

Cabinet
13 July 2023



Lewes District Council

Time and venue:

2.30 pm in the Room 209/210 on the Second Floor, The Marine Workshops, Railway Quay, Newhaven, East Sussex, BN9 0ER.

Membership:

Councillor Zoe Nicholson (Chair); Councillors Christine Robinson (Deputy-Chair) Chris Collier, Johnny Denis, Wendy Maples, Emily O'Brien, Laurence O'Connor and Mark Slater

Quorum: 4

Published: Wednesday, 5 July 2023

Agenda

1 Minutes of the meeting held on 23 March 2023 (Pages 5 - 8)

2 Apologies for absence

3 Declarations of interest

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

4 Urgent items

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

5 Public question time

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

6 Written question from councillors

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

7 Matters referred to the Cabinet

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

None.

8 Appointment to Outside Bodies

The Cabinet is asked to formally approve the following changes in appointments to outside bodies:

- Councillor Emily O'Brien to be appointed as the Council's representative to sit on Lewes District Food Partnership's Steering Group.
- Councillor Mark Slater to replace Councillor Lucy Agace as the Council's representative on the Upper Ouse Flood Protection and Water Retention Works Working Group

The appointments were approved under delegated authority by the Head of Democratic Services, in accordance with Council Procedure Rules, pending formal Cabinet approval.

9 LGA Peer Challenge (Pages 9 - 34)

Report of Chief Executive

Lead Cabinet member: Councillor Zoe Nicholson

10 Portfolio progress and performance report quarter 4 - 2022-2023 (Pages 35 - 54)

Report of Director of Finance and Performance

Lead Cabinet member: Councillor Chris Collier

11 Provisional Revenue and Capital Outturn 2022/23 (Pages 55 - 74)

Report of Director of Finance and Performance

Lead Cabinet member: Councillor Zoe Nicholson

12 Treasury Management Annual Report 2022/23 (Pages 75 - 94)

Report of Director of Finance and Performance

Lead Cabinet member: Councillor Zoe Nicholson

13 Private Housing Financial Assistance Policy 2023-25 (Pages 95 - 124)

Report of Director of Service Delivery

Lead Cabinet member: Councillor Mark Slater

14 Property and Assets Update (Pages 125 - 134)

Report of Director of Regeneration and Planning
Lead Cabinet member: Councillor Zoe Nicholson

15 Housing Development & Asset Update (Pages 135 - 152)

Report of Director of Regeneration and Planning
Lead Cabinet member: Councillor Zoe Nicholson

(This report contains an exempt appendix. Any discussion of this must take place at item 17 following exclusion of the public.)

16 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).

17 Housing Development and Asset Update - Exempt Appendix 2 (Pages 153 - 154)

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Zoe Nicholson

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:

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Public participation:

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

Information for councillors

Disclosure of interests:

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

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

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

Councillor right of address:

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

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

Other participation:

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

Democratic Services

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

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Cabinet

Minutes of meeting held in Ditchling and Telscombe Rooms at Southover House, Southover Road, Lewes, BN7 1AB on 23 March 2023 at 2.30 pm.

Present:

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

Officers in attendance:

Robert Cottrill (Chief Executive), Ian Fitzpatrick (Deputy Chief Executive and Director of Regeneration and Planning), Tim Whelan (Director of Service Delivery), Parmjeet Jassal (Interim Head of Financial Planning), Oliver Jones (Lead, Housing, Homelessness & Community Safety), Ola Owolabi (Deputy Chief Finance Officer - Corporate Finance) and Simon Russell (Head of Democratic Services).

Also in attendance:

Councillor Isabelle Linington (Leader of the Opposition).
Ms Debbie Twitchen (Tenants' Representative)

52 Minutes of the meeting held on 2 February 2023

The minutes of the meeting held on 2 February 2023 were submitted and approved and the Chair was authorised to sign them as a correct record.

53 Apologies for absence

An apology for absence was reported from Cabinet member, Councillor Denis.

Apologies were also reported from visiting members, Councillors Boorman and Peterson.

54 Declarations of interest

None were declared.

55 Finance update - performance quarter 3 - 2022-2023

The Cabinet considered the report of the Director of Finance and Performance, updating members on the Council's financial performance at Quarter 3 2022/23.

The figures detailed in the report were reflective of the Council's financial position as of 31 December 2022. An updated financial position at year end would be presented as part of the outturn report in July 2023. It was anticipated

that due to putting aside reserves and other support, the Council would achieve a balanced position by year end.

Policy and Performance Advisory Committee (PPAC), held on 16 March 2023 considered the report and were supportive of the officer recommendations in full. Councillor Linington, Deputy-Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion.

In a response to a question raised by Ms Debbie Twitchen, Tenants Representative around the Housing Revenue Account (HRA), it was advised that money allocated in the Major Repairs Reserves (MRR) was part of the agreed 30-Year Business Plan and could be accessed as and when appropriate. The reserves would be kept under constant review to ensure it was reflective of the Council's spending requirement on repairs. A further detailed response would also be provided to Ms Twitchen.

Resolved (Non-key decision):

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

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

Reason for decisions:

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

56 Eastbourne & Lewes Community Safety Partnership – Annual Report (Lewes)

The Cabinet considered the report of the Director of Service Delivery, enabling them to consider the 2022/23 performance of the Eastbourne & Lewes Community Safety Partnership.

Policy and Performance Advisory Committee (PPAC), held on 16 March 2023 considered the report and were supportive of the officer recommendation in full. Councillor Linington, Deputy-Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion.

Key highlights, activities and achievements across the Partnership's 5 priorities were detailed in the report and presented by the Lead for Housing, Homelessness & Community Safety.

Following comments raised, the Lead for Housing, Homelessness & Community Safety agreed to discuss with the Local Inspector around the possible reinstatement of Community Safety Action Group meetings (facilitated by Sussex Police) in different areas of the District. A discussion would also take place around the date and time of future meetings, to explore how to increase attendance.

Resolved (Non-key decision):

To note the achievements and activities of the Eastbourne & Lewes Community Safety Partnership in 2022/23.

Reason for decision:

To consider progress on delivery of the current Community Safety Plan.

The meeting ended at 3.00 pm

Councillor James MacCleary (Chair)

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Report to:	Cabinet
Date:	13 July 2023
Title:	LGA Peer Challenge
Report of:	Robert Cottrill, Chief Executive
Cabinet member:	Councillor Zoe Nicholson, Leader of the Council and Cabinet member for finance, assets and community wealth building
Ward(s):	All
Purpose of report:	To consider the report provided by the Local Government Association and the council's response to the recommendations
Decision type:	Non-key
Officer recommendation(s):	To note the Local Government Association report and the council's response to its recommendations
Reasons for recommendations:	The LGA report is intended to provide the council with suggestions and advice that may help support future improvement.
Contact Officer(s):	Name: Jo Harper Post title: Head of Business Planning and Performance E-mail: jo.harper@lewes-eastbourne.gov.uk Telephone number: 07925 893201

1 Introduction

- 1.1 A Local Government Association (LGA) Corporate Peer Challenge (CPC) is designed to be a tool to aid council improvement. It is not a mandatory process, but councils are encouraged to undertake a CPC every 5 years to provide a 'practitioner perspective' and 'critical friend' challenge to help support their improvement journey.
- 1.2 LDC undertook a CPC in September 2022, which was completed jointly with Eastbourne Borough Council. The CPC took place over one week, engaging a team from the LGA together with peer partners from various councils. The team was made up of;
- Cllr Rowena Hay, Leader, Cheltenham District Council (Liberal Democrat Member Peer)
 - Cllr Martin Fodor, Bristol (Independent Member Peer)

Rob Weaver, Chief Executive (Cotswolds District Council Chief Executive Peer)

- Andrew Jarrett, Deputy Chief Executive and S151 Officer, Mid Devon District Council (Senior Officer Peer)
- Emily Bolton, Climate Crisis Strategy Manager, Cambridgeshire (Officer Peer)
- Mia Shelton (LGA Shadow Peer)
- Angela Kawa (LGA Peer Challenge Manager)

2 The Corporate Peer Challenge

2.1 Ahead of the review, the team were provided with a comprehensive set of documentation which provided background information about the council and how it operates. This enabled them to come to the process well informed about the two councils and how we operate together. During the CPC the team carried out interviews with a large number of individuals and groups, including officers, members and partners, to gain a full picture of the councils' operations. Over the week on site, 44 meetings and 10 focus groups were held.

2.2 The LGA use a standard methodology for their CPCs. This looks at 5 key themes,

1. Local priorities and outcomes - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities?

2. Organisational and place leadership - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?

3. Governance and culture - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?

4. Financial planning and management - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?

5. Capacity for improvement - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In addition, the council asked that the CPC also considered its approach to **sustainability and net zero**.

2.3 The results of the CPC are set out at appendix 1. It is encouraging to see that many positive comments were made about the council, its staff, its members and how it interacts with its partners. The council was found to be demonstrating good performance against the 5 criteria used by the Peer team. Particular comments were made about the councils' effective delivery of services, and how we 'make things happen'. It was noted that 'the political leadership of both councils provide clear direction and leadership for their areas'.

- 2.4 However, as would be expected, a number of suggestions and recommendations were made where it was felt the council could further improve. These recommendations were given informal endorsement by the Leader prior to the election. Cabinet is now asked to note these recommendations, many of which have already been responded to in full by the council. Other suggestions, not leading to recommendations, have also been considered. The formal recommendations are set out at part of the appended report (appendix 1).

3 Next Steps

- 3.1 As indicated above, officers have already taken steps to start to address many of the recommendations in the report. Indeed, in some instances, the recommendations have already been fully acted upon. Progress in responding to the action plan is set out at appendix 2.
- 3.2 As part of the CPC process, it is usual practice for the LGA to provide a follow up 'check in' session. This usually takes place around 6 months on from the initial Challenge session, but due to District elections and other factors this has been slightly delayed, and this is now scheduled to take place in July 2023. The follow up will enable the council to update the Peer team on progress made since their initial visit.

4 Consultation

- 4.1 Throughout the CPC process staff, members and partners have been kept informed of progress. In particular, in the lead up to the challenge event in September 2022, there was regular information provided to staff to prepare them for the visit. Now the CPC report has been received, further consultation and engagement with staff, members and where appropriate with partners, has been, and will be, undertaken to share the findings and help shape the resultant improvement activities.

5 Corporate plan and council policies

- 5.1 The CPC assessed the council's progress against its corporate plan alongside other considerations. No specific issues arose relating to this. However, it was noted by the Peer Team that the council may benefit from developing more formalised strategies around tourism and economic development.

6 Financial appraisal

- 6.1 There are no immediate financial implications arising directly from this report, other than staff time. Where decisions are taken as part of the action plan regarding the Peer Challenge recommendations, these will be subject to appropriate financial appraisal and addressed through the Council's Budget/Medium Term Financial Plan as required.

7 Legal implications

- 7.1 There are no legal implications arising out of this report. The council has voluntarily taken part in the review and is taking forward recommendations as a matter of good practice.

[012063-JOINT-KS 15th May 2023]

8 Risk management implications

- 8.1 Although not a mandatory requirement for councils, the LGA Peer Challenge is very much encouraged. The results can be very helpful to the continuous improvement of the council. If the council were not to participate in this process, there is a risk that it might miss out on opportunities to improve.

9 Equality analysis

- 9.1 Equality and fairness were a key consideration in the CPC process, as can be seen in the report at appendix 1.

10 Environmental sustainability implications

- 10.1 The CPC focused, at the council's request, particularly on sustainability. As a result, an improvement action relating to this was included in the action plan.

11 Contribution to Community Wealth Building

- 11.1 This report does not contain any direct references to community wealth building.

12 Appendices

- Appendix 1 – LGA Corporate Peer Challenge – Feedback Report
- Appendix 2 – LDC response to recommendations

13 Background papers

None


LGA Corporate Peer Challenge

Lewes District Council

26th- 30th September 2022

Feedback report





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1. Introduction

This peer challenge was conducted at Eastbourne Borough Council and Lewes District Council. The councils share staff and senior management but have different governance systems, different councillors, different policies, separate budgets, and the areas have different challenges. As a result of these differences, it was agreed with the councils that two reports would be produced, one for each council. It was agreed that joint recommendations as well as recommendations for each council would be made by the peer challenge team. Where feedback only applies to one council this is made clear in the reports.

2. Executive summary

The Chief Executive and senior management team of the councils are well-respected. Partners and staff consistently gave this feedback for both councils during interviews.

The peer challenge team found that the political leadership of both councils provide clear direction and leadership for their areas. The political leaders at both councils are well-respected by partners and have good working relationships with them.

There is very strong partnership working at both councils. Local organisations, other public sector bodies and voluntary groups see the councils as a ‘trusted partner.’

The peer challenge team met with staff at both councils and found the staff to be hard-working. The peer challenge team also saw evidence that staff have delivered for the local areas during a very difficult period whilst dealing with the Covid-19 pandemic.

However, there are more challenges on the horizon for both councils due to the current economic climate, cost of living crisis, inflationary pressures and pay award. Both councils will need to take steps to address these challenges in the coming months and years.

Both councils will need to take steps to address these challenges in the coming months and years.

Both councils have clear ambitions and priorities as evidenced by the policy documents and corporate plans shared with the peer challenge team. The councils clearly 'make things happen' and have a track record of delivery.

The peer challenge team are of the view that developing strategic visions and frameworks could help drive forward key agendas for both councils. For example, the Local Plans and tourism strategies could assist the councils in meeting their ambitions on economic development, tourism, and housing.

In interviews the peer challenge team heard about Member-Officer relationships at both councils. The peer challenge team found that these relations are good, and that members and officers have a constructive relationship and work well together.

Several interviewees highlighted issues with cross-departmental communications and provided examples where this communication could have been better. The peer challenge team believe this is an area where some improvement could be made.

The peer challenge team looked at the councils' Equalities, Diversity, and Inclusion (EDI) policies and data. Whilst both councils acknowledge this is an important area, the peer challenge team are of the view that there is more to be done to develop Equalities, Diversity and Inclusion at the councils and improvements can be made.

The peer challenge team considered staff structure charts, spoke to HR, union representatives, senior management, and front-line staff. The team found that the staff structures, job titles, and pay schemes could be clearer and more transparent. A review of these may help to tackle some of the recruitment issues at both councils.

The peer challenge team are also of the view that resources including staff, could be better aligned with key corporate priorities and core business, with more investment in tools such as IT and back-office systems to support service delivery.

The peer challenge team noted some strategic planning challenges. The Local Plans for both councils have been delayed due to external issues and the Housing Delivery Tests have been missed.

The peer challenge team saw evidence of both councils' ambitious capital programmes and investment. The councils should look at ways to minimise risk and ensure these programmes and investments contribute to core business or corporate priorities.

The peer challenge team noted some good examples of innovative practice such as crowd funding for Net Zero and the Leaders' Q&A on Facebook at Lewes District Council.

3. Key recommendations

3.1. Recommendation 1:

Re-consider staffing structures, job titles, pay/grading. Align resources to core business and key priorities, support and develop staff with more training opportunities including apprenticeships.

3.2. Recommendation 2

Create strategic frameworks to guide the delivery of key priorities and empower middle management to deliver them.

3.3. Recommendation 3

Invest in improved ICT (including mobile working solutions), back-office systems, and automation, with a focus on service delivery to ensure tools are fit for purpose.

3.4. Recommendation 4

The peer challenge team strongly recommends revising the members allowance from the very low base in time for the new municipal term, taking onboard the views of the Independent Remuneration Panels.

3.5. Recommendation 5

Improve cross-department communications and joint working. Create opportunities for staff to meet in person and across teams.

3.6. Recommendation 6

Continue to closely monitor the finances and consider a longer-term approach to financial planning.

3.7. Recommendation 7

Make greater use of financial scenarios to evaluate the impact of inflationary

pressures, cost of living and increased borrowing costs.

3.8. Recommendation 8

Undertake an asset review to ensure assets contribute and align to core services, key priorities, and have a demonstrable value. Re-evaluate the cost of upcoming projects and returns on investment to ensure key projects are still financially viable

3.9. Recommendation 9

Demonstrate commitment to the key corporate priority of sustainability and carbon neutrality by assigning a suitable budget to ensure delivery.

3.10. Recommendation 10

Housing Delivery Tests have not been met and the Local Plans are still under development and have been delayed due to external issues. Addressing this needs to be a priority so the councils retain control over the local planning and place making, which will be essential to meet their ambitious goals.

The following are key recommendations that only relate to Lewes District Council:

3.11. Recommendation 11

Continue, and seek to develop, the partnership with the National Park Authority and the secondment arrangement. Strengthen the joint working and ensure there are adequate resources.

4. Summary of the peer challenge approach

4.1. The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Liberal Democrat Member Peer – Cllr Rowena Hay, Leader, Cheltenham District Council
- Independent Member Peer – Cllr Martin Fodor, Bristol

- Chief Executive Peer - Rob Weaver, Chief Executive, Cotswolds District Council
- Senior Officer Peer – Andrew Jarrett, Deputy Chief Executive and S151 Officer, Mid Devon District Council
- Officer Peer – Emily Bolton, Climate Crisis Strategy Manager, Cambridgeshire
- LGA Shadow Peer - Mia Shelton
- LGA Peer Challenge Manager – Angela Kawa

4.2. Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

At the request of the Councils, we also considered the following area of focus:

6. Sustainability and Net Zero

4.3. The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent five days onsite, during which they:

- Gathered information and views from more than 44 meetings and 10 focus groups, in addition to further research and reading.
- Spoke to a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

5. Feedback

5.1. Local priorities and outcomes

The peer challenge team found that the councils have clear priorities and ambitious goals. However, the peer challenge team believe that more work needs to be done on some strategic areas such as strategic planning and housing.

The peer challenge team were impressed by the effective delivery of services during difficult times such as the covid-19 pandemic. Staff coped admirably with very challenging circumstances and with increased demand from the public.

Senior officers, frontline staff and councillors across the board are keen to deliver for their local areas. There is a real commitment to get things done and to make things better for local people.

The peer challenge team interviewed a range of partners across both Lewes and Eastbourne. There was consistent feedback about the strength of the councils' partnership working. There is a strong partnership working approach and good community engagement in both councils. The peer challenge team believe that there

may be opportunities to use the strong partnership working to tackle some of the strategic issues and key priorities of both organisations. However, the council will need to be careful not to overload voluntary sector partners, who reported a lack of capacity in some key areas.

The peer challenge team reviewed data on housing delivery for both councils. It is clear that Housing delivery is a key challenge for both authorities with government housing delivery targets being missed. There is some good work being done to address the housing challenge with a number of projects underway to deliver new housing. Both councils have been very successful in bidding for external funding to deliver some of this work for example the project at Newhaven in Lewes District.

The peer challenge team considered the projects being undertaken at the councils and whilst they were impressed by them, there were some concerns that resources and capacity could be stretched. The peer challenge team believes that there is a need to balance projects with core services to ensure that core services do not suffer, and that staff and resources are not stretched too far. This would ensure that the councils continue to deliver good services for local people whilst delivering their ambitions.

The peer challenge team reviewed the councils' current strategies and plans and noted that at present there is not a tourism strategy. Given the changes to the economy following the pandemic and the importance of tourism to the local economy of both areas the peer challenge team are of the view that a dedicated tourism strategy may now be needed.

The peer challenge team reviewed evidence of the progress to date on the Recovery and Reset Programme. The programme is progressing well but there is still work to be done. Regular and routine attention should be given to the programme to ensure further opportunities for making efficiencies are not missed.

5.2. Organisational and place leadership

The Chief Executive and senior management team are well-respected by partners, staff, and members. The councils have a good working relationship with the County Council. The peer team heard very positive feedback from partners and staff about the lead members at both councils.

The Leaders at both councils give clear direction and political steer to the officers. Both councils have ambitions and a vision for their local areas and the political Leaders are clear in their expectations.

The system of rotating leadership between the Liberal Democrats and the Green councillors at Lewes Council is unusual. However, the feedback from partners and staff was that this system works well, and the two Leaders communicate effectively and work well together.

The peer team reviewed both councils strategic planning documents and were concerned that Local Plans are still in the process of being updated. The reasons for this were explored and it was clear the plans have been delayed due to external factors such as the pandemic. However, these Local Plans need to be progressed, so the councils maintain control of their own 'planning destiny' as far as possible, and in order to drive forward their place-shaping agendas.

The peer challenge team reviewed the councils housing delivery and noted there were some good schemes in the pipeline in both authorities to deliver new homes. However, there is more to be done as the Housing Delivery Tests are being missed for both authorities. The peer challenge team noted that action plans are in place at both authorities and the councils are seeking to address the problem. It should also be noted that a number of other local authorities are also not meeting their Housing Delivery Tests and that recent Government announcements suggest the housing targets for local government may be reviewed in the future. However, the councils cannot rely on this and will need to provide more housing in order to meet local needs.

Both councils have good partnership working, although the peer challenge team noted there could be more use of community involvement and engagement. Communications with partners, community groups and the voluntary sector could be improved further.

There was evidence of a number of local community groups being directly engaged and involved in helping to communicate key messages for specific projects, with good outcomes. The peer challenge team believe that the councils could benefit from adopting this approach for other projects, to really capitalise on the strengths of the local community. This would allow the councils to bring the community with them on

many of the key priorities. This approach would clearly need to be balanced with the need to manage the expectations of the local community and voluntary sector.

5.3. Governance and culture

The peer challenge team found that there are strong member officer relations at both councils with good mutual trust and respect between officers and members.

In interviews members at both authorities were clear that they feel well-served by officers as part of the shared service arrangements. There was positive feedback about both senior and junior staff at the councils and the good work they are doing. The 'Stronger together' value holds true.

The peer challenge team reviewed the councils' governance arrangements and noted that recent changes such as the strategic property board have improved governance in this key area. We found both councils were open to discussions about governance arrangements, with a willingness to change them when this would improve outcomes, processes, and oversight.

It was clear in interviews, with staff, councillors, and partners that the councils have a 'can-do' culture. The councils have been very effective at moving swiftly to bid for Government funds and have been successful in making progress with key projects. The peer challenge team found that members were engaged and visible.

In interviews with lead members, it was clear that there is a commitment to social value. This needs to be further embedded so that it is consistently applied. The councils may wish to consider ways of strengthening and further embedding social value. For example, with changes to procurement processes with greater emphasis given to the non-financial benefits or outcomes, alongside the more traditional need to demonstrate value for money when procuring or commissioning.

The peer challenge team reviewed the councils' members allowances. The team were concerned that the members allowance at both authorities are unusually low. This may be a barrier to recruiting a more diverse set of councillors and could make it more difficult to ensure that members of the local community from all walks of life are in a position to be able to stand should they wish to.

Members were very positive about the member induction programme and described it as good. More needs to be done to ensure that this good base is built on so that

member training opportunities are ongoing throughout the municipal cycle.

5.4. Financial planning and management

The finance team which serves both councils have worked very hard to deliver during a very difficult period with the capitalisation direction at Eastbourne and Covid-19 pandemic. The team have achieved a lot and this hard work should be acknowledged.

The peer challenge team noted that there has been a high turn-over in the finance team, and at present morale appears to be low. Given the pressures the finance team have been under and the high turn-over, regularly checking-in should be undertaken, to ensure they feel connected and valued. The councils should ensure the finance team have sufficient capacity and ongoing training so they can continue to deliver in what remains a challenging set of circumstances.

The peer challenge team were impressed by the success of external funding bids, with several examples provided that demonstrated how effective the councils have been in levering-in significant, multimillion pound external funding to deliver key projects in both areas.

In interviews the commercialisation framework was discussed. Whilst it is positive that this work is progressing it was clear that this was still in development. This now needs to be finalised and embedded.

The peer challenge team noted that the financial planning and service performance team are being embedded into the core finance team. This a positive development and was welcomed by the peer challenge team as a way of ensuring joined up working in these key areas.

The peer challenge team reviewed some of the councils' financial processes and noted that there is a high level of internal recharging. Some staff at different levels within the organisation reported that this was creating unnecessary work. The peer challenge team urge the councils to consider alternatives to internal recharging as this is a significant administrative burden on officers and there may be opportunities to work more efficiently.

The current economic situation following the pandemic, with the cost-of-living crisis, high inflation, and the local government pay award present challenges for the

revenue budgets for both councils. There will need to be careful consideration of the pressures this will create on both budgets and how the councils will address them.

The peer challenge team noted that there are a number of capital projects being undertaken at both councils involving significant sums of money. Given high inflation, the increased costs for materials, labour and borrowing, these important capital projects need to be carefully and regularly considered to ensure they remain economically viable. The councils should also consider carrying out regular reviews and risk assessments of the increased costs and economic situation. The councils can also consider what measures may be needed to ensure the projects are still deliverable, or whether some projects will need to be reprioritised or paused. This approach is particularly important in light of the principles of the Recovery and Reset Programme.

The peer challenge team noted that Lewes District Council has created a substantial cost of living reserve. The council needs to consider the best way to make use of this reserve. For example, direct payments to residents or services and assistance via partners?

Having reviewed the financial reports and budget reports for Lewes District Council the peer challenge team are of the view that that the council needs to carefully monitor the cost-of-living pressures on income and expenditure. For example, council tax collection rates could fall, and it is very likely that there will be increased demand on services. The councils need to ensure these increased costs and potential fall in income are factored into the budget forecast and scenarios.

The peer challenge team also recommend that Lewes District Council refresh the Medium-Term Financial Plan to ensure it is aligned to the key priorities for the organisation given the difficult economic environment. The senior leadership of the council should consider where the organisation is headed over the next 5 years and what challenges will it face.

The peer challenge team noted that at Lewes District Council there were some discussions about potentially bringing some services that are currently being delivered externally/contracted out back in-house. The council should carefully consider the criteria for bringing services back in-house and the implications of any key changes to service delivery and what this will mean for the council's finances.

5.5. Capacity for improvement

Eastbourne and Lewes councils merged their officer core six years ago. The peer challenge team reviewed this arrangement and staff structures. The peer challenge team are of the view that six years after the merger of staff, there is now a good opportunity to review current staffing structures to maximise delivery of core services and key priorities.

The peer challenge team noted that some job titles and responsibilities are unclear, this was echoed by less senior staff who expressed some frustration with unclear job titles and roles. The councils should re-consider if posts are in the departments they need to be in, and if there is sufficient capacity in frontline services. The peer challenge team also urge the councils to consider a pay and grading review, as this could aid recruitment and retention.

In interviews it was clear that there is a real willingness by frontline staff, CMT (senior management), Heads of Service and the political leadership to deliver improvements for residents and to the local areas. There was a clear commitment to delivering across the organisation at every level. Reviewing staffing structures will help ensure this commitment is maximised.

The peer challenge team reviewed the councils' Equality, Inclusion and Diversity (EDI) policies and data, and spoke to staff, unions, and Human Resources. The team believe that there is an opportunity to strengthen and broaden understanding of EDI across the organisation, including in the workforce. There are also opportunities to increase understanding of EDI in external-facing services that work with residents and partners.

In interviews the peer challenge team heard about the way the organisation works together across departments. The team are of the view that the councils should create further opportunities for cross-departmental and joint working. This would improve communications between teams, and ensure departments are aware of relevant work in other parts of the organisation.

The peer challenge team heard consistently in interviews that there are issues with older ICT, back-office systems, and a lack of up-to-date mobile working systems. These older systems and equipment are creating inefficiencies and are understandably a source of frustration for staff who want to get things done quickly

and efficiently for residents. Improving and updating these systems and equipment, including the provision of appropriate mobile technology, will improve efficiencies and free-up staff capacity.

In interviews staff were aware that the councils are undertaking a number of substantial projects. There was a perception from some staff that special projects and bids may sometimes take precedent over business as usual. The councils need to ensure that day-to-day services are also a priority and balance the need to deliver important projects with the need to get day-to-day business done.

The peer challenge team heard about the work being done in managing projects. The councils should continue the use of 'solution sprints' to deliver efficiencies, as this has been effective so far and the approach is well regarded by staff across the councils

The capacity of both councils to deliver will be dependent on the councils continuing to address their longer-term financial sustainability, particularly given the difficult economic circumstances and the likelihood of an increase in demand for services from residents.

5.6. Net zero/Sustainability

The peer challenge team reviewed the councils' policy documents, plans and projects for sustainability and net zero. The team found that there are strong strategies and levels of ambition. The councils clearly articulate the strategic position.

The councils are now moving into the mobilisation phase and focussed on making changes. In the view of the peer challenge team these efforts could do with internal support that is suitably aligned to the level of ambition identified in the strategies. This would allow the councils to deliver at the pace and scale required.

In interviews with members at both councils it was clear that they understand the importance of net zero and sustainability and that they are keen to deliver on this agenda. There is good articulation of the challenge within the climate strategies and awareness of the need for collaboration and community empowerment. The peer challenge team found that there is impressive engagement with the community, which is something that many other councils struggle to achieve. The team also noted that the councils have been successful in securing grant funding for the

authorities and community groups in this area.

The peer challenge team were given some examples of good practice in this area. Both councils have some innovative practice, for example crowd funding for net zero, which has been highlighted in an [LGA Case Study](#).

Having reviewed the staff structures and resources available the peer challenge team believe that there are opportunities to improve capacity and resourcing, particularly in relation to project delivery in this area. The team are also of the view that significantly increasing the level of funding and resource (including staff and a budget) assigned to the strategic development and mobilisation of the action plans, will enable the councils to make more progress.

Ensuring the climate response is given sufficient priority amongst the councils' other priorities will be essential in order to meet the councils' ambitions in the next eight years.

The peer challenge team found that staff are aware that sustainability and net zero are important priorities for the councils. However, all officers need to recognise the role they play in delivery of this strategy, not only those directly working under the "climate and sustainability" banner. The councils should consider how they can ensure carbon neutrality principles are fully embedded through the organisational structures.

The peer challenge team reviewed the councils' current arrangements in terms of data collection and analysis in this area. The peer team believe that developing a data framework to support collation of the data required for carbon foot-printing calculations from across the organisation will improve efficiencies in this area and free-up capacity that is currently taken up with data collation.

The peer challenge team encourage the councils to utilise the good relationships they have with key partners such as the County Council through identification of commonalities to maximise the alignment with these partners on net zero and sustainability. This will provide officers with the strategic partnership framework to accelerate delivery and bring increased grant funding to the region.

6. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss, and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in session, which provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Mona Sehgal, Principal Adviser for South-East, is the main contact between your authority and the Local Government Association. Mona Sehgal is available to discuss any further support the council requires:

mona.sehgal@local.gov.uk

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LDC response to Peer Challenge Recommendations

	Recommendation	Response
1	Re-consider staffing structures, job titles, and pay. Align resources to core business and key priorities, supporting and developing staff with more training opportunities including apprenticeships.	Initial discussions taken place with LGA. Looking to amend job descriptions - moving away from specialist advisor / senior specialist advisor roles. Also looking at corporate back-office functions and numbers. Continued focus on training and development, detailing the number of opportunities on offer including apprenticeships which are available to existing as well as new staff and can result in qualifications from the same level as GCSE's through to bachelors or master's degrees.
2	Create strategic frameworks to guide the delivery of key priorities and empower middle management to deliver them.	Noted that some key areas, e.g. sustainability and community wealth already have strategies. Others now to be developed to address relevant priority areas, with involvement of middle managers.
3	Invest in improved ICT (including mobile working solutions), back-office systems, and automation, with a focus on service delivery to ensure tools are fit for purpose.	Continuing to review and align ICT systems - through the Digital Transformation programme of the Recovery & Reset portfolio. A range of projects are in progress to update the ICT systems used by the councils e.g. replacing revenues/benefits with single system in autumn 2023. Project to replace the 2 Planning systems with single system started in Jan 2023. Considering further investment in improved mobile working solutions - discussions commenced - timeline to be set shortly. Considering further investment in automation - the Artificial Intelligence and robotics project maximising benefits of existing technology and explore opportunities for further automation. Business case on next phase of chat bot - ELLIS - on the phones, is being finalised.
4	The peer challenge team strongly recommends revising the members allowance from the very low base in time for the new municipal term, taking onboard the views on the Independent Panels.	LDC reviewed recommendations from the Independent Remuneration Panel for increases to member allowances in 2020. However, in light of the current financial challenges these recommendations were not accepted. LDC will review the situation again in 2024.

5	Improve cross-department communications and joint working. Create opportunities for staff to meet in person and across teams	Following the discussion at the Senior Managers Forum in February, an Internal Communications Working Group has been created to lead the implementation of the new Internal Communications Strategy. The first meeting of the group was held on 24 April 2023.
6	Continue to closely monitor the finances and consider a longer-term approach to financial planning.	A new fully integrated business and financial planning process has been devised and will be delivered this year, addressing both revenue and capital requirements in a joined-up way. Training for Senior Managers Forum will be delivered in June. The Medium-Term Financial plan also now shows a detailed 4-year position more strongly than previously.
7	More use of financial scenarios to evaluate the impact of inflationary pressures, cost of living and increased borrowing costs.	This will be considered, and awareness created at the Senior Managers Forum in June to ensure relevant data/info are provided when writing future reports and for future business plans.
8	Undertake an asset review to ensure assets contribute and align to core services, key priorities and have a demonstrable value. Re-evaluate the cost of upcoming projects and returns on investment.	The capital programme now only contains items which address health and safety issues, or which can be funded by identified capital receipts.
9	Demonstrate commitment to the key corporate priority of sustainability and carbon neutrality by assigning a suitable budget to ensure delivery.	Commitment to this corporate priority remains for 2023/24 and activity to deliver the corporate climate action plans. Regular meetings with members and climate change scrutiny panels (outside of the pre-election period) to ensure this work remains on track. £500,000 allocated in HRA to sustainability. Various sustainability related projects in the capital programme including Landport Brooks, £1m sustainability measures across the council's leisure estate, capital for sustainability investments.
10	Housing Delivery Tests have not been met and the Local Plans are still under development and have been delayed due to external issues. Addressing this needs to be a priority so the councils retain control over the local planning and place making, which will be essential to meet their ambitious goals.	The Council has published a revised Local Development Scheme (agreed/endorsed by Cabinet) which gives new milestones for the delivery of the Local Plans. Cabinet has agreed to support financially (with a dedicated payment) the delivery of the evidence to support the Local Plan Production. The Council have produced/published an

		<p>Interim Policy Statement that outlines and hopefully guides development to suitable and sustainable locations. This document shows that the Council is not blinkered to accepting and supporting growth within the District. Committee Member Training established on appeal decisions received and reporting the same to Planning Committees. Reporting on appeal decisions to Members of Planning Applications Committee to advise and inform of the trends and lessons learnt.</p>
11	<p>Continue the partnership with the National Park Authority and the secondment arrangement. Strengthen the joint working ensuring there are adequate resources.</p>	<p>There has been strengthened connections/relationship between the National Park and Lewes District Council who are acting as its agent for planning activity within the Parks coverage within the Lewes District. Measures that have been instigated include,</p> <ul style="list-style-type: none"> • Established a dedicated team responsible solely for the Park • Enrol a Team Leader for this team funded 50/50 • Park Link Officer embedded within this team to support and direction for Park related matters to customers and staff • Monthly catch-up meetings at Director level • Established performance monitoring that is reported to the Director at the National Park and their committees.

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Report to:	Cabinet
Date:	13 July 2023
Title:	Portfolio progress and performance report 2022/23 - Quarter 4
Report of:	Homira Javadi, Director of Finance and Performance (Chief Finance Officer)
Cabinet member:	Councillor Chris Collier, Cabinet member for performance and people
Ward(s):	All
Purpose of report:	To consider the council's progress and performance in respect of service areas for the Fourth Quarter of the year (January-March 2023) as shown in Appendix 1
Decision type:	Non-key
Officer recommendation(s):	<ol style="list-style-type: none">1) To note progress and performance across council services for Quarter 4 and for the 22/23 year as a whole2) To note delivery of corporate plan priorities to date3) To agree arrangements for the establishment of a new Corporate Plan to run from 2024 to 2028.4) To agree the suite of PIs to be reported in 2023/24 (Appendix 2)
Reasons for recommendations:	To enable Cabinet members to consider specific aspects of the council's progress and performance and to initiate the preparation of a new Corporate Plan.
Contact Officer(s):	Luke Dreeling: Performance Lead Tel: 07525 351757 or email: luke.dreeling@lewes-eastbourne.gov.uk

1 Introduction

- 1.1 The council has an annual cycle for the preparation, implementation and monitoring of its business plans and budgets. This cycle enables us regularly to review the council's work, and the targets it sets for performance, to ensure these continue to reflect customer needs and council aspirations.
- 1.2 It is important to monitor and assess progress and performance on a regular basis, to ensure the council continues to deliver priority outcomes and excellent services to its customers and communities.

2 Corporate Plan

- 2.1 This report sets out the council's performance in the fourth Quarter of 2022/23 against its aspirations as set out in the Corporate Plan 2020-24 (appendix 1)
- 2.2 The second appendix sets out the proposed set of performance measures for 2023/24, for Cabinet's endorsement. A small number of changes are proposed, primarily to customer service indicators, where the intention is to provide more meaningful measures for members' consideration.
- 2.3 The report also provides, as is usual on an annual basis, a progress update for the Corporate Plan. This is set out at appendix 3. It should be noted that the current Corporate Plan will reach its end date in March 2024. Cabinet is therefore asked to agree the commencement of preparations for a new corporate plan. It is suggested that a draft be prepared for members consideration in the early autumn, which can then be subject to consultation ahead of formal approval in February 2024.

3 Recovery and Reset

- 3.1 Alongside reporting on corporate performance, it has been usual for this report to provide Cabinet with an update on the council's Recovery and Reset programme.

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

- 3.2 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. In its 1st year, since its launch on the council's website in March 2022, ELLIS, a next generation chat bot has answered over 70,000 customer queries, 25% of which were answered out of hours. ELLIS was launched on a number of the council's phone lines in October 2022, and the performance within the quarter has identified that ELLIS on the phone lines will be an effective solution for the council. Plans are being finalised to implement ELLIS on more phone lines over the coming months.
- 3.3 A project to design a new website for the council commenced in January. This project will enable an updated and refreshed offer for customers, making the best use of technology. Opportunities for staff, members and customers to engage in the project will be confirmed in the Q1 performance report.
- 3.4 Projects to deliver new solutions to support delivery of a range of services – revenues and benefits, environmental health and licensing and planning – are progressing well with current plans for implementation in 2023/24.

4 Solution Sprints

- 4.1 In order to help drive performance improvement across the council, LDC has a programme of Solution Sprints. These were originally deployed pre-pandemic to realise service improvements and have been relaunched this year. Quarters 1 and 2 saw the soft re-launch of SS and approval of revised governance arrangements. Quarter 2 activities involved piloting SS approaches resulting in the launch of a new 'contact us' form on the council's website. Since the launch of this form in September 2022, 3,044 customer queries have been reported via this form and 85% (2,594) have been closed/completed. The new form is helping to streamline and speed up customer emails getting to the appropriate service areas and freeing up Customer First colleagues, to prioritise those customers with the greatest need.
- 4.2 The techniques applied to the contact us form development sprint have also been used to support the identification of requirements for the new Planning system project with Planning First colleagues during Quarters 3 and 4. As a result, requirements have now been captured to inform the procurement of a new system and the potential for a chatbot to streamline planning application submissions is also under exploration.
- 4.3 A range of SS ideas have also been identified and progressed. Several of these involve improvements to the council's website and these are being progressed via the project to redesign the council's website. Other ideas have been considered and successfully closed as 'quick wins', such as enabling tenants to track repairs requests – resolved by a system upgrade. Associated progress and governance continue to be monitored by the Accelerating Change Steering Group.
- 4.4 SS activity scheduled for the next reporting period includes: further process mapping in Planning First to improve current service provision; arrangements to update and refresh the Scheme of Delegations through member engagement; review of the Incident Liaison and out of hours emergency arrangements; exploring economies of scale in addressing housing need through cross-authority working; and, exploration of opportunities to progress performance against the targets in the Climate Change and Sustainability Strategy. Associated progress on these will be reported as part of the Q1 2023/24 update.

5 Financial appraisal

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

6 Legal implications

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

7 Risk management implications

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









8 Equality analysis

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










9 Appendices







- Appendix 1- Portfolio Progress and Performance Report (Quarter 4 2022/23)
- Appendix 2- Corporate Proposed Performance Measures (Annual 2022/23)
- Appendix 3- Corporate Plan Update 2022/23




Lewes District Council Portfolio Progress and Performance Report Quarter 4 2022-2023 (January to March 2023)

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

Key Performance Indicators




KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022	Q2 2022	Q3 2022	Q4 2023			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
1. (Finance) Maximise amount of Council Tax collected during the year	97.80%	97.36%		29.45%	56.82%	83.72%	97.36%	97.80%			The collection rate has improved by 1.41% from last month and whilst still under target is now only 0.1% down on last year. The improvement is mainly a result of an increase in the numbers of people switching to 12 monthly instalments meaning debt that would have been collected by January last year has been spread over February and March as well.
2. (Finance) Maximise amount of Business Rates collected during the year	98.00%	95.71%		37.56%	61.89%	85.50%	95.71%	98.00%			Due to a technical issue, there was £483k of unpaid direct debit payments which were not acknowledged as unpaid/in suspense in our system correctly at the time of issue. These businesses were contacted during March. £68k of this was collected in March with a further £194k paid in early April. If the £194k had been collected in March the collection rate would have been 96.49% (down 1.51% on target). We are awaiting confirmation from the remaining businesses on when they will be paying their arrears and measures have been put in place to avoid a repeat of the issue.
3. (Community and Customers) Average number of days to process new claims for housing/council tax benefit	17.0	21.6		23.5	19.7	18.9	23.7	17.0			Whilst overall performance is not at the level we would want it to be there has been as significant increase in homeless Housing Benefit claims due to SWEP (Severe Weather Emergency Protocol) and a general increase in homelessness. In March New Council Tax Bills are sent to all households and Benefit reassessment letters to all Housing Benefit, CTRS (Council Tax Reduction Scheme) recipients and the Welfare Team supported the Phone Team when the bills and letters were sent providing phone cover during this period. Changes to the way of working new claims has been introduced to ensure that the information is requested promptly and that the applicant understands what is required. In addition the team also have Homes for Ukraine, Household Support Fund, safety net, Council Tax
















KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022	Q2 2022	Q3 2022	Q4 2023			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
											Support Fund and there is also significant amounts of work being done on the system migration for the Academy and Open Revenues Systems onto NEC (the new IT system which will be operational later this year).
4. (Community and Customers) Average days to process change of circumstances (Housing/Council Tax Benefit)	6.0	9.5		23.2	17.8	12.7	3.6	6.0			Q4 is the first quarter this year that has achieved target this year. Action plans implemented in previous quarters have begun to make a positive impact.
5. (Community and Customers) Increase the percentage of calls to the contact centre answered within 60 seconds	80%	53.51%		25.7%	23.09%	52.53%	53.51%	80%			Customer Contact experienced another challenging and busy quarter, where although our performance indicators were not met, there was an improvement on the previous quarter. Quarter four found us at 53.51% of all calls being answered within 60 Seconds – this was a 1.16% positive increase from Quarter three's 52.35%. The average time taken to answer a call within Quarter four was 2mins 19 seconds. The quarter saw on average 1600 more calls a month when compared to quarter three, where customer contact continues to remain of a complex nature and Customer Advisors are spending longer assisting with enquiries endeavouring to resolve them at that first contact. The increased contact was largely due to the financial year end work which saw some 150k Annual Bills being sent for residents and businesses within a matter of weeks, as well as our Garden Waste renewal period which saw 1000s of residents calling us to assist in renewing due to online website issues which took some time to resolve. During the fourth quarter we were able to positively recruit to our remaining Customer Advisor vacancies, where we are expecting the remaining
















KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022	Q2 2022	Q3 2022	Q4 2023			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
											new starters to join us in May, seeing Customer Contact fully staffed for the first time in some years.
6. (Housing) Decrease total number of households living in emergency (nightly paid) accommodation	Data only	51		48	51	56	51	Data only			Despite the Numbers in Emergency accommodation being double from 22/23, with associated negative impact on budgets, positive strides being made to impact our numbers in Emergency Accommodation. The focus remains on further improvement of this measure, despite the cost of living crisis. We are looking at various move on pathways (allocations via the housing register), to aid and assist our customers in emergency accommodation to reduce these numbers.







Other Performance Indicators

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KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022	Q2 2022	Q3 2022	Q4 2023			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
7. Housing: Decrease average number of days to re-let Council homes (excluding temporary lets)	20.0	45.1		40.9	44.4	51.7	43.2	20			<p>Void improvement plan continues to be monitored with a meeting structure to support improvements operationally and strategically across Homes First.</p> <p>General turnover remains low, particularly in larger family accommodation and pressure on accommodation remains acute.</p> <p>Housing register review is now complete and information on remaining applicants is up to date which should reduce the number of candidate rejections speeding up the allocations process.</p> <p>A new process has been adopted for Void properties which will track and monitor each stage of the process for 'key to key' giving staff better visibility and improved communication.</p>

KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022	Q2 2022	Q3 2022	Q4 2023			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
8. Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	14 days	5 days		3 days	7 days	6 days	5 days	14 days			Performance remains far exceeding target, continuing a positive trend from 2021/22.
9. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit) (L)	3.5%	4.22%		3.72%	3.93%	4.17%	4.22%	3.5%			Rent arrears outturn for 2022/23 is 0.72% 'above' target. In monetary terms this equates to £711,901. Recruitment and retention and the cost of living crisis were the key impacts on collection throughput the year
10. People and performance: Number of new sign-ups to the Councils' social media channels	650	1043		280	252	230	281	162.5			Q4 was our strongest period of the year for social media following and continues to remain above target.
11. People and performance: Number of people registering for our email service	3000	4,198		996	885	957	1,360	750			Strong Q4 performance was largely a result of a surge in new email subscribers opting-in for email alerts when renewing garden waste collections.
12. People and performance: Average days lost per FTE employee due to sickness	8.0 days	6.45 days		1.62 days	1.67 days	1.61 days	1.55 days	2 days			<p>This is the fourth quarter of reporting average days lost due to sickness for 2022/23. Sickness levels remain below target in Q4 where we recorded an average of 1.55 days absence which is a reduction from Q3 (1.61 days) but remains stable and means we have met our target for 2022/23 with a total of 6.45 days for the year. Absences for Covid-19 (those staff reporting symptoms) for Q4 was 23 which is a reduction from 28 in Q3.</p> <p>HR Business Partners continue to support managers in managing any attendance issues that arise.</p>

KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022	Q2 2022	Q3 2022	Q4 2023			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
13. Planning: % of appeals allowed against the authority's decision not to grant planning permission (2 year rolling government figures)	10.0% (annual and quarterly data)	Major 0% Minor 1.0%		Major 3.3% Minor 0.9%	Major 0.0% Minor 0.8%	Major 3.3% Minor 1.0%	Major – 0.0% Minor – 1.0%	10.0%			From the most recent Government data there have been no Major appeals overturned at appeal. Members should be aware that there is a time-lag on this data so it does not reflect the current appeals coming through the system. When these do come through there will show a markedly different position. Officers will keep member updated Minor appeals continue to achieve National PI target.
14. Planning: Exceed government targets for the % of major applications determined within 13 weeks - LDC	60%	80.77%		100%	60%	87.5%	71.43%	60%			Performance remains ahead of target. 5 major applications out of 7 were determined within 13 weeks. Annual performance of 80.77%, exceed the annual target by 20.77%.
15. Planning: Exceed government targets for the % of minor applications determined within 8 weeks- LDC	80%	83.44%		86.01%	77.95%	84.62%	85.32%	80%			Performance remains ahead of target. Q4 93 minor applications out of 109 were determined within 13 weeks. Annual performance of 83.44%, exceed the annual target by 3.44%
16. Recycling & Waste: KG waste collected per household	Data only	415.2		104.2	104.8	103.1	103.1	Data only			Holding figures using the previous quarter's data is used until actual data from ESCC is available Efforts continue to encourage residents to minimise the amount of waste they produce through a range of campaigns and promotional activities.
17. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	46.00%	41.80%		40.48%	44.01%	41.29%	41.29%	46%			Holding figures using the previous quarter's date is used until actual data from ESCC is available. Qrt Average = 41.29%

KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022	Q2 2022	Q3 2022	Q4 2023			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
18. Recycling & Waste: Total number of reported fly-tipping incidents	180	334		68	89	100	87	45			Jan = 33, Feb = 12 March = 42 Monthly Average = 29 Hots spots across the district for this quarter were Newhaven South, Ditchling & Westmeston, Chailey, Barcombe & Hamsey and Ouse Valley & Ringmer. We have issued: 1 Fixed Penalty Notice (FPN) for fly-tipping 1 Community Protection Warning (CPW) for storage of waste 2 Stage 1 warning letter for fly-tipping
19. Sustainability: Air Quality: Number of times nitrogen dioxide levels exceed national air quality objectives (200 µg/m3 hourly mean ave.)	18	4		0	0	0	0	4			This performance measure represents only one small aspect of national Air quality objectives and standards. It relates only to air quality in one hyper local area of Lewes town. Although there has been no exceedance of number of times the hourly objective has been breached, the 24 hour and annual average in Lewes town and Newhaven continue to be breached hence the continued need for the two air quality management areas. This performance indicator will be updated for 2023/24 in order to achieve a more satisfactory measure.

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Appendix 2

Lewes District Council Proposed Performance Measures – 2023/24

KPI Description	Target 2022/23	22/23 outturn	23/24 Proposed target	Target setting rationale
1. Finance: Percentage of Council Tax collected during the year	97.8% (annual with quarterly targets as well)	97.36%	97.8%	Based on analysis of historical and recent collection performance
2. Finance: Percentage of Business Rates collected during the year	98% (annual with quarterly targets as well)	95.71%	98%	Based on analysis of historical and recent collection performance
3. Customers: Average number of days to process new claims for housing/council tax benefit	17.0 (quarterly and annual)	21.6	17.0	Set at DWP targets/national average
4. Customers: Average days to process change of circumstances (Housing/Council Tax Benefit)	6 (quarterly and annual)	9.5	6	Set at DWP targets/national average
5. Customers: Increase the percentage of calls to the contact centre answered within 60 seconds	80%	53.51%	80%	Based on analysis of historical and recent collection performance
6. Customers: Average time taken to answer calls	Data Only	N/A	Data Only	Additional KPI
7. Customers: Telephone calls graded as high quality under the call monitoring scheme	90% (quarterly and annual)	N/A	90%	Additional KPI
8. Customers: Customer complaints logged at stage 1 resolved within 10 working days	100% (quarterly and annual)	N/A	100%	Additional KPI
9. Customers: Customer complaints logged at stage 2 resolved within 20 working days	100% (quarterly and annual)	N/A	100%	Additional KPI
10. Customers: The number of corporate complaints upheld at stage 1 and stage 2	Data Only	N/A	Data Only	Additional KPI, target to be set once we have four quarters worth of data
11. Customers: The number of corporate complaints received at stage 1 and stage 2	Data Only	N/A	Data Only	New KPI, target to be set once we have four quarters worth of data

12. Housing: Number of households living in emergency (nightly paid) accommodation	Data only	51	Data Only	N/A
13. Housing: Decrease average number of days to re-let Council homes (excluding temporary lets)	20 (annual)	45.1	20	Analysis of 22-23 out-turn
14. Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	14 days	5 days	14 days	Analysis of 22-23 out-turn
15. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit) (L)	3.5% (quarterly)	4.22%	3.5%	Analysis of 22-23 out-turn

KPI Description	Target 2022/23	22/23 outturn	23/24 Proposed target	Target setting rationale
16. People and performance: Number of new sign-ups to the Councils' social media channels	650	1043	650	Analysis of 22-23 out-turn
17. People and performance: Number of people registering for our email service	3000	4,198	Data Only	Analysis of 22-23 out-turn
18. People and performance: Average days lost per FTE employee due to sickness	8.0 days	6.45 days	8.0 days	Analysis of 22-23 out-turn
19. Planning: % of appeals allowed against the authority's decision not to grant planning permission (2 year rolling government figures)	10.0% (annual and quarterly data)	Major 0% Minor 1.0%	10%	Government target
20. Planning: Exceed government targets for the % of major applications determined within 13 weeks - LDC	60% (quarterly and annual)	80.7%	60%	Government target
21. Planning: Exceed government targets for the % of	80% (quarterly and annual targets)	83.44%	70%	Government target

KPI Description	Target 2022/23	22/23 outturn	23/24 Proposed target	Target setting rationale
minor applications determined within 8 weeks- LDC				
22. Recycling & Waste: KG waste collected per household	Data Only	415.2	Data Only	Set by SLA with SEESL
23. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	46% (quarterly and annual targets)	41.80%	46%	Set by SLA with SEESL
24. Recycling & Waste: Total number of reported fly-tipping incidents	180 (quarterly and annual targets)	334	Data Only	Set by SLA with SEESL
25. Sustainability: Air Quality: Nitrogen Dioxide levels within Local Authority statutory management and monitoring of air pollution	N/A	N/A	20%	New KPI (NB other sustainability indicators are report separately via the Sustainability Strategy)

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LDC 2022/23 Corporate Plan Progress Update

Sustainability and Climate Change

- 1197 households have registered for the summer 2023 **Solar Together Scheme**. The highest number of registrations in all local authorities participating in the scheme.
- 64 7w **Electric Vehicle Charge Points** are to be installed by Connected Kerb in 11 carparks across the district, the project will be completed end of July. This is a fully funded project.
- We have recruited a **Zero Carbon community worker**. Their activity includes: Energy Saving, reducing/repairing/preventing food waste, neighbourhood food/wildlife planting and attendance to other community pop-up and local events.
- The consortium made up of Lewes District Council, Eastbourne Borough Council, Hastings Borough Council, and Rother District Council have been awarded combined funding of £6,230,700 for the second phase of the **Home Upgrade Grant**. This grant is specific for homes with low energy efficiency, off the gas grid or low income homes.
- **Decarbonising our Housing Stock programme**, evaluating how retrofitting can take our domestic assets to zero carbon when government funding becomes available is publicly available on our website.
- We continue with the successful partnership approach to **Natural Flood Management in the Ouse and Eastern Adur catchment**
- **Cockshut Stream Restoration Project**, we have agreed a contract with Ebsford Environmental who will be constructing our wetland and associated works. During March 2023 we completed an archaeological evaluation and investigations were undertaken, in advance of restoration work to re-route the Cockshut Stream and create a new wetland habitat.

Building Community Wealth

- We **acquired the headlease to The Marine Workshops (former UTC)** in June 2022 in order to support the regeneration of Newhaven town. The building is being developed into a mixed hub supporting marine and education, commercial space and new public space. Work is continuing on developing the tenant occupation of the building and the council is the process of relocating to this site.
- With the assistance of the **Getting Building fund**, we continue to make sustainable alterations to The Marine Workshops. The building will also provide accommodation for a local college and will be a 'blue space/climate hub' for aquaculture and marine based industry and training
- The council designed and implemented a **brand new grants programme** which allowed broader support for a wider range of voluntary and community groups for the first time. Additionally, a unique fund has been

created to support those fleeing the war in Ukraine. **In response to the Cost-of-Living Crisis**, LDC has created a specific fund and post to support the local voluntary sector as it works to support people impacted by food and fuel poverty.

- The council has **insourced its public convenience cleansing service** and also its office cleaning contract. In addition we have moved to more local providers for some aspects of our housing repairs, so that more local businesses are benefitting from the delivery of this work for the council.
- We established a **modular housing framework**. Local contractor, Boutique Modern have, through this framework, been able to establish a substantial program of works, using modern sustainable construction techniques. This has been not just for LDC, but for Eastbourne and Hastings councils through the same framework agreement.
- In Newhaven there were several under-utilised buildings in the Town Centre which are being developed as a **health and wellbeing hub** for the town.
- Using the principles of '**meanwhile use**'- we are allowing greater spaces for Lewes Community Volunteers and Lewes Climate Hub. In Newhaven a longer term use have been given to The Sidings, a bistro style waterside café.
- Lewes District Council **loaned £155,000 to OVESCO** a local community energy group to develop planning proposals for a solar farm near Ringmer.
- In light of the cost of living crisis, work is underway to develop low cost loans to homeowners in partnership with **Lendology**. This will enable people to access affordable loans for home improvement works providing them with green energy solutions for their homes.
- The Council is exploring applying for **Living Wage Accreditation** and encouraging partners and other local organisations to pay a living wage.
- Our **Local Enterprise and Apprenticeship Programme (LEAP)** continues to provide free business startup support and advice for local residents. It has helped **more than 100 businesses start in last 7 years**.
- The Council has been allocated **£12.8 million** from the Levelling Up Fund for the '**capturing the value of the catch**' project in Newhaven. The project aims to:

Provide **two new fish landing stages** to accommodate 16 small vessels from the Newhaven fishing fleet

Build a **New Centre of Excellence for Seafood Processing** in the town including an auction room and marketplace

Create a **new restaurant and community destination** on the promenade area by West Beach to retain spending in Newhaven for longer and stimulate a local market for fish.

Delivering Homes

- **148 new council homes** have been completed or are in progress. These homes will also be highly sustainable, accessible and support a range of local needs.
- We have a clear target for **'fabric first'**, making sure the fundamental construction supports our carbon reduction objects.
- LDC have a bespoke approach to **renewable technologies**, reviewed on a site-by-site basis, to reduce Co2 emissions.
- The Council has also **focused on brownfield sites**, making best use of existing under-utilised/redundant land and assets, both within our ownership and that within the wider public sector
- All new Council housing looks to achieve the lowest possible rent levels whilst continuing to ensure viability. As a minimum, **all rents do not exceed Local Housing Allowance (LHA) levels**, which typically results in rents between 60%-80% of the market rent levels.
- Greater collaboration and engagement with occupational health, ESCC, and NHS Sussex alongside our own housing needs requirements to ensure **homes meet the identified needs of some specific residents with complex needs**.

Getting Our Services Right For You

- Implemented our new **chatbot on our website and phone line**; to enable a hybrid approach to our customer service, maintaining our telephone and face to face offering. The Human Parity level of the chatbot, meaning the chatbot has understood and responded to the query, has been at **95.64%** since conception.
- We now have a **90-Minute service level agreement** to respond to queries via social media.
- Starting April 2023 we are altering what we report, via the corporate performance report, now **reporting the percentage of calls graded high quality**. Aligning our performance reporting to our commitment to improving the quality of our customer outcomes and satisfaction.
- Reintroduced **District News** to provide quarterly updates on the work the council has been doing in the community, offering insight into the strategic plans and desired outcomes for the administration.
- **Local Council Tax Reduction Scheme**, from April 2022, which targets those on the lowest incomes not paying council tax.
- Striving to educate and inform our customers on the environmental benefits of wasting less and recycling more, our regular **Reduce Reuse Recycle Bulletin** sent to 20,000 Subscribers.
- **Recycling and waste campaigns** are also delivered via the council's publications and social media profiles, the latter has some of the highest levels of engagement of all council communications.

- LDC Cost of Living Crisis Fund has supported **12 warm spaces, 10 foodbanks, 9 charities/volunteer organisations/** to support projects to assist local residents in the Lewes District during the Cost-of-Living crisis. In the second round of cost-of-living crisis funding we assisted 26 projects.
- LDC have entered year two of the **Lewes Community Grants Programme** under which we have continued funding for 14 causes.
- **Cost of Living Partners Action Group** formed with 20 members, who meet monthly and have developed an action plan to tackle issues relating to communications, digital inclusion, rural poverty, energy, food and warm spaces, money and debt in the Lewes District.
- LDC hosted two **Cost of Living summits** on behalf of those who are helping to tackle cost of living issues locally. Partners in the local voluntary, community, public and private sector were invited to focus on next steps and furthering the collaborative approach to helping those in need. Updates were provided by organisations working in our communities and network with organisations to develop a cohesive and shared approach to the cost-of-living crisis.

Agenda Item 11

Report to:	Cabinet
Date:	13 July 2023
Title:	Provisional Revenue and Capital Outturn 2022/23
Report of:	Homira Javadi, Chief Finance Officer
Cabinet Member:	Councillor Zoe Nicholson, Leader of the Council and Cabinet member for finance, assets and community wealth building
Ward(s):	All
Purpose of report:	To update Members on the provisional outturn for 2022/23
Decision type:	Key
Officer recommendation(s):	<p>(1) Note and approve the revenue and capital provisional outturn for 2022/23 subject to final accounting adjustments;</p> <p>(2) Approve the funding of revenue provisional outturn 2022/23 of £110k from general fund balances;</p> <p>(3) Note and approve the housing revenue account provisional outturn for 2022/23 subject to final accounting adjustments; and</p> <p>(4) To give delegated authority to Leader of the Council and Cabinet member for finance, assets and community wealth building in consultation with Chief Finance Officer to make final accounting adjustments.</p>
Reasons for recommendations:	To enable Cabinet members to consider specific aspects of the Council's financial performance for 2022/23
Contact Officer(s):	Name: Homira Javadi Post title: Chief Finance Officer E-mail: homira.javadi@lewes-eastbourne.gov.uk Telephone number: 01323 415512

1 Introduction

- 1.1 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.

- 1.2 This report provides information and analysis on the Council's financial performance and use of resources in the 2022/23 financial year in comparison to the revised budget set by Council in February 2023. 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.
- 1.3 As is the case with every year-end report there are a number of changes that result as balance sheet activities are reviewed and finalised, and although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is given, and accounting regulations drive some of the final movements reported.
- 1.4 The challenges facing local residents as a result of the cost-of-living crisis are very real. This report highlights some of the key movements and variations against a backdrop where Local authorities across the country are not immune to the national financial pressures while facing increasing demand and increasing cost pressures. It also provides an opportunity to reassess and if possible, make provisions for any emerging risks in 2023/24.

2 General Fund – Revenue

- 2.1 The provisional outturn for Lewes District Council is an overall adverse variation of £110k (subject to external audit and final accounts adjustments), as summarised in table 1 below. This shows we are still largely managing the increased cost of housing needs, energy costs, inflationary pressures and economic down-turn. Some of the one-off provisions set aside in the last financial year are incorporated into the revised budget which have contributed to this position.

Summary Table 1:

Table 1: Summary of Out-turn 2022-23	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Corporate Services	6,005,175	6,057,396	52,221
Service Delivery	11,056,106	12,961,832	1,905,727
Regeneration and Planning	2,360,891	2,419,962	59,071
Tourism and Culture	294,201	336,713	42,512
Recharges to the Housing Revenue Account	(4,049,115)	(4,049,115)	0
Net Cost of Service	15,667,258	17,726,788	2,059,530
Other Operating Income and Expenditure	200,000	0	(200,000)
Capital Financing	550,000	(504,987)	(1,054,987)
Net Budget	16,417,258	17,221,801	804,543
Transfer to / (from) reserves	(686,358)	(1,343,576)	(657,218)
Government Grants	(3,378,000)	(4,284,516)	(906,516)
Business Rates	(3,242,300)	(2,971,908)	270,392
Council Tax	(8,510,600)	(8,511,089)	(489)
Better Care Fund	(600,000)	0	600,000
Funding Available	(16,417,258)	(17,111,089)	(693,831)
NET BUDGET POSITION	0	110,712	110,712

Lewes District Council Provisional Outturn 2022-23 £110k (subject to final accounts adjustments)

The key highlights are as follows:

- Net overall position is an adverse variation of £110k which is proposed to be funded from general fund balances;
- Net cost of services reflects additional cost pressures of £2,060k due to increased housing needs, inflationary energy, other supplies and staffing costs. These are offset by set aside earmarked reserves, use of contingency, higher than expected interest income and savings on MRP.
- Delivery of savings built into the budget
- The Council is able to make additional contributions to the resilience reserve

2.2 Key variances are set out in the following tables:

2.3 Corporate Services

Corporate Services	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Corporate Management	458,537	891,939	433,402
Financial Services Team	1,010,176	1,050,836	40,660
Business Planning & Performance	804,191	736,160	(68,031)
Internal Audit and Corporate Fraud	251,519	238,848	(12,671)
Corporate Finance	112,400	92,045	(20,355)
Human Resources	350,024	260,691	(89,332)
Information Technology	1,780,292	1,566,117	(214,175)
Local Land Charges	(74,850)	1,239	76,089
Legal Services	402,881	258,578	(144,304)
Democratic Services	810,006	764,349	(45,657)
Recovery and Stabilisation	100,000	196,594	96,594
Internal Adjustments			0
Corporate Services	6,005,175	6,057,396	52,221

Corporate Management +£433k

£398k relates to cost of living emergency payments which is funded from Cost of Living Reserve and £35k of staffing pressures.

Financial Services +£41k

Mainly due to higher cost of agency staff £190k, offset in part by use of vacancy savings and contingency £150k.

Business Planning and Performance (£68k)

This is mainly due to a reduction in the allocation of shared service costs (£167k) offset by Ouse Valley feasibility study costs of £32k (these are being investigated further) and timing differences on voluntary sector grants £79k.

Internal Audit and Corporate Fraud (£13k)

Share of staffing saving due to vacancies, of which, £4k is to be carried forward to the training budget for 2023/24.

Human Resources (£89k)

Favourable variation due to reduced cost of recruitment and shared services staffing costs.

Information Technology (£214k)

Mainly due to lower I.T. related costs incurred during the year in comparison to revised budget (£162k) and a share of staffing vacancy savings (£52k).

Democratic Services – net £31k

This adverse variation is mainly due to additional cost of elections and democratic services.

Legal Services (£144k)

This favourable variation is mainly due to the generation of higher than budgeted external legal fees income.

Recovery and Stabilisation +£96k

Additional charge for business transformation to general fund revenue due to the expenditure not qualifying for capitalisation.

2.4 Service Delivery

Service Delivery	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Head of Customer First	242,933	349,374	106,441
Head of Homes First	144,405	139,161	(5,244)
CFRT Regulatory Services	113,179	656,106	542,928
Bereavements	(23,250)	41,789	65,039
CFRT Income Maximisation & Welfare	1,086,166	1,509,618	423,451
Neighbourhood First	1,712,127	1,947,722	235,595
CFRT Customer Contact	949,467	897,699	(51,768)
Waste & Recycling	3,914,822	3,956,307	41,485
Homes First - Housing Property Services	786,150	786,150	0
Homes First - Neighbourhood Management	887,750	887,750	0
Homes First - Customer Experience	165,850	165,850	0
Homes First - Housing Needs and Standards	1,076,507	1,624,307	547,800
Internal Adjustments			
Service Delivery	11,056,106	12,961,832	1,905,727

The key areas of overspends are driven by cost of placements for homeless, additional staffing costs, and other pressures details of which are shown below. Please note that some of these costs are met by earmarked reserves and/or grant income.

Head of Customer First adverse variation of £106k

- £86k additional cost of staffing
- £20k donation to St. John's Ambulance to provide cover at Lewes bonfire.

Customer First Resolution Team (CFRT) adverse variation of £543k

- £346k timing difference on better care fund which is expected to be received in 2023/24
- £31k increase in Lewes Bonfire stewarding & security contract costs due to Saturday event
- £70k staff costs for Port Health activity funded by Grant reserves
- Net £96k Taxi licensing staff costs to be met from Taxi trading Account

Bereavements adverse variation of £65k

Due to additional staff costs of £30k and reduced Bereavement income of £35k.

Customer First Resolution Team (CFRT) Income Maximisation and Welfare adverse variation £423k

- £498k due to rising volumes in the number of Statutory & Rough Sleeper Homeless placements and the impact on Housing Benefit payments.
- £45k loss of Council Tax Reduction Scheme preceptor contributions towards administration costs following move from 80% to 100% subsidised scheme
- (£41k) increase in Summons Income for Council Tax arrears
- (£73k) savings on staff costs due to vacancies.

Neighbourhood First adverse variation of £236k

- £28k increase in Pest control contract costs
- £216k unrealised efficiency savings due to ESCC contract with NSL still being live
- Additional staffing costs of £133k due to unrealised efficiency savings on office and WC cleaning contract budgets
- (£141k) Reduced Flood Defence Revenue Contributions to Capital Outlay (RCCO) charged under Capital Financing funding arrangements

Customer Contact favourable variation (£52k)

- Mainly due to higher than expected staffing vacancy savings

Homes First Housing Needs and Standards adverse variation £548k

- £198k relating to additional agency costs to backfill service vacancies
- £350k rising costs of Statutory & Rough Sleeper Homeless placements.

2.5 Regeneration and Planning

Regeneration and Planning	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Estates & Property	298,123	161,458	(136,666)
Wave Leisure	223,550	245,209	21,659
Solar Panel Trading Account	(74,200)	(21,661)	52,539
Planning	1,027,093	1,097,107	70,014
Building Control	65,868	102,888	37,020
Regeneration	692,057	711,566	19,510
North Street Properties	128,400	123,395	(5,005)
Internal Adjustments			0
Regeneration and Planning	2,360,891	2,419,962	59,071

Estates and Property favourable variation of (£137k)

- Marine workshop (£180k) lower revenue costs due to ability to secure rates relief and capitalisation of eligible costs
- Lower salaries cost than budgeted saving (£261k) offset by additional staffing costs of £70k not eligible for capitalisation
- Investment Properties £234k pressure mainly due to reduced rental income and higher energy costs

Solar panel - £52k adverse variation

- This is mainly due to reduced income

Planning £70k adverse variation

- (£128k) revenue savings due to capitalisation of eligible costs
- Staffing costs lower than anticipated (£33k)
- Planning development and control pressure £231k which relates mainly to defence appeal costs £335k and legal fees £45k less reduced shared service costs £48k. These are part funded by reserves of £93k.

Building control £37k adverse variation

- This is mainly due to reduced income

Regeneration £20k adverse variation

- £280k planned expenditure associated with Newhaven Enterprise Zone (NEZ) which is funded from the NEZ earmarked reserve.
- (£195k) budget saving on salaries related costs
- Additional income (£65k)

2.6 Tourism and Culture

Tourism and Culture	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Arts Development	5,900	8,445	2,545
Tourism	288,301	328,268	39,967
Tourism and Culture	294,201	336,713	42,512

The net pressure of £42k is mainly due to one-off staffing costs.

2.7 Other Operating Income, Capital Financing, Reserve movements and Funding

Other Operating Income and Capital Financing & Reserve movements	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Contingencies	200,000	0	(200,000)
Capital Financing and Interest	550,000	(504,987)	(1,054,987)
Net Contributions to (from) reserves	(686,358)	(1,343,576)	(657,218)
Government Grants	(3,378,000)	(4,284,516)	(906,516)
Business Rates	(3,242,300)	(2,971,908)	270,392
Council Tax	(8,510,600)	(8,511,089)	(489)
Better Care Fund	(600,000)	0	600,000
Funding	(16,417,258)	(17,111,089)	(693,831)

- Unused contingency of (£200k) is contributing to the net overall position after the transfer of £150k to corporate services which is proposed to be added to the financial resilience earmarked Reserve.
- Capital financing and Interest (£1,055k) due to additional (£910k) interest income received on investments, savings on minimum revenue provision of (£244k) offset by a net revenue contribution to capital £100k
- Net contributions from reserves (£657k) mainly due to financing emergency cost of living payments, financing additional Services expenditure from grant reserves offset by net NNDR3 income to Newhaven Enterprise Zone (NEZ) earmarked reserve and the creation of resilience reserves totalling £843k.
- Net (£37k) funding (government grants, business rates, council tax, better care fund) due to receiving additional government grant income offset by reduced business rates income and pressure caused by a timing difference on the better care fund conversion.

3 Housing Revenue Account (HRA)

- 3.1 A full review of the 30-year Business Plan, which provided a comprehensive assessment of the overall position for the current and future years, was completed during the year. This resulted in the uplift of the original budget by £769k to a revised budget of £1,095k, funded from working balances to offset the pressures affecting the service. This was reported to Members as part of the quarter 3 2022/23 financial performance.
- 3.2 Net expenditure of £913k has been incurred compared to the revised budget of £1,095k, resulting in a favourable variation of £182k as summarised in the table below. This is

mainly due to increased depreciation charges offset by a reduction in the impairment of debtors and additional interest received following increases in interest rates.

Further detail can be found in **Appendix A**

HRA Summary	Original Budget	Revised Budget	Actuals 2022/23	Provisional Outturn Variation
	£000's	£000's	£000's	£000's
Income	(17,752)	(17,670)	(17,652)	18
Expenditure	16,047	16,534	16,487	(47)
Capital Financing	2,031	2,231	2,078	(153)
Total	326	1,095	913	(182)

4 Capital Programme Outturn

- 4.1 The original capital programme set in February 2022 totalled £41.92m (including £29.02m General Fund (GF) schemes and £12.90m Housing Revenue Account (HRA) schemes). The 2022/23 capital programme was revised during the year due to the re-phasing of schemes, approvals for new schemes and the deletion of schemes no longer progressing from the programme, as reported in the quarterly monitoring. The 2022/23 programme was revised to a budget of £38.68m (GF £26.05m and HRA of £12.63m)
- 4.2 The table below summarises the capital outturn position and the proposed financing. Details of the individual capital schemes/projects are included in **Appendix B**.

HRA CAPITAL PROGRAMME	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variance to Budget
	£'000	£'000	£'000	£'000
Acquisition and Construction of Dwellings	9,336	7,593	3,347	(4,246)
Improvements to Stock	3,100	4,350	4,526	176
Adaptations	415	587	795	208
Recreation & Play Areas	50	98	-	(98)
Total HRA Expenditure	12,901	12,628	8,668	(3,960)

HRA Financing				
HRA Capital Receipts	2,076	7,493	3,246	(4,246)
Major Repairs Reserve	10,825	5,035	5,321	286
Revenue Contribution	-	100	100	-
Unfinanced/Borrowing	-	-	-	-
Total HRA Financing	12,901	12,628	8,668	(3,960)

GENERAL FUND CAPITAL PROGRAMME	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variance to Budget
	£'000	£'000	£'000	£'000
Housing Support & Disabled Facility Grants	1,487	1,659	733	(926)
Loans to Housing Companies	1,000	419	-	(419)
Total GF Housing	2,487	2,078	733	(1,345)
Recovery and Stabilisation	430	1,052	194	(858)
Regeneration	16,660	14,625	5,960	(8,665)
Asset Management	1,920	2,373	485	(1,888)
Indoor Leisure Facilities	721	1,183	127	(1,056)
Energy Schemes	2,000	62	38	(24)
Infrastructure Levy (CIL)	900	900	684	(216)
Service Delivery	2,227	1,137	870	(267)
Specialist Projects	296	687	265	(422)
Parks & Pavilions	962	1,006	153	(853)
Open Space/Biodiversity	120	220	95	(125)
Information Technology	150	404	220	(184)
Finance Transformation	150	329	25	(304)
Total General Fund Expenditure	29,023	26,056	9,849	(16,207)

Total Capital Programme	41,924	38,684	18,517	(20,167)
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GF Financing				
Capital Receipts	5,436	589	51	(538)
Grants & Contributions	10,258	12,510	7,019	(5,491)
Earmarked Reserves	606	1,978	400	(1,578)
Unfinanced/Borrowing	12,723	10,979	2,379	(8,600)
Total GF Financing	29,023	26,056	9,849	(16,207)

- 4.3 The actual capital outturn for 2022/23 is £18.517m which represents 48% delivery compared to the revised budget (£38.684m) and a 44% delivery compared to the original programme (£41.924m). A significant variance to the outturn can be attributed to a range of factors both internal such as capacity and external such as pandemic, supply issues, planning, and other environmental factors with the changes documented in the regular cabinet monitoring reports presented during the year.
- 4.4 The Council has enhanced its capital governance, reporting and scheme delivery approach through establishing a Capital Programme Oversight Board (CPOB) with the objective to provide strategic direction, oversight and corporate assurance for the Council.
- 4.5 A large underspend for the year is shown under Regeneration which includes Newhaven Future High Streets Fund, Town Deal and Levelling Up Fund. The Future High Streets Fund is £5m. The Town Deal worth £19.3 million in total was awarded in July 2021 and is focused on five core themes: a thriving and vital southern gateway for the UK, celebrating the energy of industry, valuing creative freedom, re-imagining the town centre

as a focus for community life and making the most of the town's maritime heritage. The Levelling Up Fund is central to the Government's ambition to invest in high value local infrastructure and building stronger and more resilient local economies and communities. It is 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 and £12.68m has been awarded to protect Newhaven's fishing industry and establish the town as a maritime centre of excellence.

- 4.6 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 subject to a review 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 annual 30-year Business Plan. The outcome of this work will be incorporated into the future quarterly monitoring reports to Cabinet.

5 Collection Fund

- 5.1 The Collection Fund records all the income from Council Tax and Business Rates and how this is allocated to precepting authorities. The Collection fund for the year is as follows:

	Council Tax £'000	Business Rates £'000
Actual Balance 1 April 2022 - (Surplus) / Deficit	(3,692)	6,215
(Recovery) / Distribution of Prior Year Deficit or Surplus	2,950	(3,659)
Total Collectable Income for year*	(87,172)	(23,183)
Hardship Funding	(394)	-
Payments to Preceptors	83,789	24,095
Write offs, provisions for bad debts and appeals	634	1,594
Estimated Balance 31 March 2023 – (Surplus) / Deficit	(3,885)	5,062
Allocated to:		
Central Government	-	2,531
East Sussex County Council	(2,748)	456
Lewes District Council	(584)	2,024
Sussex Police & Crime Commissioner	(384)	-
East Sussex Fire Authority	(169)	51
Total	(3,885)	5,062

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

- 5.2 Government regulations determine how payments to preceptors and the recovery or distribution of a prior year deficit or surplus are allocated.

- 5.3 Council Tax has an actual surplus for the year of £3.885m at Q4 March (forecast £3.554m at Q3 December). The Council's share of the actual surplus is £0.584m (£0.536m Q3). With the cost of living crisis and the threat of recession, bad debt provisions have been reviewed and maintained at Q4.
- 5.4 Business Rates has an actual deficit for the year of £5.062m at Q4 March (forecast £3.308m at Q3 December). The increase in the deficit is a result of the appeals provision being increased from £0.5m to £1.1m at Q4. The Council's share of the actual deficit is £2.024m (£1.323m at Q3). Section 31 grant was received as compensation for some of the additional reliefs awarded by central government which had an impact on collectable income.
- 5.5 The estimated year end positions for Council Tax and Business Rates, used for 2023/24 budget setting, were formalised and agreed in January 2023.

6 Reserves

- 6.1 The table below summarises the position on reserves. Please note these are at a point in time and maybe subject to final accounting adjustments.

Further detail can be found in **Appendix C**

	Opening Balance		Provisional Closing Balance
	01/04/2022	Movement	31/03/2023
	£'000	£'000	£'000
Total Earmarked Reserves	(12,552)	3,992	(8,560)
General Fund Balances	(3,723)	110	(3,613)
HRA Balances	(4,906)	913	(3,993)

- 6.2 It is recommended that the provisional outturn position on general fund (adverse £110k) be financed from general fund balances as shown in the closing balance.

7 Treasury Management

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 2022/23. The Treasury Management Annual Report 2022/23 is being considered as a separate report on this agenda.

8 Legal implications

There are no legal implications arising directly from this report.

9 Risk management implications

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

10 Equality analysis

This Finance update is a routine report for which detailed Equality Analysis is not required to be undertaken. The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports.

11 Environmental sustainability implications

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

12 Appendices

- Appendix A HRA provisional outturn
- Appendix B Provisional capital expenditure and financing statement
- Appendix C Reserves

13 Background papers

None

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LDC Housing Revenue Account Provisional Outturn 2022/23

	Original Budget	Revised Budget	Actuals 2022/23	Provisional Outturn Variation
	£000's	£000's	£000's	£000's
INCOME				
Dwelling Rents	(15,798)	(15,837)	(15,833)	4
Non-Dwelling Rents	(484)	(362)	(329)	33
Charges for Services and Facilities	(1,276)	(1,277)	(1,333)	(56)
Contributions towards Expenditure	(194)	(194)	(157)	37
GROSS INCOME	(17,752)	(17,670)	(17,652)	18
Repairs and Maintenance	4,834	6,213	6,145	(68)
Supervision and Management	3,530	3,384	3,339	(45)
Special Services	1,454	1,456	1,376	(80)
Rents, Rates, Taxes and Other Charges	280	145	92	(53)
Impairment of Debtors	148	148	10	(138)
Depreciation of Fixed Assets	5,450	5,045	5,331	286
Amortisation of Intangible Assets	3	3	0	(3)
Debt Management Costs	52	10	0	(10)
GROSS EXPENDITURE	15,751	16,404	16,293	(111)
NET COST OF HRA SERVICES	(2,001)	(1,266)	(1,359)	(93)
HRA share of Corporate and Democratic Core	296	130	194	64
NET OPERATING COST OF HRA	(1,705)	(1,136)	(1,165)	(29)
Capital Financing and Interest Charges				0
Interest Payable	2,043	2,221	2,221	0
Interest Receivable	(12)	(90)	(243)	(153)
Revenue Contributions to Capital Expenditure	0	100	100	0
Total Capital Financing and Interest Charges	2,031	2,231	2,078	(153)
Transfer to (from) Reserves	0		0	0
HRA (SURPLUS) / DEFICIT	326	1,095	913	(182)

HOUSING REVENUE ACCOUNT WORKING BALANCE	Original Budget	Revised Budget	Projected Outturn	Revised Outturn
Working Balance at 1 April	(4,906)	(4,906)	(4,906)	(4,906)
(Surplus) or Deficit for the year	326	1,095	913	913
Working Balance at 31 March	(4,580)	(3,811)	(3,993)	(3,993)

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APPENDIX B

Scheme	Original Budget 2022/23 £	Revised Budget 2022/23 £	Actual Spend 2022/23 £	Variance to Revised Budget £
HRA HOUSING INVESTMENT CAPITAL PROGRAMME				
Construction of New Dwellings	9,336,000	7,593,000	3,346,813	(4,246,187)
Improvements to Stock	3,100,000	-	-	-
- Fire Precaution Works	-	267,750	297,201	29,451
- Heating Improvement Programme	-	805,750	772,881	(32,869)
- Kitchen & Bathroom Renewals	-	752,750	803,039	50,289
- Roofing & Chimney Works	-	212,750	198,597	(14,153)
- Structural Works	-	1,257,750	1,386,315	128,565
- Window & Door Replacement Programme	-	312,750	282,639	(30,111)
- Electrical T & R	-	702,750	753,951	51,201
-Warden Call Systems Upgrade	-	37,750	31,897	(5,853)
-Broadband Installations	-	-	(675)	(675)
Total Improvement to Stock	3,100,000	4,350,000	4,525,845	175,845
Adaptations for Disabled Tenants	415,000	586,500	795,474	208,974
Housing Estates Recreation and Play Areas	50,000	98,500	-	(98,500)
TOTAL HRA HOUSING	12,901,000	12,628,000	8,668,132	(3,959,868)
GF HOUSING				
General Fund Housing Grant Funded				
Private Sector Housing Grants	135,000	135,000	-	(135,000)
Mandatory Disabled Facilities Grants	1,352,000	1,524,240	723,478	(800,762)
Emergency Repair Grants	-	-	9,482	9,482
Total General Fund Housing Grant Funded	1,487,000	1,659,240	732,960	(926,280)
Loans to Housing Companies				
- Aspiration Homes LLP (Loan for Delivery of Mixed Tenure Homes)	1,000,000	419,060	-	(419,060)
Total Loans to Housing Companies	1,000,000	419,060	-	(419,060)
TOTAL GF HOUSING	2,487,000	2,078,300	732,960	(1,345,340)
TOTAL GF and HRA HOUSING	15,388,000	14,706,300	9,401,092	(5,305,208)
GF NON HOUSING				
Recovery and Stabilisation				
Recovery and Reset Programme	430,000	1,051,740	193,681	(858,059)
Total Recovery and Stabilisation	430,000	1,051,740	193,681	(858,059)
Regeneration				
Commercial Property Acquisition & Development	2,000,000	500,000	1,000	(499,000)
NSQ - North Street Quarter	300,000	228,390	43,658	(184,732)
NSQ - Springman House	100,000	100,000	-	(100,000)
Asset Deveelopment Newhaven	-	-	7,277	7,277
Newhaven Square Co-Op - Demolition	-	-	8,024	8,024
Newhaven High Street- Newhaven Re-imagining	4,165,870	3,617,820	1,712,262	(1,905,558)
Construction of Avis Way Depot, Newhaven	1,300,000	1,332,680	-	(1,332,680)
The Sidings, Railway Quay, Newhaven	-	154,420	57,612	(96,808)
- UTC (Newhaven)	1,534,090	2,258,440	1,487,675	(770,765)
Caburn House, Lewes Refurbishment	170,000	260,380	360,937	100,557
The Friars Redevelopment, Lewes	1,000,000	-	-	-
Re-connecting our Town: Pedestrian Gateway	3,906,510	98,000	97,392	(608)
Re-connecting our Town: Wayfinding & Visitor Trails	-	24,000	23,350	(650)
Building our Economic Strength: Social Enterprise Incubator	-	420,000	1,425	(418,575)
Building our Economic Strength: Business Grants Programme	-	10,000	1,424	(8,576)
Re-imagining our Town Centre: Community & Creative Hub	-	241,000	1,157	(239,843)
An Active Community: Eastside Recreation Ground	-	273,700	1,056	(272,644)
An Active Community: Fort Road Recreation Ground	-	531,250	66,688	(464,562)
An Active Community: Newhaven Football Club	-	786,800	733,178	(53,622)
An Active Community: Denton Island Slipway	-	115,500	7,414	(108,086)
Destination Newhaven: Newhaven Port	-	876,150	390,673	(485,477)
Better Journeys for All: Hydrogen Hub & Training Facility	-	-	-	-
Better Journeys for All: Body, Paint & Trim Facility	-	-	-	-
Maintaining Maritime Vitality: Marine Gateway	-	905,000	1,536	(903,464)
Newhaven Fishing Landing Stages:	2,183,480	344,000	1,370	(342,630)
Unit 7 Oak Estate – Newhaven Processing Facility	-	1,044,000	684,266	(359,734)
Newhaven West Beach Restaurant	-	18,000	79,766	61,766
Property & Development	-	485,000	189,909	(295,091)
Regeneration	-	-	560	560
Total Regeneration	16,659,950	14,624,530	5,959,609	(8,664,921)
Asset Management				
Asset Management Block Allocation	100,000	207,361	9,488	(197,874)
Lewes (Stanley Turner Recreation Ground Improvements)	-	5,980	3,549	(2,431)
Newhaven Enterprise Centre (Boiler)	-	9,500	10,000	500
Car Parks - (Capital Maintenance Programme)	50,000	5,000	7,434	2,434
Chapel Street Car Park	50,000	50,000	-	(50,000)
Cliff Tops @ Peacehaven	-	42,000	41,009	(991)
Market Tower/Sqaure	150,000	150,000	6,190	(143,810)
Flint Walls Repairs	30,000	31,939	47,164	15,225
Robinson Road Depot - Priorty Works	800,000	850,000	7,415	(842,585)
Newhaven Fort Bridge	10,000	37,000	36,291	(709)
Newhaven Fort Refurbishment	50,000	50,000	3,080	(46,920)
Stanley Turner Changing Room Club House	100,000	100,000	4,928	(95,072)
187/2 Fisher Street	150,000	150,000	24,085	(125,915)
School Hill House	150,000	150,000	-	(150,000)

Newhaven Square - Unit	80,000	80,000	-	(80,000)
Newhaven Square - roof works	100,000	100,000	-	(100,000)
Public Conveniences	100,000	199,150	172,201	(26,949)
Changing Places Toilets	-	155,000	111,950	(43,050)
Total Asset Management	1,920,000	2,372,930	484,784	(1,888,146)
Indoor Leisure Facilities				
Indoor Leisure Facilities - Major Repairs and Improvements (Block allocation)	721,000	1,182,520	5,920	(1,176,600)
Downs Leisure Centre Priority Works	-	-	64,588	64,588
Lewes Leisure Centre - Boliers	-	-	13,558	13,558
Seahaven Swim & Fitness Centre	-	-	28,222	28,222
Peacehaven Leisure Centre - Gutters	-	-	14,323	14,323
Total Indoor Leisure Facilities	721,000	1,182,520	126,610	(1,055,910)
Energy Schemes				
Local Energy Schemes	2,000,000	-	-	-
OVESCO- Ouse Valley Solar Farm	-	62,000	38,000	(24,000)
Total Energy Schemes	2,000,000	62,000	38,000	(24,000)
Community Infrastructure				
CIL Barcombe Parish Council	900,000	900,000	313,510	(586,490)
CIL Newhaven Town Council	-	-	32,673	32,673
CIL Newick Parish Council	-	-	5,130	5,130
CIL Peacehaven Town Council	-	-	9,851	9,851
CIL Plumpton Parish Council	-	-	61,823	61,823
CIL Ringmer Parish Council	-	-	23,666	23,666
CIL Seaford Town Council	-	-	3,794	3,794
CIL Telscombe Town Council	-	-	157,977	157,977
CIL Wivelsfield Parish Council	-	-	5,514	5,514
Total Community Infrastructure Levy (CIL)	900,000	900,000	683,682	(216,318)
Service Delivery				
Vehicle & Plant Replacement Programme	227,000	1,036,660	-	(1,036,660)
Waste & Recycling Review	-	-	-	-
- Vehicle Refurbishment W&R Review	-	-	655,391	655,391
- Other Equipment	-	-	203,126	203,126
- MOT Test Equipment (Roller Brake Tester and Headlamp Aligner)	-	-	7,485	7,485
New Crematorium & Green Burial Facility (Biodiversity)	2,000,000	100,000	4,410	(95,590)
Total Service Delivery	2,227,000	1,136,660	870,412	(266,248)
Specialist Projects				
Flood Alleviation Project	136,000	193,230	124,098	(69,132)
Total Specialist Projects	136,000	193,230	124,098	(69,132)
Coastal Defence Works				
South East Coastal Monitoring Programme	-	-	47,071	47,071
Coastal Defence Works	100,000	494,280	94,124	(400,156)
Total Coastal Defence Works	100,000	494,280	141,195	(353,085)
Parks & Pavilions				
Southover Grange Gardens Improvements	-	44,080	35,820	(8,260)
Parks, Pavillions etc - Remedial works	602,300	602,300	15,050	(587,250)
Play Areas Full Refurbishment	360,000	360,000	102,160	(257,840)
Total Parks & Pavilions	962,300	1,006,380	153,030	(853,350)
Open Spaces - Biodiversity				
Cockshut Stream (Stanley Turner Diversion)	40,000	40,010	82,602	42,592
Denton Parks Improvement Scheme	-	30,000	2,800	(27,200)
Bell Lane Rain Garden	10,000	10,000	-	(10,000)
Funds for local groups for Biodiversity Projects	7,500	7,500	-	(7,500)
Wildlife Planting / Habitat creation in parks	30,000	30,000	-	(30,000)
Land for Biodiversity	20,000	20,000	-	(20,000)
Creation of wildflower seed areas	7,500	7,500	-	(7,500)
Tree Planting	5,000	5,000	-	(5,000)
Newhaven / Peacehaven Coastal Park	60,000	70,000	10,162	(59,838)
Total Open Spaces - Biodiversity	180,000	220,010	95,564	(124,446)
IT Block Allocation	150,000	403,620	219,986	(183,634)
Finance Transformation	150,000	329,310	25,205	(304,105)
TOTAL GF	29,023,250	26,055,510	9,848,815	(16,206,695)

Reserves

		Opening Balance 01/04/2022 £'000	Movement £'000	Provisional Closing Balance 31/03/2023 £'000
	Earmarked Reserves			
AP62	Strategic Change	(872)	25	(847)
AP63	Asset Maintenance	(1,318)	590	(728)
AP64	Vehicles & Equipment Replacement	(499)	220	(279)
AP65	Economic Regeneration	(3,160)	(239)	(3,399)
AP66	Revenue Grants & Contributions	(1,327)	750	(577)
AP69	Business Rates Equalisation	(861)	-	(861)
AP70	Income Protection	(125)	-	(125)
AP71	Capital Financing Support	(500)	-	(500)
AP72	Community Grants	(105)	-	(105)
AP73	Cost of Living Pressures	(700)	398	(302)
AP74	Carry Forwards/Resilience	(750)	-	(750)
	Total General Fund Earmarked Reserves	(10,217)	1,744	(8,473)
	HRA			
AP37	Sold Flats Maintenance	(87)	-	(87)
	Total	(10,304)	1,744	(8,560)
AP75	s31 Grant Business Rates	(2,248)	2,248	-
	*Total Earmarked Reserves	(12,552)	3,992	(8,560)
AT11	*General Fund Balances	(3,723)	110	(3,613)
AT12	*HRA Balances	(4,906)	913	(3,993)

* to be updated

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Report to:	Cabinet
Date:	13 July 2023
Title:	Treasury Management Annual Report 2022/23
Report of:	Homira Javadi, Director of Finance and Performance
Cabinet member:	Councillor Zoe Nicholson, Leader of the Council and Cabinet member for finance, assets and community wealth building
Ward(s):	All
Purpose of report:	To present the Annual Treasury Management Report for 2022/23
Decision type:	Budget and policy framework
Officer recommendation(s):	To recommend to Full Council: (1) To approve the Annual Treasury Management report 2022/23. (2) To approve the 2022/23 Prudential and Treasury Indicators included in the report (Section 9.1).
Reasons for recommendations:	Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code).
Contact Officer(s):	Name: Steven Houchin Post title: Interim Deputy Chief Finance Officer E-mail: steven.houchin@lewes-eastbourne.gov.uk Telephone number: 01323 415378

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 2022/23. 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 2022/23 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year (Council 21 February 2022)

- 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 were included in the quarterly performance management reports, considered by both the Cabinet and Policy and Performance Advisory Committee.
- 1.4 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, 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.
- 1.5 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny of all 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 in autumn 2022, which is to support Members' scrutiny role. Further training will be undertaken in October 2023.
- 1.6 This report summarises:
- Capital activities during the year.
 - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement).
 - The actual prudential and treasury indicators.
 - 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.

2 The Council's Capital Expenditure and Financing 2022/23

- 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 (Capital Financing Requirement).
- 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.

General Fund £'000	31/03/2022	2022/23	31/03/2023
	Actual	Budget	Actual
Capital expenditure	8,625	26,056	9,849
Financed in year	(5,864)	(15,077)	(7,469)
Unfinanced capital expenditure	(2,760)	(10,979)	(2,379)

HRA £'000	31/03/2022	2022/23	31/03/2023
	Actual	Budget	Actual
Capital expenditure	5,604	12,628	8,668
Financed in year	(1,294)	(12,628)	(8,668)
Unfinanced capital expenditure	(4,310)	-	-

3 The Councils 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 PWLB 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 2022/23 MRP Policy (as required by Department for Levelling Up, Housing and Communities Guidance) was approved as part of the Treasury Management Strategy Report for 2022/23 on 21 February 2022. The Council's CFR for the year is shown below and represents a key prudential indicator.

CFR (£'000): General Fund	31/03/2022	2022/23	31/03/2023
	Actual	Budget	Actual
Opening balance	18,589	21,014	21,014
Add unfinanced capital expenditure	2,760	10,979	2,379
Less MRP	(334)	(367)	(359)
Less Loan repayments	(2)	-	(133)
Closing balance	21,014	31,626	22,902

CFR (£'000): HRA	31/03/2022	2022/23	31/03/2023
	Actual	Budget	Actual
Opening balance	70,679	74,989	74,989
Add unfinanced capital expenditure	4,310	-	-
Closing balance	74,989	74,989	74,989

- 3.5 The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the Authorised Limit.
- 3.6 Net borrowing and the CFR - 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.
- 3.7 Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2021/22 plus the expected changes to the CFR over 2022/23 and 2023/24. This indicator allows the Council some flexibility to borrow in advance of its immediate capital need in 2022/23. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

£'000	31/03/2022	2022/23	31/03/2023
	Actual	Budget	Actual
Gross borrowing position	51,673	53,673	51,673
CFR	96,003	106,615	97,891
Over / (Under) Funding of CFR	(44,330)	(52,942)	(46,218)

- 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 2022/23 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.

£'000	2022/23
Authorised limit	139,277
Maximum gross borrowing position during the year	51,673
Operational boundary	126,615
Average gross borrowing position	51,673
GF Financing costs as a proportion of net revenue stream	-4.6%
HRA financing costs as a proportion of rental income	12.5%
Income from Commercial and Service Delivery Investments as a proportion of net revenue stream	12.2%

4 Treasury Position as at 31 March 2023

- 4.1 The Council's debt and investment position is organised by staff within Financial Services 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 2022/23, the Council 's treasury position was as follows:

DEBT PORTFOLIO	31/3/22 Principal	Rate/ Return %	31/3/23 Principal	Rate/ Return %
Fixed rate funding:				
-PWLB	46,673	3.1%	46,673	3.1%
-Market	5,000	4.5%	5,000	4.5%
Total debt	51,673		51,673	
CFR	96,003		97,891	
	(44,330)		(46,218)	
Total investments	33,267	0.14%	19,907	1.61%
Net debt	18,406		31,766	

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

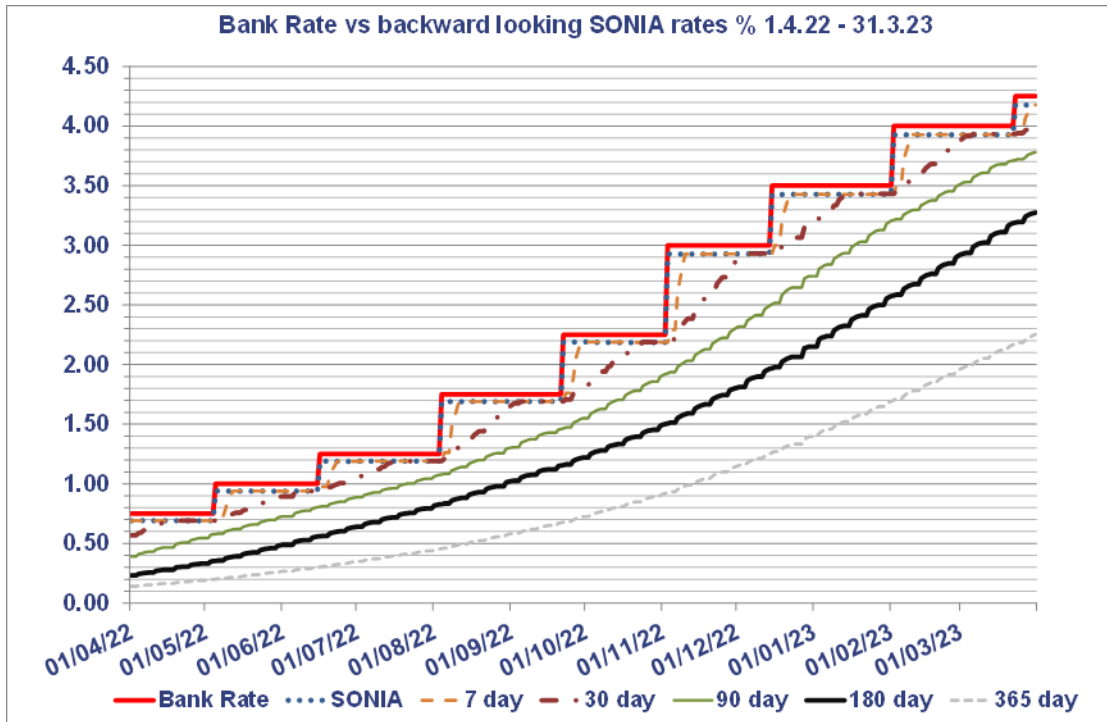
	31.3.22	2022/23	31.3.23
	Actual £'000	Original limits £'000	Actual £'000
Under 12 months	-	8,000	8,000
12 months and within 24 months	8,000	2,000	2,000
24 months and within 5 years	10,000	10,000	10,000
5 years and within 10 years	12,000	10,000	10,000
10 years and within 20 years	16,673	18,673	16,673
20 years and within 30 years	-	-	-
30 years and within 40 years	5,000	5,000	5,000
40 years and within 50 years	-	-	-

The exposure to fixed and variable rates was as follows:

	31 March 2022 Actual £'000	31 March 2023 Actual £'000
Principal - Debt Fixed rate	51,673	51,673
Principal – Investments Variable rate	0	0

5 Investment Strategy and Control of Interest Rate Risk

- 5.1 The investment strategy during the financial year made reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Whilst greater returns are usually obtainable by investing for longer periods, there was the greater emphasis on ensuring cash balances were available to manage the ups and downs of the council's cash flow. Where cash sums were identified that could be invested for longer periods, the value to be obtained from longer term, investments were carefully assessed.
- 5.2 Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for. Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24.
- 5.3 The tables below illustrate the change in Sterling Overnight Index Average (SONIA) compared to the Bank of England Base Rate throughout the year.



FINANCIAL YEAR TO QUARTER ENDED 31/03/2023							
	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	4.25	4.18	4.18	4.00	3.78	3.27	2.25
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023
Low	0.75	0.69	0.69	0.57	0.39	0.23	0.14
Low Date	01/04/2022	28/04/2022	29/04/2022	01/04/2022	01/04/2022	01/04/2022	01/04/2022
Average	2.30	2.24	2.20	2.09	1.81	1.42	0.90
Spread	3.50	3.49	3.49	3.43	3.39	3.04	2.11

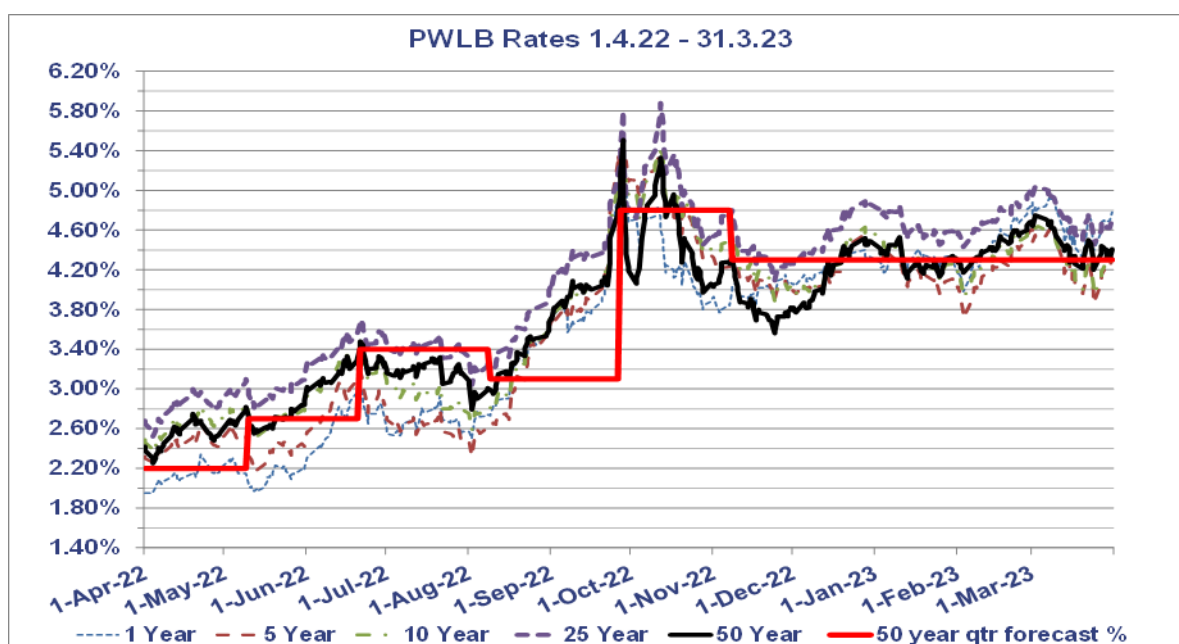
- 5.4 The sea-change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.
- 5.5 With bond markets selling off, equity valuations struggling to make progress and, latterly, property funds enduring a wretched Q4 2022, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration) became more actively used.
- 5.6 Meantime, through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.
- 5.7 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 2008/9

6 Borrowing Strategy and Control of Interest Rate Risk

- 6.1 During 2022/23, 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.
- 6.2 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.
- 6.3 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 2022/23 to fund the net unfinanced capital expenditure and/or to replace maturing loans.
- 6.4 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.

7 Interest Rates

- 7.1 Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.
- 7.2 The tables below illustrate the change in Public Work Loans board (PWLB) rates throughout the year.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

- 7.3 PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields.
- 7.4 Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc.
- 7.5 This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.
- 7.6 However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods.

- 7.7 In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.
- 7.8 There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England's 2% target.
- 7.9 As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.
- 7.10 The Bank of England is also embarking on a process of Quantitative Tightening, but the scale and pace of this has already been affected by the Truss/Kwarteng "fiscal experiment" in the autumn of 2022 and more recently by the financial market unease with some US (e.g., Silicon Valley Bank) and European banks (e.g., Credit Suisse). The gradual reduction of the Bank's original £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

8 Investment Outturn for 2022/23

- 8.1 The Council's investment policy is governed by DLUHC guidance, which was implemented in the annual investment strategy approved by the Council on 9 February 2022. 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 - General Fund (£'000)	31/03/2022	31/03/2023
GF Balances	3,723	3,723
Earmarked reserves	10,219	8,476
Capital Grants & Contributions	9,139	9,326
Provisions	-	-
Usable capital receipts	956	10,096
Total	24,037	31,621

Balance Sheet Resources - HRA (£'000)	31/03/2022	31/03/2023
HRA Balances	4,495	3,342
Earmarked reserves	86	86
Major Repairs Reserve	10,041	10,051
Usable capital receipts	9,815	8,779
Total	24,437	22,258

8.4 Investments held by the Council.

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 At 31 March 2023 the Council held investments totalling £25.255m in a mixture of Treasury and Non-Treasury investments illustrated in the tables below. Interest received on Treasury Investments was £0.55m in 2022/23 compared to £0.02m in the previous year because of base rate increases during the financial year. Interest received on Non-Treasury Investments was £0.69m in 2022/23 compared to £0.3m in the previous year. Additional interest was on loans to a council owned subsidiary company (Aspiration Homes Limited)

INVESTMENT PORTFOLIO	31/03/2022	31/03/2022	31/03/2023	31/03/2023
	Actual	Actual	Actual	Actual
	£'000	%	£'000	%
Treasury investments				
Banks	15,966	48.0%	18,907	95.0%
Building Societies - rated	-	0.0%	-	0.0%
Building Societies – unrated	-	0.0%	-	0.0%
Local authorities	-	0.0%	-	0.0%
DMADF (H M Treasury)	17,300	52.0%	1,000	5.0%
Money Market Funds	1	0.0%	-	0.0%
Total managed in house	33,267	100.0%	19,907	100.0%
Bond funds	-	0.0%	-	0.0%
Property funds	-	0.0%	-	0.0%
Cash fund managers	-	0.0%	-	0.0%
Total managed externally	-	0.0%	-	0.0%
Total Treasury Investments	33,267	100%	19,907	100%

Non-Treasury investments				
Third party loans	612	22.3%	517	19.5%
Subsidiaries	2,132	77.7%	2,132	80.5%
Companies	-	0.0%	-	0.0%
Property	-	0.0%	-	0.0%
Total Non-Treasury Investments	2,743	100.0%	2,648	100.0%
Total Investments	36,010	100%	22,555	100%

9 Executive Summary and Conclusion

- 9.1 During 2022/23, 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:-

Prudential and treasury indicators	31.3.22	2022/23	31.3.23
	Actual	Original	Actual
	£'000	£'000	£'000
Capital expenditure			
Non-HRA	8,625	26,056	9,849
HRA	5,604	12,628	8,668
Total	14,229	38,684	18,517
Capital Financing Requirement:			
Non-HRA	21,014	31,626	22,902
HRA	74,989	74,989	74,989
Total	96,003	106,615	97,891
Gross borrowing	75,774	67,931	79,374
External debt	51,673		51,673
Treasury Investments			
Longer than 1 year	33,267		19,907
Under 1 year	0		0
Total	33,267		19,907
Net borrowing	18,406		31,766

- 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 2022/23 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 **IFRS 9 fair value of investments:** Following the consultation undertaken by the Department of Levelling Up, Housing and Communities [DLUHC] on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.
- 11.2 **IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard to currently off-balance sheet leased assets onto the balance sheet was due to come into force for local authorities from 1st April 2022. Following a consultation of CIFPA/LASAAC it was agreed that implementation of the standard would be deferred until 1 April 2024, impacting financial statements for the period 2024/25 onwards.

12 Environmental, Social and Governance (ESG) Update

- 12.1 The Councils Treasury Management and Investment Strategy provide the basis for the exploration of Non-Specified investments in Green Energy Bonds and/or other ESG products that met the Council's internal and external due diligence criteria. The Council external treasury management advisors (Link Asset Services) have been asked to conduct a review looking into what potential investment options would be available to the Council that would fulfil the Council's objective of supporting climate related activities including investing with regard to Environmental, Social and Governance concerns (ESG).
- 12.2 Two reports have now been received regarding specific initiatives to encourage local participation. The first in Community Municipal Bonds through a crowdfunding platform to raise finance for green and social projects. The second initiative which provides loans to homeowners for repairs and adaptations to improve energy efficiency through a partner agency. Officer will use the information included in these reports to help inform their decisions and advise members accordingly.
- 12.3 The Council use the **Standard Chartered Bank Sustainable Time Deposit**, which function just like a normal Time Deposit. The difference is in the sustainable impact where the deposits are referenced against qualifying sustainable loans and projects of Standard Chartered that meet their Green and Sustainable Product Framework.

These loan and project assets include green financing, sustainable infrastructure projects, microfinance and access to finance for SME business banking. It addresses the long-term environmental challenges such as climate change, health and financial inclusion plus being dedicated towards financing sustainable loans and projects aligned to the United Nation's Sustainable Development Goals.



13 Investment Consultants

13.1 The Council has a contract with Link Treasury Services Limited who act as the Council's Treasury Adviser. 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. The Link contract was extended on 30 May 2023 for a further two years.

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 appraisals

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

- Appendix A - The Economy and Interest Rates
- Appendix B– Glossary - Local Authority Treasury Management Terms

20 Background papers

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

CIPFA Treasury Management in the Public Services code of Practice (the Code)

Cross-sectorial Guidance Notes

CIPFA Prudential Code

Treasury Management Strategy and Treasury Management Practices.

Link Asset Services Citywatch and interest rate forecasts

Appendix A

The Economy and Interest Rates by Link Treasury Services Limited

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks, inflation is elevated but labour markets are extraordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	4.25%	3%	4.75%-5%
GDP	0.1%q/q Q4 (4.1%y/y)	+0.1%q/q Q4 (1.9%y/y)	2.6% Q4 Annualised
Inflation	10.4%y/y (Feb)	6.9%y/y (Mar)	6.0%y/y (Feb)
Unemployment Rate	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing.

Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

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

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets.

Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

Sterling has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.23. Notwithstanding sterling’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That’s despite UK banks having been less exposed and equity prices in the UK’s financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

Appendix B

GLOSSARY

Local Authority Treasury Management Terms

Terms	Descriptions
Bond	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owed, and bonds issued.
CFR	Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Collective investment scheme	Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Cost of carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
Counterparty	The other party to a loan, investment or other contract.
Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
Covered bond	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
Diversified income fund	A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income.
Dividend	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
DMADF	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.
DLUHC	Department for Levelling Up, Housing and Communities (<i>formerly known as Ministry of Housing, Communities & Local Government - MHCLG</i>).
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Equity	An investment which usually confers ownership and voting rights

Terms	Descriptions
Floating rate note (FRN)	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA
FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
Income Return	Return on investment from dividends, interest and rent but excluding capital gains and losses.
GILT	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
LIBID	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
LOBO	Lender's Option Borrower's option
MMF	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
PWLB	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
Quantitative easing (QE)	Process by which central banks directly increase the quantity of money in the economy to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.
SONIA	Sterling overnight interest average – a benchmark interest rate for overnight deposits.
Short-dated	Usually means less than one year
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.

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Report to:	Cabinet
Date:	13 July 2023
Title:	Private Housing Financial Assistance Policy 2023-25
Report of:	Tim Whelan, Director of Service Delivery
Cabinet member:	Councillor Mark Slater, Cabinet member for tenants and those in housing need
Ward(s):	All
Purpose of report:	To introduce an updated Financial Assistance Policy for Disabled Facilities Grants, Housing Renewal Grants and loans
Decision type:	Key
Officer recommendation(s):	(1) To seek Cabinet endorsement of the Private Sector Housing Financial Assistance Policy for Disabled Facilities Grants, Housing Renewal Grants and Loans 2023-2025 ('The Policy') as set out in Appendix 1 (2) That delegated authority is given to the Director of Service Delivery in consultation with the Cabinet Member for Tenants and Those in Housing Need to make minor changes within the Policy where necessary.
Reasons for recommendations:	(1) Whilst Disabled Facilities Grants remain a statutory requirement, additional funding through the Better Care Fund provides a continued opportunity to support innovative measures to improve the housing in the District and enable residents to remain at home safely for longer. (2) To ensure that the Policy can be kept up to date without needing to bring minor amendments back to Cabinet.
Contact Officer(s):	Name: Rebecca Wynn Post title: Regulatory Services Lead E-mail: Rebecca.wynn@lewes-eastbourne.gov.uk Telephone number: 07920 251841

1 Introduction

- 1.1 The Private Housing Financial Assistance Policy sets out the financial tools for providing assistance to households across Lewes District Council for adaptations for the disabled and housing renewal initiatives. The Council is required to have such a policy under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (RRO 2002). The revised LDC's revised Financial Assistance Policy 2023-2025 can be found in Appendix 1.
- 1.2 In 2014 the funding of Disabled Facilities Grants (DFGs) moved from DCLG ownership to become part of the Better Care Fund (BCF). The BCF is a ringfenced capital grant and its introduction came at the same time as the Care Act 2014 introduced legislation encouraging local authorities to 'collaborate, cooperate and integrate'.
- 1.3 The Care Act reforms introduced in April 2018 focus on wellbeing, prevention and delaying the need for social care. In support of these principles, the 2018 Spending Review included over £500 million for DFGs encouraging Councils to adopt policies that embrace the BCF. The most recent BCF policy framework published in April 2023 has allocated £563 million of funding to DFGs for 2023 to 2025. The review also confirmed that there will be an additional £102 million to be announced in the White Paper: 'Next steps to put People at the Heart of Care' to be disbursed as an additional tranche of the DFG funding over the next two years that Councils can bid for.
- 1.4 In May 2023 The Department of Health and Social Care announced the DFG allocation for Lewes District Council for 2023/24 to be **£1,225,885**.
- 1.5 The Private Housing Assistance Policy in 2017 introduced discretionary assistance, namely, to increase the maximum grant amount from £30k-40k in certain circumstances. The 2019-2022 policy extended the support available to include five additional forms of discretionary assistance utilising the funding received through the Better Care Fund:
- i) Standard Discretionary Grant -£8000 cost of work threshold before a means test is needed, or if the adaptation includes only one prescribed item. No means test for hospital discharge cases or palliative care applicants as recommended by health or social care professionals.
 - ii) Maximum grant for disabled facilities An additional £20,000 be made available as 'top up' from the DFG budget before recourse to funding from ESCC. £60k maximum grant made up from £30k mandatory and £30k discretionary
 - iii) Home Relocation To provide up to £10,000 towards removal costs of moving to a property which is deemed suitable either for immediate use or for adaptation at reasonable cost. Private rental tenants will be eligible for up to £2,000 for moving to an adaptable property.
 - iv) Hardship DFG There are a small number of cases each year where DFG applicants have a means tested contribution but have insufficient capital to meet that obligation. Under certain circumstances the Council will provide discretionary funding to a maximum of £10,000.

- v) Feasibility assistance. Up to £1,000 per household is available to fund feasibility studies for complex cases before the grant process commences.
- vi) Hospital Discharge Grants. Where the only reason a patient cannot return home is that a simple adaptation or heating repair is required a fast-track grant to a maximum of £3500 would be supported. Such interventions may include, but are not restricted to; decluttering, deep cleaning, and clearing properties to enable a supportive visit from an OT.

1.6 The Discretionary policy 2019-22 also introduced the in-house enhanced Occupational Therapy Service adopted across East Sussex which was awarded The DFG Home Adaptations Service of the Year Award 2022 at the National Healthy Housing Awards

2.0 Proposal

2.1 The Policy contains provisions for DFGs, housing renewal grants and loans but for 2023-2025 only the DFGs have been amended:

2.2 The mandatory element of the DFG policy has not changed and all 6 elements of the Discretionary Funding will remain as listed above but with 2 monetary increases due to the increased cost of living:

- Standard Discretionary Grant – the threshold will increase from £8000 to £10,000.
- Home Relocation – the maximum relocation amount will raise from 2k to 5k for private rental tenants

2.3 There will be **5 new discretionary elements** to DFGs:

i) Shared Equity Loans (to enable a home move)

Since 2008 housing renewal loans have been offered to eligible households for the repair and improvement of private sector properties, together with DFG ‘top ups,’ delivered through the council’s existing partnership with Parity Trust.

Parity Trust is a not-for-profit organisation established in May 2000 which has Community Development Finance Institution (CDFI) status. The core objective of Parity Trust is to deliver fair finance for vulnerable groups via loan or equity release products to help people improve/carry out repairs to their homes. They currently work with 16 local authorities in the south and south east region.

The 2023-25 policy has been amended to include loans to provide capital assistance to owner occupiers on a shared equity basis for families whose current home cannot be adapted or is not suitable for their long term disability needs. This will enable families to purchase an alternative property whose financial circumstances do not permit an increase in their borrowing capacity. The DFG will loan them the increase in Capital required to purchase a suitable property and that loan will be lodged as a Land Charge. The applicant would have no monthly repayments, with the loan being repayable on disposal of the

property. The Council would benefit from the appropriate percentage increase in value when the property is sold.

Reason -Access to additional Capital will provide an option for families to secure suitable accommodation. No monthly payment is required on the capital assistance provided, applicants can pay back the loan earlier or by instalments if they so wish.

ii) Fast Track Equipment Grants to prevent injury

Falls are the largest cause of emergency hospital admissions for older people and for parents of disabled children there is a high incidence of musculo-skeletal issues with lifting children. This grant will be tenure blind ensuring that all disabled households have access to the benefits of the Better Care Fund to ensure hospital admissions are reduced. The health, safety and wellbeing benefits of providing non-means tested support for equipment outweighs the potential for higher numbers of applications from different tenures.

Reason - These proposals will reduce not only the risk of residents experiencing accidents and requiring acute care, but they will ensure that work can be carried promptly allowing people to return from hospital. This supports the BCF criteria to enable safe and suitable accommodation when a patient returns from hospital, to prevent bed blocking and any unnecessary returns to hospital.

iii) Handyperson Assistance

Up to £1000 to undertake repairs to existing disabled adaptations, eligible to those on a passporting benefit in all tenures. This assistance will also cover small works/repairs/installations, other than equipment, for disabled Owner Occupiers in their home.

Reason – Once the adaptation work has been completed all ongoing maintenance that is outside of the warranty is the responsibility of the homeowner. If there is an equipment breakdown, this can be costly to repair especially in recent years with the cost of building materials and labour having risen considerably.

iv) Second Home

Up to £20,000 for essential adaptations where parents of a disabled child/ren have separated and the child cannot stay safely with the second parent without home adaptations.

Reason - Mandatory DFGs are only available for the main residence but can leave children at risk in the home of the other parent.

v) Respite Accommodation

Funding for respite care to a maximum of £5,000 per DFG whilst works take place where the home is unliveable, ensuring the families safety whilst works are carried out.

Reason No other agencies currently provide funding for families who need to

move out whilst adaptations are carried out, the accommodation required needs to be accessible and can be expensive and unsafe if not sourced appropriately.

3 Outcomes and performance management

- 3.1 A sustainable Private Housing Assistance Policy will help vulnerable households most in need to maintain a decent housing standard and for those with disabilities to remain at home for as long as possible. It is important that corporate performance is monitored regularly otherwise there is a risk that reductions in service levels are not addressed in a timely way

Continued monitoring of the budget is essential to ensure spend remains within budget and action can be taken where necessary.

If there are concerns in funding levels the DFG funding will be prioritised as follows:

- 1) Mandatory DFGs
- 2) Fast Track Equipment Grants to prevent injury
- 3) Standard Discretionary Grants
- 4) Maximum Amount
- 5) Hospital Discharge
- 6) Respite
- 7) Relocation
- 8) Handyperson
- 9) Hardship
- 10) Second Home grant
- 11) Shared Equity Loan

4 Consultation

- 4.1 A review of the existing policy in consultation with East Sussex County Council Social Services and Children's Integrated Therapy Team has given consideration on how the BCF can be most effectively used to provide increased assistance where there are identified unmet needs to improve health and safety and offer assistance to the most vulnerable and low income disabled residents.

- 4.2 Consideration has also been given to best practice as highlighted in the Disabled Facilities Grant delivery Guidance for Local Authorities in England

5 Corporate plan and council policies

- 5.1 The Policy is in line with the Corporate Plan's theme of 'Delivering Homes.'

6 Business case and alternative option(s) considered

- 6.1 The Council is required to have a publicised Financial Assistance Policy in respect to Private Housing under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002

7 Financial appraisal

7.1 Listed below are the estimated projected cost spends for each key initiative per financial year.

- a) Mandatory Grants £400k
- a) Standard Discretionary Grants – £150k
- b) Increase in maximum amount – £180k
- c) Home relocation – £50k
- d) Hardship – £20k
- e) Feasibility Assistance – £5k
- f) Hospital Discharge – £10k
- g) Shared Equity £200k
- h) Fast Track for Equipment £110k
- i) Handyperson Assistance £10k
- j) Respite Care £10k
- k) Second Home £40k
- l) OT Service –£90k

Total – £1.275 million

For grants over £5k, a Local Land Charge is placed on the property (see sections 2.8 and 3.3 of attached policy in Appendix 1) Estimated amount of DFG to be recycled per year is **£50k**

Financial Summary:

Available funds: **£1.275million** (Allocation £1.225 million + Land Charge repayments 50k)

Estimated commitment for 2023/24: **£1.275 Million**

8 Legal Implications

8.1 Under the Regulatory Reform (Housing Assistance) Order 2002, the Council may, for the purpose of improving living conditions in its area, provide assistance in any form to a person, to enable him or her to take the measures set out in article 3(1) of the Order. These include:

- acquiring living accommodation (subject to certain conditions)
- adapting or improving living accommodation
- repairing living accommodation

Article 6 of the Order enables the Council to take any form of security (including a charge) in respect of the whole or part of any assistance granted.

The Council may only offer the assistance mentioned above if they have adopted a policy for the provision of assistance of that type, hence this report seeking such adoption. The Council must also, prior to offering assistance, give

public notice of the policy adoption and make the policy available for inspection free of charge.

The changes recommended in the new policy represent a material variation of the Council's existing private housing financial assistance policy 2017-2019 and the disabled grant facilities arrangements. Changes of this nature require the approval of Cabinet.

Legal Services consulted 23.06.23

Legal ref: 012160-LDC-OD

9 Risk management implications

- 9.1 A risk assessment has been completed following the Council's guidance. No risks will arise if the recommendations are implemented. If the Policy is not implemented the risk is that the Council do not spend their allocated DFG funds which will affect allocations in future years. The Council should have a current Private Sector Housing Financial Assistance Policy that is transparent, accountable, proportionate and consistent.

10 Equality analysis

- 10.1 The additions to the DFG will positively impact residents with disabilities, older people with mobility problems, palliative patients, those on a low income, families with disabled children plus parents of young children who struggle with lifting and moving their children due to disabilities.
- 10.2 The additions will potentially broaden the support through speeding up applications, supporting with repairs and ensuring that children in need of adaptations in the home may benefit from having them in both parent's housing where the parents do not reside together. These changes may be of help for people struggling with the cost of living, potentially enhancing for some the council's cost of living response.

11 Appendices

- 11.1 Appendix 1 - Private Housing Financial Assistance Policy 2023-25

12 Background papers

[Disabled Facilities Grant \(DFG\) delivery: Guidance for local authorities in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/disabled-facilities-grant-delivery-guidance-for-local-authorities-in-england)

[Better Care Fund policy framework 2023 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/better-care-fund-policy-framework-2023-to-2025)

Land Charge legislation:

<https://www.gov.uk/government/publications/the-housing-grants-construction-and-regeneration-act-1996-disabled-facilities-grant-conditions-relating-to-approval-or-payment-of-grant-general-consent-2008>

Better Care Fund Policy Framework 2023-25

[2023 to 2025 Better Care Fund policy framework - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/better-care-fund-policy-framework-2023-to-2025)

[Next steps to put People at the Heart of Care - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

STRONGER together



Lewes District Council



Working in partnership with Eastbourne Homes

Private Housing Financial Assistance Policy Policy 2023-25

Document name:	Disabled Facilities Grants Financial Assistance Policy
Document type:	Policy

Authority(ies) covered:	Aligned
Responsible (Executive Lead):	Tim Whelan Director of Service Delivery
Accountable (Operational Lead):	Rebecca Wynn Regulatory Services Lead
Version (e.g. first draft, final report):	First draft
Approved by:	
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Date final EaFA report approved:	TBC

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1. Introduction

The Disabled Facilities Grant (DFG) is a mandatory grant, as provided by The Housing Grants, Construction and Regeneration Act 1996 (the 96 Act), available to all applicants, towards the cost of eligible works necessary to support people of all ages and tenure to live independently and safely in their own homes. Local Authorities have a statutory duty to provide DFGs to applicants who qualify. The Policy covers Lewes and Eastbourne Councils which are referred to as 'the Council' throughout the document.

This policy is in two parts:

1) Mandatory DFGs - sets out the mandatory legal framework for DFGs in accordance with the 96 Act including eligibility criteria and the prescribed means test assessment.

2) Discretionary DFGs – sets out the Council's policy to provide discretionary interventions to promote independent living and wellbeing. The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (RRO) and latterly the Better Care Fund enable Councils to support the wider prevention agenda of housing, social care and health authorities. Whilst the Better Care Fund will primarily support private sector housing clients, if an intervention supports the Prevent agenda it will not exclude residents of Local Authority stock, such funding is considered where all other sources of funding have been exhausted or maximised.

2.0 Mandatory DFGs

Mandatory grants are available for people who are registered disabled and meet the criteria of the 96 Act for works to:

- facilitate access by the disabled occupant to, from and within the dwelling (for the purpose of this grant a dwelling includes mobile homes and houseboats);
- provide essential facilities and amenities within the dwelling; and
- facilitate access to and from a garden by a disabled occupant or making access to a garden safe for a disabled occupant.

2.1 Eligibility

All owner-occupiers and tenants, licensees or occupiers (meeting the statutory criteria set out in the Housing Grants Construction and Regeneration Act 1996) are

eligible for DFGs. All applications must be supported by East Sussex County Council's (ESCC) Adult Social Care or Children's Services Department.

Council tenants can apply for adaptations but unless they meet the Better Care Fund criteria they will not be funded via the DFG process as all works are funded from the Housing Revenue Account. The Council works closely with Housing Associations to deliver adaptations and whilst Residential Social Landlords (RSLs) are expected to build funding into their business plans there is a statutory duty for Councils to approve DFG's across all tenures. LDC will therefore work with each Housing Association in its area to develop robust and equitable funding agreements which are reviewed on an annual basis.

2.2 Application

In order for the Council to consider awarding a DFG a complete and valid application must have been received. Such an application consists of:

- A completed application form.
- A minimum of two complete estimates from different contractors detailing particulars of all relevant eligible works.
- An Occupational Therapist's (OTs) recommendation detailing the relevant works.
- Details necessary to apply the test of resources (means test)
- Details of any fees or charges, e.g. architect's or agent's fees. These will normally not exceed 12.5% of the eligible expenses for major adaptations and no more than 7% for the provision of equipment.
- Certificate of Future Occupation (normally 5 years)
- Proof of Title.

Where appropriate:

- Owners Consent
- Freeholders consent
- A Tenant's Certificate
- A Certificate of Intended Letting
- An Occupier's Certificate

All valid and completed grant applications are to be determined no later than six months after a completed application is received by the Council. The Council may exercise its discretion to determine that grant monies will not be paid before a specified date (which cannot be later than 12 months after the date of application).

2.3 Estimated Expenses

In determining the estimated expense and calculating a DFG the following elements are considered:

- Which of the relevant works are eligible for grant 'the eligible works'.
- The amount of the expenses to be properly incurred in the execution of the eligible works.
- The lowest estimate that meets the specification usually wins the tender, however the customer may select a higher value tender provided they are willing to pay the difference between their preferred contractor's estimate and the lowest.
- Costs attributable in relation to grant works, i.e. fees and charges.
- Extended warranties for external stair lifts, communal stair lifts, through floor lifts and wash-dry toilets, automatic doors, and rise and fall baths.
- The grant is means tested and the amount of grant paid will be determined by a 'test of resources' that determines the applicant's contribution to the works. The mandatory grant will not exceed £30,000.

If the grant applicant is unable to meet their assessed contribution they can apply for a Home Trust Loan under the Council's subsidised loan scheme. In such circumstances the Housing, Health and Safety Rating system (HHSRS) criteria does not have to be met, providing the DFG has been assessed as being necessary and appropriate, reasonable and practical.

Any work that falls outside the criteria for mandatory DFGs will be referred to ESCC's Social Services Department for their consideration under the Chronically Sick and Disabled Persons Act 1970.

Applications in respect of disabled children and young people under the age of 19, who are dependant, are exempt from the means test.

2.4 Commencement of Works

Work cannot commence before the grant is approved. Any works started before grant is approved will not be grant aided.

2.5 Minor Works

If an adaptation is expected to cost below £1,000 then it will be considered to be a Minor Adaptation and East Sussex County Council will arrange for the works to be completed and a referral will not be made to Lewes and Eastbourne Councils.

2.6 Supervision and Payment of Grant

Council Officers will inspect the grant works during their progress and, subject to satisfactory execution; officers can recommend the Authority makes interim payments. Final payments will be made on the Officer's satisfaction that the works have been completed satisfactorily and on receipt of the builder's (or in the case of materials, suppliers) invoice.

Payments will be paid directly to the builder/agent unless the applicant has indicated otherwise.

NB The Council Officers act on behalf of the Authority to ensure public funds are spent correctly and value for money is achieved. Applicants must be aware that Officers do not act on their behalf. There are therefore no guarantees as to the quality of workmanship and any disputes arising between applicants and their contractors are the applicant's responsibility.

2.7 Conditions of Grant

The eligible works must be undertaken by the contractor(s) who provided the approved estimate(s) included in the application. We may vary this requirement where we consider there is a genuine reason to do so and it is in the interest of achieving the OT's recommendations. Prior permission shall be obtained in writing from the Council by the applicant before any change in contractor takes place. The use of a different contractor to one included in the application without our permission may result in our cancellation of the grant and/or repayment by the relevant person.

We will consider re-determining a grant approval where the eligible works cannot be completed without carrying out unforeseen further works or where the works are required to ensure the property is free from Category One Hazards. Unforeseen works will only be considered for financial assistance by the Council where work has not been started prior to the work having been agreed as 'unforeseen work' by the Council.

If applicants are required to contribute to the grant, this must be paid and satisfactory evidence provided that payment has been made, i.e. a signed and dated receipt, before the Council will make any grant payment.

Where works are taking place in addition to grant aided works, but which are not grant aided and are funded by the applicant, these works must be completed and

paid for by the applicant before any payment will be made with respect to the grant aided works.

Grant aided work must meet all the OT's recommendations unless the OT has given written approval of an alternative suitable scheme.

In the event of a breach of any of the conditions set by the Council, we may demand payment from the applicant/owner/occupier/landlord/trustee/beneficiary (whichever is appropriate) a sum equal to the amount of the grant paid or any instalments of grant paid. We have the discretion either not to demand repayment, or to require payment of less than the full amount.

2.8 Local Land Charge

A Local Land Charge will be placed on the owner/occupiers adapted property where the cost of the DFG exceeds £5,000, limited to a maximum of £10,000. The Charge will be incurred if the property is sold within 10 years.

The grant will be registered as a Local Land Charge and will be enforced when the applicant has disposed (whether by sale, assignment, transfer or otherwise) of the premises in respect of which the grant was given. In which case the Council may demand repayment of up to £10,000, inclusive of any fees or charges.

The applicant shall, from the certified date throughout the grant condition period of 10 years, notify the Council of their intention to sell or otherwise dispose of the property. Pursuant to this condition the applicant shall furnish the Council with any information reasonably requested by them in connection with such notification.

2.9 Agents

All applicants are encouraged to enlist the services of an agent, architect or architectural technician or surveyor to assist them in the process of application where the adaptation involves building alterations. Agency assistance is not normally required where the adaptation involves the straightforward installation of lifting equipment e.g. stair lifts. Agents fees are grant aided. Fees will be no more than 12% (excluding VAT) of the eligible work and not more than 7% on equipment.

2.10 General Expectations

The Council's decision making will take into account the following specific expectations and presumptions:

Grant works should properly and fully meet the assessed needs of the client. Grants that only partially meet those needs will only be considered in exceptional cases.

Works funded by means of DFG will be the simplest and most cost-effective adaptations that will meet the client's assessed needs. This will include 'making-good' any works, such as painting disturbed areas.

Wherever the Council judges it to be a practicable and realistic option, the re-ordering and/or change of use of existing rooms will be the preferred solution and will take precedence over both the construction of extensions and the installation of equipment. This solution will also take precedence if it will result in a reduction in the requirement for, or cost of, equipment.

Applications for grant aided work will not normally be considered where works have started but have not been completed or where work has been completed.

3.0 Discretionary Disabled Facilities

3.1 The Better Care Fund

In 2015 £3.8 billion was pooled into a single budget for health and social care services to work more closely together – the Better Care Fund. The Fund provided an increase in funding for home adaptations and related opportunities to improve integration between health and housing services, in particular to reduce hospital admissions and allow early hospital discharges.

The Better Care Fund is contributing to the additional allocation for DFGs provided to Lewes and Eastbourne Councils under a determination from Central Government. The grant aims to improve health and wellbeing by encouraging more flexible and instant availability of DFG monies. The Councils will encourage and consider any bid for funding from the Better Care Fund for schemes which will demonstrably support the stated purposes of the Fund, whether from individuals or from organisations, to support individual disabled people within a housing adaptation setting.

It is important to note that discretionary funding will only be available for eligible works, i.e. those meeting the mandatory DFG criteria. Discretionary grants are subject to available funds being available and mandatory grants will be prioritised first.

Discretionary provision will be reviewed within one year of its adoption to consider which flexible DFG works arrangements will continue after the first year. All flexible DFG works are discretionary and may be withdrawn by the Council at any time. The decision to award any flexible DFG work or services is completely at the discretion of the Council.

3.2 Discretionary Provision

There are six discretionary elements:

3.2.1 Standard Discretionary Grant

The Councils will remove the financial assessment i.e. means test for DFGs in the following instances:

- For all works where the cost of the approved grant does not exceed **£10,000**.
- If the costs exceed **£10,000** for the following types of adaptation requests submitted by the OT, providing the request contains only one of the following items:
 - Level Access Showers
 - Stair lifts
 - Through Floor Lifts
 - Ceiling Track Hoists
 - Wash-dry toilets
- If there are several elements to the work i.e. a shower and a ramp, and the applicant is assessed to have a contribution then the first **£10,000** would be funded by a DFG before they have to contribute.
- If additional works are required after approval of the grant that would increase the cost of works above **£10,000** then no retrospective means test would be applied.
- Hospital discharge in urgent/extreme circumstances where cases are identified by health and/or social care professionals.
- For palliative care applicants, in consultation with health and/or social care professionals, including where the costs exceed **£10,000**.

3.2.2 Maximum Grant Amount

With the increase in the cost of building material and labour in the 9 years since the £30,000 limit was introduced, an additional £20,000 will be made available as 'top up' from the DFG budget before recourse to funding from ESCC. For any work above 50k the Council will match fund any top up offered by ESCC to a maximum of £10,000. For example if the cost of work was 60k, the Council would fund 55k of the work and ESCC contribute 5k. A Local Land Charge will be applied, see below for details.

3.2.3 Relocation Expenses

In some cases, it is considered that moving home is more appropriate to meet the needs of a disabled occupant, and it is not reasonable or practicable to adapt the existing home.

Relocation expenses up to a maximum of £10,000 will be considered at the Council's discretion where the property is not cost effective to adapt. The new property must either be already adapted or be adaptable at a reasonable cost. The expenses may include estate agent's fees, solicitor's fees, stamp duty, and/or removal costs.

This grant may be used towards the cost of purchasing a new home where the applicant owns their existing home or for moving to alternative rented accommodation for an existing tenant. The Council will also offer up to £5,000 for applicants living in rented accommodation to move to a more suitable rental property to cover reallocation expenses.

3.2.4 Hardship DFG

Where DFG applicants have a means tested contribution but have insufficient capital to meet that obligation they are guided to Parity Trust for a loan to cover their contribution. If Parity Trust is unable to approve a loan (i.e. the applicant will be left in unnecessary financial hardship by making loan repayments) the Council will provide discretionary funding to a maximum of £10,000 for eligible work. Assistance will be awarded on a case by case basis and is aimed at stopping applicants facing hardship in order to receive appropriate adaptations to their home.

3.2.5 Feasibility Studies

Where complex work is anticipated, or where preliminary investigations/work is required to determine whether a grant is viable the Council will, at its' discretion, provide £1000 towards a feasibility study/preliminary work before a grant is approved. If a grant is then awarded the £1,000 will be included in the grant and not be an additional amount.

3.2.6 Hospital Discharge Grants

The Council at its discretion may pay up to £3,500 to support people with disabilities or vulnerabilities being discharged from hospital. The Hospital Discharge Grant will not be means tested. The funding will only be available if there is no other relevant health or social care funding obtainable, and following a referral from an OT or relevant healthcare professional. The Hospital Discharge grant excludes packages of care funded by NHS continuing healthcare. Example of interventions which may be carried out include, but are not restricted to; decluttering, deep cleaning, clearing properties, repairs needed to free a property of Category 1 Hazards under the Housing Health and Safety Rating System ie repair of heating systems.

3.2.7 Shared Equity Loans (to enable home moves)

Parity Trust is a not for profit organisation established in May 2000 which has Community Development Finance Institution (CDFI) status. The core objective of Parity Trust is to deliver fair finance for vulnerable groups via loan or shared equity products to help people improve/carry out repairs to their homes.

Loans will be available to provide capital assistance to owner occupiers on a shared equity basis for families whose current home cannot be adapted or is not suitable for their long term disability needs. This will enable families to purchase an alternative property whose financial circumstances do not permit an increase in their borrowing capacity. The DFG will loan them the increase in Capital required to purchase a suitable property and that loan will be lodged as a Land Charge. The applicant would have no monthly repayments with the loan being repayable on disposal of the property. The Council would benefit from the appropriate percentage increase in value when the property is sold.

A mandatory DFG to a maximum of £30,000 will also be available for essential adaptations to this home.

3.2.8 Fast Track Equipment Grants to prevent injury

Falls are the largest cause of emergency hospital admissions for older people and for parents of disabled children there is a high incidence of musculo-skeletal issues with lifting children. This grant will be tenure blind ensuring that all disabled households have access to the benefits of the Better Care Fund to ensure hospital admissions are reduced. The health, safety and wellbeing benefits of providing non-means tested support for equipment outweighs the potential for higher numbers of applications from different tenures. The maximum amount is the mandatory amount of £30,000 and the permission of the property owner is required.

3.2.9 Handyperson Assistance

Up to £1000 to undertake repairs to existing disabled adaptations, eligible to those on a passporting benefit.

3.2.10 Second Home

Up to £20,000 for essential adaptations where parents of a disabled child/ren have separated and the child cannot stay safely with the second parent without home adaptations.

Reason - Mandatory DFGs are only available for the main residence but can leave children at risk in the home of the other parent.

3.2.11 Respite Care

Funding for respite care to a maximum of £5,000 per DFG whilst works take place where the home is unliveable, ensuring the families safety whilst works are carried out.

3.3 Local Land Charge for Discretionary Funding

Any discretionary funding awarded over the mandatory £30,000 will be registered a Local Land Charge against the resident's (owner occupier's) property for 10 years following the completion of work. For any discretionary funding the Land Charge will be a maximum of £20,000 which will be in addition to the £10,000 maximum for mandatory work. The maximum land charge will be 30,000.

For example if the cost of work was £70,000 the Council would fund 60k (30k mandatory and 30k discretionary) of the work and ESCC be asked to contribute 10k. A Local Land Charge would be placed on the property for 30k (10k mandatory and 20k discretionary) which would be the maximum Land Charge possible.

3.4 Surveyor/project manager for Discretionary funding

To ensure funding is allocated equitably and to ensure best value for money and to protect the public purse a mandatory criteria of employing a surveyor/project is applied to all Discretionary DFGs above 30k.

4 Decent Homes Assistance (DHA)

In 2003 the Government extended the requirement for Decent Homes Standards to vulnerable households in the private sector. A decent home is one that:

- Meets the current statutory minimum standards for housing, i.e. free from Category One Hazards
- Is in a reasonable state of repair
- Has reasonably modern facilities and services
- Provides a reasonable degree of thermal comfort

A vulnerable household is one in receipt of at least one of the principal means tested or disability benefits.

The following assistance is targeted at vulnerable households to bring homes up to the Decent Homes Standard

4.1 Heating and Repair Grants

In cases of emergency repair or lack of a suitable heating system a grant of up to £3,500 may be awarded. An officer from the council must visit and be satisfied that:

1. The applicant meets the eligibility criteria
2. The works are eligible
3. Two written estimates have been obtained.

Applicants will only be eligible to a maximum of £3500 in any 3 year period.

Eligibility Criteria

Applicants must:

- be aged 18 or over on the date of application;
- live in the dwelling as his/her only or main residence;
- the relevant property must be within Council Tax Band A-E;
- have lived in the property for at least a year prior to grant application;
- have an owner's interest in the dwelling or be a tenant of the dwelling;
- have a duty or power to carry out the works in question;
- be (or alternatively his/her partner be) in receipt of a means tested benefit:

Income Support, Council Tax Benefit, Housing Benefit, Income-Based Job Seeker's Allowance, Guarantee Pension Credit. An applicant who is receipt of Working Tax Credit (to include a disability element or a joint income of less than £16,040) or child tax credit whose joint income is less than £16,040 will also be eligible.

Grant would be available for those vulnerable groups who fall outside the criteria for means tested benefit:

- Disabled
- Chronically sick
- Low income families with Children under the age of 10, who fall just outside of the benefit criteria. A low income will classed as a joint income of below £20,000.

To satisfy this exemption criteria they must have less than £10,000 in savings (single person) or £15,000 in savings (couple).

Property Criteria

It is our policy to target HRG assistance in accordance with the following: -

The repairs must make the property suitable for occupation through rectifying hazards rated A-D+ under the Housing Health and Safety Rating System (HHSRS). The rating system lists 29 hazards which include:

- Excess cold
- Damp and Mould Growth
- Carbon Monoxide and fuel combustion products
- Protection against hazards, including falls and electrical hazards

Any items of disrepair eligible for assistance must be rectified to such a standard that they will not need replacing or repairing again for the next 10 years.

By using the HHSRS grants and loans can be targeted to the properties exhibiting the greatest risk to the occupiers. This will ensure all assistance is channelled to the housing issues affecting the District i.e. thermal comfort in the rural areas and damp and mould problems on the coast.

The Inspecting Officer will apply the HHSRS assessing any defect in terms of its effect upon the occupiers, the perceived vulnerable group and the building structure.

Using this information a HHSRS calculation will be carried out. All scores generated that are more than 930 (D+) will be eligible for grant or loan assistance.

Decent Homes Assistance will not normally be available for:

- conservatories;
- lean-tos;
- out-houses;
- porches; or
- any part of the building which does not form part of the main structure.

However, assistance will be available for means of access to the property i.e. paths and steps.

Dwellings include mobile homes on licensed residential sites.

5. Home Trust Loans

For items of repair owners will be encouraged to apply for a Home Trust Loan for the total cost of work. To be eligible for the loan, applicants must meet the criteria for the HRG as listed above, but do not have to be in receipt of a means tested benefit.

The Home Trust Loan is a secured loan provided by Parity Trust, a socially responsible not-for-profit lending organisation. The Loan is subsidised by the Council to guarantee a low interest rate of 5.49% (5.63%APR), this rate is fixed for the full term of the Loan. (NOTE from July2023 this rate may be subject to change) There is also an option to make overpayments or settle the loan in full without penalty.

There are three borrowing options tailored to suit the applicant's circumstances. The following table provides a quick comparison of each, highlighting the main differences. Loans are available for amounts between £1,000 - £25,000. Loan Examples are also shown for the three loan options.

The Home Trust Loan scheme provides the support of a dedicated Home Trust Loan Officer who will carry out a home visit to assist with the loan process.

Loan Option	Available to	Maximum term	Do I make monthly repayments?	What happen to the loan balance?
Capital Repayment Loan	18yrs and over	15 years	Yes - repayments and interest	Decreases every month until balance is cleared
Interest Only Loan	60yrs and over	life	Yes - interest only	Remains the same, regardless of when the loan is settled
Interest Roll-up Loan	60yrs and over	life	No	Increases every month as interest is added

Secured Loan Examples (Typical APR 5.63%)

Loan Type	Loan Amount	Term	Monthly Payment	Interest Rate	Total Amount Payable	Loan Product Features
Capital Repayment	£5,000	15 years	£40.83	5.49% (5.63% APR)	£7,349.40	Your monthly payment is applied against the interest accrued and the capital. The amount you owe will decrease with each monthly payment.
Interest Only	£5,000	25 years	£22.88	5.49% (5.63% APR)	£11,864.00	Your monthly payment will <u>only</u> cover the interest accrued. The capital will need to be repaid at the end of your loan term or when you sell the property. The loan settlement will always remain the same and in this example it would be £5,000.
Interest Roll Up	£5,000	25 years	£0.00	5.49% (5.63% APR)	£19,664.36	There is no monthly payment so the loan balance will <u>increase</u> over time as the interest accumulates. You will have to repay the capital plus interest accrued when you sell the property or at the end of the loan term.

Loan Type	Loan Amount	Term	Monthly Payment	Interest Rate	Total Amount Payable	Loan Product Features
Shared Equity	£5,000	25 years	£0.00	N/A	Linked to property value	With a Shared Equity loan a capital sum is lent with the amount owed linked to the <u>value</u> of your property . A valuation will be required to assess the property value at the outset and when the loan is settled.

5.1 Application Process for Decent Homes Assistance and Loans

In order for the Council to consider awarding any of the above grants or loans, a complete and valid application must have been received. Such an application consists of:

- a valid completed application form;
- proof of identity
- evidence of means tested benefits where appropriate
- 2 estimates of the cost to the applicant of the works.

All valid and completed applications are to be determined no later than six months from the date of application.

An inspection will be undertaken by an inspecting officer of the enquirer’s property to assess the required works. The inspection may be carried out by a Council officer or another outside agency employed to administer grants.

4.2 Payment

Council officers will inspect the grant/loan works during their progress and, subject to satisfactory execution; officers can recommend the Authority make interim payments.

Final payments will be made on the inspecting officer's approval that the works have been completed satisfactorily and on receipt of a contractor's (or in the case of materials, suppliers) invoices.

The Grant or loan will only be paid when the applicant has signed a consent that payment can be made. Payments will in general terms be paid directly to the builder/agent unless the applicant has indicated otherwise.

NB The Council's Officers act on behalf of the Authority to ensure public funds are spent correctly. Applicants must be aware that officers do not act on their behalf. There are therefore no guarantees as to the quality of workmanship and any disputes arising between applicants and their contractors are their responsibility.

4.3 Conditions of Grant or Loan

The eligible works must be undertaken by the contractor(s) who provide the estimates(s) included in the application. We may vary this requirement where we consider there is a genuine reason to do so and it is in the interest of achieving efficient housing renewal. The applicant shall obtain prior permission in writing from the Council before any change in contractor takes place. The use of a different contractor to one included in the application, without our permission, may result in the Council's cancellation of the grant and/or repayment by the relevant person.

We will consider redetermining a grant or loan approval where the eligible works cannot be completed without carrying out further works which were unforeseen or where the works are required to make the property decent. Unforeseen works will only be considered for financial assistance by the Council where they could not reasonably have been foreseen and work has not been started prior to the work having been agreed as 'unforeseen work' by the Council.

Applicants must pay their contribution to grant aided works and provide satisfactory evidence that payment has been made, i.e. a signed and dated receipt, before the Council will make any grant payment. Alternatively any loan or equity release scheme must have written agreement before being approved.

The eligible property must meet the Decent Homes Standard after the works are complete.

Where works are taking place in addition to grant aided works, but which are not grant aided and are funded by the applicant, these works must be completed and paid for by the applicant to the satisfaction of the Council before any payment will be made with respect to the grant aided works.

In the event of a breach of any of the conditions set by the Council, we may demand payment from the applicant/owner/occupier/landlord/trustee/beneficiary, whichever is appropriate, a sum equal to the amount of the grant paid or, as the case may be, any instalments of grant paid and the same shall be repayable to the Council. We have the discretion either not to demand repayment, or to require payment of less than the full amount.

It is a condition of the grant that the applicant takes all reasonable steps to pursue any relevant insurance claim or legal claim for damages in which the cost of the works to the premises to which the grant relates is part of that claim. The applicant shall repay to the Council the grant so far as is appropriate, out of the proceeds of the claim. This condition is not subject to a time limit and will therefore remain operative until such time as any claim is settled and the appropriate amount of grant is repaid.

The Local Authority will take full consideration of the terms of the settlement received by the grant applicant and request repayment accordingly.

Where insurance claims have been received before the grant application is made, details of the insurance payments should be included in the application form.

Council funds available for these works are limited. If available funding has been committed and no further resources are available applicants will be advised accordingly. Those achieving the required number of points will be placed upon a waiting list until funds are available.

6 Exceptions Policy

Grants or loans not meeting the requirements of the above policy and criteria, can be awarded at the discretion of the Director of Service Delivery in consultation with the Lead Member for Housing. Such an award will only be made subject to the provision of the Regulatory Reform (Housing Assistance) England and Wales Order 2002 and subsequent guidance.

7 The Equality Act 2010

The definition of disability is provided by the Equality Act 2010. A person has a disability for the purposes of this Act if they have a physical or mental impairment which has a substantial and long term adverse effect on their ability to carry out normal day to day activities. Schedule 1 of the Act expands on this definition including further definition of 'long term effects', normal day to day activities' and 'substantial adverse effects.'

However, there may be people who, whilst not meeting the substantial and long-term test, will have had needs identified and assessed under the NHS & Community Care Act 1990, The Carers (Recognition and Services) Act 1995, or The Carers and Disabled Children Act 2000, for whom an adaptation will form part of an appropriate service to address their needs.

All potential DFG applicants will be provided with suitable and sufficient support and guidance appropriate to their needs throughout the application process. All information will be transparent, easily understood and appropriately communicated. If, for whatever reason a DFG does not go ahead the applicant will be supported by an OT to ensure their health and welfare is not adversely affected.

All documents will be available in different formats and languages on request

Agenda Item 14

Report to:	Cabinet
Date:	13 July 2023
Title:	Property and Assets Update
Report of:	Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning
Cabinet member:	Cllr Zoe Nicholson, Leader of the Council and Cabinet Member for Finance, Assets and Community Wealth Building
Ward(s):	All
Purpose of report:	The report provides information on: <ul style="list-style-type: none">- A defective boundary wall at Westgate Car Park, and requests a budget allocation for initial investigations and surveys;- Work being undertaken on Castle Rise wall;- Progress at bringing The Marine Workshops back into use to support the regeneration of Newhaven, including a request for additional capital funding to support the second phase of improvements at the property to allow full occupation;- West Beach Promenade, Newhaven Levelling Up Fund project, and requests delegated authority to agree terms and finalise the acquisition of the land with Newhaven Port and Properties Ltd, enter into a construction contract to build out the new restaurant and leisure facilities, and select an operator(s) to run them.
Decision type:	Key
Officer recommendation(s):	(1) To note the defective boundary wall at Westgate Car Park and approve the capital budget allocation of £150,000 for initial remedial investigations and surveys; (2) To note the progress update regarding remedial work being undertaken at Castle Rise Wall, notwithstanding that it is not a corporate asset; (3) To note the progress update regarding recommissioning of the Marine Workshops and approve the capital budget allocation of £400k to support phase 2 improvements at the property;

- (4) (a) To note the progress update regarding West Beach Promenade;**
- (b) To purchase the West Beach Promenade from Newhaven Port and Properties Ltd subject to contract, valuation and full due diligence;**
- (c) To construct a new restaurant and destination facilities on West Beach Promenade;**
- (d) To invite expressions of interest for the grant of a lease of the restaurant and leisure facilities, and to enter into that lease; and**
- (e) To authorise the Deputy Chief Executive and Director of Regeneration and Planning, in consultation with the Lead Member for Finance, Assets and Community Wealth Building and the Chief Finance (S151) Officer to take all necessary actions to progress the proposals set out in (4) above including the approval and implementation of all processes and procedures, the negotiation of terms, authorising the execution of all necessary documentation and any ancillary matters.**

Reasons for recommendations:

- (1) Westgate Car Park wall: the wall has become structurally defective, and a capital budget is required in order to support initial investigations and surveys. A further report will be brought back to Cabinet requesting additional capital budget once investigations are complete and design work has been undertaken on a remedial solution;**
- (2) Castle Rise Wall: to update on progress;**
- (3) Marine Workshops: the first phase of works to recommission the building is nearing completion, this report sets out a second phase of works to complete this multi-use business/community facility;**
- (4) West Beach Promenade: to enable delivery of this part of the Levelling Up Fund project.**

Contact Officer(s):

**Name: Mark Langridge-Kemp
Post title: Head of Property and Asset Management
E-mail: mark.langridge-kemp@lewes-eastbourne.gov.uk
Telephone number: 07900057102**

1 Introduction

1.1 Westgate Car Park Wall, Lewes

In January this year part of the boundary wall to Westgate Car Park was reported as defective and in need of propping; the wall is owned by LDC. The wall is extensive at a height of 10m-12m and length of 65m, some of the structure appears to be part of the original town wall, double layered in areas and consisting of a mixture of building materials (flintwork, buttressing brickwork which has been previously strengthened with an additional skin of brickwork). As well as the wall itself, there is other property above the wall not owned by LDC that is showing signs of movement.

Urgent work has been undertaken to shore up the wall and the car park has been closed off. Investigations are underway to determine the geology and archaeology of the various layers of ground behind and around the affected area of wall so that the most suitable repair and strengthening solution can be carried out. Costs of remedial work cannot be confirmed at this stage, but a capital budget of £150,000 is requested in order to fund initial surveys and investigations. A further report requesting additional capital budget for the remedial works will be brought to Cabinet once more detail is available.

1.2 Castle Rise Wall, Lewes

In May 2022, a defect in the retaining wall to Castle Rise was identified by LDC's Building Control team and emergency works carried out to provide additional temporary support whilst legal work and remedial investigations were carried out. There are residential properties above the wall including LDC owned property.

In November 2022 Cabinet agreed a capital budget to support remedial works.

Since that meeting, further investigations and additional survey work have been undertaken to develop a specification of structural repairs. Structural reports are awaited before spend can be forecast.

1.3 The Marine Workshops, Newhaven

The Marine Workshops is a four storey Grade II listed building situated at Railway Quay on Newhaven Harbour. The property stands in an important location in Newhaven and bringing it back into use is a key element in the regeneration of the town. The building was converted to a University Technical College in around 2014/15, but this closed in 2019 after a brief period of use.

The Council is committed to bring the property back into use as a community, business, marine and exhibition/civic space.

The property was acquired from the Department of Education in June 2022 and phase 1 work has been ongoing since to recommission the building. In the course of phase 1 works, significant additional work was identified in order to ensure fire

stopping was compliant with current regulations throughout the building and works undertaken to address water ingress through defects in the fascia of the building.

During phase 1, officers have also been implementing plans for the occupancy arrangements within the building:

- LDC has already moved its main office space into the building having vacated Southover House and is utilising approximately half of the second floor.
- East Sussex College Group have been secured as tenants and will be taking the first floor of the building – their offer will include new courses in marine biology, ocean ecology and marine engineering.
- A local high-end state of the art printing company is in negotiation to take part of the ground floor and space on the third floor for a workshop and office space to enabled their continued growth in Newhaven town.
- A tender process is being launched to select an operator for the remaining unallocated parts of the ground and second floors.

1.4 West Beach Promenade, Newhaven

In February 2022, Cabinet authorised officers to bid for £12,686,307 of Levelling Up grant funding.

The successful bid was focused on supporting the fishing and maritime sectors in Newhaven in a post-Covid and post-Brexit environment around three core interventions, including the construction of a new restaurant at West Beach Promenade, alongside new leisure facilities that will draw visitors to the town and support active pursuits.

West Beach Promenade is owned by Newhaven Port and Properties Ltd (NPP) and initial discussions have commenced with a view to acquisition of the Promenade to create the proposed new restaurant and leisure facilities. NPP are now ready to enter into formal terms for the sale of the land.

2 Proposal

2.1 Westgate Car Park Wall, Lewes

Digs have been carried out at the base of the wall and an 8 metre bore hole made on land at the top of the wall. Additional investigations are required at base level to find natural chalk footings which will give a base for remedial works to be undertaken, such as additional buttresses or anchors. A radar survey will also be required to ascertain the thickness of the wall to support design solutions. The car park will remain closed until all works have been completed and the wall is made safe. A capital budget of £150,000 is requested at this stage. Further capital budget will be sought from Cabinet once the costs of remedial works are known.

2.2 Castle Rise Wall, Lewes

Investigations and surveys are continuing, and structural report is awaited. We will notify stakeholders and residents of the remedial works to be undertaken once remedial solutions have been designed.

2.3 **Marine Workshops, Newhaven**

Phase 1 works to recommission the property are almost complete; this works has included:

- Bringing the entire property back on line following a number of years of closure;
- Fire stopping and other improvements to ensure the building is compliant with current regulations;
- Works to ready occupation of the building by East Sussex College Group;
- Car park improvements.

The second phase of improvements focus on works to develop the community/business offer and allow full occupation of the building will include design and fit out of the 3rd floor to develop state of the art multi-use community, meeting, business and exhibition space. This facility will aim to act as a space that can be used to showcase Newhaven's culture and business offer.

A capital budget of up to £400k is sought to enable these Phase 2 works to be completed.

2.4 **West Beach Promenade**

Heads of terms are being discussed with NPP and these will set out the extent of land that may be available to LDC to acquire and any constraints the Port need to include, such as access rights for the sea wall. A valuation of the land will then need to be undertaken and full due diligence to allow the purchase to proceed to completion.

Designs for the new facilities are being finalised for determination by Planning Committee. LDC will procure for a contractor to build the restaurant and community facilities and enter into a build contract to enable the facilities to be constructed.

It will be necessary to invite expressions of interest to select an operator for the site. The intention is that the operator will occupy the restaurant as a tenant under the terms of a lease.

3 **Outcome expected and performance management**

3.1 The recommendations seek to make decisions on property and assets within the district in-line with strategic objectives and the Corporate Plan. This includes:

- Prioritising investment into local economies
- Increasing local employment opportunities
- Supporting business startups
- Developing local skills, supply chains and employment through partnership working
- Improving our public spaces
- Undertaking essential works to an asset within the district

- Associated delegations to enable officers to progress operationally

4 Consultation

- 4.1 Consultation has taken place with local residents, Building Control and other partners as required in the course of carrying out investigations and surveys to address the walls at Westgate Car Park and Castle Rise.
- 4.2 The proposal for the future use of the Marine Workshops has been developed in consultation with Cabinet, Strategic Property Board and the previous relevant portfolio holder. Discussions around the future of the Marine Workshops have also been held with Maria Caulfield MP, as well as Newhaven Port & Properties, to ensure that the proposed uses for the building do not impact negatively on the ferry service / port operations.
- 4.3 Designs and an update on West Beach Promenade were shared with ward and town councillors in late June.

5 Corporate plan and council policies

- 5.1 The proposals for remedial works to the walls at Westgate Car Park support the improvement of public open spaces outlined within the corporate plan.
- 5.2 The proposed redevelopment of the Marine Workshops fits strongly with existing Council policies, including LDC's Corporate Plan. In particular, the proposal will:
- Help to build community wealth through use of Council land to create new investment in our local economy and creating new employment for local residents in sustainable technology sectors.
 - Support the wider regeneration and objectives of the Newhaven Enterprise Zone, aligning closely with the Newhaven Enterprise Zone Strategic Framework and its three priorities for growth to ensure lasting and positive change. In particular, Priority 1 (Quality Growth). The Marine Workshops will ensure more cohesive development, linking well with the Town Centre and key employment areas to help foster greater pride in Newhaven and showcase its riverside location. Priority 2 (Inclusive Growth) is also closely aligned through the creation of new employment to ensure local residents are shared benefactors of change.
- 5.3 The proposals for West Beach Promenade also help to build community wealth through prioritising investment into local communities and increasing local employment opportunities through new facilities.

6 Business case and alternative option(s) considered

- 6.1 Investigations and surveys are taking place on the walls at Westgate Car Park and Castle Rise in order to determine the best options for remedial work.

- 6.2 Marine Workshops had been empty for around two years prior to the Council's acquisition, and no viable alternative uses had been presented to the former leaseholder during that period.
- 6.3 LDC applied for Levelling Up Fund grant monies for the proposed new restaurant and destination facilities at West Beach Promenade. LDC has determined that the new facilities would most effectively be delivered in line with the government's requirements for the grant funding by splitting the build and operation of the facilities. LDC will invite expressions of interest to select an operator(s) for the site.

7 Financial appraisal

- 7.1 The 2023/24 Capital Programme for the Council does not currently include a provision to undertake remedial action in respect of Westgate Car Park Wall (section 2.1) or the additional costs for the ongoing renovation of The Marine Workshops (section 1.3). Any further capital allocation for 2023/24 and future years is dependent on the generation of new capital receipts, new grant or recycling of any unutilised capital spend from 2022/23 (slippage).
- 7.2 The Capital Programme Oversight Board will shortly be reviewing the 2022/23 Capital Outturn to identify if any unutilised capital spend from 2022/23 can be reallocated or removed. If unutilised capital spend cannot be reallocated to these additional requests, the additional capital outlay will need to be funded through additional borrowing from the Public Works Loan Board (PWLB). As a result there may also be ongoing additional financial implications that will need to be incorporated into the overall Council's revenue budget and capital programme in the future.
- 7.3 Costs relating to the development and construction of new restaurant and leisure facilities at West Beach Promenade are funded from the successful bid for Levelling Up Funding which is incorporated in to the 2023/24 Capital Programme (£9.939m). The original bid did not anticipate acquisition of land at West Beach Promenade. However, during the course of the project development it became apparent that to ensure the security of the significant investment being made, the proposed new facilities would be more appropriately delivered through the purchase of the freehold of the land. The intention is to let the new facilities to an operator(s) once complete and this would enable the generation of a rent to offset an element of the land purchase cost. In addition, the site being purchased could potentially lead to other commercial/community benefits in addition to the restaurant and leisure facilities proposed; this would be subject to further exploration. The intention would be to use the existing Commercial Property and Acquisition funding already within the 2023/24 Capital Programme to complete this purchase.

8 Legal implications

8.1 Wall repairs

Any works will have to be procured in accordance with the Council's Contract Procedure Rules (CPRs) and the Public Contract Regulations 2015.

Marine Workshops

The works have been procured in accordance with the Council's CPRs and the Public Contract Regulations 2015.

West Beach Promenade

Purchase of land. The Council has power to purchase land and property pursuant to the Local Government Act 1972 (section 120). This power enables local authorities to acquire property for any of their functions or for the benefit, improvement or development of their area. Full due diligence will be carried out.

The proposed works will have to be procured in accordance with the Council's CPRs and the Public Contract Regulations 2015.

In relation to the grant of the lease, the Council cannot dispose of land held in the General Fund for a consideration less than the best that can be reasonably obtained in the market, except with the express consent of the Secretary of State. Disposal includes granting a lease. The rule only applies to leases where the lease term exceeds seven years.

The CPRs say that no lease of land where the estimated rent exceeds £25,000 per annum shall be made except after auction or the invitation of tenders or expressions of interest following appropriate public advertisement, unless authorised by Cabinet. The Council is proposing to invite expressions of interest at the appropriate time.

[012146-LDC-KS 16th June 2023]

9 Risk management implications

9.1 Works on the walls at Westgate Car Park, Castle Rise, and Marine Workshops are being carefully managed using in-house staff and external specialist agents and contractors.

Negotiations on the West Beach Promenade purchase and lease will be managed using specialist agents where required.

In relation to the planning permission required for the West Beach Promenade, pre-application discussions and due diligence will take place.

Regarding all build work, there are risks due to increasing construction costs due to inflation and instability of interest rates. The market continues to be monitored

closely and specialist/external advice will be taken where needed and the Council will look to enter into fixed price contracts where possible.

10 Equality analysis

- 10.1 There are no equality impacts of the proposed remedial work to the walls at Westgate Car Park and Castle Rise. An equality analysis of Marine Workshops and the West Beach Promenade will be undertaken at a later stage once development proposals for the sites have been finalised.

11 Environmental sustainability implications

- 11.1 The proposals for the Marine Workshops accord with the Council's Sustainability Policy and the three pillars of sustainability (the economy, the environment and social community). The project will encourage sustainable economic growth, seeking to re-purpose an existing building and bring it back into educational and commercial uses. The proposal will also deliver new premises for public services, helping to ensure our communities are able to thrive.

12 Contribution to Community Wealth Building

- 12.1 These proposals support the Community Wealth Building agenda by prioritising investment into local communities, developing local skills through partnership working and increasing local employment opportunities through new education and employment spaces at Marine Workshops and new employment spaces at West Beach Promenade.

The procurement of works and services will be undertaken using the Social Value Charter. The Charter considers and assesses important elements over and above financial cost. The Charter aims to ensure sustainability and value in the community.

13 Appendices

- None

14 Background papers

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

- Cabinet 3 February 2022
<https://democracy.lewes-eastbourne.gov.uk/documents/s22894/Levelling%20Up%20Fund.pdf>
- Cabinet 10 November 2022
<https://democracy.lewes-eastbourne.gov.uk/documents/s26246/Property%20and%20Asset%20Management%20Update.pdf>

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Report to:	Cabinet
Date:	13 July 2023
Title:	Housing Development & Assets Update
Report of:	Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning
Cabinet member:	Councillor Zoe Nicholson, Leader of the Council and Cabinet member for Finance, Assets and Community Wealth Building
Ward(s):	All
Purpose of report:	To provide an update on the housing development and delivery programme.
Decision type:	Key
Officer recommendation(s):	<p>(1) To note the progress of the housing development and delivery programme as set out in Appendix 1.</p> <p>(2) To approve the purchase and development of land and assets at Peacehaven Golf and Fitness to deliver new Council homes in accordance with Appendix 2 (Exempt) including making an allocation within the HRA Capital Programme 2023/24 of up to £3.1m, subject to contract, valuation, and full due diligence.</p> <p>(3) To approve a waiver to the Council's Contract Procedural Rules (CPR) to allow the direct selection of the contractor(s) associated with the Peacehaven Golf & Fitness proposals for the reasons as set out in the report.</p> <p>(4) To approve and implement a new Revolving Loan Fund within the capacity of the existing General Fund Capital Programme 2023/24 to support further sustainable community-led housing developments within the district.</p> <p>(5) To approve the criteria for HRA rationalisation as set out and to dispose of assets in order to further the capacity of the Capital Programme to deliver more Council homes across the district.</p>

(6) To authorise the Director of Regeneration and Planning, in consultation with the Chief Finance (S151) Officer and Lead Member for Finance, Assets and Community Wealth Building, to progress recommendations 2, 3, and 4 in this report and to conclude them including the approval and implementation of all processes and procedures, negotiation and agreement of terms, award of contract(s), and authorising the execution of all related documentation.

(7) To authorise the Director of Service Delivery, in consultation with the Chief Finance (S151) Officer, Lead Member for Finance, Assets and Community Wealth Building, Lead Member for Tenants and those in Housing Need, and the Tenants of Lewes District (TOLD) to progress recommendation 5 to dispose of identified HRA assets including negotiation and agreement of terms and authorising the execution of all related documentation, subject to any or all of the agreed criteria as follows:

- **The cost of any repair work is prohibitive compared to the market value of the property**
- **The cost of running the property is unaffordable being of sub-standard quality / efficiency**
- **The sales receipt generated is capable of delivering an overall net gain in new homes**
- **The capital receipt generated from the sale is ring-fenced to support the HRA Capital Programme**

Reasons for recommendations:

(1) To provide Cabinet with an update on the growing housing development and delivery programme, specifically in the context of the 'Reimagining Lewes District' Corporate Plan 2020-2024.

(2) To further community-led housing development opportunities within the district underpinned by a secure financial instrument.

(3) To support HRA finances in the context of current pressures and further the Council's objectives to build and maintain quality, affordable, and sustainable homes.

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 This report provides Cabinet with an update on the housing development and delivery programme across Lewes District.
- 1.2 This includes opportunities for supporting increased community-led housing schemes and proposals to rationalise Housing Revenue Account (HRA) assets in the context of current financial pressures to:
- Keep the homes of our residents well maintained, and
 - Increase the number of new dwellings available to meet the demands of the housing waiting list.

2 Background

- 2.1 The 'Reimagining Lewes District' Corporate Plan 2020-2024 set out clear goals for Council housing over the 4-year period:
- 200 new additional council houses.
 - More sustainable and energy efficient homes across the district.
 - Opening up access to quality housing options for low-middle income residents.
 - Accessible housing for those with physical and additional support needs.

This also included building more homes in our villages and more rural locations across the district, reducing our reliance on temporary and emergency accommodation, finding solutions for smaller brownfield and infill sites, and increasing the use of modular construction.

- 2.2 The Corporate Plan was implemented during a time of unforeseen and unprecedented challenges, including the global Covid-19 pandemic, Brexit, and Russia's invasion of Ukraine, all of which had a compounded crippling impact on the UK national economy.
- 2.3 On 9th June 2022, a housing development update to Cabinet set out the implications and consequences of the impact including:
- **Inflation** – significant increases to costs impacting on financial viability.
 - **Supply chains** – labour shortages delaying programme delivery.
 - **Land and property values** – increases affecting affordability and re-setting "value for money".
 - **Fuel prices** – increases impacting our residents and their household affordability, making running costs as crucial as rent levels.

Over 12-months later, the Council continues to face financial pressures as set out in the 2023/24 budget papers.

- 2.4 The Council approved the HRA Revenue Budget and Capital Programme 2023/24 in February. The HRA Business Plan remains under significant financial strain due to increases in costs but also further exacerbated by the social housing rent cap implemented by Government for this financial year. Although the Council recognised the importance of supporting our residents, the cap limits

the Council's ability to balance costs with increased income, and so alternative saving and efficiency measures will need to be considered.

2.5 The Council has been actively engaging with the Department for Levelling Up, Housing and Communities (DLUHC) during this time alongside other stock holding local authorities to help the Government understand the implications on services and our residents. This has led to some temporary relaxations as follows:

- A small reduction to Public Works Loan Board (PWLB) borrowing rates for new homes up to the end of 2024/25 Q1.
- An increase in Right to Buy (RTB) receipt retention from sales in 2022/23 and 2023/24, to be spent within 5-years.

Although a welcome relief, the measures are not permanent, and alone will not resolve the extent of the financial pressures faced. Grants from Government remain available for affordable housing (Affordable Homes Programme 2021-26) and brownfield land (Brownfield Land Release Funding), which the Council has successfully secured on its own schemes, but the amount offered has not increased proportionately to costs and the 'new normal' we now operate in.

2.6 In an effort to maintain (including the management of damp and mould cases) and decarbonise our existing homes whilst also building new homes, the Council will need to do a "deep dive" of the social housing stock to ensure assets and values are being maximised. Alongside those HRA interventions, the Council will need to look at alternative ways to support truly affordable housing delivery within the district to ensure supply meets demand, which will include supporting more community-led initiatives.

3 Programme

3.1 However, in spite of the significant challenges, the Council has been able to drive forward a successful and diverse programme of sustainable new build developments, acquisitions, and supported community-led schemes as summarised in Appendix 1.

3.2 This pipeline includes opportunities to deliver new custom-build accommodation utilising grant funding obtained via SPACES, the One Public Estate (OPE) body for East Sussex, which will see increased options for specially adapted homes as has been progressed in Ringmer (Mill Road).

3.3 Since the last update was provided, the status of the following pipeline projects has also changed:

- **Rough Sleepers Accommodation Programme (RSAP) 2022/23** – the Council secured funding to deliver up to 6 units. However, due to the highly restrictive timescales for drawing down funds, the Government programme deadlines could not be reasonably met. The Council has, however, secured the Local Authority Housing Fund (LAHF), supporting refugees and reducing the pressures of homelessness.
- **Former Fire Station, Newhaven** – in November 2022, Cabinet approved the principle of the development. However, the priorities of East Sussex

Fire & Rescue Services (ESFRS) have changed, and now require the site to facilitate a new vehicle “hub”. It is therefore expected that the purchase of the site will not proceed.

- **2-6 Fort Road, Newhaven** – the limitations of the site make it difficult to develop a viable business case for re-development. However, options continue to be explored for ways to support a development of the site including discussions with Newhaven Town Council (NTC) regarding their Meeching Hall, which could include utilising capital receipts from the disposal of high cost / inefficient HRA assets (see below).
- **Rusbridge Cottage, Lewes** – as above, the site viability has become challenged in the context of the current market economy. Officers are reviewing the previous scheme concept to find new ways to support the development finance, which could, again, include utilising capital receipts from the disposal of high cost / inefficient HRA assets (see below).

3.4 In June 2022, Cabinet authorised feasibility work to be progressed utilising existing revenue budgets to develop the next phase of sites on Council-owned land following a strategic review of HRA and General Fund assets. The sites are showing in Appendix 1 under the heading ‘Asset Review (Phase1)’ and remain in the feasibility stage.

3.5 The Council continues to review assets, including a number of General Fund sites (e.g., car parks), that could form part of the growing Council housing pipeline toward future Corporate Plan objectives. Further work still needs to be undertaken to assess feasibility and viability but will be subject to further consultation with Ward Councillors and other key stakeholders before being presented back to Cabinet.

3.6 The housing pipeline continues to explore different construction methodologies to support corporate objectives, which includes the Modular Housing Framework the Council previously procured and awarded to Boutique Modern based in Newhaven. The framework is available to all local authorities in the Sussex and Greater Brighton area.

4 Peacehaven Golf & Fitness

4.1 The Council has been approached by the landowner and their agent in relation to Peacehaven Golf & Fitness, Brighton Road, Newhaven BN9 9UH. The current club house is under-utilised and no longer fit for purpose to meet the club’s ongoing operational needs. The landowner is therefore seeking to dispose of a parcel of land (including the existing clubhouse) for housing using the capital receipt to finance their re-provision of a new clubhouse on another part of the site.

4.2 Subject to planning (including conversion, extension, and change of use of the existing clubhouse), the proposal presents an opportunity for Lewes District Council (LDC) to acquire the site to provide 16 x Council homes. The landowner is offering the site on the basis the Council enters into a development agreement with their appointed developer, who will be working on their retained part(s) of the site.

- 4.3 The homes will be of traditional construction but adopt a “fabric first” approach to incorporate integral sustainability features including high thermal insulation, heat pumps, and rainwater harvesting systems. The development will provide a net gain of green spaces by over 55% based on the current plans.
- 4.4 Pre-application discussions with the South Downs National Park Authority (SDNPA) have so far been positive and more detailed plans are currently being prepared to support a full planning application, subject to the Council’s commitment to take a part of the site for housing.
- 4.5 A non-binding conditional offer has been made in principle based on a viable business case detailed in Appendix 2 (Exempt). Subject to contract, valuation, planning, and due diligence, it is proposed that the Council proceeds to acquire and develop out the land (including existing club house) to support its housing objectives. The arrangement offered by the landowner will require a waiver of the Council’s Contract Procedure Rules (CPR) to enter into a direct contract with their appointed contractor. This is similar to the back-to-back land and development agreements entered into on S106 schemes.
- 4.6 Should the Council choose not to proceed, it is unlikely that all homes proposed will come forward for Council housing – as a private developer is likely to develop just the minimum planning requirement of affordable homes. The arrangement therefore not only supports the Council’s Corporate Plan objectives but secures more affordable housing options for the area.

5 Revolving Loan Fund

- 5.1 The General Fund Capital Programme 2023/24 includes capacity for a new Revolving Loan Fund of up to £350k to progress more sustainable community-led housing initiatives within the district.
- 5.2 In 2022/23, the Council entered into a new 4-year Service Level Agreement (SLA) with Action in rural Sussex (AirS) funded via the ring-fenced remaining Community Housing Fund.

The SLA has a number of key outputs:

- To promote increased awareness of community led housing across the district.
- To enable more community-led housing schemes to form part of the growing pipeline for the district.
- To engage with more community-led housing groups within the district to further affordable community living opportunities.
- To deliver excellent quality community-led housing solutions, which are local, affordable, sustainable, and resilient.

A report on progress will be provided to Cabinet regularly as part of future housing development updates.

- 5.3 Cornwall Council has been a leading example of community-led housing delivery. Their Revolving Loan Fund was originally established by a collaboration of District Councils before being amalgamated into the Unitary

Authority in 2009. Cornwall initially offered grant schemes to support the initial feasibility stages of a project met from allocated revenue budgets. This was however provided effectively at risk, and it became apparent that capital funding to support the construction stage of projects was as much (if not more) of a challenge, which led to the development of the fund.

5.4 Since the initial launch in 2012 and subsequent re-launch in 2018, Cornwall Council have supported 12 x different schemes enabled by the fund. The ability for the fund to meet short term and/or unforeseen borrowing requirements made a significant difference to the first generation of projects in Cornwall.

5.5 The funding model includes key criteria:

- Loans are for the capital development and construction of new affordable housing.
- Eligible costs can include the purchase of land, buildings, construction, and conversion of a building (where this will result in the provision of new affordable housing).
- Any site acquisition costs must form part of a fully funded scheme.
- Loans are offered on a scheme-by-scheme basis up to 18-months.
- Loans are secured against the asset by way of a legal charge and must be repaid within 12-months of scheme completion.
- Interest is charged in accordance with Subsidy Control requirements.
- An arrangement fee is charged to cover the related administration and legal costs, set on a scale basis reflecting the loan terms.

5.6 AirS are supporting the Council to establish terms for the Lewes Revolving Loan Fund and will shortly be undertaking a 'soft market testing' exercise to better understand local demand, capacity, and capability. The final terms adopted will then be subject to detailed legal and financial due diligence, made in accordance with the Council's Financial Regulations. If the fund is successful, there is potential for the scheme to grow in the future.

6 HRA Asset Disposals

6.1 To achieve the Council's objectives in providing affordable, sustainable, and accessible homes, both new and existing, it has been necessary to review the existing social housing stock to identify properties that are inefficient and a high cost to repair, maintain, and / or run – impacting on the HRA Business Plan and the affordability of our residents.

6.2 In the circumstances where such properties are identified, there is a decision to be made about how the Council approaches value for money and making the best use of assets for local people. In some (limited) instances, it will be more cost effective to dispose of the asset to reduce burdens on the HRA and generate income to support the delivery of new homes – built to the Council's high standards for quality and sustainability.

6.3 In 2022/23, Cabinet approved the sale of assets on this basis - long-term vacant, inefficient, and high-cost, generating capital receipts to support new Council homes:

- 13 Paddock Road, Lewes

- 15 Talbot Terrace, Lewes

6.4 To ensure the Council has autonomy over this process, making effective decisions in the context of time, cost (including rent loss), and market competitiveness, it is proposed that Cabinet delegates authority to the Director of Service Delivery in consultation with Chief Finance (S151) Officer, Lead Members, and TOLD based on any or all of the key criteria being satisfied in each instance as follows:

- The cost of any repair work is prohibitive compared to the market value of the property
- The cost of running the property is unaffordable being of sub-standard quality / efficiency
- The sales receipt generated is capable of delivering an overall net gain in new homes
- The capital receipt generated from the sale is ring-fenced to support the HRA Capital Programme.

6.5 The delegation will be used sparingly, and it is expected that this will only apply to a limited (by exception) number of properties in the context of the total social housing stock. The capital receipts generated will help to support the HRA Capital Programme, including the development of new Council homes, resulting in an overall net gain of available homes to meet local housing needs.

7 Corporate Plan and Council Policies

7.1 These proposals meet the following objectives in accordance with the 'Reimagining Lewes District' Corporate Plan 2020-2024:

Sustainability and Climate Change

- Building energy efficient homes, including low carbon heating technologies, to ensure homes are not only cheap to rent but also affordable to live in.
- Use of renewable technology to increase energy re-use and efficiency.
- Increased site biodiversity.

Building Community Wealth

- Leading on the best use of public sector land and property assets.
- Through procurement, using established contractors to support the use of local sub-contractors and supply chains to increase local spending, employment, and training opportunities.
- Inclusion of new skills, training, and apprenticeships.

Delivering Homes

- Form's part of the 200 new additional council houses target.
- Adds to more sustainable and energy efficient homes across the district.

- Increases the availability of quality homes for low rents.
- Inclusion of adaptable units to provide accessible homes.
- Supports households directly from the housing register and reduces the reliance on temporary / emergency accommodation.

7.2 Ward Councillors were consulted on pipeline schemes prior to the May 2023 local elections however, given the changes in the Council membership, further consultation is being undertaken. This will continue to be an iterative and ongoing process.

8 Business Case and Financial Appraisal

8.1 The HRA Capital Programme 2023/24 included an allocation for new build housing development and acquisitions across the Medium-Term Financial Plan (MTFP) as follows:

	2022/23	2023/24	2024/25
New build	£6,238,000	£7,601,000	£5,200,000
Acquisitions	£1,354,000	£3,900,000	£3,825,000

There is also an identified capital underspend in 2022/23, which has been carried forward into this financial year to support the programme. Those schemes in progress already approved by Cabinet are in accordance with the budget allocations within the MTFP.

8.2 The HRA Revenue Budget 2023/24 includes an allocation of £189k to undertake feasibility work on new potential housing development sites to support business case development up to planning, subject to Cabinet approval. At the point Cabinet approve a scheme and capital budget, the relevant feasibility costs are capitalised to that project releasing capacity within the feasibility budget. This budget is being utilised to further the Asset Review (Phase 1) schemes as previously considered by Cabinet in 2022/23, subject to further and ongoing consultation.

8.3 Cabinet is asked to approve a new project budget of up to £3.1m to progress the purchase and development of land at Peacehaven Golf & Fitness, subject to contract, valuation, and due diligence. The HRA Business Plan has sufficient capacity to hold this site and, with other projects now not progressing (i.e., the Former Newhaven Fire Station), this can be met from existing approved budgets within the Capital Programme as set out above.

8.4 Any investment requiring a capital outlay presents an element of risk. The risk here is however considered as acceptable based on the business case as set-out in Appendix 2 (Exempt). Any other risks can be mitigated and managed through careful construction management and continued technical due diligence.

8.5 The creation of a Revolving Loan Fund will help to support local community groups to bring forward new sustainable affordable housing options alongside the Council's own pipeline in-line with Corporate Plan objectives. There is capacity within the General Fund Capital Programme 2023/24 to support these proposals. The terms of any loan will require further financial due diligence,

specifically to ensure the Council is adhering to its prudential requirements and control measures around subsidy, which will be further developed alongside the market testing being led by AirS under the SLA. The Council will also be able to consider examples of good practice and benchmark to those organisations (e.g., Cornwall Council).

- 8.6 The disposal of any HRA assets shall have an impact on the Business Plan. However, in the context of the criteria, the properties will be sub-standard / high cost / rent losing, and the production of capital receipts supports the HRA Capital Programme, specifically the project finance of new / existing Council housing schemes to generate an overall net gain of available homes. The impact is therefore assessed as acceptable.
- 8.7 The recommendations within this report will continue to be subject to financial due diligence, monitoring, and review as part of the Council's usual budget management and monitoring processes.

9 Legal Implications

9.1 Purchase and development of land and assets at Peacehaven Golf & Fitness

The Council can rely on Section 9 of the Housing Act 1985 (HA 1985) to acquire land and undertake the development at Peacehaven Golf & Fitness, subject to planning. 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. RTB will apply to these properties.

In disposing of properties, Section 32 of the HA 1985 permits the Council to let on secure tenancies without the requirement for Secretary of State consent.

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

9.2 Revolving Loan Fund

Section 1 of the Localism Act 2011 (the general power of competence) allows the Council to make a loan. The loan will be documented and secured against the asset by way of a legal charge where the loan is to purchase or develop land.

The UK subsidy control regime commenced on 4th January 2023 and the Subsidy Control Act 2022 provides the framework for the guidance. If the loan is on commercial lending rates there will be no subsidy. If the loans are such that a subsidy is being granted, the Council will take further steps to ensure compliance with the subsidy control regime. For smaller value subsidy awards, the Minimum Financial Assistance (MFA) rules may apply. MFA allows financial assistance up to a maximum limited of £315,000 to a single enterprise within a rolling period of three financial years without the need to comply with the majority of the subsidy control requirements.

9.3 Disposal of HRA assets

Section 32 of the HA 1985 requires the Secretary of State's consent for the disposal of land held for the purposes of that Act (i.e., HRA land). The Secretary

of State has issued a general consent (A3.1.1 of the General Housing Consents 2013) for the disposal of such land for a consideration equal to its market value (subject to certain exceptions, which are not relevant here).

[Iken ref: 12144 KS 11 June 2023]

10 Risk Management Implications

10.1 The key risks and mitigations at this stage are set out in Table 2:

TABLE 2 – Risk Management Implications		
	Risk	Mitigations
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	Increasing construction costs due to inflation and instability of interest rates impacting on development viability	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.
3	Planning may be refused on some sites	Extensive pre-application discussions and due diligence will take place on all sites prior to a formal submission.
4	Abortive costs as a result of sites not taken forward	The feasibility budgets were 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 of each project. Schemes without sufficient viability and strategic benefit will be aborted to reduce the risk of unnecessary cost exposure.
5	Section 106 sites not being taken forward	There is a potential risk that the Developer does not take the scheme forward, thereby the Council will be unable to provide expected affordable housing provision to meet the rising demands of the Housing Waiting List.
6	Entering into a direct contract outside of the CPRs	The terms of contract will continue to be subject to legal / financial due diligence, also an ongoing assessment to ensure value for money. This type of arrangement is only ever considered by

		exception or where there is no other alternative (i.e., the Peacehaven Golf & Fitness site is not being offered on any other basis).
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11 Equality Analysis

- 11.1 The proposals outlined in this report have no direct impact relating to equality and fairness, but ultimately aim to improve affordability for residents and create new opportunities to meet a range of close needs including for those who may be disabled, of an older demographic, and / or young families.

12 Environmental Sustainability Implications

- 12.1 The proposals within this report adhere to the Council's Sustainability Policy and objectives to deliver quality, affordable, and sustainable homes to meet the demands of the Housing Waiting List and a range of locally identified needs.
- 12.2 All homes continue to be built in accordance with the Council's Employers Requirements (ERs), which includes clear criteria regarding sustainability, as well as the requirement to adhere to the 'Healthy Homes Principles' as per a previously approved Council Motion.

13 Contribution to Community Wealth Building

- 13.1 The procurement of works and services are undertaken using the Council's adopted Social Value Charter. The Charter considers and assesses important elements over and above financial cost. The Charter aims to ensure sustainability and value in the community. Appointments of main contractors will continue to utilise the Modular Housing Framework alongside local partnerships and supply chains as appropriate. The Charter encourages the use of local Small & Medium Enterprises (SME), which in turn increases local employment and training opportunities.
- 13.2 The Council continues to work closely with local education partners, including the East Sussex College Group (ESCG), to ensure opportunities for apprenticeships and work placements are integrated and embedded within the capital development projects delivered including those for new homes.
- 13.3 As above, the delivery of new Council homes will utilise the latest Employers Requirements (ERs), encompassing the current thinking on sustainable house building, 'Healthy Homes', and social housing decarbonisation.
- 13.4 The housing delivery programme also priorities the building on brownfield sites, which are typically ignored by the private sector due to the additional challenges and costs, which helps to promote local regeneration and place making improvements. This includes the re-use of public sector land, utilising partnerships including SPACES (One Public Estate), which can be demonstrated on schemes such as the purchase and development of the former Police Station in Newhaven. If the Local Authority did not use its position in the

community to intervene and make best use of these sites, then they would be unlikely to come forward, specifically to support local priorities.

14 Appendices

- Appendix 1 – Housing development pipeline
- Appendix 2 (Exempt) – Peacehaven Golf & Fitness business case

15 Background Papers

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

- LDC Cabinet – Housing Development Update – 9th June 2022
- LDC Cabinet – Housing Development Update – 10th November 2022

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Housing Development Programme and Pipeline

The 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*
- *Stage 7 – Use*

Project	Description	Corporate Policy Alignment	Stage
Acquisitions	The purchase of homes from the market to support housing numbers alongside new build development and meet a range of housing needs utilising both Council resources and external grant funding.	Providing more Council homes and reducing the reliance on temporary and emergency accommodation.	RIBA 1-3 (9 x in pipeline)
Asset Review (Phase 1)	Feasibility and early due diligence on 12 x newly identified Council-owned sites to deliver homes. Initial feasibility works have been undertaken ruling out two sites due to viability. The Lynchets has now been brought into this project scope to achieve greater economies of scale. Further details in Table 2 below.	Providing more Council homes (including custom build) that are affordable, sustainable, and meet a range of housing needs.	RIBA 1-3
Castelmer Fruit Farm, Kingston	Purchase of 4 x S106 affordable housing units (2 x 2-bed maisonettes and 2 x 1-bed flats) as part of a larger development, subject to planning approval and acceptance of the Council's offer made under delegated powers.	Providing more Council homes including in more rural parts of the district.	RIBA 1-3

Broyle Close, Ringmer	This development has planning permission for 3 x 3 bed houses and is currently being assessed for viability.	Providing more Council homes that are affordable and sustainable	RIBA Stage 4
Gralea House, Mill Road, Ringmer	The assembly and development of former redundant garage land to develop a 5-bed specially adapted affordable and sustainable bungalow to support a family within the social care system in consultation with East Sussex County Council (ESCC). The development includes mechanical ventilation and heat recovery, water harvesting, and the use of sun pipes to reduce the need for artificial lighting.	Providing more Council homes and that accessible to meet a range of needs, utilising brownfield land.	RIBA Stage 5
Stowe Place, (Former Police Station), Newhaven	The purchase of redundant public sector land to develop 19 x new Council homes (15 x 2-bed flats, 4 x 1-bed flats, and 2 x 3-bed family houses). The development includes 12 x units for a mix of wheelchair / accessible dwellings. The development is 100% electric with Air source heat pumps and Mechanical Ventilation with Heat Recovery (MVHR). It also includes a green living roof and solar PV panels.	Providing more Council homes that are affordable, sustainable, and meet a range of housing needs, utilising brownfield land.	RIBA Stage 5
Danforth Way (Anchor Field), Ringmer	Development of 11 x S106 affordable housing units (11 x 2-bed houses) as part of a larger development through Aspiration Homes Limited Liability Partnership (AHLLP). This development has PV panels to every property.	Providing more Council homes that are affordable and sustainable	RIBA Stage 7
Oakfield Lane (Oakfield House), Plumpton	Purchase of 8 x S106 affordable housing units (5 x 2-bed houses and 3 x 3-bed houses) as part of a larger development. These includes houses for rent and shared ownership.	Providing more Council homes that are affordable and sustainable	RIBA Stage 7

Palmerston House (20 Fort Road), Newhaven	The re-development of the former Council offices using modular construction to deliver 13 x new Council homes (6 x 2-bed flats and 7 x 1-bed flats). Scheme is all electric with PV panels connected to a battery storage unit for each unit.	Providing more Council homes that are affordable and sustainable, utilising brownfield land.	RIBA Stage 7
Saxonbury House, Lewes	Redevelopment of a redundant Council-owned asset to provide 12 x Council homes (6 x 1-bed and 6 x bed-flats) in the heart of Lewes town.	Providing more Council homes utilising brownfield land.	RIBA 7
24-27 Western Road (Gray's Infants School), Newhaven	Purchase of 5 x 3-bed S106 affordable houses as part of a larger development through AHLLP including rent and shared ownership.	Providing more Council homes that are affordable and sustainable	RIBA Stage 7
Woodland View / Meadow Way (Old Hamsey Lakes), Chailey	Purchase of 12 x S106 affordable housing units (5 x 3-bed houses and 7 x 2-bed houses) as part of a larger development including rent and shared ownership.	Providing more Council homes that are affordable and sustainable	RIBA 7

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

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