

Cabinet

19 July 2023



Working in partnership with **Eastbourne Homes**

Time and venue:

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

Membership:

**Councillor Stephen Holt (Chair); Councillors Margaret Bannister (Deputy-Chair)
Peter Diplock, Robin Maxted, Jim Murray and Colin Swansborough**

Quorum: 3

Published: Tuesday, 11 July 2023

Agenda

1 Minutes of the meeting held on 13 June 2023 (Pages 5 - 8)

2 Apologies for absence

3 Declaration of members' interests

4 Questions by members of the public

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

5 Urgent items of business

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

6 Right to address the meeting/order of business

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

7 Corporate performance - quarter 4 - 2022/23 (Pages 9 - 36)

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Stephen Holt

8 Provisional Revenue and Capital Outturn 2022/23 (Pages 37 - 56)

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Robin Maxted

9 Treasury Management Annual Report 2022/23 (Pages 57 - 76)

Report of Director of Finance and Performance
Lead Cabinet member: Councillor Robin Maxted

10 Stability and Growth Programme (Pages 77 - 84)

Report of Chief Executive
Lead Cabinet member: Councillor Stephen Holt

11 Proposal for future operation and interim management of the Sovereign Centre (Pages 85 - 90)

Report of Director of Tourism, Culture and Organisational Development
Lead Cabinet member: Councillor Margaret Bannister

Information for the public

Accessibility:

Please note that the venue for this meeting is wheelchair accessible and has an induction loop to help people who are hearing impaired. If you would like to use the hearing loop please advise Democratic Services (see below for contact details) either in advance of the meeting or when you arrive so that they can set you up with the relevant equipment to link into the system.

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Public participation:

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

Information for Councillors

Disclosure of interests:

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

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

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

Councillor right of address:

Councillors wishing to address the meeting who are not members of the committee must notify the Chairman and Democratic Services in advance (prior to the start of the meeting), with the exception of Planning Committee meetings where registering to speak must be made in accordance with the relevant public speaking rules set out in the Council's constitution.

Democratic Services

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Working in partnership with **Eastbourne Homes**

Cabinet

Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 13 June 2023 at 2.00 pm.

Present:

Councillor Stephen Holt (Chair).

Councillors Margaret Bannister (Deputy-Chair), Peter Diplock, Robin Maxted, Jim Murray and Colin Swansborough.

Officers in attendance:

Robert Cottrill (Chief Executive), Homira Javadi (Director of Finance and Performance (Section 151 Officer)), Ian Fitzpatrick (Deputy Chief Executive and Director of Regeneration and Planning), Tim Whelan (Director of Service Delivery), Becky Cooke (Director of Tourism, Culture and Organisational Development), Simon Russell (Head of Democratic Services and Monitoring Officer), Kate Slattery (Head of Legal Services) and Sarah Lawrence (Committee Team Manager).

Also in attendance:

Councillor Penny di Cara (Opposition Deputy Leader), Councillor Nigel Goodyear (Shadow Cabinet member), Councillor Kshama Shore OBE (Shadow Cabinet member and Chair of Scrutiny Committee) and Councillor David Small (Shadow Cabinet member).

1 Former Cllr Barry Taylor

The Cabinet paid tribute to former Borough Councillor Barry Taylor, following the news of his death.

Barry was first elected to Eastbourne Borough Council on 12 August 1993, serving for 30 years until his decision not to stand for re-election in May 2023. He was also the East Sussex County Councillor representing the Meads Ward.

The Cabinet held a minute's silence in memory and sent their condolences to Barry's wife Christine and other members of his family and friends at this sad time.

2 Minutes of the meeting held on 14 March 2023

The minutes of the meeting held on 14 March 2023 were submitted and approved and the Chair was authorised to sign them as a correct record.

3 Apologies for absence

None were reported.

4 Declaration of members' interests

None were declared.

5 LGA Peer Challenge

The Cabinet considered the report of the Chief Executive, detailing the report provided by the Local Government Association (LGA) and the council's response to the recommendations.

The LGA Corporate Peer Challenge took place in September 2022. Thanks were expressed to the LGA and all who engaged in the process.

An executive summary of the Corporate Peer Challenge was detailed at section 2.3 of the report. The Cabinet described the report by the LGA into the council's performance as an incredible achievement and expressed thanks to all those involved in achieving the positive report. Further monitoring of the recommendations from the LGA and other external bodies would be considered by the cross-party Recovery and Stabilisation Member Board.

Visiting members, Councillors Goodyear and Shore, addressed the Cabinet on this item.

Resolved (Non-key decision):

To note the Local Government Association report and the council's response to its recommendations.

Reason for decision:

The LGA report is intended to provide the council with suggestions and advice that may help support future improvement.

6 Local Council Tax Reduction scheme 2024/25

The Cabinet considered the report of the Director of Service Delivery, seeking their approval to commence the statutory consultation process that the Council would need to follow to make changes to the current Local Council Tax Reduction scheme.

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

Following comments raised, the Cabinet reiterated the importance of the equality, diversity, and inclusion aspect of the public consultation, particularly in relation to those hard-to-reach individuals, including the digitally excluded.

Resolved (Key decision):

That Cabinet, with the objective of implementing a revised Local Council Tax Reduction Scheme for 2024/25:

(1) Authorise the Chief Finance Officer to enter into consultation with the major precepting authorities

(2) Authorise the Director of Service Delivery to produce a draft scheme that calculates a Council Tax Reduction of 100% of a person's council tax liability, removes the Minimum-Income Floor for the self-employed and removes the £5.00 minimum award

(3) On completion of the consultation and drafting authorised under (1) and (2) above, authorise the Director of Service Delivery to consult with other interested parties.

Reason for decisions:

Any billing authority wishing to revise its Council Tax Reduction scheme for the working-age must follow the statutory process as set out in the report.

The meeting ended at 2.34 pm

Councillor Stephen Holt (Chair)

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Agenda Item 7

Body:	Cabinet
Date:	19 July 2023
Subject:	Corporate Performance Quarter 4 2022-23
Report of:	Homira Javadi, Director of Finance and Performance (Chief Finance Officer)
Cabinet member:	Councillor Stephen Holt, Leader of the Council and Chair of Cabinet (Community Strategy, Local Strategic Partnership, the Corporate Plan, Performance and Staff)
Ward(s):	All
Purpose of the report:	To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets for the fourth quarter of the year 2022-23.
Decision type:	Non Key
Officer recommendation(s):	To note progress and performance for Quarter 4 and agree arrangements for the production of a new corporate plan for 2024 - 28.
Reasons for recommendations:	To enable Cabinet members to consider specific aspects of the Council's progress and performance.
Contact:	Luke Dreeling: Performance Lead Tel: 07525 351757 or email: luke.dreeling@lewes-eastbourne.gov.uk

1.0 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.

2.0 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.

3.0 Solution Sprints

- 3.1 In order to help drive performance improvement across the council, EBC 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.
- 3.2 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.
- 3.3 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.
- 3.4 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.

4.0 Financial appraisal

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

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

5.0 Legal implications

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

6.0 Equality analysis

6.1 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.

7.0 Conclusion

7.1 This report provides an overview of performance against the authority's priority actions and indicators for 2023-24.

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

Background Papers:

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








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

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Appendix 1













Eastbourne Borough Council Corporate Performance Report Q4 2022-23
















- **Councillor Stephen Holt** - (Leader of the Council and Chair of Cabinet) - Cabinet member for responsibilities aligned with the Chief Executive
- **Councillor Margaret Bannister** - (Deputy Leader) - Cabinet member for Tourism, Leisure, Accessibility and Community Safety
- **Councillor Colin Swansborough** - Cabinet member for Enterprise, Community Spaces and Heritage Assets
- **Councillor Robin Maxted** - Cabinet member for Finance and Resources
- **Councillor Peter Diplock** - Cabinet member for Housing and Planning
- **Councillor Jim Murray** - Cabinet member for Carbon Neutral 2030




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

KPIs




KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23				Latest Note
				Value	Value	Value	Value	Target	Status	Short Trend	
1. Finance: Percentage of Council Tax collected during the year - Eastbourne	96.80%	96.39%		28.22 %	54.97 %	81.45 %	96.39 %	96.80 %			By the end of the year, the collection rate had improved by 0.68% from previous month and is 0.1% up on previous 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. Additionally, there was an increase in the numbers of reminders issued verses last year (748 for £221k this year / 373 for £110k last year).
2. Finance: Percentage of Business Rates collected during the year - Eastbourne	97.00%	96.09%		34.14 %	57.99 %	81.28 %	96.09 %	97.00 %			The collection rate improved by 0.31% during March and outturn for the year is 0.91% below target. A number of factors have impacted the collection rate during March. This is mainly due to increases in the net collectable debit totalling £307k relating to a number of larger empty properties that have had empty rates applied i.e. the Cineworld site at Sovereign Harbour and Yeoman's car showrooms.
3. Benefits: Average days to process new claims for housing/council tax benefit	22	27		28	25	26	29	22			<p>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.</p> <p>In March New Council Tax Bills are sent to all households and Benefit reassessment letters to all Hb and CTRS recipients and the Welfare Team supported the Phone Team when the bills and letters were sent providing phone cover during this period.</p> <p>Changes to the way of processing new claims has been introduced, to ensure that the information is requested promptly and that the applicant fully understands what is required.</p> <p>In addition the team also have Homes for Ukraine, Household Support Fund, Council Tax 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.</p>

KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23				Latest Note
				Value	Value	Value	Value	Target	Status	Short Trend	
4. Benefits: Average days to process change of circs (housing/council tax benefit)	8	12		8	12	9	16	6			Although for the full fourth quarter the target has not been achieved, in March 2023 the target was reached. This demonstrates that action plans implemented in previous quarters have begun to make a positive impact.
5. Customers: Increase the percentage of calls to the contact centre answered within 60 seconds	80%	35.6%		23.44 %	18.6%	52.34 %	53.55 %	80 %			<p>Customer Contact experienced another challenging and busy quarter, where although our KPIs were not met, there was an improvement.</p> <p>The average time for a call to be answered was 2 minutes and 26 seconds. 53.55% of all calls were answered within 60 Seconds – this was a 1.21% positive increase from Quarter three's 52.34%</p> <p>The quarter saw on average 1800 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.</p> <p>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.</p> <p>During the fourth quarter we were able to positively recruit to our remaining Customer Advisor vacancies, where we are expecting the remaining new starters to join us in May, seeing Customer Contact fully staffed for the first time in some years.</p>
6. Customers: Reduce the numbers of abandoned calls to the contact centre - Ebn	5%	23.4%%		27.49 %	34.63 %	12.78 %	15.52 %	5 %			Please see KPI 5.
7. Housing: Number of households living in emergency (nightly paid) accommodation	Data only	332		169	207	247	332	Data only			Our emergency accommodation numbers remain impacted by rough sleeping discretionary placements which are due to end in Q1. In addition, demand is higher, significantly impacted by the cost of living crisis and private landlord shift. We are looking at various move on pathways (allocations via the housing register), to aid and assist our customers in emergency accommodation to

KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23				Latest Note	
				Value	Value	Value	Value	Target	Status	Short Trend		
												reduce these numbers. We are also in the process of recruiting a PRS (Private Rented Sector) Officer.
8. Customers: Number of new sign-ups to the Councils' social media channels	650	2,381		631	611	577	562	162.5				Q4 performance remains above target and annual performance up from 2021/22 (2,372).
9. Customers: Number of people registering for our email service (GovDelivery)	1,800	5,527		1,532	1,315	876	1,804	600				Strong Q4 performance was largely a result of a surge in new email subscribers opting-in for email alerts when renewing garden waste collections.
10. Customers: Percentage of local searches that are returned within 10 working days of receipt	80%	99.92%		100%	99.68 %	100 %	100 %	80 %				Performance remained high and finished the year ahead of target.
11. Growth: Town centre vacant retail business space	11.8%	8.17%		10.17 %	9.24%	8.78%	8.17%	11.8 %				Town Centre vacancy levels continue to improve, maintaining the positive trend for new openings.
12. Housing: Average void relet time key to key (month)	20.0	50.6		48.4	53.3	48.7	52.1	20.0				<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 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23				Latest Note
				Value	Value	Value	Value	Target	Status	Short Trend	
13. Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	14 days	7 days		4 days	6 days	4 days	7 days	14 days			Performance remains far exceeding target, continuing a positive trend from 2021/22.
14. Housing: Number of Licensed HMOs Inspected per Quarter	50	31		4	16	5	6	12.5			We have had difficulties in recruiting staff who can carry out HMO inspections. We have however seen an improvement on previous quarter.
15. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit)	3%	3.3%		3.44%	3.5%	3.77%	3.3%	3%			Despite the challenges the cost-of-living crisis and recruitment and retention has presented throughout this year rent arrears has reduced from £557,318 (3.56%) in April to £512,731 (3.30%). The team still has two vacancies to fill. Interviews will shortly be taking place to recruit to one post and the second post is being advertised in April.
16. Planning: Increase the percentage of Major Planning Applications processed within 13 weeks	65%	82%		80%	80%	67%	100%	65%			Annual and quarterly performance remains above target.
17. Planning: Increase the percentage of minor planning applications processed within 8 weeks	75%	86%		85%	85%	89%	86%	75%			Annual and quarterly performance remains above target.

KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23				Latest Note
				Value	Value	Value	Value	Target	Status	Short Trend	
18. Planning: Increase the percentage of other planning applications processed within 8 weeks	75%	89%		85%	84%	91%	98%	75%			Annual and quarterly performance remains above target.
19. Recycling & Waste: % Container Deliveries on Time (SLA)	99%	80.84%		79.29 %	81.2%	53.14 %	95.48 %	99%			January data (88.8%) pushes our Q4 performance to slightly under target (96%), with February on target and March exceeding the target. This is also an improvement on Q1 and Q2. Our Q3 data was partly skewed by the Whitespace integration process. Total bins delivered = 863
20. Recycling & Waste: Missed Assisted Collections	1%	0.35%		0.42%	0.32%	0.3%	0.35%	1%			Q4 (0.35%) is within target and remains consistent with the previous quarter (0.3%).
21. Recycling & Waste: Number of missed bins (per 100,000)	100	55		33	71	41	75	100			Performance for returning for missed bins this quarter remains good (95%) and sees an improvement compared the previous quarter (92%).
22. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	45.00%	38.68%		40.13 %	37.48 %	38.34 %	39%	45.00%			Actual data from ESCC Quarter 4 (39%) sees a further improvement against quarter 3 (38.34%) with January also reaching 40.1%
23. Recycling & Waste: Total number of reported fly-tipping incidents	480	647		194	128	159	166	120			Fly-tip incidents for Q4 Hotspot ward- Devonshire Main waste type- Household items Usual land type- 'Highways' Average size- Equivalent to a car boot or less in volume

KPI Description	Annual Target 2022/23	Annual Performance 2022/23	Annual Status	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23				Latest Note
				Value	Value	Value	Value	Target	Status	Short Trend	
24. Staff: 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	2.0 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>

Devolved ward budget scheme 2022/2023 – Summary by ward to end of Quarter 4 (1 April – 31 March 2023)

Ward	Project	Description	Project Spend to Date
Devonshire	Devonshire Collective partnership project	To support 'Together', a community partnership between Devonshire Collective and Take the Space to kit out a space in the former TJ Hughes building for free cultural activities for Eastbourne residents, focusing on the most disadvantaged communities in the town.	£500.00
	Renee White Community Garden	A lawnmower and new planting to help volunteers maintain this community garden.	£500.00
	Water station in Prince's Park	Plastic Free Eastbourne to supply a water refill station in Prince's Park.	£1,000.00
	All Souls Church	To help All Souls Church buy new equipment to support its various outreach works.	£1,000.00
Total spend to end of Quarter 4			£3,000.00
Hampden Park	Tree protection	Tree protection measures, including cages to trees to help stop damage (as damage has been stopped this way in other areas)	£1,470.00
	You Raise Me Up	To support local bereavement and mental health charity, 'You Raise Me Up'.	£500.00
	Defiant Sports	To support continued provision of inclusive, monthly tenpin bowling community events	£400.00
	St Peters Hydneye community events	To help St Peters Hydneye run a number of open, accessible, community events.	£400.00
Total spend to end of Quarter 4			£2,770.00
Langney	Treebourne	To support Treebourne's wild meadow initiative in Sevenoaks Park.	£500.00
	Volunteer Networks at Community Centre	To support cost of living initiatives run by the Volunteers Network at Langney Community Centre.	£1,000.00
	Shinewater Community Hub Garden	To help create a community garden at the Shinewater Community Hub, Langney.	£750.00
	YMCA wellbeing activities	To support YMCA's programme of wellbeing activities for young people in the area.	£750.00

Devolved ward budget scheme 2022/2023 – Summary by ward to end of Quarter 4 (1 April – 31 March 2023)

Ward	Project	Description	Project Spend to Date
Total spend to end of Quarter 4			£3,000.00
Meads	St Johns Church Jubilee BBQ	To help St John's Church put on a Jubilee BBQ for residents.	£1,011.24
	360 Camera Vision for Eastbourne	To help buy a 360 camera which is used by a number of different Eastbourne community projects.	£456.00
	Meads Magic	To support the annual Meads Magic community event.	£500.00
	MCA lease of Parish Hall	To support Meads Community Association's investigation to take a long term lease of the parish hall.	£1,000.00
Total spend to end of Quarter 4			£2,967.24
Old Town	Bridge repair in Motcombe Gardens	For repairs to bridge in Motcombe Gardens.	£400.00
	bulb and flower planting	Bulb and flower planting at various sites around the ward, with support from Victoria Baptist Church.	£100.00
	Summer Holiday breakfast club	To support a summer holidays breakfast club scheme run by the Victoria Baptist Church.	£200.00
	Ocklynge School SEND garden	To create a SEND garden for the school.	£400.00
	Tennis Courts security	To provide match funding for security measures to protect well used tennis courts facility	£1,000.00
	Tree planting - Vicarage Drive	Tree planting in Vicarage Drive	£250.00
	St Michael's Christmas	To support family Christmas event hosted at St Michael's and All Angels Church.	£200.00
	Motcombe School gardening club	To support Motcombe school's gardening club	£150.00
	Water refill station plaque	A plaque by the water refill station in Old Town Rec to explain why it is there and its purpose.	£30.00
	Treebourne	To help Treebourne sow a wildflower meadow with Pashley School in their woodland.	£80.00
	Water refill station painting	To brightly paint the new water refill station to help advertise its presence.	£60.00
Total spend to end of Quarter 4			£2,870.00

Devolved ward budget scheme 2022/2023 – Summary by ward to end of Quarter 4 (1 April – 31 March 2023)

Ward	Project	Description	Project Spend to Date
Ratton	Bulb planting in Kings Drive	Bulb planting in Kings Drive area	£1,000.00
	Tree planting in Ratton Ward	To plant 8 new trees in Ratton Ward.	£2,000.00
Total spend to end of Quarter 4			£3,000.00
St Anthony's	Park bench	A new park bench, supplied and installed by Neighbourhood First team.	£1,726.00
	Water refill station from Plastic Free Eastbourne	Plastic Free Eastbourne to provide a new water refill station.	£1,000.00
	Sevenoaks Rec Wildflower Meadow	To help Treebourne provide a wildflower meadow at Sevenoaks Rec	£274.00
Total spend to end of Quarter 4			£3,000.00
Sovereign	Christmas boxes	Christmas boxes for Kingsmere children	£300.00
	Armed forces flags	To provide new flags for armed forces day event.	£460.80
	easter eggs for kingsmere children	Easter eggs for children in Kingsmere.	£350.00
	harbour walkway seating	To provide more seating in harbour walkway.	£1,389.00
	Memory Lane dementia charity	To support local dementia charity, Memory Lane.	£500.00
Total spend to end of Quarter 4			£2,999.80
Upperton	Hanging baskets	To help Eastbourne Allotments provide hanging baskets for Crown Street	£239.77
	cordless drill for Grow Eastbourne	A cordless drill for use by the volunteer group 'Grow Eastbourne'.	£70.00
	Planting for Eastbourne Station	Planting for Eastbourne Station	£250.00
	St Mary's church lighting	To fund electricity to keep outside lighting on at St Mary's church through winter.	£195.00
	Polytunnel for Blackberry Buzzard CIC	To provide a polytunnel at a children's allotment run by Blackberry Buzzard CIC.	£200.00
	The Hermitage Manor Gardens	To help fund interior decoration of The Hermitage in Manor Gardens by The Friends of Manor and Gildredge Gardens organisation.	£700.00
	Holding Space mental health chairty	To support local mental health charity, Holding Space.	£300.00

Devolved ward budget scheme 2022/2023 – Summary by ward to end of Quarter 4 (1 April – 31 March 2023)

Ward	Project	Description	Project Spend to Date
	Trees for Kings Drive	To plant two replacement trees in King's Drive	£500.00
	Fencing for children's allotment	To provide fencing for children's allotment run by Blackberry Buzzard.	£545.23
Total spend to end of Quarter 4			£3,000.00

Number of schemes to end of Quarter 4	46
All wards total spend to end of Quarter 4	£26,607.04

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Appendix 2

Eastbourne Borough Council Preposed Performance Measures – 2023/24

KPI Description	Target 2021/22	21/22 outturn	22/23 Proposed target	Target setting rationale
1. Finance: Percentage of Council Tax collected during the year	96.80% (annual with quarterly targets as well)	96.39%	96.80%	Based on analysis of historical and recent collection performance
2. Finance: Percentage of Business Rates collected during the year	97.00% (annual with quarterly targets as well)	96.09%	97%	Based on analysis of historical and recent collection performance
3. Benefits: Average days to process new claims for housing/council tax benefit	22 (quarterly and annual)	27	22	Set at DWP targets/national average
4. Benefits: Average days to process change of circs (housing/council tax benefit)	8 (quarterly and annual)	12	6	Set at DWP targets/national average
5. Customers: Average time taken to answer calls	Data Only	N/A	Data Only	Additional KPI
6. Customers: Telephone calls graded as high quality under the call monitoring scheme	90% (quarterly and annual)	N/A	90%	New KPI
7. Customers: Customer complaints logged at stage 1 resolved within 10 working days	100% (quarterly and annual)	N/A	100%	New KPI
8. Customers: Customer complaints logged at stage 2 resolved within 20 working days	100% (quarterly and annual)	N/A	100%	New KPI
9. Customers: The number of corporate complaints upheld 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
10. 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
11. Housing: Number of households living in emergency (nightly paid) accommodation	Data only	332	Data Only	N/A

12. Customers: Number of people registering for our email service (GovDelivery)	1,800 (annual broken and then down into quarterly)	5,527	2,000	Target reflects the increased uptake of subscriptions in general while allowing for some levelling out as the service reaches its maximum potential subscriber coverage.
13. Customers: Percentage of local searches that are returned within 10 working days of receipt	80% (quarterly)	99.92%	80%	Target based on being able to clear a significant majority within 10 working days but with some work done by 3 rd parties beyond council control

KPI Description	Target 2021/22	21/22 outturn	22/23 Proposed target	Target setting rationale
14. Growth: Town centre vacant retail business space	11.8% (quarterly and annual target)	8.17%	11.02%	Analysis of 22-23 out-turn
15. Housing: Average void relet time key to key (month & YTD) (E)	Profiled quarterly to 20	50.6	20	Target Maintained
16. Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	14 days (quarterly)	7 days	14 days	Analysis of 22-23 out-turn
17. Housing: Number of Licensed HMO's Inspected per Quarter	50 (annual) 12.5 (quarterly)	31	12 Quarterly	Target maintained
18. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit)	3% (quarterly)	3.3%	3.0%	Target Maintained
19. Planning: Increase the percentage of Major Planning Applications processed within 13 weeks	65% (quarterly and annual targets)	82%	60%	Government target
20. Planning: Increase the percentage of minor planning applications processed within 8 weeks	75% (quarterly and annual targets)	86%	70%	Government target
21. Planning: Increase the percentage of other planning applications processed within 8 weeks	75% (quarterly and annual targets)	89%	70%	Government target
22. Recycling & Waste: % Container Deliveries on Time	99% (quarterly and annual targets)	80.84%	99%	Set by SLA with SEESL

KPI Description	Target 2021/22	21/22 outturn	22/23 Proposed target	Target setting rationale
23. Recycling & Waste: Missed Assisted Collections	1% (quarterly and annual targets)	0.35%	1%	Set by SLA with SEESL
24. Recycling & Waste: Number of missed bins (per 100,000)	100 (quarterly and annual targets)	55	100	Set by SLA with SEESL
25. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	45.00% (quarterly and annual targets)	38.68%	45.00%	Local targets have been set with the aim of being realistic and continuing to drive up local performance, whilst also being mindful of Indicative national targets: 2025 – 55% 2030 – 60% 2035 – 65%
26. Recycling & Waste: Total number of reported fly-tipping incidents	480 (Annual Target)	647	480	Fly tipping has increased, despite best efforts at investigation and enforcement. Additional monitoring in 'hot spots' through alternative waste collection implementation will help manage this antisocial behaviour and reduce the number of incidents hence the lower target figure.
27. Staff: Average days lost per FTE employee due to sickness (J)	8.0 days (annual and then broken down into quarterly)	6.45 days	8.0 days	Set by Elected Members on an annual basis

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EBC 2022/23 Corporate Plan Progress Update

Recovery and Stabilisation

Commercialisation and increasing Revenue

- Our capital programme is now **exclusively focussed on housing, and/or health and safety priorities**.
- A **review of our property portfolio** has been completed. Said portfolio is now subject to regular update in association with the Strategic Property Board.
- Eastbourne Borough Council's medium term financial strategy and capital programme were both **reviewed favourably as part of CIPFA assurance review** recent revisit.

Delivering high quality customer services

- 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. 24% of queries were also out of hours.
- 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.
- We continue to make effective use of the **apprenticeship levy** with a mix of existing employees. Using this as an opportunity for further development and new employees where we have recruited to an apprenticeship role.
- At times we have been **spending 90% of our monthly levy funds** and have considered other options permissible under the scheme such as transferring up to 10% of our levy pot to another organisation to fund apprenticeships elsewhere.

Delivering Value for money services and responsibly managing risk

- We now have a bot-enabled **Department of Works and Pensions verification of earnings process** was implemented in 2022/23. This automation has resulted in the council being ranked in the top quartile for performance for local authorities.

- Despite the cost of living crisis and recruitment and retention challenges the service has faced, **Council Tax collection** for Eastbourne Borough Council ended the year **0.10% higher than the previous year**.

Generating social value

- We have increased our number of **mental health first aiders** within the organisation including amongst Elected Members and at CMT level. We continue to promote our Employee Assistance Programme which is available for staff to self refer to. Wellbeing days will be held during the coming months which will be open to all staff.
- We have had a **review of our recruitment policy**, reviewed in collaboration with our recognised Trade Union, Unison. All managers involved in recruitment and selection are required to undertake training which will include diversity considerations.

Providing Robust Governance

- CMT continues to meet weekly to oversee progress and performance of the **Recovery & Stabilisation (R&S) portfolio**, with monthly updates provided to the cross-party R&S Member Board and quarterly R&S Member Board meetings taking place. Regular updates through the council's governance arrangements on the progress of R&S were provided throughout 2022/23

Growth and Prosperity

Outstanding in tourism and leisure

- **Bandstand reopened on 23rd April** with a free Silver Band event and then on the 28th April with the first ticketed event and both were sold out. The capacity is less but percentage of sold tickets vs available tickets is higher.
- The View, East Sussex College and Council Regeneration team explored four pilot schemes over the last 12 months, around: Hospitality pre-employment programmes, Work experience placements, , Recruitment initiatives, Apprenticeship recruitment.

Attractive and thriving

- Heritage Eastbourne are working on '**The Big Dig**', which will feature three test pits dug in locations in Eastbourne and encourages the community to dig up their own gardens and present any finds to the team for interpretation.

Currently over 30 private gardens signed up and it's all due to take place 9-11 June 2023.

- Continuing to improve the public realm in the town centre and provide a continuous **pedestrian link between the railway station and the seafront**
- Work on Phase 2a from **bankers corner to Blacks will commence in the summer 2023.**
- **Pedestrianisation of Victoria Place** forms part of EBC's successful levelling up fund bid.

Supporting and attracting business

- EBC are now working with **YourBID business improvement district partnership**. Which has led to further engagement with an expert from the high streets task force planned for May/June

Exciting cultural events

- Delivery of **Levelling Up projects** including:
 - Cultural and education centre at Black Robin Farm
 - Improvements to Victoria Place
 - **Significant public art engagement and learning project in conjunction with the Towner**
- Approximately **60 events held on council land**, the portfolio encompassed a wide variety of interests and catered to a broad audience.
- The **council-run major events** reflected the diverse range of attractions available to residents and visitors. Including a wide range of musical, sporting motor, food and entertainment events.
- The Events Department facilitated the hosting of **numerous third-party events on council land**. (eg Eastbourne Pride, Eastbourne Half Marathon, Eastbourne Carnival, Food Festival, Seafront Markets, Funfairs, Triathlons, 5 LTA registered Tennis tournaments, Bonfire Procession, and Christmas events)
- In 2022, steps were taken to monitor, **measure and reduce the environmental impact of events**, both those organised in house and by third parties.
- Successfully **hosting the Rothesay International Tennis Tournament** at full capacity following the COVID-19 restrictions imposed the previous year was a significant achievement. Out of the major tennis events organised by the LTA, Eastbourne emerged as the frontrunner, receiving the highest satisfaction score (customer survey), which is a testament to the exceptional efforts put forth by the Events Department.

Housing and Development

Addressing homelessness

- **Answered and responded to roughly 5,700 calls** across the year, from residents who had concerns about becoming homeless, were already homeless when they contacted the team. This unprecedented number reflects increases in demand local, in line with national trends.
- In response to these demands, **a new triage team has been established** which is the single point of entry for all housing needs enquiries. The team has bedded in quickly, and provides high quality advice and consistent responses, to help guide local residents and reduce the number of call handed on for assessment.
- We have developed **a multi-agency homeless prevention hub** to be launched in 2023/24
- Carried out around **900 homelessness assessments**
 - Targeting discretionary housing payment at those at risk of eviction, who can demonstrate an ability to maintain their rent payments going forward – **allocating £242k across the course of 2022/23** to provide sustainable support with rent to **219 households** across the town.
 - **Funding housing advice and support services** through BHT, focussed on reducing the risk of homelessness amongst all residents, including private rented, council tenant and homeowners households.
 - Funding a **homelessness advice and education programme** delivered by YMCA.
- **Fully deployed the County-wide team of wellbeing and employment coordinators**, jointly funded by the Public Health team, who set out to bridge the gap between health and housing, supporting clients in temporary accommodation to improve and sustain their tenancies in the longer term.
- **Rough sleeper initiative** - in conjunction with all ESCC Local Housing Authorities **Awarded funding for the final 3 years**, up to 2024/25 for the rough sleeping initiative.
 - Street Link app** allowing the public to report rough sleepers, which will trigger our outreach team to assist and investigate.
 - RSAP Accommodation programme in Eastbourne has lead to **3 additional properties have been secured** in 2022/23
- EBC have rolled out the **Value for Money Strategy** and a series of Value for Money reviews across a range of services.
- **New Asset Management Strategy (AMS)** from stock condition survey and refreshed Property Services Business Plan.
- **Delivery Programme launched** to incorporate Investment projects/pilots underway in Carbon reduction, Neighbourhood regeneration and Older Persons Accommodation
- Followed an **ethical rent arrears policy**, whilst maintaining excellent performance, utilising customer intelligence and insight

Promoting homes that sustain health & well-being

- **Accessing East Sussex Floating Support Service (ESFSS)**, a short-term housing advice and support ("floating support") across East Sussex provided by BHT Sussex for vulnerable people, who require help to live independently. The service assists over 400 clients each year and delivers tailored services to both the over 60's.

Good access to housing that meet modern standards

- Identifying opportunities to **develop brownfield land sites**, within the wider context of limited land supply in the borough.
- Initiating research work to gauge the views of residents living in **Houses in Multiple Occupation** and assess conditions and standards. The outcomes will be used to consider licencing options.
- The **Working in partnership with local landlords** - incentivising the availability of homes to 'at risk' households, who would otherwise have been placed in temporary accommodation. This work is now delivered through a new dedicated role.
- Setting out supplementary planning guidance (policy D5) – this **requires developers to provide affordable housing** as part of their scheme in line with set criteria, or pay commuted sums in lieu of provision. The tenure make-up must be agreed with the council, the starting point for which is 70% rented vs 30% shared ownership, whilst the agreed size mix should be based on the latest assessment of local housing need.
- Utilised customer insight and community consultation **to develop a neighbourhood improvement plan**, incorporating a range of actions aimed at social and physical regeneration and incorporating the development of social inclusion projects and partnerships that support residents and communities e.g. employment & skills, financial inclusion, health and homelessness projects.

Safe, well managed decent homes

- At the end year our tenants monitor survey reported that over three quarters **77% of Eastbourne Homes' residents were satisfied** with the overall service they received, whilst 81% felt that their enquiries were treated fairly and with respect and 82% were satisfied with the quality of their home.
- Delivering an **improved repairs service** and completing the transfer of the call handling centre in-house from Mears. This will enable Homes First to take the lead and make sure your repair is completed by the right local tradesperson, on time, and in one visit wherever possible.
- Listening to residents – **delivering a comprehensive involvement and engagement strategy** through supporting a residents led scrutiny team to complete reviews of service, delivering a residents stakeholder conference attended by over 80 residents, and promoting resident voice events and area panels.

- Tracked progress and **implemented requirements of the Charter for Social Housing residents** (White Paper) and Building Safety Bill.
- Completed a **full stock condition survey** and implemented a range of safety works to proactively address requirements of the Building Safety Bill and the Hackett Review (Building a Safer Future).
- Developed a range of **performance and satisfaction indicators** in line with regulatory requirements on tenant satisfaction.
- **Further resourced the Customer Experience Team**, whose core remit draws together many of the key aspects of The Charter for Social Housing Residents, including performance management and reporting, complaints and tenant involvement.

Locations regenerated and more housing

- Total of **165 homes developed** across the town between April 2022 & March 2023, whilst **438 homes are under construction** and a **further 665 have planning permission** across the town.
- **Six affordable homes** were completed during the past year, with a further **102 have planning permission**. We are increasing supply and 31 of these were on site at the beginning of April and the majority are expected to be ready for new tenants to move into during this financial year.
- Continuing support to public sector partners, including **East Sussex College Group**, to deliver Estate Strategies that maximise the proportion of affordable housing.
- Working to facilitate delivery of some of the larger third party stalled sites in the Borough which have planning consent but are not being brought forward for delivery.
- Rolling out different delivery and funding models for the Council's own programme of new housing to incorporate **specialist supported housing (SSH)** to meet specific housing needs of older persons accommodation and those requiring accessible accommodation.

Thriving Communities

- Contributing to a range of multi-agency activities focussed on creating **safe spaces for women and girls**, reducing the risks present in and around the night-time economy. This work includes; close collaboration with local police to support operations promoting engagement with licenced premises; raising awareness of drink spiking; reducing the harms associated with alcohol use; and funding the Eastbourne Street Pastors.
- Approving a recent bid from the Eastbourne Business Crime Partnership (EBCG) to deliver a new **Night-time Marshall service in the town centre**. Their role will be to prevent vulnerable persons becoming victims of crime, help licenced premises control incidents, and support the management of taxi ranks.
- Funding the **replacement of four CCTV cameras in Seaside Road, Terminus Road and along the seafront**, to rectify recurrent fault and improve imaging. CCTV across the town viewed 7,000 emergency and priority incidents across the year.

- **Sponsoring Eastbourne Youth Radio's broadcast**, an established initiative that engages young people deliver a week-long programme of 'on air' programmes that discuss a range of topics including mental health and wellbeing, knife crime and bullying.
- Supporting the Council's Neighbourhood and Environment First teams work to keep public spaces across the Borough clean, tidy, and free from rubbish. In the year to date (April to November) the teams **dealt with over 950 reports of fly-tipping, graffiti, rubbish, and abandoned vehicles**.
- Directly funding projects delivering; **security adaptations** that allow victims able to stay in their existing home feel safer; community arts sessions focussed on improving the confidence of hate crime, domestic and sexual abuse victims; and a sports rehabilitation programme targeted at NHS referrals diagnosed with mental health conditions, likely to increase their risk of experiencing abuse.
- Participating in the **Violence Reduction Unit**, a Sussex Police and County led task force, co-ordinating a strategic approach to tackling serious violence across East Sussex. Work in Eastbourne continues to address issues in identified 'harm hotspots' across Devonshire Ward.
- Preparing for the implementation of a **new (statutory) Serious Violence Duty**. This requires community safety partnerships to draw together local strategic needs assessments that identify patterns of serious violence and explore its causes
- Directly funding organisations to deliver **programmes engaging and supporting young people**, including those provided by the YMCA and the local fire cadet service, who both run programmes designed to boost confidence, improve self-esteem, and develop new skills.
- Pushing through plans to implement a new **Public Place Protection Order (PSPO)** focussed on addressing the incidence of anti-social driving in specified areas of the town.
- **Continued to fund key voluntary sector services** such as Citizens Advice and BHT with additional support for the VCSE and youth activities (including the Youth Partnership, Disability Involvement Group and Cultural Involvement Group).
- Through the **Cost-of-Living response support** was made available to food initiatives, vulnerable children and specialist money advice.
- Delivered training to teams on **safeguarding and equality & fairness**.

Quality Environment

- Operational performance indicators remain largely within target, with good service in key areas. **SEESL quality trademark is maintained** through diligent governance, control and auditing of its services.
- **Environment First and Neighbourhood First have collaborated** to address fly-tipping and other waste crime proactively, both removal and enforcement activity
- EBC have been awarded a major grant by **the Urban Tree Challenge Fund**, **1,000 street trees were planted** in the town through 2021/22 and 2022/23 thanks to the phenomenal efforts of Treebourne volunteers and council officers.

- **Transform the street scene** in some areas where previously there had been low canopy cover. The focus now and for the next 3 years is on maintaining the young trees and seeing them safely through to maturity. A tag with a QR code, attached to the tree cage, links to an app so that volunteer residents can 'adopt' a tree and record when it has been watered.
- **18 7kw electric vehicle charge points** are being installed in 3 EBC owned car-parks. (Devonshire, Hyde Gardens and Redoubt). The project will be completed by the end of June.
- EBC are supporting Co-wheels with the **launch of a new Eastbourne car club** which will include an electric vehicle in Hyde Gardens.
- Following our Biodiversity and pesticide strategies and action plans to enhance the biodiversity of public and open spaces, we have **created more wildflower areas** across the borough, as well as **developing a small wildflower meadow**. We have also created more nature areas within our cemeteries, to enhance plant life and pollinator species.
- We have installed a **new play area at Shinewater Park** and will be upgrading a further two play areas this year. Two new bridges are planned this summer for Princes Park.

Agenda Item 8

Report to:	Cabinet
Date:	19 July 2023
Title:	Provisional Revenue and Capital Outturn 2022/23
Report of:	Homira Javadi, Director of Finance and Performance (Chief Finance Officer)
Cabinet Member:	Councillor Robin Maxted, Cabinet Member for Finance and Resources
Ward(s):	All
Purpose of report:	To update Members on the provisional outturn for 2022/23
Decision type:	Key
Officer recommendation(s):	(1) Note and approve the revenue and capital provisional outturn for 2022/23 subject to final accounting adjustments; (2) Note and approve the housing revenue account provisional outturn for 2022/23 subject to final accounting adjustments; and (3) To give delegated authority to Cabinet member for finance and resources in consultation with chief finance officer to make final accounting adjustments.
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: Director of Finance and Performance (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 Eastbourne Borough Council is an overall adverse variation of £14k (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 downturn. 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 Provisional Out-turn 2022-23	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Corporate Services	4,693,467	5,115,121	421,654
Service Delivery	8,732,350	10,361,321	1,628,971
Regeneration and Planning	(98,355)	821,362	919,717
Tourism and Culture	2,732,502	2,414,733	(317,770)
Net Cost of Services	16,059,964	18,712,536	2,652,572
Other Operating Income & Expenditure	237,450	249,393	11,943
Capital Financing	2,203,400	601,291	(1,602,109)
Net Budget	18,500,814	19,563,220	1,062,406
Transfer from Reserves	(1,602,622)	(1,803,466)	(200,844)
Revenue Grant Fund	0	(909,000)	(909,000)
Cultural Development Fund	0	(455,000)	(455,000)
Government Grants	(1,465,150)	(1,406,569)	58,581
Business Rates	(5,419,100)	(5,764,808)	(345,708)
Council Tax	(9,221,300)	(9,210,004)	11,296
Better Care Fund	(792,642)	0	792,642
Total Financing	(18,500,814)	(19,548,847)	(1,048,033)
Over/ (under) budget	(0)	14,372	14,372

Eastbourne Borough Council Provisional Outturn 2022-23 £14k (subject to final accounts adjustments)

The key highlights are as follows:

- Net overall position is an adverse variation of £14k which is proposed to be funded from general fund balances;
- Net cost of services reflects net additional cost pressures of £2,652k mainly due to increased housing needs £1,618k, inflationary energy costs of £639k, other supplies and staffing costs £395k.
- These are offset mainly by planned and additional use of set aside earmarked reserves, grants and funds (£1,565k), contingency (£250k), higher than expected interest income (£350k), savings on interest payments (£642k) and savings on (MRP) Minimum Revenue Provision (£611k); and
- Delivery of savings built into the budget.

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 Team	77,939	104,040	26,101
Business Planning and Performance	510,345	569,252	58,907
Financial Services	893,747	898,054	4,307
Corporate Finance	650,669	670,862	20,193
Human Resources	379,690	477,683	97,992
Business Transformation	1,328,254	1,452,919	124,665
Legal and Local Democracy	938,572	966,556	27,983
Local Land Charges	(85,750)	(24,244)	61,506
Corporate Services	4,693,467	5,115,121	421,654

Corporate Management net adverse variation of £26k

This is mainly due to additional inflationary costs.

Business Planning and Performance net adverse variation of £59k

Additional cost of service relating to procurement activities – off set by procurement savings elsewhere within the services.

Financial Services & Corporate Finance net adverse variation of £24k

Partly due to higher cost of interim staffing offset by use of vacancy savings . Other higher than planned Corporate Finance costs relating to bank and brokerage of £50k, insurance premium costs of £68k and additional provision for debts £59k were also contributing factors. These are offset by reduced requirements on unfunded pensions contributions (£32k) and use of corporate contingency .

Human Resources net adverse variation of £98k

This is due to increased costs relating to the new occupational health contract £32k and provision of corporate training of £79k. These are partly offset by staffing savings of (£13k).

Business Transformation net adverse variation of £125k

Additional charge of £100k to revenue due to business transformation expenditure not qualifying for capitalisation and additional cost of I.T. licences of £92k offset by savings in staffing costs (£67k).

Legal and Local Democracy net adverse variation of £28k

This variation is mainly due to additional staffing costs.

Local Land Charges net adverse variation of £62k

This adverse variation is mainly due to land charges staffing costs and licensing fees.

2.4 **Service Delivery**

Service Delivery	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Director of Service Delivery	295,214	308,080	12,866
Customer First Retention Team	1,032,309	1,963,193	930,884
Neighbourhood First	2,078,103	2,219,229	141,126
Environment First	4,426,483	4,282,864	(143,619)
Homes First	900,241	1,587,954	687,714
Internal Transfers			
Service Delivery	8,732,350	10,361,321	1,628,971

The key areas of overspends are driven increased demand for services relating to 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.

Customer First Retention Team and Homes First net adverse variation of £1,618k

- Rising volumes in the number of statutory & rough sleeper placements, impact on housing benefit payments and ineligible housing costs £842k
- Agency costs to backfill customer first team and housing needs team vacancies and welfare reform funded in part by grant reserves £574k and taxi licencing staff costs to be met from taxi trading account £25k.
- Reduced Income: bereavement £105k, backlog in HMO Licence renewals £30k and council tax arrears summons £16k.
- Cost of financing housing loan debt £67k, compensation & legal costs for complaints £30k and wellbeing service met by grant reserves £75k.
- A timing difference on better care fund which is expected to be received in 2023/24 £404k, one contribution to Eastbourne Homes Investment Company (EHIC) to finance housing need pressures £150k, offset by grant funding of (£700k).

Neighbourhood First net adverse variation of £141k

- Town Hall and College Road additional staffing for office cleaning contract budgets £185k although efficiencies had been achieved in the regeneration and planning budget and further efficiencies will be delivered through the Neighbourhood First operations team, the need for increased security in the Town Hall due to increased customer contact and the need to protect staff and visitors, increased repairs and facilities maintenance £144k and shortfall in Town Hall room hire income £80k.
- Managing Ash die back & Cliff Watch safety patrol service at Beachy Head £111k offset by underspends on seasonal Parks & Gardens works (£91k) and underspend on replacement of Dog Litter Bins (£44k).
- Additional income received: Car Parking and Fixed Penalty Notice income (£138k), Lawn Tennis Association contributions towards Devonshire Park Grounds Maintenance (£60k) and Asylum Dispersal grant contribution towards Community activities (£46k).

Environment First net positive variation of (£144k)

- Tipping away income contributions from ESCC including prior year (£90k), underspends on SEESL management fee (£79k) offset by legal fees and shortfall in bulky waste income £25k.

2.5 Regeneration and Planning

Regeneration and Planning	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Director of Regeneration & Planning	42,229	49,291	7,061
LDC EHL Rechargeable Salaries	0	0	0
Head of Commercial Business and Property	43,441	51,955	8,514
Planning	613,031	848,888	235,856
Estates and Property	(1,097,282)	(458,252)	639,030
Housing Delivery	78,375	110,004	31,630
Regeneration	221,850	219,477	(2,373)
Regeneration and Planning	(98,355)	821,363	919,717

Regeneration and Planning has significant pressures within its service delivery, mainly due to the economic climate and high inflation levels, particularly on energy costs.

Planning net adverse variation of £236k

This relates mainly to additional consultancy costs for Local Plan 2 £132k, planning appeal costs £40k and staffing costs £64k.

Please note this is after the planned use of reserves of £204k.

Estates and Property net adverse variation of £639k

This is mainly due to Corporate landlord increased energy costs £639k, reduced rental income £248k and one-off rent refund to B&Q £387k. These are offset by reduced repairs and maintenance costs of (£68k), increased recharges to sovereign centre for relevant energy costs (£371k) and a contribution from reserves towards energy costs (£250k).

Farms and Lands letting £54k pressure includes reduced lettings income and increased maintenance costs.

Housing Delivery adverse variation of £32k due to costs not eligible for capitalisation.

2.6 **Tourism and Culture**

Tourism and Culture	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Towner	420,400	427,737	7,337
Tourism and Culture	940,217	1,184,923	244,706
Events	226,296	232,736	6,440
Theatres	408,633	248,376	(160,257)
Sports Delivery	679,619	303,410	(376,209)
Seafront	57,337	17,550	(39,787)
Internal Transfers			
Tourism and Culture	2,732,502	2,414,733	(317,770)

The overall net position after the planned use of £633,622 reserves is a favourable variation of £318k. Please note only the required reserves are drawn down.

Tourism and Culture net adverse variation of £245k

This pressure predominantly relates to unachieved catering income for Golf £179k, Theatres £139k, The Stage Door £99k and Cafes £49k. This is magnified by the closure of the Pavilion £61k and Bandstand £58k for a substantial period during the year. However, this is partially offset from underspends in staffing costs (£39k).

This is partially funded by a contribution from reserves of (£301k)

Theatres net favourable variation of (£160k)

Theatres adverse variation of £172k mainly due to cleaning and staffing costs being higher than budgeted £146k, ticket sales less than anticipated resulting in overall reduced income of £26k (Congress Theatre favourable £160k, Devonshire Park Theatre adverse £186k).

These are offset by a contribution from reserve of (£332k).

Sports Delivery net favourable variation of (£376k)

This is mainly due to the Sovereign Centre attracting higher than anticipated monthly memberships (additional 2,500) resulting in additional income of (£922k), offset by £371k energy costs and other operational costs including staffing to deliver the increased demand £175k.

Seafront net favourable variation of (£40k)

This is mainly due to Beach Huts experiencing exceptional demand resulting in higher than planned rental income.

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

Other Operating Income, Capital Financing & Financing including Reserve movements	Revised Budget 2022-23 £	Actuals £	Provisional Outturn Variation 2022-23 £
Contingencies	0	0	0
Precepts and Levies	237,450	249,393	11,943
Other Operating Income & Expenditure	237,450	249,393	11,943
Capital Financing	2,203,400	601,291	(1,602,109)
Transfers to / (from) Reserves	(1,602,622)	(1,803,466)	(200,844)
Revenue Grant Fund	0	(909,000)	(909,000)
Cultural Development Fund	0	(455,000)	(455,000)
Government Grants	(1,465,150)	(1,406,569)	58,581
Business Rates	(5,419,100)	(5,764,808)	(345,708)
Council Tax	(9,221,300)	(9,210,004)	11,296
Better Care Fund	(792,642)	0	792,642
Total Financing	(18,500,814)	(19,548,847)	(1,048,033)

The contingency of £250k has been transferred to corporate services to meet additional cost pressures (refer to section 2 above).

Capital financing and Interest (£1,602k) due to additional (£350k) interest income received on investments, savings on interest payment (£642k) and savings on minimum revenue provision of (£611k).

Contributions from reserves (£200k) mainly due to financing emergency cost of living payments.

Revenue grant fund (£909k) to cover increased energy costs, local plan and better care fund timing differences.

Cultural Development Fund (£455k) to cover pressures in Tourism and Culture.

Net £516k funding (government grants, business rates, council tax, better care fund) mainly due to a timing difference on the better care fund conversion, which is expected in 2023/24, offset by additional business rates income (£346k).

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 £353k to a revised budget of £3,446k, 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 £2,171k has been incurred compared to the revised budget of £3,446k, resulting in a favourable variation of £1,275k as summarised in the table below. This is mainly due to increased costs relating to EHL inflation and backlog repair costs, offset by savings on supervision and management and reduced depreciation charges. A slippage in capital projects has reduced the revenue contribution to finance capital expenditure in the current financial year. However, it should be noted that this funding will be required once the projects are completed in future years.

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

HRA Summary	Original Budget	Revised Budget	Provisional Outturn	Provisional Outturn Variation
	£000's	£000's	£000's	£000's
Income	(16,355)	(16,311)	(16,359)	(48)
Expenditure	14,797	15,414	15,518	104
Capital Financing	1,717	1,616	1,593	(23)
Contribution to Capital Expenditure	2,934	2,727	1,419	(1,308)
Total	3,093	3,446	2,171	(1,275)

4 Capital Programme Outturn

4.1 The original capital programme set in February 2022 totalled £35.48m (including £17.27m General Fund (GF) schemes and £18.21m 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 £24.43m (GF £11.44m and HRA of £12.99m)

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	11,784	7,723	7,463	(260)
Improvements to Stock	5,816	4,816	4,852	36
Adaptations	450	450	534	84
Sustainability Pilot	160	-	-	-
Total HRA Expenditure	18,210	12,989	12,849	(140)

GENERAL FUND CAPITAL PROGRAMME	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variance to Budget
	£'000	£'000	£'000	£'000
General Fund Housing	1,200	1,856	823	(1,033)
Loans to Housing Companies	1,460	1,638	1,033	(605)
Community Services	945	1,322	932	(390)
Tourism & Leisure	150	198	248	50
Corporate & Core Services	935	1,443	761	(682)
Regeneration	8,817	2,431	1,458	(973)
Asset Management	3,765	2,554	1,600	(954)
Total General Fund Expenditure	17,272	11,442	6,855	(4,587)

Total Capital Programme	35,482	24,431	19,704	(4,727)
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GF Financing				
Capital Receipts	606	1,354	696	(658)
Grants & Contributions	7,717	4,790	2,701	(2,089)
Revenue Contribution	667	-	-	-
Unfinanced/Borrowing	8,282	5,298	3,458	(1,840)
Total GF Financing	17,272	11,442	6,855	(4,587)

- 4.3 The actual capital outturn for 2022/23 is £19.704m which represents 81% delivery compared to the revised budget (£24.431m) and a 56% delivery compared to the original programme (£35.482m). 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 The largest general fund underspends for the year are under Housing of £1.03m due mainly to a low spend on Disabled Facility Grants and also £0.85m under Regeneration for the Levelling Up Fund. 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. The Council applied for funding in Round One and £19.85m in total was awarded to Black Robin Farm, Towner Centenary Project and Victoria Place Pedestrianisation.
- 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	(890)	12,450
(Recovery) / Distribution of Prior Year Deficit or Surplus	908	(9,952)
Total Collectable Income for year*	(78,602)	(32,449)
Hardship Funding	(265)	-
Payments to Preceptors	76,440	34,202
Write offs, provisions for bad debts and appeals	1,162	2,194
Actual Balance 31 March 2023 – (Surplus) / Deficit	(1,247)	6,445
Allocated to:		
Central Government	-	3,222
East Sussex County Council	(915)	580

Eastbourne Borough Council	(147)	2,578
Sussex Police & Crime Commissioner	(129)	-
East Sussex Fire Authority	(56)	65
Total	(1,247)	6,445

* 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 £1.247m at Q4 March (forecast £1.029m at Q3 December). The Council's share of the actual surplus is £0.147m (£0.121m at Q3). With the cost of living crisis and the threat of recession, bad debt provisions have been reviewed and increased at Q4.
- 5.4 Business Rates has ended the year with a deficit of £6.445m at Q4 March. The increase in the deficit is a result of the appeals provision being increased from £0.5m to £1.4m at Q4. The Council's share of the deficit is £2.578m. 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 change.

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

	Opening Balance		Provisional Closing Balance
	01/04/2022	Movement	31/03/2023
	£'000	£'000	£'000
Total General Fund Earmarked Reserves	(8,792)	2,958	(5,834)
s31 Grant Business Rates	(4,530)	4,530	-
*General Fund Balances	(3,998)	14	(3,984)
Total HRA Earmarked Reserves	(3,172)	(15)	(3,187)
*HRA Balances	(4,884)	2,171	(2,713)
*Subject to final accounts adjustments			

6.2 It is recommended that the provisional outturn position on general fund (adverse 14k) be transferred to 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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EBC Housing Revenue Account Provisional Outturn 2022/23

	Original Budget	Revised Budget	Actuals 2022/23	Provisional Outturn Variance
	£000's	£000's	£000's	£000's
INCOME				
Gross Rents	(15,268)	(14,993)	(14,984)	9
Charges for Services	(1,087)	(1,318)	(1,375)	(57)
GROSS INCOME	(16,355)	(16,311)	(16,359)	(48)
EXPENDITURE				
Management Fee	8,077	8,133	8,712	579
Supervision and Management	1,930	1,817	1,564	(253)
Provision for Doubtful Debts	212	137	132	(5)
Depreciation	4,548	5,312	5,081	(231)
Debt Management Costs		15	29	14
GROSS EXPENDITURE	14,767	15,414	15,518	104
NET COST OF HRA SERVICES	(1,588)	(897)	(841)	56
Loan Charges - Interest	1,720	1,653	1,698	45
Interest Receivable	(3)	(37)	(105)	(68)
NET OPERATING SURPLUS	129	719	752	33
Contribution to Capital Expenditure	2,934	2,727	1,419	(1,308)
Contingency	30	0	0	0
HRA (SURPLUS) / DEFICIT	3,093	3,446	2,171	(1,275)

HOUSING REVENUE ACCOUNT WORKING BALANCE	Original Budget	Revised Budget	Projected Outturn
Working Balance at 1 April	(4,884)	(4,884)	(4,884)
(Surplus) or Deficit for the year	3,093	3,446	2,171
Working Balance at 31 March	(1,791)	(1,438)	(2,713)

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				APPENDIX B
Scheme	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variance to Revised Budget
	£	£	£	£
HOUSING REVENUE ACCOUNT				
Major Works	5,816,000	4,816,000	4,852,129	36,129
Sustainability Initiatives Pilot	160,000	-	-	-
Disabled Adaptations	450,000	450,000	533,990	83,990
New Build	8,419,000	6,012,400	6,056,456	44,056
Acquisitions General	3,365,000	1,711,000	1,407,000	(304,000)
Total HRA	18,210,000	12,989,400	12,849,575	(139,826)
General Fund Housing				
Disabled Facilities Grants	1,200,000	1,855,792	823,322	(1,032,470)
BEST Grant (housing initiatives)	-	14,732	(294)	(15,026)
Total General Fund Housing	1,200,000	1,870,524	823,028	(1,047,496)
Other Housing				
EHIC - Loans	492,400	62,400	36,000	(26,400)
AH - 183 Langney Rd	468,000	710,800	599,000	(111,800)
AH - Loan Victoria Mansion	500,000	864,500	397,833	(466,667)
Total Other Housing	1,460,400	1,637,700	1,032,833	(604,867)
COMMUNITY SERVICES				
Coast Defences Beach Management	300,000	595,000	547,949	(47,051)
Cycling Strategy	40,600	-	-	-
Refurbishment of Public Facilities	50,000	-	-	-
Langney Cemetery - Road Improvements	30,000	-	-	-
Ocklynge Cemetery - Road Improvements	15,000	-	-	-
Crematorium - Improvements	172,500	140,540	175,622	35,082
Changing Places	-	77,000	85,919	8,919
SEESL Loan	73,100	254,100	-	(254,100)
5 Fleet Vans	65,600	65,600	-	(65,600)
Waste & Recycling Equipment	197,770	174,046	121,512	(52,534)
Total Community Services	944,570	1,306,286	931,002	(375,284)
TOURISM & LEISURE				
Sovereign Centre	150,000	198,408	248,262	49,853
Total Tourism & Leisure	150,000	198,408	248,262	49,853
CORPORATE SERVICES				
IT - Block Allocation	150,000	233,542	220,335	(13,207)
Contingency	250,000	230,000	-	(230,000)
Recovery & Stabilisation	435,000	959,354	512,008	(447,346)
JTP Finance Transformation	100,000	-	25,205	25,205
Sculpture	-	20,500	3,000	(17,500)
Total Corporate Services	935,000	1,443,396	760,549	(682,848)
REGENERATION				
Black Robin Farm	3,779,887	847,137	476,605	(370,533)
Towner Centenary Project	673,881	429,381	366,293	(63,088)
Victoria Place Pedestrianisation	1,917,177	716,262	300,740	(415,522)
Shinewater	-	80,000	-	(80,000)
Retail Refurbishment	2,446,268	343,785	314,194	(29,591)
UK Shared Prosperity Fund	-	14,820	-	(14,820)
Total Regeneration	8,817,213	2,431,385	1,457,831	(973,554)
Asset Management				
Devonshire Park Redevelopment Project	-	-	5,402	5,402
Winter Garden	1,500,000	101,282	109,574	8,292
Dev Park Theatre (H&S)	-	82,779	54,115	(28,665)
Victoria Mansions Commercial	-	70,902	71,402	500

Scheme	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variance to Revised Budget
Congress Theatre Roof	275,000	300,000	145,945	(154,055)
Bandstand & Promenade Renovations	750,000	771,015	647,674	(123,341)
EDGC Improvements (Workshop)	-	25,000	33,060	8,060
Seafront Lighting	200,000	304,592	231,219	(73,373)
Leisure Estate	249,550	249,550	-	(249,550)
Food Street	-	41,198	65,500	24,301
Asset Value Improvement Fund	300,000	-	-	-
Redoubt - new mains supply for café and Fort	50,000	50,000	-	(50,000)
Town Hall	50,000	50,000	32,239	(17,761)
The Point Improvements	30,000	30,000	13,057	(16,943)
Stage Door - fire upgrade	20,000	20,000	22,649	2,649
ILTC - Improvements	-	64,369	7,073	(57,295)
Towner Improvements	150,000	148,800	120,935	(27,865)
Fort Fun	40,000	40,000	27,869	(12,131)
1 Grove Road	50,000	50,000	-	(50,000)
Beachy Head PC Roof	-	12,000	12,804	804
Asset Management - Block Allocation	100,000	142,436	-	(142,436)
Total Asset Management	3,764,550	2,553,923	1,600,518	(953,405)
Total General Fund	17,271,733	11,441,622	6,854,023	(4,587,599)
Total HRA and GF	35,481,733	24,431,022	19,703,597	(4,727,425)

Reserves

		Opening Balance 01/04/2022 £'000	Movement £'000	Provisional Closing Balance 31/03/2023 £'000
	GF Earmarked Reserves			
z10112	General Earmarked	(16)	16	-
z10125	Strategic Change	(281)	280	(1)
z10127	Capital Programme	(336)	-	(336)
z10128	Revenue Grants	(1,493)	909	(584)
z10130	Regeneration	(12)	-	(12)
z10135	ICE Reserve Account Contribution	(2,070)	(50)	(2,120)
z10136	Commercial	(666)	(50)	(716)
z10142	SHEP GF Properties Major Works	(1)	-	(1)
z10137	Business Rates Equalisation	-	-	-
z10143	Cost of Living Emergency Response	(250)	136	(114)
z10144	Inflation	(200)	-	(200)
z10145	Fuel and Energy Costs	(150)	150	-
z10146	Arrears and Bad Debt	(400)	-	(400)
z10147	Cultural Development	(756)	455	(301)
z10148	Financial Resilience	(2,161)	1,112	(1,049)
	Total General Fund Earmarked Reserves	(8,792)	2,958	(5,834)
z10138	s31 Grant Business Rates	(4,530)	4,530	-
z10190	*General Fund Balances	(3,998)	14	(3,984)
	HRA			
z10129	HRA Leaseholders Major Works	(643)	(15)	(658)
z10141	Riverbourne House Leaseholders	-	-	-
z10181	Housing Regeneration and Investment	(2,529)	-	(2,529)
	Total HRA Earmarked Reserves	(3,172)	(15)	(3,187)
z10180	*HRA Balances	(4,884)	2,171	(2,713)
	*Subject to final accounts adjustments			

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Agenda Item 9

Report to:	Cabinet
Date:	19 July 2023
Title:	Treasury Management Annual Report 2022/23
Report of:	Homira Javadi, Director of Finance and Performance (Chief Finance Officer)
Cabinet Member:	Councillor Robin Maxted, Cabinet Member for Finance
Ward(s):	All
Purpose of report:	To report on the activities and performance of the Treasury Management service during 2022/23
Decision type:	Budget and policy framework
Officer recommendation(s):	To recommend to Full Council (via Cabinet): 1. That members consider and approve the Annual Treasury Management report 2022/23 for publication. 2. To approve the 2022/23 Prudential and Treasury Indicators included in the report (Section 10.1).
Reasons for recommendations:	Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code).
Contact Officer:	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 23 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 are included in the quarterly performance management report and considered by the Cabinet.
- 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 to 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 on 24 October 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 EBC Capitalisation Direction

- 2.1 Like other local authorities, EBC had discussions with the Department for Levelling Up, Housing and Communities (DLUHC) about Capitalisation Directive to help in dealing with 2020/21 deficit and balance the budget in 2021/22. Other councils that have been harder hit by Covid-19 have also requested support using this means across both years.
- 2.2 A capitalisation directive permits a Council to capitalise revenue expenditure if it is unable to set a balanced budget, has considered all other options, has limited reserves, and is increasing its Council Tax by the maximum permitted. The direction will only be granted in exceptional circumstances, and only the Secretary of State can permit this action legally
- 2.3 The capitalisation was agreed by The Minister of State for Regional Growth and Local Government in February 2021 for the financial years 2020/21 and 2021/22. The table below details the allocation and usage of the directions for both years.

	Capitalisation Awarded £m	Capitalisation Utilised £m
2020/21	6.8	4.6
2021/22	6.0	3.0

2.4 These capitalisation figures are yet to be audited and any revisions to this amount will be reported at the relevant future committee meeting.

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

3.1 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).

3.2 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	2021/22 Actual	2022/23 Budget	2022/23 Actual
Capital expenditure	23,315	11,442	6,854
Financed in year	(8,421)	(6,144)	(3,397)
Unfinanced capital expenditure	(14,894)	(5,298)	(3,457)

HRA £'000	2021/22 Actual	2022/23 Budget	2022/23 Actual
Capital expenditure	6,948	12,989	12,850
Financed in year	(6,948)	(11,478)	(10,116)
Unfinanced capital expenditure	-	(1,511)	(2,734)

4. The Council's Overall Borrowing Need

4.1 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.

4.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be

sourced through borrowing from external bodies such as the Government, through the Public Works Loan Board (PWLB), the money markets, or utilising temporary cash resources within the Council.

4.3 **Reducing the CFR** – the Council’s underlying borrowing need (CFR) is not allowed to rise indefinitely, with the exception of the Housing Revenue Account (HRA) CFR. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset.

4.4 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-HRA 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).

4.5 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 23 February 2022. The Council’s CFR for the year is shown below and represents a key prudential indicator.

CFR (£'000): General Fund	2021/22 Actual	2022/23 Budget	2022/23 Actual
Opening balance	130,996	135,586	135,181
Add unfinanced capital expenditure	14,894	5,298	3,457
Less MRP	(1,012)	(1,182)	-
Less Loan repayments	(9,291)	-	(191)
Closing balance	135,586	139,702	138,447

CFR (£'000): HRA	2021/22 Actual	2022/23 Budget	2022/23 Actual
Opening balance	47,804	47,804	48,210
Add unfinanced capital expenditure	-	1,511	2,734
Less MRP	-	-	-
Less Loan repayments	-	-	-
Closing balance	47,804	49,315	50,944

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

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.

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	2021/22 Actual	2022/23 Budget	2022/23 Actual
General Fund Borrowing	71,027		62,838
HRA Borrowing	48,210		50,944
Total Gross borrowing position	119,237	119,700	113,784
CFR	183,391	189,018	189,391
Over / (Under) Funding of CFR	(64,154)	(69,318)	(75,607)

4.7 **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	230,900
Maximum gross borrowing position during the year	119,237
Operational boundary	209,900
Average gross borrowing position	116,510
GF Financing costs as a proportion of net revenue stream	2.8%
HRA financing costs as a proportion of rental income	10.7%
Income from Commercial and Service Delivery Investments as a proportion of net revenue stream	11.9%

5 Treasury Position as at 31 March 2023

- 5.1 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.
- 5.2 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	119,237		113,784	
-Market	-		-	
Total debt	119,237		113,784	
CFR	183,391		189,391	
Over / (under) borrowing	(64,154)		(75,607)	
Total investments	14,861	0.11%	4,112	1.33%
Net debt	104,375		109,671	

- 5.3 The maturity structure of the debt portfolio was as follows:

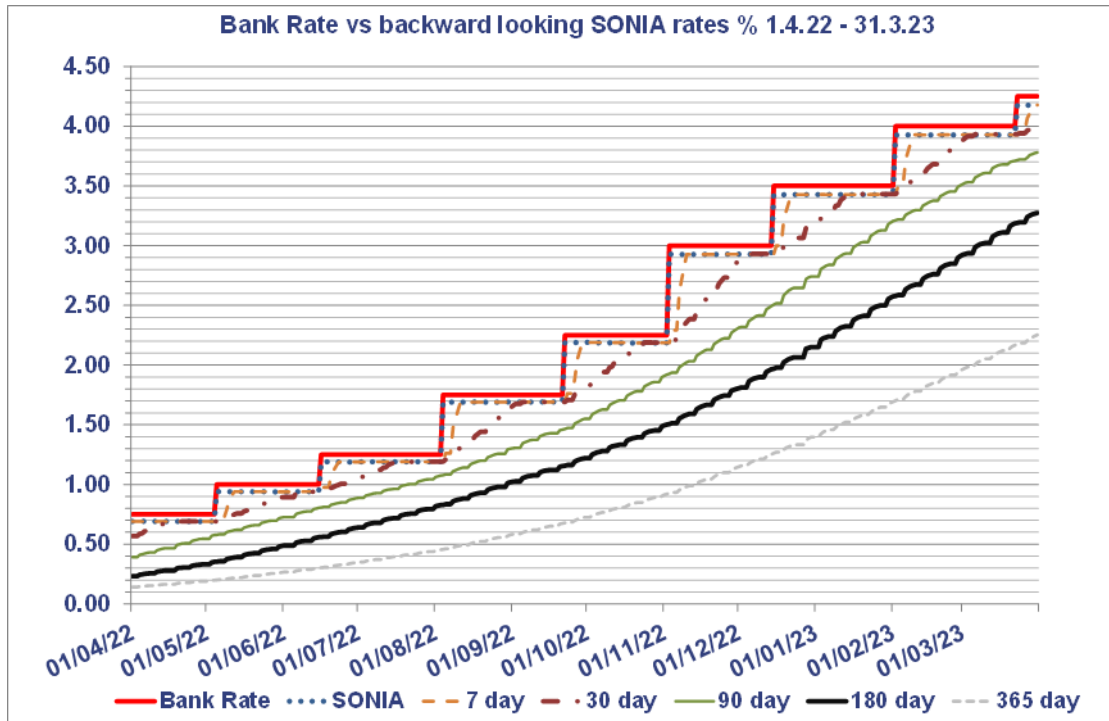
	31/3/22 Actual £'000	2022/23 Original limits £'000	31/3/23 Actual £'000
Under 12 months	3,000	-	-
12 months and within 24 months	-	380	380
24 months and within 5 years	1,141	1,141	1,141
5 years and within 10 years	951	571	571
10 years and within 20 years	31,068	28,616	28,616
20 years and within 30 years	571	761	761
30 years and within 40 years	34,505	40,315	40,315
40 years and within 50 years	48,000	42,000	42,000

The exposure to fixed and variable rates was as follows:

	31 March 2022 Actual £'000	31 March 2023 Actual £'000
Principal - Debt Fixed rate	119,237	113,784
Principal – Investments Variable rate	0	0

6 Investment Strategy and Control of Interest Rate Risk

- 6.1 The investment strategy during the financial year referred 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.
- 6.2 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 in April at 0.75%, the 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.
- 6.3 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

- 6.4 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.
- 6.5 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.
- 6.6 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.
- 6.7 This authority does not have sufficient cash balances to be able to place deposits for more than a month to earn higher rates from longer deposits. Nonetheless, while the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the 2008/9 Financial Crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

7 Borrowing Strategy and Control of Interest Rate Risk

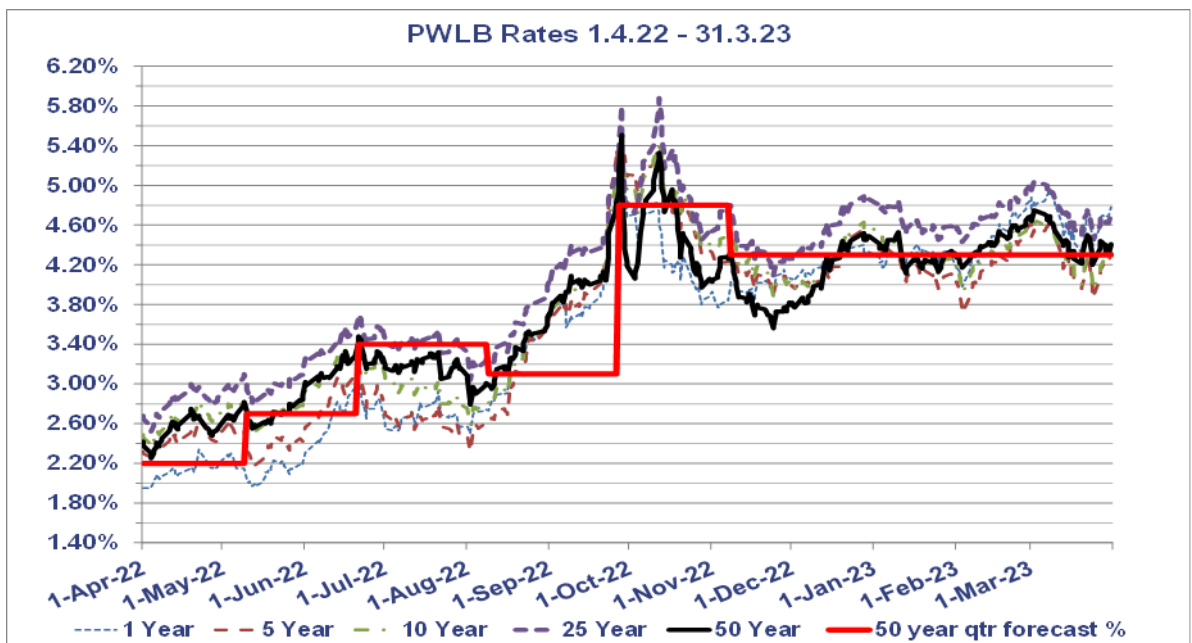
- 7.1 During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.
- 7.2 The policy of avoiding new borrowing by running down spare cash balances has served the Council 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.
- 7.3 The Council has not borrowed more than, or in advance of its needs, purely 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. Various temporary loans were taken to cover cash flow requirements.

7.4 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.

8 Interest Rates

8.1 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.

8.2 The tables below illustrate change in 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%

8.3 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.

- 8.4 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.
- 8.5 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.
- 8.6 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.
- 8.7 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. 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.
- 8.8 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.
- 8.9 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.
- 8.10 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).
- 8.11 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.

9 Investment Outturn for 2022/23

9.1 **Investment Policy** – the Council’s investment policy is governed by DLUHC guidance, which was been implemented in the annual investment strategy approved by the Council on 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.).

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

9.3 **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	3,998	3,998
Earmarked reserves	8,791	6,176
Capital Grants & Contributions	3,882	7,373
Provisions	-	-
Usable capital receipts	-	-
Total	16,672	17,547

Balance Sheet Resources - HRA (£'000)	31/03/2022	31/03/2023
HRA Balances	5,492	3,366
Earmarked reserves	3,172	3,172
Major Repairs Reserve	2,598	2,246
Usable capital receipts	1,291	2,325
Total	12,554	11,109

9.4 **Investments held by the Council**

9.5 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.

9.6 At 31 March 2023 the Council held investments totalling £34.949m in a mixture of Treasury and Non-Treasury investments illustrated in the tables below. Interest received on Treasury Investments was £0.18m in 2022/23 compared to £0.01m in the previous year because of base rate increases during the financial year. Interest received on Non-Treasury Investments was £1.34m in 2022/23 compared to

£1.12m in the previous year. Additional interest was on loans to a subsidiary company.

	31/03/2022 Actual £'000	31/03/2022 Actual %	31/03/2023 Actual £'000	31/03/2023 Actual %
Treasury investments				
Banks	5,361	36.1%	4,112	100.0%
DMADF (H M Treasury)	9,500	63.9%	-	0.0%
Total managed in house	14,861	100.0%	4,112	100.0%
Total managed externally	-	0.0%	-	0.0%
Total Treasury Investments	14,861	100%	4,112	100%
Non-Treasury investments				
Third party loans	2,535	8.2%	2,499	8.1%
Subsidiaries	28,493	91.8%	28,338	91.9%
Companies	-	0.0%	-	0.0%
Property	-	0.0%	-	0.0%
Total Non-Treasury Investments	31,028	100.0%	30,837	100.0%
Total Investments	45,889	100%	34,949	100%

10 Executive Summary and Conclusion

10.1 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 Actual £'000	2022/23 Original £'000	31.3.23 Actual £'000
Capital expenditure: Non-HRA	23,315	11,442	6,854
Capital expenditure: HRA	6,948	12,989	12,850
Capital expenditure: Total	30,263	24,431	19,704
Capital Financing Requirement: Non-HRA	135,586	139,702	138,447
Capital Financing Requirement: HRA	47,804	49,315	50,944
Capital Financing Requirement: Total	183,391	189,018	189,391
Gross borrowing	153,127	164,587	169,687

External debt	119,237	-	113,784
Treasury Investments - Longer than 1 year	9,500	-	-
Treasury Investments - Under 1 year	5,361	-	4,112
Treasury Investments -Total	14,861	-	4,112
Net borrowing	104,375		109,671

10.2 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.

11 The Economy and Interest Rates Forecast

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

12 Other

12.1 **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.

12.2 **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.

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 appraisal

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

16 Legal implications

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

17 Risk management implications

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

18 Equality analysis

18.1 Equality issues are considered.

19 Appendices

- 19.1
- Appendix A - The Economy and Interest Rates
 - Appendix B – Glossary - Local Authority Treasury Management Terms

20 Background papers

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

Appendix A

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 sickness, 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.

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, 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
HRA	Housing Revenue Account – The means by which the Council records expenditure and income incurred through the running of the council's own housing stock and closely related services or facilities, which are provided primarily for the benefit of the council's own tenants.
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:	19 July 2023
Title:	Stability and Growth Programme
Report of:	Robert Cottrill, Chief Executive
Cabinet member:	Councillor Stephen Holt, Leader of the Council and Chair of Cabinet (Community Strategy, Local Strategic Partnership, the Corporate Plan, Performance and Staff)
Ward(s):	All
Purpose of report:	To inform cabinet of the Stability and Growth programme, which replaces the previous Recovery and Stabilisation programme in driving improvement and efficiency within the council.
Decision type:	Key
Officer recommendation(s):	(1) Cabinet is recommended to note the report (2) To delegate authority to the Chief Executive and Director of Tourism, Culture and Organisational Development, in consultation with the Leader and Portfolio Holder, to progress alternative governance arrangements at the Devonshire Park Quarter complex and to conclude the most appropriate option once a full business case is understood, including the approval and implementation of all processes and procedures, negotiation of, and authorising the execution of, all necessary documentation, and (3) To approve a waiver of the Council's Contract Procedure Rules (CPRs) to allow the direct selection of an operator at the Devonshire Park Quarter, if that is concluded to be the most appropriate option, for the reasons as set out in the report.
Reasons for recommendations:	The Stability and Growth programme will continue the work started by Recovery and Stabilisation to drive improvement and efficiency, in line with recommendations made by government in the Assurance Review and the Peer Challenge.

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 The covid pandemic, subsequent economic downturn and the cost of living crisis have all put significant strain on the finances of the council. In response to this, the Recovery and Stabilisation programme has, over the past three years, been very successful in tackling those challenges and ensuring the council remains on a stable financial footing.
- 1.2 Following the elections in May, it is proposed that the Recovery and Stabilisation programme be further developed, with a view to providing an additional focus on the future economic growth of the town. Changing the name, and emphasis, of the programme will move it from purely focusing on recovery from the past and current challenges. The new approach will enable the council to also focus on more aspirational future opportunities for the council, and for the town.

2 Achievements to date

- 2.1 The Recovery and Stabilisation programme has been successful in delivering **£5.9m of cumulative revenue savings** for the council. These savings have been achieved across the four pillars that made up the programme. A summary of each pillar is set out below;

Digital projects

- 2.2 The council's digital transformation programme has been focused on two strands of activity; updating existing technology, and exploring opportunities to exploit new technology.

2.3 *Updating Existing Technology*

The Business Transformation Unit oversees a programme of work to update the systems used to deliver increased efficiencies (operational, contractual and technological) and cashable savings. In 2023/24 the following will go live:

- Income maximisation and welfare, within Customer First
- Environmental health and licensing, within Customer First
- Planning First

In addition, a project is now underway to replace the council's website. The new website will offer the latest digital channels to those customers wishing to engage with the council and access services digitally.

2.4 *Exploitation of New Technology*

Colleagues have been exploring opportunities to exploit new technology to respond to the new context within which the council is now operating. In March 2022, a new, next generation chatbot was launched on the council's website. The chatbot has responded to over 80,000 customer enquiries since it went live, with 25% of queries being responded to out of hours. The success of this new technology has formed the foundation for discussions about using the chatbot on a range of council phone lines, about which a full update will be provided at a future meeting of Cabinet.

In parallel to the chatbot project, work has also been progressing to increase the use of technology to automate a number of processes, which frees up resources to work on more value adding activity. Initial projects have been a success, and plans are being developed to build on this.

Service reshaping

- 2.5 A significant proportion of the savings from Recovery and Stabilisation have been achieved through service reshaping. This has taken various forms, but mostly related to the ways in which the council has been able to reshape some of its teams, to deliver more efficient services. Wherever possible this has been achieved without resorting to compulsory redundancies.

Assets

- 2.6 In January 2022 the council undertook a comprehensive review of its assets, establishing a document entitled 'Assets for Disposal Consideration'. This document set out how the council could generate additional income through sale of relevant assets. This work has started and will continue as further opportunities for disposals are agreed. Disposals are helpful not only to the capital programme, but the revenue implications of capital borrowing can be significantly reduced by reducing the size of the capital programme in this way.
- 2.7 It is important to note that these disposals relate to properties that could not provide the council with significant income streams, or otherwise aid the council's corporate objectives. This work continues and will form a part of the new programme proposed in this report.

Assurance review

- 2.8 Following central government agreeing to allow use of capital resources including additional borrowing to tackle the financial challenges brought about by the pandemic, the council was subject to an independent review which was undertaken by CIPFA (Chartered Institute of Public Finance and Accountancy). This was seeking to assure central government that the council's financial resources and plans were sufficiently robust to tackle the challenges.
- 2.9 The initial review by CIPFA was carried out in 2021, with a report submitted to DLUHC and the council in December that year. The report contained a number of recommendations, all of which the council has actively progressed, and in majority of cases, fully actioned. A follow up inspection was completed by

CIPFA in April 2023. The formal results are still awaited, but initial verbal feedback has been very positive. The Council's approach to Recovery and Stabilisation has been recognised as an affective way of mitigating and managing the recent and ongoing inflationary pressures.

3 Plans for the new Stability and Growth Programme

- 3.1 The new Stability and Growth programme is designed to continue the work started by Recovery and Stabilisation, but recognise the need, now, to move away from post-covid recovery. This new programme will focus on the four year term of the new administration and will look to achieve a period of stability for the council alongside enabling and supporting growth in the borough.
- 3.2 Covid, followed by the cost of living crisis, created a perfect storm of challenges for Eastbourne. It is hoped that the next four years can be a time when the town moves on from these challenges. The Stability and Growth programme is designed to enable this to happen.
- 3.3 The Assurance Review in 2021, and latest CIPFA follow up review earlier this year, both focused on the need for the council to help enable the town to achieve a more diversified economy, with less reliance purely on tourism. However, it was recognised that tourism will always be important to the town. The move to transfer some of the council's tourism offer to a Local Authority Controlled Company, and then potentially to a Trust, was very much supported by CIPFA. The new programme, with its focus on Stability and Growth, will help support these aspirations .
- 3.4 The Devonshire Park Quarter (DPQ) complex is a significant part of these considerations and the Local Authority Controlled Company referred to above is one way in which the Council's interests at DPQ are being safeguarded. The Local Authority Controlled model will be applied for the Devonshire Park and Congress Theatres.
- 3.5 In respect of the remainder of the site, alternative governance arrangements are being explored. The Council is currently working with Headland Ventures Ltd, a local and highly acclaimed company running the Eight Bells in nearby Jevington, Cinema Café and Bar in the Towner and the new restaurant, Light, in the Towner. Headland is working under a catering contract to improve the food and beverage offer across the site, and is also providing consultancy support in relation to conferences and events within the DPQ. This partnering is providing the Council with valuable, specialist strategic input in relation to the offer at DPQ
- 3.6 The Council is working on an options appraisal to ascertain the benefits of keeping the provision in-house or outsourcing to a specialist provider. Full consideration will be given to available options for outsourcing, including the grant of a lease or a contract management scenario, and the options will be subject to a full business case. The waiver of the Council's CPRs will give the flexibility for the Council to determine the most appropriate option after the options appraisal and full business case.

- 3.7 There are many complexities at DPQ including from a practical and operational perspective, and to safeguard the arrangements with the Lawn Tennis Association. These issues will need to be worked through and addressed as matters progress.
- 3.8 If Cabinet approves the proposal to explore and conclude alternative governance arrangements for operations at DPQ (outside the Devonshire Park and Congress Theatres), the rigour and discipline of a project management approach using the council's project management toolkit would be applied to the next phase of consideration and actions.
- 3.9 Alongside the CIPFA review, the council has also recently received the findings of an LGA Peer Challenge (reported to Cabinet in June 2023). The recommendations from this exercise will also help to inform future planning.
- 3.10 The Stability and Growth programme will have 5 pillars;

Stability

1. Digital – continuing on the existing council journey of making use of technology to streamline processes and make the customer journey more straightforward and efficient, whilst enabling staff to focus on those in need of more in-depth assistance with complex situations.
2. Service reshaping – again, this will continue from the previous programme, with work to align staffing with future organisational requirements.
3. External Review – this pillar will combine the outcomes of both the Assurance Review and the LGA Peer Challenge and will continue to be a pillar in the programme until such time as all recommendations have been fully implemented.

Enabling and Growth

4. Assets – a continuation of work to ensure the councils assets work in the best way for the council and the town. This pillar will be a combination of asset disposals, making the retained assets work well, in terms of income generation, and encouraging private sector investment into the town.
 5. Growth – This is a new pillar focused on;
 - a. Re-imagining the councils own assets in a way which better provides for the future needs of the town,
 - b. Continuing to diversify the delivery of services, particularly in relation to leisure and tourism, and
 - c. Working with others, and using the councils' strategic role, to attract inward investment to deliver real growth for the area.
- 3.11 As has been the case with the previous programme, a member Board, comprising Cllrs Holt, Maxted and Small will oversee this work, with regular reports coming to Cabinet to update on progress.

4 Corporate plan and council policies

- 4.1 It is proposed that the Stability and Growth programme, as well as driving the council's efficiency work over the coming for years, also becomes the key theme for the council's new corporate plan. A new plan is needed to steer the council's work over the next four years. As is also referred to in the performance report found elsewhere on this agenda, it is therefore suggested that a draft plan be developed and consulted upon during the autumn of 2023, with a view to council adoption in February 2024.

5 Financial appraisal

- 5.1 As with the first phase of the Council's recovery programme, the Stability and Growth programme will continue to incorporate savings and initiatives into the Councils departmental budgets and Capital Programme. As agreed by Full Council on 8th February 2022 the council will also continue to use the receipts it receives from the sale of Council assets (Flexible use of Capital Receipts) to support this next phase. This is particularly important as a significant proportion of the new Stability and Growth Programme will be dependent on targeted capital investment to support future digital and service reshaping initiatives to drive improved efficiencies and performance across council departments.

6 Legal implications

- 6.1 Legal advice has been taken, and will continue to be taken, in respect of specific actions arising from the assurance review and to support the activities of the Stability and Growth programme.

In relation to alternative governance structures at the DPQ, legal advice will be critical to ensure that all legislative requirements including in relation to procurement and best value and all constitutional requirements are complied with as part of the options appraisal.

12141-EBC-KS 12 June 2023

7 Risk management implications

- 7.1 The risks within the new Stability and Growth programme will be regularly assessed and managed as part of programme/project management activities. The identification and management of and significant risks in relation to the programme will be reported, along with mitigation plans to address them.

8 Equality analysis

- 8.1 An Equality & Fairness Analysis was undertaken on the Recovery and Stabilisation programme. The outcome of this was reported to Cabinet in 2021. With the move to the new Stability and Growth programme, additional screening of the new proposals will now be undertaken.

9 Environmental sustainability implications

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

10 Background papers

None

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Body:	Cabinet
Date:	19 July 2023
Title:	Proposal for future operation and interim management of the Sovereign Centre
Report of:	Becky Cooke, Director of Tourism, Culture and Organisational Development
Cabinet member:	Councillor Margaret Bannister, Deputy Leader and Cabinet member for Tourism, Leisure, Accessibility and Community Safety
Ward(s):	All
Purpose of the report:	To consider future operation and interim management arrangements for the Sovereign Centre
Decision type:	Key
Recommendation:	Cabinet is recommended to: (1) Approve transfer of the Sovereign Centre operations to Wave Active to benefit from their knowledge and expertise, and to strengthen the council's leisure operation. (2) Agree delegated authority for the Director of Tourism, Culture and Organisational Development in consultation with the Cabinet Member for Tourism & Culture to negotiate and conclude detailed arrangements with Wave, including authorising the signature of all associated documentation including Business Plan with agreed objectives and priorities.
Reasons for recommendations:	To benefit from the expertise and experience of an existing and recognised leisure services provider, Wave Active is considered a strong fit. Wave Active is a local charity and social enterprise and is already operating our sports centres (via an agreement until 2029) as well as a number of leisure centres and swimming pools across Lewes district.
Contact:	Becky Cooke, Director for Tourism, Culture and Organisational Development (becky.cooke@lewes-eastbourne.gov.uk)

1.0 Introduction

The original Sovereign Centre was built and opened in 1977 with a large extension added in 1989. The centre contains a lanes swimming Gala pool, a training pool, a fun pool with flume, gym, sports hall, café and associated offices and storage. Prior to Covid the Sovereign Centre attracted approximately 600,000 visits each year. During 2022/23 it is estimated to have attracted approximately 500,000 visitors. The centre currently has 900 live members paying either annually in full or via monthly direct debits with concessionary rates available for seniors, juniors and those with disabilities.

The Sovereign Centre has a number of significant challenges in terms of the building and design that mean it is not as effective or attractive as it could be. There is also a growing public perception that the centre is tired and requires investment.

Discussions have taken place in recent years regarding potential construction of a new leisure centre adjacent to the Sovereign Centre which would be attractive to commercial operators and so able to fund the revenue costs of the capital investment (as opposed to addressing costly maintenance issues on a building dating back to the '70s). Cabinet received an initial report in December 2016 and another in July 2018 and although some detailed work was done on this, including initial discussions with stakeholders, the Covid pandemic put a pause on further work.

According to the most recent 10-year maintenance plan, composed in consultation with in-house surveyors, the centre requires approximately £2.3m for improvement works. Although the majority of these works are identified as priority 2-3 and none are priority 1 (risk of injury or death), the remainder is predominately in relation to plant works and redecoration.

Up to 2020 the Sovereign Centre was operated by Eastbourne Leisure Trust (ELT) and Serco. These contracts were coming to an end in March 2019 and although Cabinet agreed to an extension of the contracts in July 2018, ELT and Serco terminated the contract early in June 2020 as a result of the devastating impact of Covid on the centre. The priority for the council at this point was to ensure continuity of the operation, so centre staff transferred to the employment of Eastbourne Borough Council and EBC has managed to run the centre since then with some limited, essential investment in the infrastructure when required e.g. repairs to the roof, new boiler, compliance works, etc.

2.0 Rationale for Change

It has never been the intention for the council to operate the Sovereign Centre in-house on a long-term basis. Whilst the council has stabilised the Centre, it is timely to consider an alternative, more appropriate operator as a holding position for approximately the next 5 years with a view to developing a revised plan and options for long term investment in the facilities.

Cabinet will be aware that both the Assurance Review process by the Department for Levelling Up, Housing and Communities in 2021 and the latest CIPFA follow up

review earlier this year focused on the need for the council to achieve a more diversified economy and reduce our risk on income. Tourism income was mentioned specifically, but there was an overriding theme to ensure financial stability by reducing reliance on discretionary income that has the potential to be risky and inconsistent.

This is an important indicator that operational change is now required at the Sovereign Centre, and the recommended approach to transfer operation to Wave is explained below. The council would maintain ownership of the building, and day to day facility management would be undertaken by Wave.

Alternative options have been considered and whilst it would be possible to go out to tender, due to the current volatility within the sector this is unlikely to provide best value for the council. On the basis of our existing arrangement and established partnership with Wave it is considered they are best placed to operate the centre for the next 5 years.

3.0 Wave Active (formally called Wave Leisure Trust)

Leisure centres and swimming pools in the Lewes district have been run by Wave since 2006. In 2019, EBC transferred Hampden Park, Cavendish, Shinewater Sports and Community Centre, Eastbourne Sports Park, Regency Park Community Centre, Motcombe Pool and Sovereign Harbour Community Centre to Wave Leisure on a 10-year agreement. There were a number of reasons for the transfer at this point. Firstly, it was to benefit from the sport and health related expertise within Wave to ensure the continued provision of quality leisure services in the borough. Secondly, it was a step to remove the risk (financial, operational and reputational) of running a discretionary service within the council. It was also a decision to enable priorities for investment in Eastbourne's discretionary provision at that time to be focused on developing the sport and cultural offer at Devonshire Park as part of the wider Devonshire Quarter redevelopment.

The recommendation within this report is that the Sovereign Centre is added into the existing agreement and staff are transferred to Wave with the protection of TUPE provisions. This agreement currently expires in 2029 which will allow time for developing a revised plan and options for long term investment in the facilities.

As part of its commitment to improving community health, Wave targets hard to reach groups such as the elderly, those recovering from medical treatment, people with disabilities and the very young, to encourage an active lifestyle. Wave's commitment to community outreach, its experience in dealing with GP referrals and its drive to reduce hospital admissions will have wider non-economic impacts and benefits to support the Active Eastbourne Strategy and to contribute to our equalities agenda.

Wave Active (formally Wave Leisure) is a charity and social enterprise with a purpose of "Inspiring Active Lifestyles" and a vision "To be at the heart of the improvement of health and wellbeing within the community". Beyond running leisure facilities across Eastbourne and Lewes, Wave has also developed services to support people in making positive health improvements through physical activity, structured programmes of delivery and linking their Health Improvement

Practitioners into the provision of advice, information and guidance either on a 1-2-1 basis or through group activity.

Wave Active is reinstating a dormant subsidiary of their organisation that will be rebranded as 'Wave Active Health' which will develop an Active Health Strategy, in consultation with Eastbourne and Lewes Councils to be endorsed by cabinet. This subsidiary will benefit from grant funding and revenue generated from the facilities management and commercial arm of the company known as 'Wave Active'. The Active Health Strategy will benefit from its own communications strategy that will reach out to the wider community. This is in addition to the requirement for the submission of an annual business plan covering objectives, priorities and proposals.

The appointment of Wave Active for this interim period until 2029 would enable a more collaborative and embedded approach to supporting an active and healthy agenda across Eastbourne.

Another key aspiration of the partnership with Wave Active is to drive up customer satisfaction and based on the good customer feedback they receive from other leisure centres within the Lewes district, we would be looking to raise customer satisfaction at the Sovereign Centre. Regular customer satisfaction reporting would be another integral component of the agreement.

Given that Wave Active is already operating successful leisure centres in Eastbourne and Lewes district, handing over operation of the Sovereign Centre will present further opportunities for effective operational management of the Centre, enabling sharing of resource and staff for both financial and reputational benefits, and ensuring there is no loss of service by reallocating staff and resource to where it is needed.

4.0 Financial implications

The latest revenue financial information (subject to any final accounts adjustments) is indicative of a nil net cost position. The gross income generated by the operation is at a level equal to meet all operational and asset related costs.

In finalising the legal agreement between the council and Wave Active, further financial review will be carried out to ensure an agreed and equitable transfer of resources and responsibilities to support existing and future service delivery.

5.0 Corporate plan and council policies

EBC's Corporate Plan was refreshed in 2022 in light of unprecedented events during and impact of the Covid pandemic. It was necessary for the council to adjust our strategic position to deal with recovery challenges as a result of huge unavoidable losses of revenue income. A new overarching strategic theme was introduced, Recovery and Stabilisation, focused on recovery and future financial resilience.

The recommendation in this report addresses a number of aspirations of the Corporate Plan including not only around Recovery and Stabilisation, but also Growth and Prosperity and Thriving Communities

6.0 Risk Management

As referenced within this report, continuing to run the Sovereign Centre in-house presents a number of risks spanning operational, reputational and financial. The recommendations in this report help to mitigate these and to ensure the council is addressing the recommendations of both DLUCH's Assurance Review and the Health and Safety Executive.

7.0 Legal Implications

It will be necessary to grant a lease to Wave to allow them to occupy the centre.

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 consent of the Secretary of State. Disposal includes leasehold sales where the lease term exceeds seven years. The lease to Wave will be for a term of less than seven years.

The financial review referred to in the Financial Implications section above and the arrangements being entered into pursuant to that review will be undertaken in compliance with all legal requirements, including any implications arising from the Subsidy Control regime.

[10952-EBC-KS 21st June 2023]

8.0 Equality analysis

With their industry expertise and reach, Wave are in a position to target groups that generally are less represented in sports and leisure facilities such as the elderly, those recovering from medical treatment, people with disabilities and the very young. Having a long experience of delivering successful not-for-profit health and leisure facilities means Wave are well placed to consider the accessibility of services and address any barriers that different groups may face.

Although staff will be directly involved in the move to Wave, their conditions are not expected to change and therefore we do not anticipate any adverse impacts to any particular group.

An Equality analysis has been completed.

9.0 Background Papers

None

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