence of homelessness;
- **Intervention** - to reduce the impact of existing homelessness, and;
- **Sustainable solutions** - to enhance re-housing options and help support households.

This vision is supported by a series of key objectives, to create a framework that, barring any significant change to the operating context, is intended to remain fixed for the five-year duration of the strategy.

1.4. An accompanying delivery plan sets out a series of clear actions and outcomes, designed to drive the implementation of the strategy. Once the strategy is approved these will be allocated to post holders, with completion times and performance measures added where appropriate. Unlike the framework, the action plan is designed to be updated across the duration of the strategy, to reflect progress, changes to operating context and new funding.

1.5. Further details of the strategy and delivery plan can be found in section 3 and Appendix 1.

## **2. Homelessness review.**

2.1. The review stage of the process, undertaken in early 2022, provided an up to date picture of the:

- Current and likely future levels of homelessness across the Borough.
- Activities carried out and support available to prevent homelessness and those experiencing it.
- Level of resources made available locally to tackle homelessness.

The main sections of the review set out the current operating context, summarised progress made against the previous strategy, and looked at how the service is currently operating. The review of operations assessed the levels of demand for housing needs services, examined the responses made to prevent and relieve homelessness, and looked at how temporary accommodation was being used. How well local partnerships worked to address homelessness was also reviewed as part of the process.

2.2. A summary of the main outcomes of the review is set out in the strategy, and amongst these the headline findings were as follows:

- **Demand** - The level of demand remains high and is likely to remain so into the foreseeable future. In each of the past two years around 1,400 households raised enquiries with the housing needs team
- **Preventative action** - A range of activities undertaken by the team helped secure homes for over sixty-percent of the 111 households threatened with homelessness when they approached the Council (under the prevention duty<sup>1</sup>).
- **Early action** - A range of activities undertaken within the team helped secure homes for well over a third (36%) of the 335 households already homeless when they approached the Council (under the relief duty<sup>2</sup>).
- **Main duties** - As a result of the advice, prevention and relief outcomes achieved by the team, only 42% of those already homeless when they approached the Council went on to be assessed under the main homelessness duty and required temporary accommodation. This reduced the social cost of homelessness on households and the financial costs borne by the Council.
- **Partnership working** - Shaping effective alliances with statutory and voluntary partners has been integral to the local response, helping prevent homelessness and providing support to vulnerable households across the Borough.
- **Rough sleeping** - The number of rough sleepers in the Borough continues to be relatively high when compared with areas of a similar size, though in absolute terms numbers remain fairly low. The annual rough sleeper count, which takes place in all local authorities each autumn, recorded 10 cases in 2021, a reduction from 14 in 2020, and 16 in 2019. The Rough Sleeping Initiative (RSI) continues to provide ongoing support, carrying out proactive outreach work that identifies those sleeping rough and connects them with local services. However, there remains a significant shortage of suitable move-on accommodation in the town. This has been exacerbated by the Government's 'Everyone In' & 'Protect & Vaccinate' Covid-19 plans, which provided much needed shelter for those at risk of rough sleeping, but have increased the number of single, vulnerable persons, staying in emergency accommodation.
- **Covid-19** - Analysis indicates that the pandemic had a local impact that reflected national trends, with the policies that sought to restrict evictions and increase the assistance given to the most vulnerable, raising the number of single households and reducing the number of family households, assisted by the housing needs team.

---

<sup>1</sup>The *prevention duty*, introduced by the Homelessness Reduction Act (HRA) 2017, requires local authorities to take reasonable steps to prevent homelessness for any eligible applicant likely to become homeless within 56 days of applying for help.

<sup>2</sup> The *relief duty*, introduced by the HRA 2017, requires local authorities to provide more support to those who are homeless when they applied to help, for a minimum of 56 days, including scope to provide emergency accommodation for a widely defined group of households.

- **Homelessness Reduction Act (HRA) 2017** - There is evidence that the shift towards assisting more single households was underway before the pandemic, as a result of the new prevention and relief duties introduced by the HRA. Invariably, this means that the service is managing higher numbers of single and vulnerable people with mental health issues and other complex disadvantages.
- 2.3. Taking account of the findings, the final section of the review set out a strategic outlook that shapes the prevention, intervention, and solution focused goals of the new strategy.
- 3. Strategy proposals.**
- 3.1. This section summarises the contents of the newly developed strategy, a full copy of which can be found in appendix 1. The opening and introductory sections of the document propose a vision for tackling homelessness across the Borough, outline the definition of homelessness underlying the proposals, and review the current national and local operating context.
- 3.2. At a national level the operating context focuses on the impact of Covid-19, recent legislation such as the Homelessness Reduction Act 2017 and Domestic Abuse Act 2021, as well as current policy frameworks such as the National Rough Sleeping Strategy. These have had an impact on levels of operational demand and shaped service delivery by forming the backdrop for joint working and helping to address issues such as domestic abuse and street homelessness, which remains a key challenge for the Borough.
- 3.3. Locally, the context focusses on the impact of high house prices and rents, increasing levels of deprivation which is currently being exacerbated by the cost of living crisis, and limited housing supply. The review recognised the continuing impact of high house prices, with median property prices in the town now averaging over ten times the local salary. High prices have a knock-on impact on rents, which have risen by 22 percent over the past five years, restricting the access that those on low (and increasingly those on moderate) incomes have to both home ownership and private rented markets. The restricted supply of both market and social housing compounds the issue, and together, these factors contribute to local households losing their homes and not being able to secure suitable housing in the Borough.
- 3.4. The key section of the strategy introduces nine objectives based around the three key themes set out in the vision, which focus on; **prevention** to lower the incidence of homelessness; effective **intervention** to reduce the impact of existing homelessness; and **sustainable solutions** to enhance re-housing options and help support households. Together the themes and objectives create a framework that, barring any significant change to the operating context, is intended to remain fixed for the five-year duration of the strategy. The nine objectives are set out below.

### Prevention

- Quality housing needs services - dedicated to effective advice, holistic and informed assessment.
- Preventative casework – working, alongside partners, to stop those seeking help from becoming homeless.
- Targeted preventions for the most vulnerable groups – through the provision of agreed pathways into support.
- Strategic activities - that seek to identify the issues that drive homelessness across the Borough and apply remedies to reduce it.

### Intervention

- Tackling rough sleeping - continue with our county-wide approach to reducing harm and addressing associated multiple, complex needs.
- Partnership working - maximise the effectiveness of joint working and pathways for at risk groups.
- Temporary housing – provide a good quality, safe, secure, value-for-money accommodation portfolio and reduce the use of emergency placements.

### Sustainability

- Re-housing - establish a range of sustainable housing and move-on options for rough sleepers, vulnerable and homeless households.
- Support - deliver effective support services to help customers maintain accommodation once housed.

- 3.5. A series of cross-cutting themes support the delivery of the framework through:
- Promoting collaborations with statutory, agency and voluntary partners.
  - Investing to train staff and upskill teams.
  - Delivering high quality, value for money services that make the most of available funding.
- 3.6. This framework forms the basis for a delivery plan, the first iteration of which is incorporated into the strategy set out in appendix 1. The plan contains a series of actions and outcomes targeted at delivering the listed objectives, which will be allocated to post holders once the strategy is approved. Unlike the framework, the action plan is designed to be updated across the duration of the strategy, to reflect progress, changes to operating context and new funding opportunities.
- 3.7. The majority of the actions and outcomes presented in the delivery plan are set to complete within two years of the strategy being deployed. Highlights include:
- Supporting education initiatives for young people & care leavers.
  - Creating a dedicated ‘prevention hub’ to co-ordinate the work of Council teams, local voluntary and agency partners.
  - Using data modelling to identify households at a high risk of homelessness and engaging them to target support, wellbeing, and employment initiatives.

- Delivering updated processes, IT case management systems, and enhanced reporting to deliver key service improvements.
- Working with neighbouring authorities and key delivery partners to best utilise the 3-year RSI funding commitment from DLUHC.
- Aligning multi-agency relationships to agree housing solutions in the most complex of individual cases.
- Reviewing the allocations policy to ensure that it balances the needs of homeless and housing register applicants.
- Reviewing temporary accommodation provision to enhance the supply of a good quality, value for money, portfolio.
- Exploring the development of a county-wide approach to partnership working with private rented sector landlords.

#### **4. Outcome expected and performance management.**

- 4.1. The structure of the strategy is designed to remain relevant, adaptable, and responsive. It comprises of a framework setting out the vision and key objectives, which is designed to guide the implementation of a regularly updated delivery plan across the life of the strategy. The first iteration of the delivery plan is summarised above and set out in full, in appendix 1.
- 4.2. Regular monitoring and reviews will be led by the Senior Leadership Team in Homes First and an annual review of progress will engage key stakeholders. The Head of Homes First will provide a report on progress against this strategy to the Cabinet's Lead Member for Direct Assistance Services each year.

#### **5. Consultation.**

- 5.1. In line with the provisions set out in the Homelessness Act 2002 and the Government's published *Homelessness Code of Guidance*<sup>3</sup>, housing authorities must consult public or local authorities, voluntary organisations, or other persons they consider appropriate, before adopting or modifying a homelessness strategy. They must also ensure that their feedback is taken into account.'
- 5.2. As part of the preparation of the draft strategy there have been two periods of consultation, the first in respect of the preceding homelessness review (autumn / winter 2021/22) and more recently in respect of the draft strategy, a six week consultation which closed in early June. Both members of the public and agency partners were invited to comment on the proposals.
- 5.3. Responses received were broadly supportive of the strategy themes and delivery plans, in particular recognising the importance of addressing high levels of housing need, the value of strong partnerships, and the benefit of preventative measures. The strategy has been updated to reflect the responses, for example by, clarifying areas where the Council will actively seek to work with partners;

---

<sup>3</sup> Department for Levelling Up, Housing & Communities – 22/02/2018 (updated 12/10/2021).



emphasising the importance of good quality temporary accommodation, and clarifying the steps that will be taken to help increase the supply of supported accommodation and accompanying tenancy sustainment services.

- 5.4. Beyond the specific remit of the consultation, the leads responsible for delivering housing policy routinely co-ordinate activities with housing authorities across the County, as part of the East Sussex Housing Strategy Group.

## **6. Corporate Plan & Council Policies.**

- 6.1. This strategy contributes directly to the housing ambitions set out in Eastbourne Borough Council's Corporate Plan 2020-2024, which sets out five key priorities targeted at:

- Delivering good access to housing that meets modern standards.
- Providing safe, well managed and decent homes.
- Regenerating locations and delivering more housing.
- Promoting housing that sustains health & wellbeing.
- Addressing the causes of homelessness.

- 6.2 In addressing homelessness, the plan sets out goals to; focus on prevention; support households at risk of homelessness; and work in partnership to address the number of rough sleepers in the town.

## **7. Business case.**

- 7.1. The high-level business case associated with the strategy is set out in the delivery plan. Specific business cases will be developed to support items the plan contains, such as those relating to the delivery of new IT case management systems, the multi-disciplinary preventative hub, and specific support services.

## **8. Financial appraisal.**

- 8.1. It is anticipated that the cost of deploying initiatives contained within the action plan can be met from existing budgets, DLUHC confirmed *Homelessness Prevention Grants* for 2022/23, and the recently confirmed three year settlement to fund the Rough Sleeper Initiative. The Council will work with other Districts and Boroughs to secure additional funding opportunities made available by Central Government, such as the *Rough Sleeper Accommodation Programme*, and work locally to utilise NHS / Public Health funding to secure positive outcomes for local households. Action plans may have to be updated to reflect any changes to this funding, or changes to future levels of grant received across the duration of the strategy.

- 8.2. Successful implementation of the strategy is designed to reduce the cost of addressing homelessness by; focussing on preventative measures to reduce demand; putting in place lower cost solutions to meet temporary housing needs;

and shaping a more integrated approach to housing, health, and wellbeing to reduce the call on wider public services.

8.3. *Deputy Chief Finance Officer consulted on 13/06/2022.*

## **9. Legal implications.**

9.1. This strategy has been prepared in line with the statutory requirements set out in the Homelessness Act 2002, Section 1(4) of which requires housing authorities to publish a new homelessness strategy, based on the results of a homelessness review, within a period of five years.

9.2. The housing authority shall take their homelessness strategy into account in the exercise of their functions in accordance with Section 1(5) of the Act.

9.3. In formulating or modifying this strategy the housing authority shall have regard to its current allocation scheme under Section 166A of the Housing Act 1996 and its current tenancy strategy under Section 150 of the Localism Act 2011.

9.4. In line with the Act and the Government's published *Homelessness Code of Guidance*<sup>4</sup> the

- Preceding review included an assessment of the:
  - current levels and likely future levels of homelessness;
  - activities carried out to prevent households from becoming homeless;
  - accommodation available to those who are homeless or who may become homeless;
  - support available to those who are or who may become homeless or who have been homeless and need support to prevent homelessness again;
  - level of resources available locally to tackle homelessness.
- Proposed strategy incorporates plans for addressing homelessness and rough sleeping into a single document.
- Statutory and voluntary partners, along with members of the public have been provided with an opportunity to comment and provide feedback on the proposals at both the review and draft proposal stage.
- Strategy and action plan align with county wide approaches wherever applicable and sets out actions and outcomes that will build on the key relationships already formed with local partners.
- Strategy contains an action plan setting out to secure effective outcomes in pursuit of the proposed strategic themes and objectives.
- The proposals commit to regular reviews of the action plan.

9.5. *Legal Services considered this report on 15/06/2022. (Legal ref: IKEN 011178-EBC-CH)*

---

<sup>4</sup> Department for Levelling Up, Housing & Communities – published 22/02/2018 (last updated 01/06/2022).

## **10. Risk management implications.**

- 10.1. Having in place a robust strategy and up to date action plan improves the ability to co-ordinate and deliver the range of services that set out to address homelessness. Through doing so it reduces the incidence of homelessness and deals with it more effectively where it occurs. This:
- Lowers the impact on local individual and family households and the associated risk to their wellbeing.
  - Reduces the risk of the Council spending more than budgeted on homelessness services.
- 10.2. Having in place an up to date strategy that complies with statutory responsibilities, reduces the risk of strategic shortfalls being cited in any legal proceedings seeking review of homelessness decisions, which is commonplace in legal challenges.

## **11. Equality analysis.**

- 11.1. An equality analysis has been completed, to assess the impact of the proposals on groups of residents with protected characteristics, and those facing financial hardship.
- 11.2. The assessment identified no negative impacts on protected groups and neutral or positive impacts for others. The positive impacts of the proposals can be delivered through the successful implementation of enhanced preventative activities, support actions, and case management, particularly those measures setting out to address the issues experienced by groups at higher risk of homelessness. These include women at risk of domestic abuse; those living with physical disabilities, mental health conditions and experiencing multiple complex needs; and those on lower incomes struggling to afford housing. A copy of the analysis is available from the report author.

## **12. Environmental impact analysis.**

- 12.1. There are no direct environmental impact implications for the Council arising from the recommendations set out in this report.

## **13. Appendices.**

- 13.1.
- Appendix 1 – Draft Eastbourne Borough Council Homelessness & Rough Sleeping Strategy 2022-2027.

## **14. Background papers.**

- 14.1. The following background papers are associated with this report, copies of which are available from the author:

- Eastbourne Borough Council Homelessness & Rough Sleeping Strategy 2022-27 – Equality & Fairness Analysis.
- Eastbourne Borough Council Homelessness Review 2021/22.



Eastbourne Borough Council  
Homelessness and Rough Sleeping Strategy  
(Draft)  
2022-2027

DRAFT

## CONTENTS

1.Our vision .....	3
2.Foreword.....	4
3.Introduction.....	5
What is homelessness? .....	5
How has this strategy been developed? .....	5
4.Context.....	6
National context.....	6
Local context .....	7
Strategic fit.....	8
5.Summary of Findings from the Homelessness Review.....	8
6.Strategic Priorities .....	10
7.Priority 1 – PREVENTION.....	11
8.Priority 2 – INTERVENTION .....	12
9.Priority 3 – SUSTAINABLE SOLUTIONS.....	13
10.Governance & monitoring. ....	14
11.Delivery Plan.....	15



Prevent – to reduce the incidence of homelessness

Intervene – to reduce the impact where homelessness has occurred



Sustainable solutions – to promote housing options and effective support services

## 2. Foreword

Eastbourne is a great town in which to live and work, but also a town in which too many local households struggle to find good quality housing at a price they can afford. The recent surge in house prices has resulted in the cost of an average home in Eastbourne rising to over ten times the local salary, and high prices have had a knock on impact on rents, which have risen by 22 percent over the past five years. The high costs of both home ownership and renting severely restricts the housing options that those on low, and increasingly so those on moderate incomes, have in the local market. Clearly, the current cost of living crisis is only making matters worse. As a result, the demand for help is high, and over the course of the past year the housing needs team has dealt with over 1,400 enquiries, from households who needed housing advice, were at risk of losing their home, or were already homeless.

Rough sleeping is the most acute symptom of housing need, and in common with other coastal areas, its prevalence in Eastbourne is relatively high compared to similarly sized towns. Where it occurs rough sleeping has a devastating impact on the health and wellbeing of the individuals concerned, and over the past few years the Rough Sleeper Initiative (RSI) programme has worked hard to deliver outreach services that identify those sleeping rough and connect them with support services. It is welcome news that the RSI team have recently secured a three-year funding settlement from Central Government, that will allow this valuable work to continue.

Reducing the incidence of homelessness and ending rough sleeping is a key priority for the Council. This strategy sets out the approach to achieving this goal over the next five years, by setting out a framework focused on; preventing homelessness; intervening effectively when it occurs; and putting in place sustainable solutions to build more affordable homes, secure more supported housing for rough sleepers and those facing disadvantage; and provide support services to improve re-housing options. This framework is supported by an action plan designed to be updated across the duration of the strategy, to reflect progress, changes to operating context and new funding opportunities. Local partner agencies have helped formulate this plan and their valued contribution is key to helping deliver the outcomes it contains.

The impact of Covid-19 has brought home the fundamentals that matter the most to households and communities across the town, and as we face new challenges ahead, it is clearer than ever that providing good quality affordable housing in the town, is key to helping all residents feel safe and secure.

**Councillor Alan Shuttleworth - Lead Cabinet Member for Direct Assistance Services**



### 3. Introduction

- 3.1. The demand for homelessness services has increased steadily over the past 5 years, and during the past year, the Council's housing needs team received more than 1,300 requests for advice and assistance from family and single households seeking help. The impact of homelessness has a devastating impact on those directly affected, a social cost that extends into the wider community, and a financial cost that draws agency resources away from other key services.
- 3.2. This strategy introduces a framework that sets out to reduce the impact that homelessness has on local individuals and households, and the priorities the Council will pursue to help do so.

#### What is homelessness?

- 3.3. Those who present as homeless do not have to be sleeping on the streets or lack a roof at the time they ask for help. Households can also be considered homeless if they are:
  - Having to stay with friends or family.
  - Staying in a hostel, night shelter or bed and breakfast accommodation.
  - At risk of violence or abuse in their current home.
  - Living in poor or unsafe conditions that cannot be rectified.
  - Leaving an institution such as a prison or hospital, or the care system, with nowhere to go.
- 3.4. This strategy uses a definition of homelessness that includes both rough sleepers, single people and families that are threatened with, or present as homeless. In short, any household (individual, couple, or a family) that find themselves without a safe or secure place to call home.

#### How has this strategy been developed?

- 3.5. The relevant legislation has been adhered to in formulating and modifying this strategy. It has been prepared in line with the statutory requirements set out in the Homelessness Act 2002, Section 1(4) requires housing authorities to publish a new homelessness strategy, based on the results of a homelessness review, within the period of five years beginning with the day on which their last homelessness strategy was published. In addition, we have had regard to the Council's Allocation Scheme, Tenancy Policy, and the Homelessness Code of Guidance for Local Authorities in England 2018, last updated 1<sup>st</sup> June 2022.
- 3.6. The homelessness review, undertaken earlier this year, provided an up-to-date picture of the:
  - Current and likely future levels of homelessness across Eastbourne.
  - Activities carried out & support available to prevent homelessness and those experiencing it.
  - Level of resources made available locally to tackle homelessness.
- 3.7. The wider public, local voluntary and statutory partners, were invited to comment on the findings of the review, and their responses have been used to inform the shape and direction of this strategy, which sets out how the Council will work with others to; bolster activities to prevent homelessness occurring; intervene effectively when it occurs; and deliver sustainable plans to support re-housing options.

## 4. Context

### National context

4.1 The operating environment in which local authorities must deliver services to reduce homelessness continues to provide a number of key challenges. Increasing house prices, rising private sector rents, and the reduced incomes households face as a result of the pandemic, continue to drive the high number of local households accessing services, some of whom need to be placed in emergency or temporary accommodation. Key issues to highlight include:

- **Covid-19.** Over the past two years the pandemic has, not unsurprisingly, had a significant impact on central Government strategy. At a local level, this has resulted in teams re-focusing services by; providing emergency accommodation to rough sleepers as part of the 'Everyone In' initiative; putting in place additional safeguards to help maintain social distancing in temporary accommodation; and delivering remote services as standard. A ban on private rented sector evictions, in place since the first national lockdown, expired at the end of May 2021. Along with the broader economic impacts of the pandemic, this has increased the level of demand on homelessness services and the potential impacts will need to be monitored in the months ahead.
- **Homelessness Reduction Act (HRA) 2017.** The implementation of this Act, whilst putting in place welcome additional protections for those at risk of homelessness, has introduced extra demands on the work of local housing needs teams. The changes it introduced included:
  - A new 'prevention duty', requiring local authorities to take reasonable steps to assist those likely to become homeless earlier, so within 56, rather than 28 days.
  - A new 'relief duty', which applies to those already homeless when they ask the local authority for help. It requires local authorities to provide support for 56 days.
  - A requirement to carry out a holistic assessment of the applicant's housing and support needs, then set out how these will be addressed in a 'personal housing plan'.

The combined impact of these changes has been to increase the overall number of applicants seeking help, alter the profile of those qualifying for assistance (in particular more single applicants and more households with complex needs are coming forward under the new duties) and increase the number of applicants placed in temporary accommodation.

- **Domestic Abuse Act 2021.** Under this new Act, being accepted as homeless due to domestic abuse directly confers priority need. This is a welcome change that will provide re-assurance and certainty for individuals and their families presenting as homeless because of domestic abuse, and will simplify the decision-making process for officers. The Act also introduces a new definition of domestic abuse and requires that housing authorities, should provide a secure lifetime tenancy to applicants who held a similar security of tenure in the past.
- **National Rough Sleeping Strategy.** In August 2018, the Government published their current plans for tackling rough sleeping. It comprises of three parts, or 'pillars':
  - Prevention: understanding issues that lead to rough sleeping and providing support.
  - Intervention: helping rough sleepers with swift support tailored to their individual needs.
  - Recovery: supporting people in finding a new home and rebuilding their lives.

The three pillars of the strategy, along with the funding received via the Rough Sleeper Initiative, set out to halve rough sleeping by 2022 and eradicate it completely by 2027.

## Local context

4.2 Property prices in Eastbourne are high, with the recent surge in market activity has pushing up the average cost of a home (in quarter 3, 2020) to £305,000.<sup>1</sup> Such high prices set the context for a range of issues that restrict the access that many households have to local housing markets. These include:

- **High house prices and rents.** House price ratios, which compare the relationship between average property prices and average earnings, showed that by autumn 2020, median property prices were over ten times the local full-time salary<sup>2</sup>. High house prices have a knock-on effect on private rents, the high level of which continue to challenge the ability of local households to secure suitable housing. By September 2021, the median rent (all bed sizes) stood at £825<sup>3</sup> per month, a rise of 22 percent over the past five years. A recent search on Rightmove<sup>4</sup> illustrated the fact that the majority of private rents charged in Eastbourne are above the Local Housing Allowance (LHA, which cap levels of welfare benefit subsidy that can be claimed). Of the 68 advertised homes, only one was available at a rent below the respective LHA rates, a 1-bed home unsuitable for families with children. With LHA rates once again frozen, this picture is unlikely to change anytime soon.
- **Deprivation.** Indices of Multiple Deprivation, last published by the Office for National Statistics in 2019, provide a snapshot of relative deprivation in each locality in England, by looking at a range of factors including income, employment, education, health, and barriers to housing. These are combined into a single index. Overall, Eastbourne ranks as 106 out of 317 local authorities (where 1 is the most deprived) in England and contains four localities, known as Lower Super Output Areas (LSOAs) that fall within the 10 percent most deprived, the lowest ranking of which is Hampden Park. Eastbourne also has 12 (LSOAs) that are amongst the 20% most deprived in England, four more than in 2015.<sup>5</sup> Meanwhile, by the end of 2019/20, more than 4,000 children were living in low-income families, 18.2 percent of all children in Eastbourne.
- **Housing tenure and supply.** The total housing stock of Eastbourne numbered 49,125 in 2020, an increase of 2,488 homes, a rise of 4% over the past ten years. This was driven largely by new private sector provision (1,781 homes) and a smaller increase in housing association homes (421 homes). Overall, the growth in social housing stock has been small, amounting to a net increase of only 62 homes in the past ten years, once Right to Buy losses are taken into account. New affordable housing supply is an area that requires more focus if provision is to be expanded to help meet demand.
- **Housing demand and availability.** The demand for social housing is high and there are currently over 1100 households waiting for homes on the council's housing register, each of whom meets one or more categories of preferential need. The availability of social housing, on the other hand, is restricted in terms of both new supply and the number of existing homes that become available to re-let. During 2020/21 a total of 107<sup>6</sup> council homes were let to new tenants, which represents a stock

---

<sup>1</sup> HYPERLINK "<https://www.ons.gov.uk/filter-outputs/2d38c8d0-e5a5-459f-a0fa-3dfba9a70678>" [House price statistics for small areas in England and Wales – Mean Property Sales Values – Office for National Statistics – June 2021](#).

<sup>2</sup> [Ratio of house prices to residence based earnings – Office for National Statistics – March 2021](#).

<sup>3</sup> [Office of National Statistics - Private rental summary statistics June 2021](#).

<sup>4</sup> [Rightmove](#) search conducted March 2022.

<sup>5</sup> [East Sussex in figures – Indices of Deprivation 2020](#).

<sup>6</sup> Government LA Housing Statistics - [Local authority housing statistics data returns for 2020 to 2021 - GOV.UK \(www.gov.uk\)](#) – Published Feb 2022.

turnover of just 2.9% percent. With only a further 33<sup>7</sup> housing association homes let to those waiting on the housing register, there remains a significant shortfall between the levels of supply and demand.

- 4.3 The combined impact of high housing costs and restricted affordable housing in both the private and social rented housing sectors, presents a real housing challenge to residents of Eastbourne. These challenges restrict the housing choices of many households on middle incomes and severely restrict the choices of those on low and unstable incomes, many of whom have to compromise on the standard and suitability of the homes they can secure. These inequalities will continue to have a disproportionate impact on young people, single households, and those reliant on welfare benefits.

## Strategic fit

- 4.4 This strategy contributes directly to the housing ambitions set out in Eastbourne's Corporate Plan 2020-2024, which sets out five key priorities targeted at:

- Delivering good access to housing that meets modern standards.
- Providing safe, well managed and decent homes.
- Regenerating locations and deliver more housing.
- Promoting housing that sustains health & wellbeing.
- Addressing the causes of homelessness.

- 4.5. In addressing homelessness, the plan sets out goals to; focus on prevention; support households at risk of homelessness; and work in partnership to address the number of rough sleepers in the town.

## 5. Summary of Findings from the Homelessness Review

- 5.1. The review, completed in early 2022, set out to provide an up-to-date picture of the:

- Current and likely future levels of homelessness across the Borough.
- Activities carried out & support available to prevent homelessness and those experiencing it.
- Level of resources made available locally to tackle homelessness.

A summary of key findings from the review is set out below.

- **Service demand and operational response.** The review showed that the demand for services remains high and is likely to remain so into the foreseeable future. During 2020/21, 1,370 households raised enquiries with the housing needs team, a small increase of 2% on the 1,339 enquiries received the year before. An assessment was completed for around sixty percent of these enquiries (817), of which around two-thirds (540 households) were found to be owed a prevention duty (because they were at risk of homelessness within 56 days when they approached the Council) or relief duty (because they were homeless at the time they approached the council).
- **Prevention duty and the Council's response.** The number of households whose prevention duty ended during the year is used to measure the level of activity under this duty. During 2020/21 this duty ended for 111 households, with the preventative activities undertaken by the housing needs team successfully securing accommodation for over sixty percent (62%) of those seeking help.

---

<sup>7</sup> Government LA Housing Statistics - [Local authority housing statistics data returns for 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/local-authority-housing-statistics-data-returns-for-2020-to-2021) – Published 18/11/2021 and last updated 04/02/2022.

Around a fifth (19%) went on to become homeless. Taking positive action to prevent homelessness in this way reduces both the social cost of homelessness on households and the financial costs borne by the Council.

- **Relief duty and the Council's response.** The number of households whose relief duty ended during the year is used to measure the level of activity under this duty. During 2020/21 this duty ended for 335 households, with the activities undertaken by the housing needs team successfully securing accommodation and addressing homelessness for over a third (36%) of those seeking help. As is the case with preventative measures, relieving homelessness in this way reduces the social and financial costs of homelessness. Around 40% of households remained homeless as their relief duty ended (after 56 days) and progressed to be assessed under the main homelessness duty.
- **Main duty assessments.** The number of main duty assessments undertaken has fallen by 40% over the past three years, from 214 cases in 2018/19 to 134 in 2020/21. This trend reflects the impact of the HRA, which has seen many households assisted earlier in the process under the prevention and relief duties it introduced. The number of cases accepted under the main duty, because they were assessed as being not intentionally homeless and in priority need as also fallen, almost certainly because of the increasing numbers of single households coming through the system, again as a result of the HRA 2017 and, more recently, the pandemic. Single households are less likely to qualify as a priority than families, as having children is the key driver of priority need set out in the legislation. Most households re-housed under the main duty accepted an offer of a socially rented home (72%), with the remainder securing their own accommodation in the private rented sector.
- **Rough sleeping.** The number of rough sleepers in Eastbourne continues to be relatively high when compared with areas of a similar size, though in absolute terms the numbers remain fairly low. The annual rough sleeper count, which takes place in all local authorities each autumn, recorded 10 cases in 2021, a reduction from 14 in 2020, and 16 in 2019.<sup>8</sup> The Rough Sleeping Initiative (RSI) continues to provide ongoing support, carrying out proactive outreach work that identifies those sleeping rough and helps connect them with local services, but there remains a significant shortage of suitable move-on accommodation in the town. This has been exacerbated by the Government's 'Everyone In' & 'Protect & Vaccinate' Covid-19 plans, which provided much needed shelter for those at risk of rough sleeping, but have left high numbers of single, often vulnerable persons, in emergency accommodation. Addressing their support and housing needs is a priority.
- **Partnerships.** Working with statutory and voluntary partners has been integral to mounting an effective local response to homelessness, and a wide range of dedicated partners have joined efforts to help prevent homelessness and provide support to vulnerable households. The new 'duty to refer' pathway, introduced by the Homelessness Reduction Act is working well, with 20% of all enquiries received having been referred by another agency via this route. The probation service, hospitals and prisons were the leading sources of referral.
- **Local trends and Covid-19.** Over the past year, analysis of how the housing needs service has been operating indicates that the pandemic has had a local impact that reflects national trends. As such, the associated policies that have sought to restrict evictions and support the most vulnerable, have increased the proportion of single households, and reduced the number of households with children being assisted by the housing needs team.
- **Impact of the HRA 2017.** There is evidence that the shift towards assisting more single households was underway before the pandemic, as a result of the new prevention and relief duties introduced by

---

<sup>8</sup> Annual Rough sleeper snapshot (Oct 2021) – Department of Levelling Up, Housing & Communities – published February 2022 - [Rough sleeping snapshot in England: autumn 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97421/rough-sleeping-snapshot-in-england-autumn-2021.pdf)

the HRA. In 2020/21 single persons accounted for 73% of all those qualifying for assistance under the prevention or relief duties. Invariably, this means that the service is managing higher numbers of single and vulnerable people with mental health issues and other complex disadvantages.

- **Longer term trends.** Whilst in the short term there is likely to be some re-balancing of the profile of those accessing the service, as the impact of Covid-19 eases, services are likely to continue to face a high level of demand from a more marginalised and challenging customer base. In addressing these trends, the emphasis will need to be placed on putting in place high quality services, that seek to reduce demand through preventative activity and intervene effectively to support those households affected by homelessness.

## 6. Strategic Priorities

6.1. The strategic priorities are based around the following key themes:

### 1. PREVENTION

Quality housing needs & standards services - dedicated to effective advice, holistic and informed assessment.

Preventative casework – working alongside partners, to stop those seeking help from becoming homeless.

Targeted preventions for the most vulnerable groups – through the provision of agreed pathways into support.

Strategic activities - that seek to identify issues that drive homelessness across the Borough and apply remedies to reduce it.

### 2. INTERVENTION

Tackling rough sleeping – continue supporting the county-wide approach to reducing harm and addressing associated multiple, complex needs.

Partnership working - maximise the effectiveness of joint working and pathways for at risk groups.

Temporary housing – provide a good quality, safe, secure, value-for-money accommodation portfolio and reduce the use of emergency placements.

### 3. SUSTAINABLE SOLUTIONS

Re-housing - establish a range of sustainable housing and move-on options for rough sleepers, vulnerable and homeless households.

Support - deliver effective support services to help households maintain accommodation once housed.

6.2. Each of these priorities is underpinned by a series of cross-cutting themes:

- Effective collaborations with statutory, agency and voluntary partners.
- High quality services, that treat applicants with respect and provide value for money.
- Skilled and well-trained staff.

6.3. Pursuing an integrated approach that works with partners to assess and prevent the local causes of homelessness and rough sleeping, can help deliver best practice, reduce the barriers that restrict people from accessing services, and equip residents with the skills they need to sustain their tenancy in the longer term.

## 7. Priority 1 – PREVENTION

7.1. The Homelessness Reduction Act (2017) introduced the *prevention duty* for local housing authorities, extending the period that they are required to work with those threatened with homelessness, from 28 to 56 days. Under this duty, the local authority must take reasonable steps to prevent eligible persons from becoming homeless, by helping them stay in their current home, or to find a new one. This duty informs the first priority of the strategy and will focus on addressing it by delivering an approach that balances strategic activities, preventative casework, and targeted support to the vulnerable and those living in poor quality accommodation. Underpinning this are the processes and resources needed to deliver a quality housing needs and standards service.

7.2. Taking each in turn:

- **Quality housing needs services - dedicated to effective advice, holistic and informed case assessment.** Plans will address this by putting in place processes that provide access to readily available housing advice, backed up by a well-equipped and knowledgeable team. The team will be empowered to intervene early to increase the likelihood of a successful outcome. Keeping the skills of the team up to date, to ensure that they deliver high quality, respectful, casework throughout the customer journey, and developing IT systems in order to automate and support processes, are the other essential elements that will help drive successful service delivery. Improving quality standards through the regular inspection of licenced HMOs and supporting residents who report concerns with Private Rented Sector standards, is another key aspect of the Council's work.
- **Preventative casework – working alongside partners to stop those seeking help from becoming homeless.** The approach here seeks to maximise the proportion of residents supported to stay in their existing home, or where this is not possible, facilitate a planned move to a new one. Maximising success here limits the trauma experienced by households undergoing homelessness and reduces the financial costs of funding emergency accommodation. Putting in place joint 'hub' arrangements with partners, providing financial incentives, and undertaking negotiations with private landlords, family, and friends, will all be key areas of focus. The private rented sector (PRS) will often be the only option for many looking for a home, so opening up access to lower cost, good quality, PRS housing options is also a priority. Promoting the recently launched landlord incentive

scheme, dedicating resources to work hand in hand with local agents, and examining innovative ways to boost the provision of rented accommodation, will all form part of the plans put in place.

- **Offering targeted preventions for the most vulnerable – through the provision of agreed pathways into support.** Providing accommodation alone is not a rounded solution to homelessness, especially for those with additional or complex needs, who will often require extra help to manage in their new home. Without this support vulnerable individuals and households can find themselves in repeat cycles of homelessness and at higher risk of rough sleeping. Fostering collaborations to develop and maintain clear and effective pathways to housing (for example when clients leave hospital, prison, care, or the RSI), delivering holistic services around those with the highest level of need, and increasing access to supported accommodation, are all tools that the strategy will help deliver.
- **Strategic activities - that seek to identify issues that drive homelessness across the Borough and apply remedies to reduce it.** Here activities will look to address this by focusing on modelling tenure, income, welfare benefit and demographic data to help identify which local households are most at risk of homelessness. Identified groups can then be engaged 'upstream', to reduce this risk materialising through co-ordinating locally available funding, staff, and project resources to offer support. Drawing these together to align wellbeing, employment, housing, and treatment plans, are the kinds of activities likely to offer the greatest chance of reducing future demand on services.

## 8. Priority 2 – INTERVENTION

- 8.1. The second strategic priority reflects the *relief duty*, also introduced by the Homelessness Reduction Act, under which local authorities must intervene when an applicant has already lost their accommodation, so is homeless when they apply for help. Under this duty authorities must take reasonable steps to help the applicant secure a new home. Not every applicant can be prevented from losing their accommodation, so it is crucial that plans are in place to help maximise the range of realistic housing options available to households.
- 8.2. Targeted casework and putting in place a robust, well-resourced housing needs service are as important here as they are in helping prevent homelessness. Beyond that, the approach set out in the strategy is based around continuing to focus work through the Rough Sleeper Initiative and working with partners to address the needs of identified at risk groups. A further key goal is to minimise the use of temporary accommodation placements, but where these are necessary the strategy will focus on ensuring that these are clean, safe, and represent value for money for both the applicant and Council.
- 8.3. Taking each in turn:
  - **Tackling rough sleeping - continue supporting a county-wide approach to reduce harm and address associated multiple, complex needs.** The Rough Sleeping Initiative (RSI) is an established success. Local partners are now keen to build on this by working together to secure ongoing funding, replicate the RSI model to provide support to a wider group of local residents living with mental health / complex challenges, and develop a single county-wide approach for the most complex cases. Moving in this direction will help develop a more holistic approach to assessment, deliver models of support tailored to individual needs, and create flexible pathways into suitable accommodation options.
  - **Partnership working - maximise the effectiveness of joint working and pathways for at risk groups.** Addressing this goal will build on a range of projects and programmes already being delivered in partnership with other East Sussex local authorities. Recent examples of these include; a new service working with rough sleepers, those living with mental health challenges and other complex needs, to offer wellbeing support and employment advice; the deployment of independent domestic violence advocates who will help housing needs teams support victims; and



the launch of a new multi-agency assessment framework, which meets monthly to discuss high risk multiple cases and agree action plans. Additional pathways of support are in place for those leaving prisons, hospitals and care. Regular meetings with voluntary sector partners actively providing services to the homeless are already established and will continue to support the rollout of the new strategy.

- **Temporary housing – provide a good quality, safe, secure, value-for-money accommodation portfolio and reduce the use of emergency placements.** The overriding goal is to cut back on the use of emergency accommodation (EA), to help reduce the social cost of disruption to households and financial costs to the Council. However, there are times when the use of EA is unavoidable, so there is a need to ensure that both short-term emergency and medium-term temporary accommodation options, provide clean, safe homes that represent value for money. The strategy will put in place clear procurement goals and work with other partners (in the local *Temporary Accommodation Action Group*) to agree standards, set rents with other providers, and develop support plans for residents.

## 9. Priority 3 – SUSTAINABLE SOLUTIONS

9.1. This third priority acknowledges the importance of having in place a range of options to meet housing demand across the Borough. It also recognises that having access to accommodation alone does not address the underlying causes of homelessness, and that housing provision often needs to be supported by services that can help new households sustain their tenancy. Aligning housing and support in this way can help prevent future homelessness and break the cycles that can result in households experiencing long-term instability.

9.2. Taking each in turn:

- **Re-housing - establish a range of sustainable housing and move-on options for rough sleepers, vulnerable and homeless households.** The housing offered to households will include privately rented, council, social and supported housing, so the focus of the strategy here will be to help back the expanded provision of each. Carrying out robust housing needs assessments and taking steps to ensure that the needs identified are reflected in new developments is key. This will help ensure that new homes commissioned through developers and residential social landlords, using Government grants where available, meet local needs. Focussing on boosting the supply of supported move-on accommodation and opening up access to the private rented sector, particularly to those on low incomes, are other important areas of focus.
- **Support – deliver effective services to help customers maintain accommodation once housed.** The strategy recognises that those moving into new homes have varying levels of need. These range from lower levels of support providing households with help settling in, through to the intensive support that may be needed to help households sustain tenancies over the longer term. Effectively assessing need and establishing the resources and skills required to meet it is a key goal of the new strategy. These needs will not always be fixed, so some degree of flexibility is required to allow support to be ‘stepped up’ or ‘stepped down’ as demand necessitates. A new pilot to address wellbeing, health and employability is already being delivered in partnership with the County’s public health team. This provides access to a wide range of interventions and the strategy seeks to expand this to develop a county-wide service capable of having a lasting impact on supporting the stability of many more households.

## 10. Governance & monitoring.

- 10.1. The senior leadership team within Homes First will oversee the delivery of this strategy. It will regularly monitor key milestones and the targets that need to be met, to maintain progress against the set priorities. It will also assign responsibility for completing tasks to named individuals and post holders within Homes First, or in other teams as appropriate. It will review progress against the plan every year and invite key stakeholders to take part in the process. The Council's lead member for housing will receive an annual report on progress against this strategy.

## 11. Delivery Plan

The themes and objectives set out above form the framework for this plan. Unlike the framework which is designed to remain fixed for the duration of the strategy, this delivery plan is intended to be reviewed and updated to reflect progress, changes to operating context and new funding and partnership opportunities.

Priority 1 – PREVENTION			
Objective	Action	Outcome(s)	Target Date
Quality housing needs & standards services - dedicated to effective advice, holistic and informed case assessment.	Train and develop a team of confident and experienced Housing Options Officers, to deliver high quality needs assessments and excellent customer service, with dignity & respect.	Develop & update skills matrix for all teams / staff.	In place & ongoing
		Organise delivery of homelessness law and case law update courses.	September 2022
		Organise delivery of 'trauma-informed' approach to assessment course.	September 2022
		Named staff champions with joint responsibility for leading specialist training / liaison in areas, such as domestic abuse and mental health awareness.	September 2022
		Establish enhanced monthly monitoring of complaints and ensure outcomes are discussed at 1-1s to reduce levels of complaints.	October 2022
	Develop IT systems to maximise efficiency, case management and reporting capabilities and align key customer processes.	Effective case management of homelessness applications & decisions in place.	September 2022
		Updated website content, with better quality information providing residents with opportunities to receive answers via self-service options.	September 2022

		Automated management reports detailing caseload, approaches, throughput, and demographics, to support the more effective monitoring of service.	December 2022
		Data reports that can be extracted and shared with partners to support the development of new initiatives and funding bids.	December 2022
		Key customer processes, including applications for homelessness, housing register, and change of circumstance forms, fully operational and online.	March 2023
		Automated processes in place that reduce the time spent on administrative tasks & improve customer outcomes.	March 2023
	Work closely with statutory and voluntary sector partners, ensuring customers can access advice & practical support which meets their needs and delivers realistic housing solutions.	Hold regular county-wide forum taking place via Homeless Link.	In place & ongoing
		Hold regular forum with voluntary homelessness service providers, advice, and statutory agencies.	In place & ongoing
		At least one partner agency invited to each monthly team meeting to discuss their service / project.	In place & ongoing
		Monitor referral arrangements in place to deliver preventative outcomes via commissioned partners.	In place & ongoing
	Align enforcement activities of Private Sector Standards Team to focus on prevention and relief outcomes and use of landlord incentives.	Higher numbers of prevention outcomes and reduced risks of homelessness.	November 2022

Preventative casework – working, alongside partners, to stop those seeking help from becoming homeless.	Work effectively with other colleagues in the Council such as housing benefit, private housing, neighbourhood services, licensing, and income teams, to help resolve issues that may lead to homelessness.	Improved standards in private sector accommodation resulting in fewer approaches due to disrepair.	April 2023
		Revised account management and debtor processes that limit arrears escalation and promote sustainable income recovery.	October 2022
	Work with neighbouring authorities and named public bodies to review and maintain effective ‘duty to refer’ pathways, to help drive the early identification of homelessness.	Increased volume of timely referrals from agencies and support services, improving prevention outcomes for applicants.	In place & ongoing
	Create a dedicated ‘hub’ of local partners, integrating the prevention work of Council teams, voluntary and statutory agencies, to focus on ‘upstream’ preventative activities’ and co-ordinate casework.	Hub established as the focus of preventative work and the lead in deploying early interventions targeted to those at risk of losing their home.	December 2022
		Increased volumes of planned moves to alternative PRS homes and other housing options through negotiation and the use of incentives.	March 2023
	Target financial support for tenants (DHP, deposits & rent in advance).	Reduced proportion of relief vs prevention outcomes managed through the housing needs team.	November 2023
	Develop an effective, value for money, landlord incentive scheme that encourages more private rented sector landlords to let homes to housing needs referrals.	Scheme published/advertised to private sector landlords.	September 2022
		Key point of contact for private sector landlords established and better working relationships with local landlords, local agents, and the National Residential Landlords Association.	September 2022

		Increased number of private sector properties available and reduced numbers of applicants in emergency / temporary accommodation (EA / TA).	September 2022
Offering targeted preventions for the most vulnerable – through the provision of agreed pathways into support.	Support education & awareness initiatives for young people & care leavers to highlight the reality of becoming homeless.	Continued funding of contributions to the East Sussex Schools Homeless Prevention Project (YMCA).	In place & ongoing
	Jointly manage and review key ‘duty to refer’ pathways for those leaving hospital and care teams, to improve interventions for the most vulnerable clients.	Reduced numbers of 18–25-year-old homeless applicants.	April 2023
		Better utilisation of existing pathways, such as the <i>Joint Protocol for young people 16/17 at risk of homelessness</i> and the <i>Care Leavers Housing</i> .	September 2022
	Develop pathways for prison leavers and those in the criminal justice system through the Local Leadership Integration Fund (LLIF) bid.	Jointly funded prison housing officer in post (LLIF bid).	March 2023
		Reduced number of prison leavers entering EA / TA.	March 2023
	Agree joint working pathways with Children’s Services for care leavers or families who may be intentionally homeless, to minimise the impact of homelessness on these households.	Reduced number of intentionally homeless families with children in EA / TA.	March 2023
Strategic activities - that seek to identify the issues that drive homelessness across the	Use reports / data modelling to identify households at risk of future homelessness.	Clearly identified lists of local residents to be targeted by interventions.	October 2022

Borough and apply remedies to reduce it.	Engage identified households and address specific issues by targeting practical, wellbeing and employment initiatives, to improve housing options.	Reduced demand on local homelessness / agency services.	March 2023
--	--	---	------------

Priority 2 – INTERVENTION			
Objective	Action	Outcome(s)	Target date
Tackling rough sleeping - continue supporting the county-wide approach to reducing harm and addressing associated multiple, complex needs.	Work with neighbouring authorities and key delivery partners to establish local funding commitments and longevity for services once DLUHC funding ends	Agreed funding framework for rough sleeping services to sustain initiative for next 3 years.	August 2022
	Develop a county-wide support and accommodation approach for customers with the most complex support needs.	Multi Agency Risk Management (MARM) protocols embedded across the county.	August 2022
		An established multi-disciplinary team/ hub where multiple complex needs (MCN) cases across the county are managed in one place.	April 2023
		Reduced number of households with MCN in EA / TA.	April 2023
	Continue to use capital and revenue grants from DLUHC and Homes England, to provide dedicated move-on accommodation for former rough sleepers and work collaboratively with relevant partners to ensure the success of those placements.	Completed property acquisitions within the Rough Sleeper Accommodation Programme (RSAP) - capital grant round 2021/22.	July 2022
		Support services within the RSAP revenue grant agreed and in place – revenue grant round 2021/22.	July 2022
		Fully utilise any 2022/23 capital and revenue allocation successfully bid for.	April 2023
		Increased number of units available specifically for use by former rough sleepers.	April 2023



		Reduced numbers of rough sleepers.	April 2023
	Engage with the voluntary sector and statutory agencies to target and deliver support where it is needed most and make best use of their well-established working relationship with this client group.	Established county-wide homelessness forum for relevant partners via Homeless Link	In place & ongoing
		Joint plan with voluntary groups for delivering Severe Weather Emergency Protocol (SWEPE) responses and winter night shelters, in place.	In place & ongoing
		Support rough sleepers and the wider street community by addressing their vulnerability and wider impact on community safety issues.	In place & ongoing
Partnership working - maximise the effectiveness of joint working and pathways for at risk groups.	Strategic commitment to partnership working across various multi-agency panels and forums to find solutions in the most complex of individual cases.	Multi Agency Risk Management (MARM) protocols implemented across the county	In place & ongoing
		An established multi-disciplinary team/ hub where multiple complex needs (MCN) cases across the county are managed in one place.	April 2023
		Reduced number of MCN cases in EA / TA.	April 2023
	Strategic commitment to close working with East Sussex districts and boroughs to minimise duplication, pool resources and reduce costs.	Regular attendance at the East Sussex Housing Officers Group (ESHOG) and homelessness sub-group.	In place & ongoing
	Continue with consortium applications for grant funding wherever possible, to help maximise funding successes.	Successful joint bids with other East Sussex authorities for future funding opportunities.	In place & ongoing
	Contribute to county-wide efforts to improve services and options for victims of domestic	Enhanced housing options to support for victims of domestic abuse (DA).	November 2022

	abuse, including the ongoing <i>Respite Rooms</i> project and the deployment of <i>Independent Domestic Violence Advocates</i> .		
		Reduced numbers of DA victims going into EA / TA.	September 2022
Temporary housing – provide a good quality, safe, secure, value-for-money accommodation portfolio and reduce the use of emergency placements.	Review existing emergency and temporary accommodation provision to ensure value for money across the TA portfolio.	Reduced average cost per TA unit.	March 2023
		Quality portfolio of TA properties including disabled access and staffed accomm. to better meet a wide range of applicants housing needs, in place.	March 2023
		Continue to optimise the use of council stock as TA, over and above emergency short term placements.	Ongoing
	Review the allocations policy and make the best use of existing social housing stock.	Allocations policy updated, consulted, and approved.	March 2023
		Effective processes matching disabled applicants with adapted properties, in place.	December 2022
		Reduced void turnaround times.	In place & ongoing
	Explore opportunities to develop and maintain a County-wide TA policy and approach to procuring units, making placements, and managing the stock.	A shared policy and procedure covering on placements to TA agreed.	In place & ongoing
		Joint approach to procurement in place.	April 2023

Priority 3- SUSTAINABLE SOLUTIONS			
Objective	Action	Outcome(s)	Target date
Re-housing - establish a range of sustainable housing and move-on options for homeless households.	Explore developing a cohesive county-wide approach to PRS procurement and lettings of AST and leased properties.	Greater range of sustainable move-on options for homeless households delivered.	March 2023
	Review the impact of reduced student lettings in the PRS sector due to relocation of Brighton Univ. out of the town.	An understanding of the impact on the local PRS sector and enhanced opportunities to benefit local households in need.	April 2023
	Work with partners in ESCC to ensure the commissioning and best use of supported accommodation across the county.	New supported provision jointly commissioned by ESHOG via the agreed Supported Accommodation framework to reduce numbers of applicants in EA awaiting move-on to supported accommodation.	In place & ongoing
	Accelerate the delivery of new affordable & council general needs and supported housing, in partnership with the Council's development team, developers and registered providers.	Increased development pipeline of new affordable homes across the Borough.	In place & ongoing
	Ensure the Allocations policy balances the needs of homeless and housing register applicants & review existing applications	Revision of allocations policy complete & list up to date.	March 2023.
	Make best use of Disabled Facilities Grants (DFGs) to provide suitable adaptations across the public and private sector.	More residents continuing to live independently and DFG stats. reflected in homelessness prevention outcomes.	In place & ongoing

	Undertake regular assessments of housing need to inform delivery plans for new homes.	Comprehensive housing needs assessment completed in partnership with the Planning Policy Team.	March 2023
Support – deliver effective services to help customers maintain accommodation once housed.	Develop a <i>Wellbeing and Employability Service</i> , to help bridge the gap between health, homelessness and worklessness.	Team and support service in place.	April 2022
	Develop a standalone <i>Tenancy Readiness Platform</i> to provide training for homeless applicants in specific areas of independent living and tenancy sustainment	Tenancy readiness platform design and build complete and fully operational.	Oct 2022
		Tenancy readiness platform embedded into Housing Needs team procedures.	Feb 2023
		Tenancy readiness platform licensed out to other organisations.	March 2023

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Title:</b>	<b>Review of Planning Policy and Licensing for Houses in Multiple Occupation</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Alan Shuttleworth, Cabinet member for direct assistance services and Councillor Colin Swansborough, Cabinet member for climate change, place services and special projects</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To provide an update on a review of planning policy and licensing for Houses in Multiple Occupation (HMOs)</b>
<b>Decision type:</b>	<b>Non-key Decision</b>
<b>Officer recommendation(s):</b>	<p><b>(1) To note the issues and implications associated with the potential courses of action identified in this report relating to the review of planning policy and licensing for Houses in Multiple Occupation and selective licensing of other private sector residential properties</b></p> <p><b>(2) To seek approval to commission robust evidence to fully underpin future strategies to manage and tackle Houses in Multiple Occupation and other private sector residential properties in the town and to allocate £25,000 to enable this to happen</b></p>
<b>Reasons for recommendations:</b>	<p><b>(1) To enable a full understanding of the current situation regarding HMOs and other private sector residential properties in the town, including future need and impacts on local communities</b></p> <p><b>(2) To provide evidenced justification for any future decisions relating to local plan policy and additional or selective licensing schemes for HMOs and other private sector residential properties</b></p>

**Contact Officer(s):**      **Name: Lisa Rawlinson**  
**Post title: Strategy & Partnership Lead (Growth & Prosperity)**  
**E-mail: [lisa.rawlinson@lewes-eastbourne.gov.uk](mailto:lisa.rawlinson@lewes-eastbourne.gov.uk)**  
**Telephone number: 01323 415250**

---

## **1      Introduction**

- 1.1      Members of the Council have requested advice on the potential for introducing a new planning policy and Article 4 Direction for Houses in Multiple Occupation (HMOs) in Eastbourne, along with an additional and discretionary licensing scheme for generally smaller HMOs in the town, in order to address concerns about the adverse impacts of such housing in terms of anti-social behaviour, overcrowding and loss of amenities such as parking.
- 1.2      Houses in Multiple Occupation (HMOs) are legally defined in the Housing Act 2004 (under sections 254 to 259). A House in Multiple Occupation is generally considered to be a property that is occupied as a main residence by at least three people who are not part of the same household but share facilities like a kitchen and bathroom, where the building does not entirely consist of self-contained flats (although it may include some self-contained flats), and rents are payable (or some other form of consideration) for at least one person's occupation. However, there are legal exemptions for certain buildings that meet the definition for an HMO under the Housing Act 2004.
- 1.3      HMOs form an important part of the housing mix within an area as they increase the range and mix of accommodation, especially for people whose housing options are limited, such as young professionals, students and people on low incomes who are unable to afford or access their own self-contained accommodation. Demand for this type of smaller and cheaper accommodation is likely to be impacted by current circumstances in relation to rises in the cost of living and pressure on wages and benefits.
- 1.4      However, HMOs have the potential to cause negative impacts on communities in terms of the standard of living environment for local residents and businesses, particularly where there is a high concentration of HMOs in a specific area. In addition, it is acknowledged that there are contributory factors associated with a high turnover of HMO residents; the concentration of HMO residents facing economic hardship (amongst a wider community that faces hardship also); and the higher proportion of HMO residents living with mental health/complex needs. Together, these factors can result in detrimental effects on the character of local communities and neighbourhoods, and perceptions around increased levels of anti-social behaviour, petty crime and unkempt properties that are not properly maintained that impact on the amenity of an area and adversely impact community cohesion.

- 1.5 Eastbourne Borough Council is a local housing authority under the Housing Act 2004. Where HMOs meet certain statutory criteria, the landlord must apply to the local housing authority for a licence and the property must comply with certain standards and obligations for health and safety reasons, which the local authority enforces. However, not all HMOs require a licence.
- 1.6 This Cabinet report provides a brief summary of the situation regarding HMOs in Eastbourne and considerations for any future decision on how to respond to the issues from a planning policy and HMO licensing perspective.
- 1.7 Whilst the focus of this Report is on additional licensing of HMOs, Members may also wish to consider whether further consideration should be given to the introduction of a selective licensing scheme. The Housing Act 2004 does not restrict licensing to HMOs and a local authority may implement selective licensing that applies to all private rented properties (across the whole borough or an area of the borough). Other local authorities have taken this step including, but not limited to, many London Boroughs, Hastings and Oldham.

## **2 Definitions of HMOs – Planning and Licensing**

- 2.1 Generally, planning would determine whether or not a property can be used as an HMO in principle, whilst licensing is broadly concerned with the occupation and standard of accommodation of the HMO, particularly with respect to health and safety.
- 2.2 There are slightly different legal definitions of an HMO in housing and planning legislation, particularly where an HMO requires a mandatory licence.
- 2.3 Under planning legislation, small shared houses occupied by between three and six unrelated individuals, as their only or main residence, who share basic amenities such as a kitchen and bathroom, fall under Use Class C4 (houses in multiple occupation) of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- 2.4 Where there are more than six unrelated individuals sharing amenities, this is termed an HMO in Sui Generis use because it is not within any particular planning use class.
- 2.5 In the Housing Act 2004, the standard definition of an HMO, as identified in paragraph 1.2 of this report, as per section 254, is similar to the definition of an HMO under Use Class C4, in that it includes criteria relating to three or more people forming more than one household.

- 2.6 The Housing Act 2004 requires mandatory licensing for all HMOs that are occupied by five or more people forming two or more separate households and sharing basic facilities. An HMO licence is valid for a period of five years, at which point it must be renewed.
- 2.7 Therefore, an HMO that falls below the threshold for a mandatory licence would be in Class C4 use, however an HMO requiring a mandatory licence could be either in Class C4 use or Sui Generis depending on how many people the property is occupied by.
- 2.8 Local authorities have the power to introduce additional licensing schemes for generally smaller HMOs (three or more people forming more than one household) where the local authority believes that a significant proportion of HMOs are poorly managed and give rise to problems for those occupying the HMO or members of the public . Additional licensing is discretionary, and Eastbourne Borough Council does not currently operate an additional licensing scheme.

### **3 Houses in Multiple Occupation in Eastbourne**

- 3.1 There are currently 305 licensed HMOs in Eastbourne (HMOs occupied by five or more people forming two or more separate households).
- 3.2 The majority of the HMOs are concentrated in and around the eastern part of the Town Centre in Devonshire Ward, particularly in Langney Road, Pevensey Road, Ceylon Place and Willowfield Road. There are also concentrations around Hyde Road, and Cavendish Avenue and the area off Whitley Road.
- 3.3 As Eastbourne does not run a 'discretionary' additional licensing scheme, there is no data for the number and location of HMOs that fall under the definition of three or more people forming more than one household.
- 3.4 305 licensed HMOs in Eastbourne equates to approximately 0.6% of all housing stock in the Borough. By way of comparison, Brighton & Hove has 3,074 HMOs (of which around 50% are subject to mandatory licensing and 50% are not), which equates to 2.4% of their housing stock. Portsmouth has 4,479 HMOs, which equates to 5% of their housing stock. The number of HMOs in Brighton & Hove and Portsmouth compared to Eastbourne is most likely due to the former locations being university cities and many of the HMOs comprising student accommodation.
- 3.5 It is understood that there is a current trend for upgrading and refurbishing HMOs to provide much better standards of accommodation. These are designed to appeal to working professionals, particularly young people at the start of their



careers, couples and single migrant workers. However, they also provide suitable accommodation for men and women in their mid-years who have had a relationship breakdown.

- 3.6 Alongside the concerns regarding the concentration of HMOs in Devonshire ward, there are also concerns that when the University of Brighton leaves the town, there is the potential for some re-alignment of the market and that many of the new occupants are likely to face economic and social issues which could lead to additional negative impacts for our communities.

#### **4 Planning Policy**

- 4.1 A change of use from Class C3 (Dwellinghouse) to Class C4 (House in multiple occupation), or vice versa, falls under the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended), and therefore does not require planning permission.
- 4.2 However, a change of use to an HMO in Sui Generis use does require planning permission and should be determined in accordance with Local Plan policies and other material planning considerations.
- 4.3 Eastbourne Borough Plan (2003) Policy HO14 currently restricts the granting of planning permission for Houses in Multiple Occupation (HMOs) only within the Tourist Accommodation Area (stretching along the seafront from the Grand Hotel to Treasure Island), and the policy is otherwise generally permissive of HMOs outside the Tourist Accommodation Area, provided they comply with residential, visual and environmental amenity considerations. This planning policy position can only be changed through the adoption of a new Local Plan, and in order to do so it would be necessary to evidence and justify to the Local Plan Inspector at Examination why it is an issue that needs to be addressed.
- 4.4 A blanket local plan policy restricting HMOs across the whole town is unlikely to be justified as HMOs can provide an important part of the housing mix. However, a local plan policy that restricts the granting of permission for new HMOs within a specified area could be considered if it could be demonstrated that the concentration of HMOs is creating a significant impact on the amenity of that area.
- 4.5 However, in order for a change in local plan policy to apply to small HMOs as well as large HMOs, it would be necessary for an Article 4 Direction to be implemented. Article 4 Directions remove existing permitted development rights so that planning permission would be required for development, in this case a change of use from a single private residence (Class C3) to a small HMO (Class C4), where it wouldn't normally be needed.

- 4.6 Guidance relating to Article 4 Directions states that local authorities should only consider making such directions in exceptional circumstances, where it is necessary to protect local amenity or the wellbeing of an area. In all cases, the direction should be based on robust evidence and apply to the smallest area possible. The local authority must inform the Secretary of State after confirming any new Article 4 Direction, and the Secretary of State does have the power to intervene in the making of the Article 4 Direction if there are clear reasons for doing so.
- 4.7 However, introducing an Article 4 Direction to remove permitted development rights for small HMOs and requiring changes of use from Class C3 residential to Class C4 HMO to apply for permission is unlikely to be an effective way of controlling the number of HMOs within an area without a new Local Plan. This is because any application submitted would currently be assessed against the policy in the current Local Plan, which is generally permissive of HMOs.

## **5 Licensing**

- 5.1 HMO licensing on its own cannot be used to restrict the number of HMOs operating within an area, as licensing can only attach conditions to an HMO to ensure that the accommodation itself meets appropriate standards and is fit for purpose given the number of people or households in occupation, if it addresses any anti-social behaviour and prevents overcrowding. The Housing Act 2004 identifies mandatory conditions that must be attached to all HMO licences, which apply to managers/owners rather than occupiers. In addition to the mandatory conditions that must be attached to all HMO licences, local authorities can add discretionary conditions that relate to the management, use and occupation of the HMO and its condition and contents, if there is justification to do so.
- 5.2 The Council has published its 'Standards for Houses in Multiple Occupation', which are the standards for deciding the suitability for occupation of an HMO by a particular maximum number of households or individuals. This confirms that the Council requires that the licence holder should provide tenants with a written statement of their tenancy rights and obligations including a clause on anti-social behaviour. It also states that the licence holder should ultimately bear some responsibility for any continuing nuisance caused by tenants and should, undertake to discuss complaints from neighbours with tenants and, when asked to do so by the Council, should provide evidence to show that they are taking appropriate action to enforce tenancy conditions relating to nuisance prevention.
- 5.3 There are types of HMO that are not subject to mandatory licensing, and these tend to be smaller HMOs. There is currently no data held on HMOs that fall below the threshold for mandatory licensing, and therefore there is no evidence

for the number and location of these types of HMO, or the impacts that these smaller HMOs are having.

- 5.4 Local authorities have the discretion to introduce additional licensing for other types of HMO that are not subject to mandatory licensing. Additional licensing can be introduced where the local authority believes that a significant proportion of HMOs are poorly managed, and this is giving rise to problems for those occupying the HMOs or members of the public. The local authority must ensure that such action is consistent with the authority's overall housing strategy and it must also seek a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the private rented sector.
- 5.5 The introduction of additional licensing into a designated area can be made without the Government's approval, provided there is a minimum 10-week consultation period, subsequent to a draft proposal identifying what is to be designated and its consequences being produced.
- 5.6 In deciding to introduce additional licensing for HMOs, the Housing Act 2004 requires local authorities to consider whether there are other courses of action available to them that might provide an effective method of dealing with the problem or problems in question and they consider that making the designation will significantly assist them to deal with the problem or problems.
- 5.7 It is considered that there is no one single solution to addressing issues relating to an over-concentration of HMOs in a particular area. Any new policy in the Local Plan that restricts the concentration of HMOs in a specified area is unlikely to be effective without an Article 4 Direction and without additional licensing. This is because evidence would be required to identify where the concentrations of generally small HMOs actually are, and this would be provided via an additional licensing scheme.

## **6 Evidence**

- 6.1 In order to provide evidence to support and justify any future decisions on action regarding HMO planning policy or licensing, it would be necessary to commission a full assessment of the current situation including evidence of any adverse impacts of HMOs on local communities. The evidence would need to consider:
- The current supply and distribution of all types of HMOs, including small HMOs that are not subject to mandatory licensing.
  - The predicted need for this type of accommodation in the future.
  - An assessment of the condition of the existing HMO stock.

- A fully evidenced assessment of the actual impact that HMOs have on local communities and the character of an area.
- A review of local prescribed standards for HMOs, including the use of discretionary conditions on licences.
- Any other courses of action that could be used to deal with the problems arising.

## **7 Timescales**

- 7.1 A new Eastbourne Local Plan is currently being prepared. There are a number of statutory requirements in Local Plan preparation, including consultation and examination by an independent Planning Inspector, and it is anticipated that the new Local Plan is unlikely to be adopted until 2024 at the earliest. Clear evidence will be required to justify the inclusion of an HMO policy in the Local Plan. A Local Housing Needs Assessment is currently being prepared by consultants to provide evidence for the Local Plan, and this will consider the levels of future need for HMO accommodation.
- 7.2 The creation of an Article 4 Direction to withdraw permitted development rights to change the use from Class C3 to Class C4 would usually be expected to take a minimum of one year due to the need to undergo an extensive consultation process. In addition, to avoid compensation payments a Local Planning Authority must confirm and publish its intention to make the Direction at least 12 months, and not more than 2 years, ahead of the Article 4 taking effect. As part of the justification of an Article 4 Direction, the potential harm that the Article 4 Direction is intending to address would need to be clearly identified and fully justified with evidence. It would be necessary to inform the Secretary of State, who has the power to modify or cancel the Article 4 Direction.
- 7.3 Similarly, the introduction of a new 'additional' licensing scheme would likely take approximately one year, based on examples where other local authorities have introduced such a scheme, due to the need for formal designations and a minimum 10-week consultation period before it is approved. Once approved, there are specific requirements to issue notices to publicise the scheme and ensure landlords are made aware, and a scheme cannot come into force any earlier than three months after it has been approved.
- 7.4 The implementation of an additional licensing scheme would also have resource implications in terms of potentially assessing and licensing a significant number of HMOs that would not previously have needed a licence. Any scheme would last for a maximum of five years before it would need to be renewed and its operation must be reviewed from time to time if the issue had not been resolved in that time.

## **8 Consultation**

- 8.1 The matter has previously been discussed at Local Plan Steering Group (August 2019 and January 2022). Members were supportive of further investigations being undertaken into the options available to address the negative impacts on local communities associated with a high concentration of HMOs.
- 8.2 Potential actions in relation to changes to planning policy, the implementation of an Article 4 Direction and/or introduction of an additional licensing scheme would be required to undergo public consultation before they are put in place.

## **9 Corporate plan and council policies**

- 9.1 It is acknowledged that HMOs form an important part of the housing mix within an area as they increase the range of accommodation available, especially for young professionals, students and people on low incomes who are unable to afford their own self-contained accommodation.
- 9.2 The Corporate Plan 2020-2024 states that Eastbourne in 2024 will be promoting homes that sustain health and wellbeing and residents will have good access to housing that meets modern standards and safe, well managed and decent homes.
- 9.3 The Housing Strategy 2020-2024 recognises that the challenges for Eastbourne include rising housing costs, a changing demographic, the expansion of the private rented sector, tackling poverty and inequality, and homelessness. It recognises a priority to shape a thriving, high standard, private rented sector by putting in place measures that promote a good quality private rented housing supply, encourage good quality management across the sector and balance the interests of landlords and tenants.
- 9.4 In relation to raising the standard of local private rented sector homes, the Housing Strategy identifies actions to pilot a scheme to proactively identify low standard homes and work with tenants and landlords to ensure that they are safe, secure and free from hazards; and consider the benefits of selectively licensing all private rented sector homes in designated geographical areas and evaluate the success of any pilot.

## **10 Financial appraisal**

- 10.1 The review of planning policy and licensing for Houses in Multiple Occupation and implementation of an additional and selective HMO licensing scheme would have resource implications in terms of potentially assessing and licensing a significant number of HMOs that would not previously have needed a licence.

10.2 Therefore, commissioning of a robust evidence to fully underpin future strategies to manage and tackle Houses in Multiple Occupation in the town will cost approximately £25,000, which will need to be funded through existing services limited resources and/or corporate contingency budget.

## **11 Legal implications**

11.1 The legal implications are set out in the body of the report, particularly at paragraph 7.3 which refers to the legal restrictions in making a non-immediate Article 4 Direction.

11.2 Section 56 of the Housing Act 2004 states that in order to designate certain HMOs in the area of the borough or a part of the borough, the local housing authority must consider that a significant proportion of HMOs, of that description, are being managed sufficiently ineffectively as to give rise, or be likely to give rise, to one or more particular problems for those occupying the HMOs or for members of the public.

11.3 If the decision is that there is such a need for additional licensing, for example of section 257 HMOs (converted blocks of flats), or all HMOs as defined by section 254 (standard definition), which are not subject to mandatory licensing and are not exempt, the local housing authority must comply with the statutory requirements set out under Part 2 of the Housing Act 2004 as outlined in the Report.

11.4 Part 3 of the Housing Act 2004 allows for selective licensing of other residential accommodation which are not HMOs. Section 80 gives a power to a local housing authority to designate the borough or part of the borough to be subject to selective licensing if it satisfied that the area is, or is likely to become, an area of low housing demand and that making a designation will, when combined with other measures, contribute to the improvement of the social or economic conditions in the area; or if satisfied that the area is experiencing a significant and persistent problem caused by anti-social behaviour, that some or all of the private sector landlords are failing to take action to combat the problem, and that making the designation, when combined with other measures, would lead to a reduction in or elimination of the problem.

11.5 The process of making a selective licensing designation is broadly similar to that involved in making an additional licensing designation, the process is outlined in Part 3 of the Act. One important distinction is that the General Approval given to all local housing authorities to make such a designation does not apply if the selective licensing designation would apply to more than 20% of the

geographical area of the borough or if it would affect more than 20% of private rented homes in the area.

*0111510EBC-MW-JCS 24 June 2022*

## **12 Risk management implications**

- 12.1 If approval is not given to commission robust evidence to enable us to fully understand the current situation regarding HMOs in the town, it could result in an ongoing concentration of HMOs in certain areas and could potentially result in new or continued adverse impacts on neighbouring residents.

## **13 Equality analysis**

- 13.1 Houses in Multiple Occupation have broad ranging impacts for both the people in need of their use and the local communities surrounding them. Subject to Cabinet's approval of the proposals, an Equality and Fairness Analysis will be completed factoring in new evidence once completed.

## **14 Environmental sustainability implications**

- 14.1 It is recognised that at the lower end of the HMO market, the properties are often poorly maintained and require a significant amount of energy to heat. If there was greater control over the management and maintenance of the buildings, then there could be less energy use in terms of heating. In addition, if there was to be a limit on the number of HMOs in an area, this may result in the stock being retained as single family housing and or converted into self-contained flats where there is greater potential for insulation and renewable energy sources to be secured.

## **15 Conclusion**

- 15.1 Houses in Multiple Occupation (HMOs) are a necessary form of accommodation and play an important role in the mix of housing within the town. However, it is perceived that there are adverse impacts associated with HMOs, particularly where there is a high concentration within a localised area. At the current time, local plan policy is generally permissive of the creation of new HMOs and only larger HMOs are subject to licensing under the mandatory regime, which means that the local authority has limited control over the number of HMOs within an area. There is also a lack of robust evidence of the actual impact that HMOs are having on communities, particularly as the number and distribution, and therefore the impact, of small HMOs is unknown.

15.2 It should be acknowledged that there is no one single, simple solution to resolving any issues associated with the distribution and management of HMOs. However, this report has identified some potential courses of action that could be taken through planning policy and HMO licensing to address any issues. However, it is recommended that any future decision on these actions is firstly informed by strong, robust evidence that documents the current and future need of such accommodation and scale of the impacts that HMOs may be having in the town.

## 16 Background papers

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

- [Housing Act 2004](#)
- [Town and Country Planning \(General Permitted Development\) \(England\) Order 2015 \(as amended\)](#)
- [National Planning Policy Framework \(2021\)](#)
- [Planning Practice Guidance: When is permission required?](#)
- [Eastbourne Borough Plan 2001-2011 \(Adopted 2003\)](#)
- [Eastbourne Core Strategy 2006-2027 \(Adopted 2013\)](#)
- [Eastbourne Borough Council, Standards for Houses in Multiple Occupation \(HMO\)](#)



<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Title:</b>	<b>Methodology for collecting monitoring fees in connection with the compliance with/of S106 Legal Agreements</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Colin Swansborough, Cabinet member for climate change, place services and special projects</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To seek Cabinet approval to implement a regime S106 monitoring and apply monitoring fees in accordance with this report.</b>
<b>Decision type:</b>	<b>Non-key</b>
<b>Officer recommendation(s):</b>	<b>That Cabinet authorise the incorporation of S106 Monitoring fees</b>
<b>Reasons for recommendations:</b>	<b>The proposal to implement a suite of charges to support the staffing resource in the monitoring and compliance of approved S106 Legal Agreements</b>
<b>Contact Officer(s):</b>	<b>Name: Leigh Palmer Post title: Head of Planning E-mail: leigh.palmer@lewes-eastbourne.gov.uk Telephone number: 07939 578 235</b>

---

## **1 Introduction**

- 1.1 Officers withheld moving on this issue during the C19 period as the construction industry does play a significant part on the local, regional, and national economy and any additional financial burden may be impactful during that period. It is considered that as all C19 restrictions have been lifted and the construction industry is finding its feet that it is a prudent time to review this issue.
- 1.2 This report identifies that that there is an ongoing financial burden carried by the Council in terms of seeking to ensure that the 'Heads of Terms' and subsequent obligations within a legal agreement are monitored and more importantly complied with.
- 1.3 This report seeks authorisation to invoke a charging regime that in part will require

the developer to pay for this monitoring.

## 2 Proposal Methodology

2.1 In formulating the parameters of the fee charging regime Officers have reviewed and analysed a range of S106 agreements for a targeted group of applications shown in Table 1 below.

2.2 The analysis included:

- An estimate of the number of hours for each monitoring task, based on practical experience of the current monitoring
- Considering which obligations should qualify as chargeable obligations for monitoring purposes, obligation
- Preparing a bespoke arrangement fee negotiated for larger and more complex agreements

2.3 **Table 1 Section 106 agreements for a specified group of applications that have been chosen for a blend of application types, geographical locations and scale of development.**

Application Number	Site Address	Development
200742	Gate Court Dairy	60 apartments
210485	Woods Cottages	40 houses
210247	Bedfordwell Road	100 units flats and houses
210412	28-30 Bedfordwell Road	Care Home
210324	41 Brampton Road	31 employment units
200855	Ocklynge Chalk Pit	18 houses
190766	Friday Street Farm	250 houses
210339	63 Cavalry Crescent	20 units flats and houses

2.4 Officers have reviewed the time taken to review a simple agreement and informed that it would take approximately 17 person hours to conclude. This along with a reasonable hourly rate of £60 per hour (including on costs) has been worked into the following charging regime.

## 2.5

Column A  This column outlines the type of development threshold that will apply to the monitoring charging	Column B  This column includes the sum chargeable by the development type in column A and includes the monitoring fee and the number of qualifying obligations  Please note exemptions and additional charges below	Column C  This column includes charges in addition to that chargeable under column B and are incremental by additional qualifying obligations up to a fee cap	Column D  Maximum chargeable monitoring fee
Rural exemption dwellings	£480 (8 hours at £60ph)	Nil	£480
Modification/variation to S106	£480 (8 hours at £60ph)	Nil	£480
1-9 dwellings (Minor Non-residential)	£1020  (17 hours at £60ph)	£240 per additional obligation to a cap of (5 x £240)	£2220
10 - 19 dwellings	£1860  (31 hours at £60ph)	£240 per additional obligation to a cap of (10 x £240)	£4260
20 – 50 dwellings (Small scale Major Non-residential)	£2460  (41 hours at £60ph)	£240 per additional obligation to a cap of (20 x £240)	£7260
50+ dwellings (large scale major non-residential) and all other types not referred to above	Bespoke arrangement fees based on multiples of the above		
<b>EXCEPTIONS and other charges</b>			
Travel Plan	A separate fee will be	Nil	

	chargeable by the County Council		
Highway Works	a separate fee will/may be chargeable by the County Council	Nil	
Local Labour Obligations	a separate monitoring fee will be charged for this obligation in addition to the fee derived from columns B & C above	Nil	
Change of tenancy in connection with First Homes	£480	Nil	

2.6 If the suggested monitoring fees had been applied for the specimen group of applications, it would have generated in the region of £25,000 in monitoring fees as per the table below

Application Number	Site Address	Development	Monitoring Fee (£)
200742	Gate Court Dairy	60 apartments	4320
210485	Woods Cottages	40 houses	2460
210247	Bedfordwell Road	100 units flats and houses	4920
210412	28-30 Bedfordwell Road	Care Home	1860
210324	41 Brampton Road	31 employment units	2460
200855	Ocklynge Chalk Pit	18 houses	1860
190766	Friday Street Farm	250 houses	4920
210339	63 Cavalry Crescent	20 units flats and houses	1860

### 3 Definition of qualifying obligation & Commencement

3.1 A qualifying obligation is any obligation contained within a S106 agreement that attracts a Monitoring Contribution because its implementation and/ or adherence requires monitoring by the Council. It is common within S106 Agreements to have 'Heads of Terms' which result in more than one qualifying obligation. By way of an

example see below. In this example there is only one Head of Terms but two qualifying obligations and as such the number of qualifying obligations that need to be monitored and this should be the basis for the evaluation of the fee requirement and informs the charging schedule above.

3.2

Heads of Terms	Affordable Housing	Trigger Point	To be monitored
Qualifying Clause	Prior to the commencement of development to agree with the Council in writing the affordable housing scheme	Prior to commencement	Yes
Qualifying Clause	75% of the open market units shall not be occupied unless and until the relative proportion of Affordable housing units have been provided	75% of the open market dwellings (100 dwelling)	Yes

3.3

This monitoring regime only applies to Council obligations and does not apply to those imposed by others like East Sussex County Council

3.4

This monitoring regime will commence on new resolution to grant planning permission with S106 after the date of Cabinet approval. All agreements that are currently in train will conclude under the existing regime without a monitoring fee.

#### 4

##### **Corporate plan and council policies**

4.1

In the Council's Corporate Plan 'Creation of sustainable community wealth' and 'Building homes that people can afford to live in' are two of the main focusses in ensuring that the developers' legal agreements are rigorously monitored.

#### 5

##### **Business case and alternative option(s) considered**

5.1

The monitoring of the S106 with aligned fee regime is commonly applied across many authorities across the Country. Historically this has been resisted by the Council given the fear that it may contribute to the decision of a developer to choose to place their development within a neighbouring authority.

5.2

It is the view of officer that given the relatively low cost in this charging regime compared to the overall costs of development that if the costs are known at the outset that the developers would be happy to pay.

5.3

The amount of income generated will of course be dependent on the number and complexity of the S106 agreed each year, but as is evident from the worked example above there is the potential for not an insignificant amount of money to be received. In part this money could help to support dedicated staff to support and assist monitor compliance with the S106 agreements.

## **6 Financial appraisal**

- 6.1 It is appropriate to review the protocol and charging schedule every year, to ensure we continue to effectively recover costs. This will ensure that we are responsive to the needs of the customer and addresses the requirements for a more corporate approach to the issue of fees and charges, providing a clear framework within which to conduct annual or other reviews of fees and charges.
- 6.2 Fundamentally, the aim is to increase the proportion of income contributed by users of services where appropriate, rather than the cost being met from the general Council Taxpayers. The application of this charging regime falls within the existing staffing establishment and the increase in this fee income would help to support the existing staffing budget.

## **7 Legal implications**

- 7.1 The Community Infrastructure Levy Regulations 2010 were updated in 2019 to allow councils to charge a fee to cover the cost of monitoring the delivery of planning obligations provided: -
- 7.2 (a) the sum to be paid fairly and reasonably relates in scale and kind to the development; and
- 7.3 (b) the sum to be paid to the authority does not exceed the authority's estimate of its cost of monitoring the development over the lifetime of the planning obligations which relate to that development. (Regulation 122 (2A)).
- 7.4 Planning Practice Guidance sets out that councils should work together to ensure that resources are available to support the monitoring and reporting of planning obligations.
- 7.5 It confirms that Councils may charge a monitoring fee through section 106 planning obligations, to cover the cost of monitoring and reporting on delivery of that section 106 obligation. Monitoring fees can be used to monitor and report on any type of planning obligation, for the lifetime of that obligation although monitoring fees should not be sought retrospectively for historic agreements.
- 7.6 In all cases, monitoring fees must be proportionate and reasonable and reflect the actual cost of monitoring and the guidance provides that councils could consider setting a cap to ensure that any fees are not excessive.

Legal Implications Provided 20.05.22-LDC-JCS.

## **8 Risk management implications**

- 8.1 The Creation of this payment regime may have the potential to deter developers from investing into the area, although the for the reasons outlined above this is unlikely to be a consequence of this initiative. In addition, the charging regime is to be reviewed on an annual basis and if it was deemed to be an impediment to inward investment then the regime could be dropped or temporarily paused.

## **9 Equality analysis**

- 9.1 An Equality & Fairness Analysis has been undertaken on these proposals/ this project. This has concluded that; the fees charging regime has been benchmarked with other similar approaches around the country and that there is annual review mechanism suggested that would enable either a % increase in-line with inflation or if there is evidence received in relation to affordability by sectors of the community then a reduction in the fee regime could be explored.
- 9.2 In general terms it is not a requirement for the protected characteristic of the applicant to be known prior to their use of the service. In this regard it is considered that the setting of a fee regime that looks to support the delivery of the service would not be impactful upon these characteristics.
- 9.3 As this regime falls to be considered after the resolution to grant planning permission where the merits of a planning case have been debated it is considered that this imposition of this payment regime would not disadvantage any person/body/organisation.

## **10 Confidence in the Planning System**

- 10.1 As with all aspects of Planning Enforcement/Compliance the instigation of this payment regime will help to contribute to the monitoring of S106 Legal Agreement and thereby help to give the Council, Towns and Parish Councils and the Local Community confidence on the planning application process.

## **11 Appendices**

- None

This page is intentionally left blank



<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Title:</b>	<b>Revised Planning Pre-Application Charging Schedule</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Colin Swansborough, Cabinet member for climate change, place services and special projects</b>
<b>Ward(s):</b>	<b>All wards</b>
<b>Purpose of report:</b>	<b>To seek Cabinet approval to implement an updated Discretionary Fee Setting Regime.</b>
<b>Decision type:</b>	<b>Non-key</b>
<b>Officer recommendation(s):</b>	<b>That Cabinet authorise the use of the updated discretionary fee charging schedule.</b>
<b>Reasons for recommendations:</b>	<b>The proposal to implement a suite of charges to support the staffing resource in connection with delivering the</b> <ol style="list-style-type: none"><li><b>1. pre-application process,</b></li><li><b>2. planning Performance Agreement (PPA),</b></li><li><b>3. Validation Process,</b></li><li><b>4. CIL Process</b></li><li><b>5. Local Plan Charges and Additional charges.</b></li></ol>
<b>Contact Officer(s):</b>	<b>Name: Leigh Palmer</b> <b>Post title: Head of Planning</b> <b>E-mail: leigh.palmer@lewes-eastbourne.gov.uk</b> <b>Telephone number: 07939 578 235</b>

---

## **1 Introduction**

- 1.1 Section 93 of the Local Government Act 2003 contains powers for Local Authorities to charge for discretionary services including preapplication advice. The power to charge is limited to cost recovery and should not be a profit-making exercise. It is important therefore to keep these fees under review.
- 1.2 Officers withheld moving on this issue during the C19 period as the construction industry in its widest sense does play a significant part on the local, regional, and national economy and any additional financial burden may be impactful during that period. It is considered that as all C19 restrictions have been lifted and the

construction industry is finding its feet that it is a prudent time to review this issue.

- 1.3 This report identifies that there is an ongoing financial burden carried by the Council in terms of the delivery of the pre-application service on broadly a cost recovery basis. Therefore, it is considered that authorisation to invoke the revised charging regime would mean that the developer/applicant would pay for the preapplication process and thereby not rely on the wider taxpayer to cover this service.

There are three areas of 'discretionary charging' in this report and these relate to

- Planning Pre-Application Fees
- Planning Performance Agreement Fees
- Express Validation Service
- Community infrastructure Charges
- Local Plan Charges
- Additional Services

## **2 Proposed Methodology Pre-Application**

- 2.1 Officers have audited the charging schedules for all Councils in Sussex, and this is reported in Appendix 1 to this report.

- 2.2 It is evident from this analysis is that there is little consistency across Sussex and of more relevance in terms of Eastbourne is recognition where the disparities sit.

- 2.3 Whilst recognising that there is little consistency in the fees charged there are broad similarities in the charging categories. Outlined below are the categories for residential development and these are broadly mirrored for commercial floor space.

- Householder – Domestic Extensions
- Listed Buildings – Works to Listed Buildings
- Small residential – 1-5 Dwellings
- Medium residential – 5-10 Dwellings
- Major residential – 10 -30 Dwellings
- Significant Major residential – 150+ dwellings

- 2.4 It is evident from the analysis contained in the appendix that the Council compared to its peers is significantly under charging for the smaller scale residential development, comparable for the mid-range and are high for the larger scale developments.

- 2.5 For 2021 Eastbourne received 140 pre application submissions across all types and looking specifically at the householder category 126 submissions were received. Using the current fee schedule this would equate to a fee income of

$126 \times £15 = £1890.$

If the revised payment schedule had been utilised, then

$126 \times £100n = £ 12,600$  (Basic Level)

2.6

It is clear therefore that there is the potential for an increase in fee income which would go some-way to meeting the cost recovery.

Category	Basic Fee Desktop response only	Desktop Plus Teams/Phone Call	Full As Desktop Plus with single site visit	Cost per additional Teams Meeting or site visit
Householder	£100	None	None	NA
Other	£200	£260	£350	£90
Minor Development (non-residential)	£600	£750	£850	£90
Single new house	200	£260	£350	£90
Minor Development (Residential) 2 dwellings +£30 per additional dwelling up to 9 units	£500	£650	£750	£90
Major Development Small (10-30 units) 1000 sqm floorspace land 1-3 hectares	£1080	£1300	£2,000	£90
Major Development Small (30-149 units) 3000sqm floorspace land 3-9 hectares	£2160	£2880	£3600	£90
Major Development Small (150+ units) 10000sqm floorspace land 10 hectares or over	£4320	£5760	£7200	£90

### 3 Planning Performance Agreements (PPA)

3.1 The Council have adopted a proforma PPA template and despite being in place for some time it has had limited uptake. Notwithstanding this each one has to be individually negotiated so it would be helpful if the broad parameters of the agreement in terms of charging could be established.

3.2

LPA Advice Service	Fee (inc VAT @20%)
Arrangement Fee	£1900
Pre-Application Fee dependant on scale of development	????
Planning Case Officer (Single Point of contact) at pre application stage	£2705
Planning Case Officer time in processing to determination stage	£2705
Design Review Panel Meeting	£2288
Historic Environment	£60PH
Affordable Housing Enabling	£60PH
Building Control	£60PH
Green Consultancy (trees, biodiversity, landscape impact, open space)	£60PH
Agricultural Appraisal Assessment	£1500
Environmental Health (air quality, Contaminated Land, noise, order etc)	£60PH
<b>East Sussex County Council Services</b>	
Sustainable Drainage	Bespoke
Education	Bespoke
Highways	Bespoke

### 4 Validation Checking Service

4.1 It is considered that there are applicants who would want to prioritise the validation of their application and for the Council to meet this demand there could be a paid for service. The validation checking service fee as with other fees in this report are entirely discretionary and is in addition to the planning fee. It is recommended that the processing of the validation charging service are as follows:

Scale of Application	(Fee Inc VAT @20%)
Validation Checking Service with expedited validation service MAJOR	£250
Validation Checking Service with expedited validation service MINOR	£115
Validation Checking Service with expedited validation service OTHER	£50

4.2 If Cabinet agree to this element of the discretionary fee setting the Council could offer this service and guarantee to expedite validation within THREE working days of receipt for minor, householder, and other applications and FIVE working days for

major applications.

## 5 Community Infrastructure Charges (CIL)

5.1 There is existing extensive governance around what can and cannot be charged for under the CIL regime, notwithstanding this there are a number of additional charges that could be required as set out below.

Additional Service	Fee	Description
CIL Query	£120	Such as confirmation that CIL has been paid on a property, or whether a property has a CIL charge on it.

## 6 Local Plan Development site charges

6.1 In the production of a new local plan and or supplementary planning documents there will be the need to explore the development potential of sites for certain uses and scale of development. Any such site should be submitted into the Councils Land Availability Assessment process which is permanently open to receive promoted sites.

If there is a requirement to discuss sites outside of the Land Availability Assessment process, then the following charges will be invoked.

Site promotion through the Local Plan Making	Meeting costs	Site Visit
Site research and written summary of meeting with actions arising	£600 per hour	£400 (unaccompanied)
Multiple meetings (strategic scale development)	Bespoke charge arranged	

## 7 Additional Services

7.1 This section looks at a number of actions/responses that the Council undertake in performing its daily duties.

Additional Service	Fee inc VAT @ 20%	Description
Confirmation of closure of an enforcement case	Householder £75 All other £170	Use this service if you require confirmation in writing that the enforcement case is closed
Confirmation of compliance with and enforcement	£360	Use this service if you require confirmation in writing that an Enforcement Notice served by the

notice		Local Planning Authority has been complied with
Confirmation of compliance with Listed Building Consent	£360	Includes a site visit to compare the development against the plans and written confirmation of our findings. Only available within 12 months of completion.  Use this service if you have completed a listed building project and you wish to sell the property. If the completion was over 12 months ago, use the 'help resolving conveyancing issues' service detailed below
Confirmation of Compliance with planning conditions	£360 for first condition and £42 for each subsequent	Available for 12 months following the date the planning decision is issued (anything received over the 12 months can be dealt with via the "Help conveyancing issues service"). Includes a full check of the Council's application files to confirm whether the conditions have been discharged, a site visit to confirm whether the details have subsequently been complied with on site in accordance with the discharged details and written confirmation of the outcome.  Use this service if you require confirmation that the planning conditions on a site have been complied with
Confirmation that Permitted Development rights have not been removed	Householder £150 All other development £240	Not all properties benefit from permitted development (PD) rights. PD rights may have been removed by condition either in the original permission or any subsequent permissions or due to a property being in a designated area for example covered by an Article 4 Direction
Confirmation on permitted use class	£150	Use this service to find the current permitted use class of a property.
Confirmation of any planning restrictions	£240	This service should be used to find out if there are planning restriction on a property for example occupancy/use restrictions
Confirmation of	£60	In response to customer requests

designated area (conservation)		we can provide confirmation of designated areas– re: Conservation Area/AONB/TPO. A list of development constraints will be produced
Help resolving conveyancing issues	£600	<p>Includes a full check of the planning and planning enforcement history, a site visit to view the development, 1 hour meeting if it is deemed necessary by the case officer, any necessary in house consultations, written confirmation of the outcome, a formal decision as to whether enforcement action will be taken and/ or confirmation of steps required to remedy the situation, if any. Response will be provided in 10 working days in most cases (can be extended by agreement if further consultation or investigation is required).</p> <p>Use this quick service if you are buying or selling a property/land and a planning query arises through the conveyancing process. For example, unauthorised works have been discovered or planning conditions have not been complied with.</p>
Confirmation of material start of a scheme/development	£60	Material starts can only be confirmed by submitting a Certificate of Lawfulness however we also offer an informal response from a case officer on what constitutes a material start i.e. how much work needs to be carried out before submitting the certificate?
Confirmation of compliance with S106 obligations	£240 Per Agreement If site visit is required and additional £410 would be charged	<p>This is a desktop check of the Council's records. If the clause in the agreement requires something to be undertaken on site it would be necessary to undertake a site visit for which there will be an additional charge.</p> <p>Use this service if you require confirmation that the clauses of the agreement have been complied with or if you have a query regarding a specific site section 106 agreement.</p>

<p>S106 eligibility Assessment for affordable and self-build and occupancy assessments (ownership transfers-changes to occupancy and First Homes Change of Tenancy)</p>	<p>£480</p>	<p>Affordable or local needs homes subject to a Section 106 agreement require the Council's consent when ownership is transferred or where the Council otherwise agree to a change in occupancy (i.e. when permission is given for a temporary letting). The fee covers the Council's eligibility assessment process and issuing of required consents for the purchasing household.</p> <p>Proposals for self-build affordable homes where a Section 106 agreement is required to make the proposal acceptable in planning terms. The fee covers the Council's assessment of the proposed occupiers' eligibility in line with the heads of terms set out in the draft agreement</p>
<p>Deed of variation administration fee</p>	<p>£480 This is in addition to any legal charges that the Council may need to levy</p>	<p>Section 106 Deeds of Modifications or Deeds of Revocation with a new Planning Obligation by Agreement are sometimes required to bring an agreement up to date with the Council of Mortgage Lenders lending criteria. The CML cover 95% of UK lenders. The fee covers the administration of this technical change and is in addition to the legal fees that the Council charges.</p> <p>Section 106. Deeds of Discharge are required when a Section 106 agreement no longer serves a useful planning purpose in the cases of shared ownership or shared equity staircasing to 100% ownership and acquisition of the freehold. The fee covers the administration of implementing this deed and is in addition to the legal fees that the Council charges</p>
<p>Copy of S106 Agreement</p>	<p>£120</p>	<p>Retrieving record and passing on a digital copy</p>
<p>Copy of Tree Preservation Order</p>	<p>£120</p>	<p>Retrieving record and passing on a digital copy</p>
<p>Planning History Requests (simple</p>	<p>£120</p>	<p>Retrieving planning history list and providing a digital copy</p>



list with no interpretation)		
Request to check the need for planning permission, listed building consent	£240 for householder requests £360 for all other type of request	Email confirmation for the need for Planning Permission

## **8 Corporate plan and council policies**

- 8.1 The adoption of these discretionary fees would enable to the Council to more fully engage with the aspirations of the Council's Corporate Plan in terms 'Creation of sustainable community wealth' and 'Building homes that people can afford to live in' as well as creating and positively supporting a good sense of place.

## **9 Business case and alternative option(s) considered**

- 9.1 It is considered that these discretionary fees would go some way to addressing the financial burden that the Council incurs in meeting these demands. The fees are considered to meaningful land realistic based on a Sussex wide comparison and based on an assessment of the hourly rate expended.
- 9.2 The Pre application charging does have incremental service charges these as with all charges referred to here are entirely discretionary meaning that the applicant development is not mandated to engage in this element of the service.

## **10 Financial appraisal**

- 10.1 It is appropriate to review the protocol and charging schedule every year, to ensure we continue to effectively recover costs. This will ensure that we are responsive to the needs of the customer and addresses the requirements for a more corporate approach to the issue of fees and charges, providing a clear framework within which to conduct annual or other reviews of fees and charges.
- 10.2 Fundamentally, the aim is to increase the proportion of income contributed by users of services where appropriate, rather than the cost being met from the general Council Taxpayers. The application of this charging regime falls within the existing staffing establishment and the increase in this fee income would help to support the existing staffing budget.

## **11 Legal implications**

- 11.1 The charging power under section 93 Local Government Act 2003 provides that a relevant authority may charge for a discretionary service if the recipient of the service has agreed to its provision. The section 93 power works on the basis that, if it wishes, a local authority can charge for a discretionary service, but individuals cannot be required to pay for a service they do not wish to receive or use. The power does not apply where there is a power to charge for a particular service elsewhere in other legislation.

## **12 Risk management implications**

- 12.1 The Creation of this payment regime may have the potential to deter developers from investing into the area, although the for the reasons outlined above this is unlikely to be a consequence of this initiative. In addition, the charging regime is to be reviewed on an annual basis and if it was deemed to be an impediment to inward investment then the regime could be dropped or temporarily paused.

## **13 Equality analysis**

- 13.1 An Equality & Fairness Analysis has been undertaken on these proposals/ this project. This has concluded that; the fees charging regime has been benchmarked across the County and that there is annual review mechanism suggested that would enable either a % increase in-line with inflation or if there is evidence received in relation to affordability by sectors of the community then a reduction in the fee regime could be explored.
- 13.2 In general terms it is not a requirement for the protected characteristic of the applicant to be known prior to their use of the service. In this regard it is considered that the setting of a fee regime that looks to support the delivery of the service would not be impactful upon these characteristics.
- 13.3 As this regime falls to be considered only if the applicant/developer engages with the process after the resolution to grant planning permission where the merits of a planning case have been debated it is considered that this imposition of this payment regime would disadvantage any person/body/organisation.

## **14 Commencement**

- 14.1 It is recommended that the proposed new charging regime should commence at the first opportunity post Cabinet approval and that they should reviewed annually in line with inflation, or reduced if there is demonstrable evidence of hardship received

## **15 Appendices**

- Appendix 1 - Charging schedules for all Councils in Sussex,

COUNCIL/Type of development	Lewes & Eastbourne	Brighton and Hove	Mid Sussex	Wealden	Horsham	Rother	Arun	Hastings	Chichester	Adur & Worthing	Recommended basic fee	
householder	15	£114 (written response) £414 (written response and meeting)	£35 (Per letter) £70 (Per virtual meeting) £105 (Per site meeting)	£60 (Per letter) £80 (Per meeting)	£50.00	£100 + £100 for site visit	£120.00	£98 (letter) £195.60 (Meeting and Letter)	£150.00	£100.00	£100.00	
Medium Listed building	15	£228 (written response only) £678 (Meeting and written response)	£112.5 (Per Letter) £225 (Per meeting)	£240 per hour - Grade I or II* Listed (£470.00 for one hour £140.00 per additional hour)	£350.00	£200 + £100 Site visit	£180.00	£147 (letter) £196.60 (Meeting and Letter)	£250.00	£450.00	£200.00	
Medium Other	90											£200.00
Medium residential 1-2 dwelling	180		£150 (per letter) £300 (Per meeting)	£190 (written response only) £240 (Meeting and written response)	£350.00	£200		£495.60 (Letter) £589.20 (meeting and letter)			£200.00	
medium 3-5 dwellings	300			£345 (written response only) £440 (Meeting and written response)		£350		£634.80 (Letter) £1000 (meeting and letter)			£500.00	
Medium 5 10 dwellings	540					£350					£650.00	£500.00
Major 10 30 dwellings	1080		£300 (written Response) £900 (Written response and meeting)	£360 (per letter) £780 (Per meeting)	£450 (written response only) £570 (1 meeting) £940 (2 meetings)	£500.00		£800			£280.00	£798 (Letter) £1500 (Meeting and letter)
Major 31 149 dwellings	2160	£740 (written response only) £930 (1 meeting) £1,570 (2 meetings)			£750.00	£1,300	£1,500.00	£2,160.00				
Major 150+ dwellings	4320	£700 (written Response) £1400 (Meeting)		£1090 (written response only) £1360 (1 meeting) £2780 (2 meetings)	£1,250.00	PPA (Bespoke)	£3,000.00	£4,320.00				

This page is intentionally left blank

# Agenda Item 16

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>13 July 2022</b>
<b>Title:</b>	<b>Housing development update</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Alan Shuttleworth, Cabinet member for direct assistance services</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To provide an update on the progress of the Council's housing delivery programme.</b>
<b>Decision type:</b>	<b>Key Decision</b>
<b>Officer recommendation(s):</b>	<ol style="list-style-type: none"><li><b>(1) To note the progress of the Council's housing delivery programme as set out in Appendix 1.</b></li><li><b>(2) To approve the Cavalry Crescent development, making an allocation within the Housing Revenue Account (HRA) Capital Programme of up to £6m, and entering into a construction contract in accordance with the business case as set-out in Appendix 2 (Exempt).</b></li><li><b>(3) To approve the Fort Lane development, making a revised allocation within the Housing Revenue Account (HRA) Capital Programme of up to £3m, and entering into a construction contract in accordance with the business case as set-out in Appendix 3 (Exempt).</b></li><li><b>(4) To authorise entering into an Access Agreement to enable the Council to use the "Framework Agreement for the Provision of Modular Housing" dated 30<sup>th</sup> July 2021 between Lewes District Council and Boutique Modern Limited to call off contracts for off-site manufactured house building solutions, to aid in the delivery of the Capital Programme alongside other procurement routes.</b></li><li><b>(5) To authorise the Director of Regeneration and Planning, in consultation with the Portfolio Holder for Housing, also the Chief Finance Officer, to carry out all necessary actions to facilitate the recommendations including financing, appointment of professional services, award of contract, development, lettings, and determining the terms of, and authorising the execution of, all necessary documentation, in accordance with the business case(s).</b></li></ol>

**Reasons for recommendations:** To progress the development of new homes across the borough to provide new affordable housing options.

**Contact Officer(s):** Name: Nathan Haffenden  
Post title: Head of Development, Investment and Delivery  
E-mail: nathan.haffenden@lewes-eastbourne.gov.uk  
Telephone number: 01323 436422

## **1 Introduction**

- 1.1. The Council continues to assess its assets and progress its housing delivery programme. In bringing forward new scheme proposals for approval and identifying opportunities to support the capacity of the Housing Revenue Account (HRA) the authority is able to increase the supply of new homes across the borough in a highly challenging market.
- 1.2. This report provides an update on the progress of the programme and with recommendations to progress new schemes to meet the objectives of the Corporate Plan 2020-2024 in the context of the current operating environment.

## **2 Background**

- 2.1. The Corporate Plan sets out to increase the number of low-cost rented and home ownership initiatives across the borough and directly available to the Council through both new build and acquisitions. In increasing the range of housing options that meet locally defined needs it helps to reduce the reliance on temporary/emergency accommodation. New build homes will aim to be accessible, sustainable, and energy efficient, also utilising the capacity of the Council's housing companies including Eastbourne Housing Investment Company Ltd (EHICL) and the joint venture with Lewes District Council (LDC) - Aspiration Homes Limited Liability Partnership (AHLLP).
- 2.2. The Council has been able to successfully bring forward new homes and build upon a pipeline for ongoing future delivery. However, since the Corporate Plan was adopted, changes in the world globally cannot be ignored. The implications of the Covid-19 pandemic, Brexit, and Russia's invasion of Ukraine have shown unprecedented impacts on the economy. In March 2022, the Consumer Prices Index (CPI) increased by 6.2%, with the latest predictions reportedly showing expected levels up to a staggering 10% by the end of the year.
- 2.3. These factors have a direct impact on the cost of construction and building new homes, specifically within a financially sustainable funding envelope. Therefore, the Council's ability to directly deliver viable housing schemes, specifically within the tolerances of the HRA Business Plan and as a result of the current economic circumstances, has undoubtedly been made even more challenging.
- 2.4. The Council's social housing stock continues to reduce as a consequence of the government Right to Buy (RTB) scheme and as the demands on the Housing Waiting List continue to remain significant. Prior to the statutory reforms from 1<sup>st</sup> April 2021, the Council also had the additional pressures of having to spend previously built up 1-4-1 RTB receipts by strict government deadlines. Although the receipts helped to support

the development of new homes, they do not cover the whole cost (30% at that time) and have now all been committed to schemes in progress within the programme. The Council will therefore need to secure other sources of supporting finance and will rely significantly on central government to provide grant funding to keep Council rents as low as possible.

- 2.5. In February 2022, Cabinet approved its annual HRA Budget for 2022/23 and Capital Programme. Although the HRA is now uncapped, it is not unlimited, and the Council must continue to carefully balance available headroom capacity to increase, maintain, and decarbonise the housing stock. This reinforces the significance of obtaining government funding, such as through the Affordable Homes Programme 2021-26 and also the brownfield funding announced in the Levelling Up White Paper, to help reduce reliance on borrowing for new build developments. The Business Plan will need to be closely monitored and, in addition to external grants, alternative delivery options considered including the continued use of EHICL and AHLLP.

### **3 Construction and Property Market**

- 3.1. In the context of the current economy, the construction industry and property market have (and continue to be) increasingly volatile. In the height of the global pandemic, material costs increased by up to 70% and delays, shortages, and labour pressures created a 'perfect storm' the likes of which had not been seen for over 40-years. With the predictions for rising inflation, it is expected that costs within the building industry will also continue to increase and with no clear indication of when they will return back to previous levels (if ever). The Council will therefore be operating within a 'new normal' and will need to consider how it approaches value for money and measures financial viability in its efforts to deliver sustainable affordable homes.
- 3.2. In addition, the value of land and property nationally has increased since 2020. In the Southeast specifically this increased over the last 12 months up to February 2022 by 12%, making affordability even more difficult. Equally, new entrants to the market generally (e.g., first time buyers) will continue to look to the public sector for support. This will have an impact on the financial viability of acquiring land and property for new development within the capacity and constraints of the HRA.
- 3.3. The rising inflation, specifically when considering fuel, food, and energy prices, will have detrimental impacts on our residents and especially those who are deemed as vulnerable and/or most in need. Eastbourne Borough Council (EBC) is the first UK local authority to declare a cost-of-living emergency, introducing a support fund for local people. It is therefore critical that any new homes are built at pace, utilising available government grants, and with the carbon reduction agenda at the core to develop homes that are sustainable and affordable to both rent and live in.

### **4 Housing Delivery Programme**

- 4.1. In the face of these multiple and complex market pressures, the Property and Development team have continued to grow the housing programme, building a pipeline of Council rented and low-cost homeownership schemes to support the rising local demand. These homes have also been built toward with the Council's strategy for sustainability and carbon reduction targets, driving forward modern methods of construction (MMC) including modular, as was seen at The Foundry (Langney Road),

utilising new and emerging renewable technologies, and taking an overall “fabric first” approach to development.

4.2. Appendix 1 enclosed sets out the current programme position across the Council and its companies since the current Corporate Plan was adopted, categorised by project stage. Showing a combination of completed homes, acquisitions, schemes in construction, projects at the pre-build stage, and others in the growing pipeline, the Council will have identified, advanced, and completed up to 288 homes to meet local housing requirements. In order to maintain and increase upon these levels, the Council will need to continue to identify new opportunities for maximising its own land and property estate.

4.3. The programme reflects a number of successes, with schemes completed in recent years delivering over 48 new mixed tenure Council homes:

<b>Projects – complete since 2020</b>	<b>Entity</b>	<b>Scheme</b>	<b>Units</b>
Next Steps Accommodation Programme	HRA	Acquisition	3
Rough Sleepers Accommodation Programme	HRA	Acquisition	7
HRA Acquisitions Programme	HRA	Acquisition	4
AHLLP Acquisitions Programme	AHLLP	Acquisition	9
EHICL Acquisitions Programme	EHICL	Acquisition	1
The Addison (Northbourne Road)	AHLLP	New Build	12
The Foundry (Langney Road)	AHLLP	New Build	12

4.4. There are also several other schemes showing in Appendix 1 well into the design and planning stages, with business cases for projects ready to enter into construction contracts as recommended and set out in this report. The programme has also been diversified by using a combination of the HRA, EHICL, and AHLLP, as well as taking a mixed approach to delivery through acquisitions, S106 purchases, asset conversions, and new build developments to find the best solutions to land, assets, and partnerships.

4.5. The Council's approach to development, taking a strong fabric first approach - focusing on insulation, heating, and cooling, has helped to shape the programme to meet carbon reduction objectives. The Council's Employers Requirements (ERs) for new build developments incorporate a “checklist” to ensure homes are as sustainable as possible within the context of the available budgets and continue to explore new methods of sustainable construction (e.g., low carbon concrete).

4.6. The programme incorporates new technologies, increased biodiversity, and a new perspective on the re-utilisation of land and assets. The Property and Development team continue to explore other opportunities, especially in a constantly changing and evolving market, including green roofs, green living walls, and new approaches to sustainable development.

4.7. The following key updates on projects within the programme should also be noted:



- **Bedfordwell Road** – The Council’s Planning Committee approved in August 2021 100 x new homes on the site. The Pre-Construction Services Agreement (PCSA) with Willmott Dixon is nearing completion, with the scheme now at a ‘shovel ready’ stage, pending a viable business case. The challenges of the site, specifically the Pump House, and the current market pressures mean additional funding is required to support the project. The Property and Development team continue to engage with Homes England and await the outcomes of the £1.8bn brownfield funding expected and announced in the government Levelling Up White Paper.
- **Biddenden Close** – The Council exchanged contracts with the Eastbourne Community Land Trust (CLT) in February 2022 to bring forward 5 x new affordable homes for the town, with completion subject to securing the required funding. The Council continues to manage the enabling of the site (including demolition and security) to support the delivery of the new homes.
- **Brede Close** – The scheme to develop 6 x new affordable homes is currently underway and scheduled for completion in Q3 2022/23.
- **The Foundry (Langney Road)** – Utilising AHLLP, the Property and Development team were able to deliver the first Council modular housing scheme in Eastbourne, consisting of 12 x new affordable homes for both keyworkers and customers from the Housing Waiting List. The scheme completed in March 2022.
- **The Glenn (Southfields Road)**– The scheme is to develop 19 x affordable homes and is currently on site, with a completion date estimated by Q3 2023/24. The development includes grant funding secured from Homes England and the One Public Estate (OPE) managed Brownfield Land Release Fund (BLRF).
- **Law Courts (“MOJ”)** – The scheme proposed is for 35 x new affordable homes, currently awaiting presentation to a future Planning Committee.
- **Rough Sleepers Accommodation Programme (RSAP)** – In 2021/22, the Council successfully secured government funding as a joint bid with other East Sussex authorities to secure managed move-on accommodation in Eastbourne and to help reduce the reliance on emergency accommodation. The Council was able to acquire 7 x homes to meet the funding objectives. A new bid has now recently been submitted for 2022/23 for up to a further 10 units, pending approval.
- **Victoria Mansions** – The repair and restoration programme to this key town centre asset continues to progress positively. Forming an integral part of the Levelling Up Fund (LUF) programme, the residential aspects of the property are being let for both affordable housing and holiday lettings, with further completions due throughout July 2022.

## 5 Cavalry Crescent

- 5.1. On 22<sup>nd</sup> March 2021, Cabinet authorised commencement of the project to develop the brownfield site known as Cavalry Crescent in Eastbourne Old Town up to the planning

stage, subject to further approval at the appointment of a contractor and the commencement of any construction works.

- 5.2. The site is currently occupied by 8 x semi-detached Parkinson framed houses, which are underperforming assets, expensive for the Council to maintain, and also for residents to run. The scheme has been considered in some detail since 2018, with various options considered and design iterations explored.
- 5.3. Following approval by the Planning Committee in September 2021, the final design proposed is to develop 20 x new homes, including adaptable units on the ground floor and a fully accessible family house, as follows:

<b>Unit Type</b>	<b>Persons</b>	<b>Size (m2)</b>	<b>Total units</b>
1 bed flat	2	63	5
2 bed flat	3	73	6
2 bed flat	4	85	3
3 bed house	6	112	5
4 bed house	7	149	1

The properties will be built in excess of Nationally Described Technical Space Standards, to ensure that the homes not only meet local housing need but also provide quality and spacious living environments.

- 5.4. The scheme will also incorporate the following key sustainability features:
- High insulation levels (“fabric first”)
  - Communal air source heat pump
  - Individual air source heat pump for houses
  - Solar PV
  - Some areas of green living roof
  - Large cycle store to promote sustainable travel
  - Communal growing area

This results in a scheme that has significant improvements to insulation levels, air tightness, and overall building performance standards, including an increase to the national average for CO2 reductions. This meets the requirements of the Council’s sustainability strategy.

- 5.5. The scheme has also been competitively tendered and procured in accordance with the Council’s Contract Procedure Rules (CPRs) using the new Social Value Charter, with Trinity Homes Ltd as the preferred bidder based on price, quality, and social value. The forecast project timeline assumes commencement in Q2 2022/23 over an 18-month on-site construction programme.

The construction costs have been impacted by current market challenges however, following the open and competitive tender exercise, the Council's appointed Employers Agent (EA) has deemed the costs to be reasonable and present value for money, especially when factoring the high sustainable elements.

- 5.6. It is therefore proposed that the Council approves an allocation within the HRA Capital Programme up to £6m in-line with the business case enclosed, which includes the costs of demolition and construction, project on-costs, project management fees, and a reasonable client contingency. The project shall be funded utilising a combination of available HRA borrowing capacity and external grants now secured. The full financial assessment and supporting business case underpinning the proposals is included in Appendix 2 (Exempt).

## **6 Fort Lane**

- 6.1. On 22<sup>nd</sup> March 2021, Cabinet authorised the development of a site in Fort Lane, sited within the Devonshire Ward, to deliver 7 x affordable houses in the place of redundant light industrial buildings. Those buildings have now been demolished making the site clear for construction.
- 6.2. In the context of the current market and since the business case was approved, working with agents and contractors, the costs of the scheme have increased. It is therefore necessary for the previously approved budget to be increased and based on an updated business case as included within Appendix 3 (Exempt).
- 6.3. Subject to the approval of the updated business case, it is proposed to utilise an existing Modular Housing Framework to appoint Boutique Modern to deliver the scheme, again utilising the benefit of off-site modular construction, with a forecast commencement in Q2 2022/23 over an estimated 12-month programme.
- 6.4. It is therefore proposed that the Council approves an increased allocation within the HRA Capital Programme of up to £3m, in accordance with the business case and to be met from a combination of HRA borrowing and external grants now secured.

## **7 Modular Housing Framework**

- 7.1. In 2021, the Council completed a joint procurement with LDC to procure a contractor under a Modular Housing Framework. LDC entered the resulting Framework Agreement as the lead authority.
- 7.2. The framework was advertised and completely procured in the market, utilising the Social Value Charter, and with a specific emphasis on skills, training, and employment. The tenderers were assessed not only on cost but also on the sustainability of their processes, final product, and their ability to employ and train local people. The framework agreement was awarded to Boutique Modern Ltd, based in Newhaven.
- 7.3. Boutique Modern now has the ability to be awarded contracts, for appropriate development projects, over a 4-year period from 2021. This will help to provide additional pipeline and business certainty for a part of the sector that is hugely important to the sustainability agenda but typically suffers from inconsistent work. This is in-line

with the governments national agenda to support and scale-up the delivery of homes using MMC.

- 7.4. The framework has also been made optional to other local authorities across Sussex and Greater Brighton, which will determine the overall value and scope of the framework agreement. This supports a strategy for OPE, working collaboratively with other public sector partners to collectively bring forward new Council homes but to operate more efficiently whilst doing so in practices around procurement, resource, and skill sharing. In order to be able to use the framework, the other public bodies, including the Council, are required to enter an Access Agreement.
- 7.5. It is recommended that the Council now enters into an Access Agreement to utilise the framework. It will certainly not be the only method of procuring contractors to drive the housing pipeline, which will in fact still include traditional methods of construction, but it increases the available options whilst diversifying delivery. It provides an additional tool when bringing forward new sustainable housing projects and at pace, in-line with government objectives.

## **8 Outcomes expected and performance management**

- 8.1. This report provides an update on the progress of the Council's housing delivery programme and in the context of the Corporate Plan 2020-2024. In the face of highly challenging external factors and variables, the Council has been able to build a programme and pipeline to bring forward more affordable and sustainable homes using the HRA, EHICL, and AHLLP toward the Plan target.
- 8.2. The developments at Cavalry Crescent and Fort Lane, subject to approval, will provide 27 x new affordable homes to meet the demands of the Housing Waiting List. The homes will aim to meet a range of local needs, utilising sustainable construction methods, and reducing costs to residents in the renting and running of the properties.
- 8.3. Subject to the Access Agreement, the Modular Housing Framework is in place and with the ability to support the Council's housing delivery programme, inputting into the pipeline in terms of design, costs, and delivery. The framework is managed using ten Key Performance Indicators (KPI), monitored on an annual basis over the 4-year period.

## **9 Consultation**

- 9.1. The programme remains subject to robust consultation with Portfolio Holders, Members, Ward Councillors, Resident Voice, residents, and other key stakeholders. Any new sites identified (in addition to the programme in this report) will be presented to Cabinet in the usual way.
- 9.2. Cavalry Crescent was subject to a public consultation in March 2021, prior to a planning submission. This took the form of an outline presentation and questionnaire, with comments being fed back into the design process as part of the planning submission. The tenants that need decanting from the existing properties proposed for demolition also received further additional consultation and support through the house move process.
- 9.3. Fort Lane was subject to a public consultation in November 2014, again prior to a planning submission. This took the form of an in-person event at a nearby hall where

residents had the opportunity to review the proposed design and provider feedback as part of the planning process. Discussions with surrounding residents, businesses, and other stakeholders have and will continue leading up to a start on site.

## **10 Corporate plan and council policies**

10.1. The Corporate Plan 2020-2024 sets out clear priorities and objectives to provide more Council homes in the area that are both highly sustainable and truly affordable.

10.2. The housing delivery programme as set out directly and positively contributes to the Plan objectives, increasing supply using new and innovative construction methods to help reduce the cost of living and positively contribute to the carbon reduction agenda. This has been achieved against an unprecedented shift in the construction industry as the cost of materials and labour reach a reported 40-year high.

10.3. The Modular Housing Framework will specifically:

- Increase sustainable house building using modular construction.
- Use our power as a public sector body to buy and procure locally, and create local supply chains and ecosystems of enterprises, through use of circular economy principles.
- Develop local skills, supply chains, and employment through partnership working including East Sussex College Group (ESCG), other public sector organisations, social enterprises, cooperative businesses, as well as other forms of business, particularly focussing on clean, green technologies.
- Focus spending within the borough, directly benefitting residents, communities, and local companies.
- Improve the energy efficiency of homes including supporting low-carbon heating technologies in our own council houses as part of the decarbonisation agenda.
- Enable more sustainable and energy efficient homes across the borough, that are more cost-effective to run and cheaper to live in.
- Improve our understanding of council carbon emissions and how those are best measured, as well as reducing greenhouse gas emissions to net zero.
- Reduce waste, increasing re-use and recycling to top quartile performance.

## **11 Financial implications**

11.1. The programme and pipeline are being progressed in the context of the approved HRA Capital Programme and, where applicable, the EHICL and AHLLP Business Plan(s). The capacity and tolerances of the HRA will continue to be monitored and tested through the Business Plan(s) and any variances highlighted to Cabinet accordingly.

11.2. Subject to the approval of the business case, it is proposed that Cabinet approves an allocation within the HRA Capital Programme of up to £6m for the Cavalry Crescent development. This request is being made within the capacity of the HRA Budget 2022/23 approved in February 2022 and in-line with the Business Plan. Upon creation of a capital budget, the feasibility revenue costs incurred to date shall be capitalised. The project will then be subject to close monitoring, including ongoing financial due diligence and risk management, within the project management parameters in place. The project is to be financed by a combination of borrowing and secured external grant funding as detailed in Appendix 2 (Exempt).

- 11.3. Again, also subject to the approval of the updated business case, it is proposed that Cabinet approves an increase to the existing allocation within the HRA Capital Programme of up to £3m for the Fort Lane development. This request continues to be made within the capacity of the HRA Budget 2022/23 approved in February 2022 and tolerances of the HRA Business Plan. Full details are included within Appendix 3 (Exempt).
- 11.4. Further financial assessments shall be provided on each scheme as they are worked up and presented to Cabinet in the future, supported by a fully detailed business case.
- 11.5. The Modular Housing Framework Access Agreement does not commit the Council to any capital expenditure. Each individual scheme will require Cabinet approval.

## 12 Legal implications

- 12.1. The Council can rely on section 9 of the Housing Act 1985 (HA 1985) to undertake the development of affordable rent housing. This is a power to provide sub-market rented housing for its area - i.e., to address a gap in the housing market and meet the needs of the local community. The RTB will apply to these properties but, in summary, any discount to which anyone exercising the RTB is entitled will be limited with the effect that the discount cannot take the price paid by them to less than the cost price of the property.

The Council will take full advice on any title issues associated with the developments and in respect of appropriate ways to address any issues revealed.

- 12.2. Section 32 of the HA 1985 will permit the Council to let on secure tenancies without the requirement for Secretary of State consent.

*11194-EBC-KS 20.06.2022*

## 13 Risk management implications

- 13.1. The key risks and mitigations at this stage are set out in the following table:

	<b>Risk</b>	<b>Mitigations</b>
1	Costs for developing small sites may prove too high to be viable	By selecting small local firms to deliver sites, overheads can be kept to a minimum. Some sites can be delivered as part of a wider agreement by a modular house builder. Consideration is also being given to available government grant funding.
2	External/world pressures (Covid-19, war in Ukraine, Brexit) increasing construction costs and impacts on	The market continues to be monitored closely and the viability of each scheme in the pipeline will be assessed on their own merits, with reference to the Business Plan(s). Specialist / external advice will also be taken from independent agencies and the Council will look to enter into fixed price contracts wherever possible.

	development viability	
3	Planning may be refused on some sites	Extensive pre-application discussions are taking place on all sites prior to a formal submission. The sites presented for business case approval (Cavalry Crescent, Fort Lane) have already received planning approval.
4	Abortive costs as a result of sites not taken forward	The feasibility budget was approved on this basis, understanding there is a risk element to exploring scheme capacity, which will be managed, monitored, and minimised in the early stages. Schemes without sufficient viability and strategic benefit will be abandoned to reduce the risk of unnecessary cost exposure.
5	By selecting a single supplier for the modular framework there may be a limit on the number of homes that can be delivered at one time	The successful company will have had to submit provisional plans to expand supply where necessary. The Council will continue to also utilise other procurement means to deliver the pipeline, including both MMC and traditional builds.

## 14 Equality analysis

14.1 The reports previously presented to Cabinet (as listed below) for the proposed developments, including the decanting of existing residents, were subject to Equality and Fairness (E&F) assessments and communication strategies that have resulted in the relocation of tenants so that the properties requiring demolition are now empty.

14.2 The proposals for Cavalry Crescent and Fort Lane include:

- Disabled ready ground floor flats (3) and 1 x house, being designed for individual end users to meet specific needs.
- Design proposals for high quality specification sustainable units, to reduce running costs for the end user.

All other properties at Cavalry have been designed to M4(2) building regulation standards, that provide greater flexibility and are adaptable to a wider range of residents.

14.3 Any new developments that are taken through the Modular Housing Framework will be subject to their own E&F screenings and assessments where needed as part of a business case for Cabinet approval.

## **15 Environmental impact analysis**

- 15.1 All new council housing developments as set out in this report have and/or will be designed to high thermal performance and detailing (fabric first approach), including sustainable and renewable features (where financially viable) both for the construction and use of residents. This is in accordance with the Council's corporate priorities, ensuring reduced Co2 emissions and lower running costs to customers.
- 15.2 Where proposed developments require demolition of existing properties, the demolition contractor will be required to assess the properties, ensuring all recyclable materials are identified and recycled, and any waste materials and contaminants properly removed and disposed of.

## **16 Appendices**

- Appendix 1 – Housing Delivery Programme
- Appendix 2 (Exempt) – Cavalry Crescent Business Case
- Appendix 3 (Exempt) – Fort Lane Business Case (Updated)

## **17 Background papers**

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

- EBC Cabinet - Housing Development Update (22 March 2021)



## Appendix 1 – Housing Delivery Programme

### Housing Delivery Programme

The new build schemes are categorised by their progress in accordance with the Royal Institute of British Architects (RIBA) Plan of Work:

- *Stage 0 – Strategic definition (concept)*
- *Stages 1-3 - Feasibility and planning*
- *Stage 4 - Technical design*
- *Stage 5 - Construction*
- *Stage 6 – Handover*

<b>Projects – commenced or complete since 2020</b>	<b>Entity</b>	<b>Scheme</b>	<b>Gross Units</b>	<b>Project Stage</b>
Next Steps Accommodation Programme (NSAP)	HRA	Acquisition	3	Complete
Rough Sleepers Accommodation Programme (RSAP)	HRA	Acquisition	7	Complete
HRA Acquisition Programme	HRA	Acquisition	4	Complete
HRA Acquisition Programme	HRA	Acquisition	7	Progressing
AHLLP Acquisition Programme	AHLLP	Acquisition	9	Complete
EHICL Acquisition Programme	EHICL	Acquisition	1	Complete
Northbourne Road	AHLLP	New Build	12	Stage 6
Langney Road	AHLLP	New Build	12	Stage 6
Brede Close	HRA	New Build	6	Stage 5
Southfields Road	HRA	New Build	19	Stage 5
Biddenden Close - CLT	CLT	New Build	5	Stage 4
Cavalry Crescent	HRA	New Build	20	Stage 4
Fort Lane	HRA	New Build	7	Stage 4
Timberley Road	HRA	New Build	4	Stage 3-4
Eastbourne Law Courts	HRA	New Build	35*	Stage 3
Bedfordwell Road	HRA	New Build	100	Stage 3
Asset Review Programme	HRA	New Build	20*	Stage 1

Rough Sleepers Accommodation Programme (RSAP)	HRA	Acquisition	5	Grant Awaited
HRA Acquisition Programme	HRA	Acquisition	12	Pipeline
<b>Total Homes</b>			<b>288</b>	

\* *Subject to planning*

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank