# Cabinet
# 20 September 2023

EASTBOURNE Borough Council

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, 12 September 2023*

# Agenda

**1 Minutes of the meeting held on 19 July 2023 (Pages 5 - 10)**

**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 Assurance Review follow up - CIPFA (Chartered Institute of Finance and Accountancy) Rapid Finance Review (Pages 11 - 36)**

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

**8 Corporate performance - quarter 1 - 2023/24 (Pages 37 - 46)**

Report of Director of Finance and Performance
Lead Cabinet members: Councillors Stephen Holt and Robin Maxted

**9 Revenue and Capital Financial Monitoring Report Quarter 1 2023-24 (Pages 47 - 66)**

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

**10 Housing delivery and asset update (Pages 67 - 80)**

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Peter Diplock

(This report contains an exempt appendix. Any discussion of this must take place at item 12 following exclusion of the public.)

**11 Exclusion of the public**

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

**12 Housing delivery and asset update - Exempt Appendix 2 (Pages 81 - 82)**

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Peter Diplock

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

# Information for the public

**Accessibility:**

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**Public participation:**

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

# Information for Councillors

**Disclosure of interests:**

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

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

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

**Councillor right of address:**

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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EASTBOURNE
Borough Council

Working in partnership with **Eastbourne Homes**

# Cabinet

**Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 19 July 2023 at 6.00 pm.**

**Present:**

Councillor Stephen Holt (Chair).

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

**Officers in attendance:**

Robert Cottrill (Chief Executive), Homira Javadi (Director of Finance and Performance (Section 151 Officer)), Becky Cooke (Director of Tourism, Culture and Organisational Development), Tim Whelan (Director of Service Delivery), Simon Russell (Head of Democratic Services and Monitoring Officer), Kate Slattery (Head of Legal Services), Luke Dreeling (Performance Lead), Jo Harper (Head of Business Planning and Performance), Steven Houchin (Interim Deputy Chief Finance Officer (Corporate Finance)), Parmjeet Jassal (Interim Head of Financial Planning) and Elaine Roberts (Committee Officer).

**Also in attendance:**
Councillor Nick Ansell (Shadow Cabinet member), Councillor Nigel Goodyear (Shadow Cabinet member), Councillor Kshama Shore OBE (Shadow Cabinet member and Chair of Scrutiny Committee), Councillor David Small (Shadow Cabinet member) and Councillor Robert Smart (Opposition Leader).

## 7 Minutes of the meeting held on 13 June 2023

The minutes of the meeting held on 13 June 2023 were submitted and approved and the Chair was authorised to sign them as a correct record.

## 8 Apologies for absence

An apology for absence was reported from Councillor Murray.

## 9 Declaration of members' interests

Councillor Diplock declared a personal interest in agenda item 11 (Proposal for future operation and interim management of the Sovereign Centre) as Director of Motcombe Community Pool CIC. He remained in the room and voted on the item.

## 10 Corporate performance - quarter 4 - 2022/23

The Cabinet considered the report of the Director of Finance and Performance, updating members on the Council's performance against Corporate Plan priority actions, performance indicators and targets for the fourth quarter of the year 2022-23.

Visiting member, Councillor Goodyear, addressed the Cabinet on the key performance indicators (KPIs) concerning licensed HMOs (House in multiple occupation) in the town and processing of minor planning applications. In response to a question, it was advised that Councillor Goodyear would receive a written response with an update on timescale for receipt of the HMO consultant's report.

Visiting member, Councillor Shore, addressed the Cabinet on the key performance indicators (KPIs) and raised concerns regarding customer call response time, abandoned calls and housing rent arrears.

Commentary on those key performance indicators performing below target expectations were detailed in the report and further clarified by officers and Cabinet members present at the meeting. Thanks were conveyed to officers for their performance, despite the significant challenges posed during the year by the cost-of-living crisis and recruitment and retention difficulties.

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

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.

## 11 Provisional Revenue and Capital Outturn 2022/23

The Cabinet considered the report of the Director of Finance and Performance, updating members on the provisional outturn for 2022/23.

Visiting member, Councillor Smart, addressed the Cabinet and questioned the Council's financial controls, given the significant variances between the agreed budget in February 2023 to year end (31 March 23).

The report detailed that the provisional outturn for Eastbourne Borough Council was an overall adverse variation of £14k (subject to external audit and final accounts adjustments). The report stated that the Council was still managing the increased cost of housing needs, energy costs, inflationary pressures, and economic down-turn. Some of the one-off provisions set aside in the last financial year were incorporated into the revised budget which had contributed to the position detailed. The variance was offset mainly by use of set aside earmarked reserves, grants and funds, contingency budget, higher than expected interest income, savings on interest payments and savings on Minimum Revenue Provision etc.

**Resolved (Key decision):**

(1) To note and approve the revenue and capital provisional outturn for 2022/23 subject to final accounting adjustments;

(2) To 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.

**Reason for decisions:**

To enable Cabinet members to consider specific aspects of the Council's financial performance for 2022/23.

**12 Treasury Management Annual Report 2022/23**

The Cabinet considered the report of the Director of Finance and Performance, reporting on the activities and performance of the Treasury Management service during 2022/23.

The report was also considered and endorsed by the Audit and Governance Committee, at its meeting on 28 June 2023.

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

(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 (set out at Section 10.1).

**Reason for decisions:**

It is a requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code).

**13 Stability and Growth Programme**

The Cabinet considered the report of the Chief Executive, informing them of the Stability and Growth programme, which replaced the previous Recovery and Stabilisation programme in driving improvement and efficiency within the Council.

Visiting member, Councillor Smart, addressed the Cabinet on the item and sought an analysis of the £5.9 million of cumulative revenue savings because of the Recovery and Stabilisation programme. It was clarified that this also included income as part of the figure. He also stated that net service expenditure had increased by 37% from the year before the Covid-19 pandemic.

A major aspect of the report was in relation to the future governance arrangements at the Devonshire Park Quarter (DPQ) complex. This followed the government assurance review, which recommended that the Council become more financially resilient by de-risking itself from future income shocks. Following discussions, it was clarified that the cross-party Devonshire Park Governance Member Board would be kept fully consulted and informed as part of the process. Thanks were conveyed to staff at DPQ for all their work and efforts since the complex was launched.

**Resolved (Key decision):**

(1) 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.

**Reason for decisions:**

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.

## 14 Proposal for future operation and interim management of the Sovereign Centre

The Cabinet considered the report of the Director of Tourism, Culture and Organisational Development, asking them to consider future operation and interim management arrangements for the Sovereign Centre.

Visiting members, Councillors Smart, addressed the Cabinet on the governance and transparency of the proposals. Visiting member, Councillor Shore, addressed the Cabinet on the items discussion at Scrutiny Committee and queried the scrutiny of matters following delegation by Cabinet. It was advised that this would be the role of Scrutiny Committee, should they want to explore the matter further.

Scrutiny Committee, at its meeting on 10 July 2023, considered the report and were supportive of the officer recommendations, subject to an amendment to recommendation (2) to read as:

(2) Agree delegated authority for the Director of Tourism, Culture and Organisational Development in consultation with the Cabinet Member for Tourism & Culture, once a full business case is understood and considered to be satisfactory, to negotiate and conclude detailed arrangements with Wave, including authorising the signature of all associated documentation including Business Plan with agreed objectives and priorities.

Following discussion, the Cabinet agreed to accept the recommendation from Scrutiny Committee, and this was reflected in the resolution below.

**Resolved (Key decision):**

(1) To 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) To agree delegated authority for the Director of Tourism, Culture and Organisational Development, in consultation with the Cabinet Member for Tourism & Culture, once a full business case is understood and considered to be satisfactory, 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 decisions:**

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.

The meeting ended at 7.12 pm

Councillor Stephen Holt (Chair)

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| **Report to:** | **Cabinet** |
| **Date:** | **20 September 2023** |
| **Title:** | **Assurance Review follow up - CIPFA (Chartered Institute of Finance and Accountancy) Rapid Finance Review** |
| **Report of:** | **Homira Javadi, Director of Finance and Performance** |
| **Cabinet member:** | **Councillor Stephen Holt, Leader of the Council (Community Strategy, Local Strategic Partnership, the Corporate Plan, Performance and Staff)** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **To update the Cabinet on the results of a recent review undertaken by CIPFA and associated recommendations** |
| **Decision type:** | **Non key** |
| **Officer recommendation(s):** | **For Cabinet to note the report, and to note that actions to respond to the recommendations will be addressed within the Stability and Growth programme.** |
| **Reasons for recommendations:** | **The assurance review, and the subsequent follow up review referred to in this report, have been necessary as a requirement of the Council accessing Government Exceptional Financial Support.** |
| **Contact Officer(s):** | **Name: Jo Harper<br>Post title: Head of Business Planning and Performance<br>E-mail: jo.harper@lewes-eastbourne.gov.uk<br>Telephone number: 07925 893201** |

## 1 Introduction

1.1 Like many other local authorities, Eastbourne Borough Council (EBC) experienced significant financial challenges as a result of the Covid-19 pandemic and, in light of Eastbourne's economic profile, its drastic impact on the authority's income from tourism, culture and leisure.

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

1.3 Alongside its request for EFS, the Council took early steps to mitigate the financial impacts of the pandemic. Central to these steps was the development and implementation of the Council's Recovery and Stabilisation Programme (originally named the Recovery and Reset programme). This resulted in over £2.2m of reduction in EFS requirements for 2020/21 (reduced from £6.8m to £4.6m) and a further reduction of £3m for 2021/22 (reduction from £6m to £3m).

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

1.5 In December 2021, the Council received an Assurance Review report from CIPFA setting out a number of recommendations. This was accompanied by a letter from Government setting out the expectation that the Council should address these issues as part of the EFS requirements. In response, an implementation plan was formally put in place by the Council, to ensure visibility and timely delivery of the recommendations. Actions have subsequently been taken to address all areas of concern set out in the report.

1.6 It was also agreed that a follow-up review - referred to as a Rapid Finance Review - would be undertaken by CIPFA at a suitable juncture. This took place in April 2023 and a report of the findings was submitted to the Council in August 2023.

## 2 Rapid Finance Review

2.1 On 4 August this year, the Leader received a letter from Lee Rowley MP, the Parliamentary Under Secretary of State for Local Government and Building Safety. This letter, which accompanied the CIPFA Rapid Finance Review report, thanked the Council for "…*yours and your predecessor's willingness to engage openly with the review team and the assistance of your officers in providing information to CIPFA to support the review.* It then went on to praise the Council for; *"The positive progress that Eastbourne Borough Council has made to becoming more financially sustainable since its previous assurance review in 2021."*

2.2 The Rapid Finance Review report can be found at Appendix 1. In line with the Under Secretary of State's letter, the report acknowledged that "*Our work found no major areas of concern and much to commend. The Council has grasped the improvement agenda with seriousness and purpose and has made significant progress."*

2.3 However, a small number of further recommendations were made as a part of the report. These are summarised at Appendix 2. In anticipation of this eventuality, the Council's Stability and Growth Programme has a key pillar called 'External Review'. This pillar will ensure work is progressed speedily to respond to these new recommendations, alongside complementary recommendations made in last year's LGA peer challenge.

**3 Outcome expected and performance management.**

3.1 The Stability and Growth Programme will report regularly to the Stability and Growth Member Board, and also to Cabinet. Updates on progress in addressing the recommendations from the Rapid Finance Review will form part of those reports.

**4 Corporate plan and council policies**

4.1 It has been agreed that the Stability and Growth programme, as well as driving the Council's efficiency work over the coming for years, will be the key theme for the Council's new corporate plan. This will be developed and consulted upon during the autumn of 2023, with a view to council adoption in February 2024.

**5 Financial appraisal**

5.1 Responding to the financial impacts from the COVID19 pandemic, over the past 3 years, the Council has delivered over £5.9m of cumulative savings and efficiencies. To deliver and achieve these savings, the Authority has undergone a significant programme of transformation and reshaping.

The Council has also been able to strengthen its financial resilience and provide additional financial support to meet the increasing costs and growing demand for its key services (driven by cost of living, homelessness, high inflation). This has been recognised by the independent review work.

However, with only limited resources and capacity, the Council is looking for strategic and long-term solutions and will welcome further discussions with DLUHC to develop and implement long term solutions to some key local pressures.

**6 Legal implications**

6.1 Legal advice will need to be provided in support of any specific actions arising from the Rapid Finance Review.

*[012326-EBC-KS 15 August 2023]*

**7 Risk management implications**

7.1 All risks within the 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 This report is for noting only with no associated impacts for equality and fairness.

## 9 Environmental sustainability implications

9.1 There are no specific environmental sustainability implications contained within this report.

## 10 Appendices

10.1

- Appendix 1 - Eastbourne Borough Council Rapid Finance Review April 2023
- Appendix 2 – Summary of recommendations arising from the above
- Appendix 3 - Letter from Minister Rowley regarding the external assurance review of Eastbourne Borough Council
- Appendix 4 - Leader's response to the Ministerial letter

## 11 Background papers

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

Report to Cabinet 13 July 2022 – Recovery and Stabilisation Programme – appendix B – Assurance Review Update Recovery and stabilisation programme (lewes-eastbourne.gov.uk)

The Chartered Institute of
Public Finance & Accountancy

CIPFA

# Eastbourne Borough Council

## Rapid Finance Review

## April 2023

A Report by:

The Chartered Institute of Public Finance and Accountancy

April 2023

**CIPFA, the Chartered Institute of Public Finance and Accountancy**, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

Further information about CIPFA can be obtained at www.cipfa.org

Any questions arising from this submission should be directed to:

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# Executive summary

In 2021, Eastbourne Borough Council's request to the Department for Levelling Up, Housing and Communities (DLUHC) for Exceptional Financial Support (EFS) was granted subject to the conduct of an External Assurance Review. The purpose of the review was to ensure that the authority was taking appropriate steps to ensure its financial sustainability. CIPFA carried out the Review and made recommendations. The Department issued the council with capitalisation directions totalling £11.2 million for the financial years 2020/21 and 2021/22.[1]

In April 2023, CIPFA was invited to conduct a rapid follow-up review, essentially to assess progress on the Assurance Review's recommended improvements as well as the authority's general financial health. Undergoing this further external review was also one of the conditions attached to the council's 2021/22 capitalisation direction.

We examined documents and spoke to senior officers and members. Our work found no major areas of concern and much to commend. The council has grasped the improvement agenda with seriousness and purpose and has made significant progress. The leadership team can point to a range of positive changes, accomplished or imminent.

We argue that this commendable response to recent challenges can nevertheless be strengthened and, accordingly, we have made a number of recommendations. Adopting these would embed the existing pipeline of initiatives within a strategic framework with clear principles. This approach could guide the authority towards even greater financial stability.

[1] Note that this was the final agreed amount following the Council's reduction of its request for 2021/22 to £4.4m. We understand that only £7.6m of the overall allocation has been used by the Council, owing to savings in the Recovery and Stabilisation Programme. The Council is confident that given its receipts generation, the £7.6m will be covered without recourse to borrowing. This is consistent with the Council's under-borrowed position.

# 1 Scope and methodology

DLUHC's brief for the Eastbourne Borough Council rapid review, which took place in April and May 2023, was as follows:

_Objective_

*To conduct an independent financial review of the council, to assess the progress it has made since its previous financial review undertaken in 2021.*

_Review areas_

*The review will cover the following main areas in pursuit of the above objective:*

1. *An assessment of the council's progress in developing a robust and deliverable Improvement Plan that addresses the recommendations outlined in their previous assurance review undertaken in 2021 and that will support the council's financial sustainability. An assessment of the council's progress in completing the actions outlined in this plan.*
2. *An assessment of the council's strategy and work undertaken since 2021 to address its reliance on tourism and leisure income.*
3. *An assessment of the council's overall financial position, including any ongoing budget pressures, reserves position and any key risks to their ongoing financial sustainability.*
4. *An assessment of the council's progress in developing and implementing a plan for the generation of additional capital receipts, to help manage financial pressures, in line with the condition attached to the 2021/22 capitalisation direction.*
5. *Any other recommendations for actions that should be taken to improve financial sustainability.*

We asked the council to provide relevant documents. They did so, helpfully grouping them to match the review topics. Having examined this material, we held interviews with senior staff and members, again topically focused. We would like to express our sincere thanks to staff who provided the information and timetabled the interviews. We would also like to commend the authority for the constructive and open tone of the discussions themselves.

We then documented our findings. As with all projects under the DLUHC framework, our report belongs to the Department. However, we have briefed the council on our observations and recommendations. There should be nothing in the report to surprise them. Indeed, we have found officers and members generally receptive to our suggestions.

# 2. Findings

We have grouped our broad findings against DLUHC's 5 review headings.

*1. An assessment of the council's progress in developing a robust and deliverable Improvement Plan that addresses the recommendations outlined in their previous assurance review undertaken in 2021 and that will support the council's financial sustainability. An assessment of the council's progress in completing the actions outlined in this plan.*

We observed good progress here. The council has a Recovery and Stabilisation Plan, which is a prominent initiative, referenced in the council's Corporate Plan.

The Recovery and Stabilisation Plan is live, monitored, and actioned. Progress against it is tracked and assessed. There is frequent reporting on the Plan to the senior leadership team, complemented by member oversight in the form of regular briefings and the involvement of a Member Board. Relations with linked governance arrangements – the Strategic Property Board, the Capital Programme Oversight Board – are managed pragmatically through iterative engagement at lead officer level.

Key components of the Recovery and Stabilisation Plan are subject to internal audit examination. Moreover, the Plan's prospects for realisation have been significantly enhanced by reorganisation. The council's decision to bring together the Finance and Performance functions in the same directorate has helped link the Plan's financial imperatives to robust performance monitoring.

The Recovery and Stabilisation Plan is embraced by Administration members. Importantly, they do not consider delivering the Plan an isolated end in itself. The council is far from complacent about its future financial and organisational challenges.

Opposition members are also acutely aware of the Plan. They are involved in some of the associated governance structures, such as the Strategic Property Board. It is obviously important for the Plan's sustainability and success that there should be good understanding of and engagement with opposition perspectives by chief officers and the Administration. Our recommendations (below) concerning content refreshment and governance should help maintain and enhance member involvement in the Plan's development, oversight, and scrutiny. The creation of more explicit and comprehensive strategies on property and tourism, which we recommend in later sections, would provide reference points for members, aiding them in their efforts to hold the Administration and chief officers to account.

Major items in the Plan are dealt with in the specific sections below.

To ensure that the Plan remains as live and relevant as it currently is, the council should consider the following measures:

- the Plan, which must continue to be subject to robust performance management and assessment, should face periodic review and refreshment, perhaps whenever there is a major revision to the Medium Term Financial Plan (MTFP), to ensure its ongoing relevance and adaptation to changing priorities
- governance of the Plan should also be reviewed periodically, with the relationships between its oversight and other governance arrangements (for capital and assets, for example) vigilantly monitored. This will help preserve the mutually supportive interplay between initiatives, which currently relies significantly on senior officer efforts
- the prominence accorded to the Plan in other strategic documents, such as the Corporate Plan, should be retained and built upon. For example, there should be as many explicit linkages as possible between the Plan and the MTFP

*2. An assessment of the council's strategy and work undertaken since 2021 to address its reliance on tourism and leisure income.*

The council has a heavy historic reliance on income from tourism-related assets. This proved problematic during the pandemic. Temporary closures of council-owned and run theatres, for example, adversely impacted revenue. Further, the council owns and maintains (at considerable net cost) various assets directly connected to Eastbourne's identity as a seaside town. For this reason, the council has been looking to limit its exposure to the vicissitudes of tourism and the associated revenue streams and/or costs, while not compromising – and even strengthening – the Eastbourne tourism 'offer'.

Tourism is an inalienably important part of Eastbourne life. Supporting this sector and related economic activity makes sense. The pandemic experience suggests however that the town could benefit from some measure of economic diversification. This objective is an additional feature of the council's approach to regeneration.

In truth, documented evidence on tourism and the economy provided to the review team was patchy. However, interviews revealed numerous sensible initiatives, especially to reduce revenue exposure. The broad approach is to apply the model deployed at the Towner Gallery and transfer management of council-owned assets to trusts. This approach would reduce risk for the council, while providing reasonably secure rental revenue. Plans are well advanced for a number of facilities, including the Devonshire Park Theatre. For any heritage assets that currently constitute net losses for the council, if opportunities to offload management do not present themselves, the council will examine alternatives. These might include engagement with public-sector bodies with environmental remits (sustainability, coastal defence) to seek investment or grant aid for asset resilience, thereby subsidising the costs of upkeep.

Moreover, the council is looking to diversify the tourism base through eye-catching initiatives, such as the proposal to locate an Eden Project offshoot in the area.

Economic diversification is also underway. The council facilitated a £180 million town-centre refurbishment by Legal & General. It has received Levelling Up resources for further initiatives, including pedestrianisation and wet-weather sheltering to promote the town's year-round attractiveness. The council is investigating ways to strengthen Eastbourne's conferencing offer. It is targeting support towards the tech sector, actively engaging with the Chamber of Commerce, and promoting employment training opportunities for local people through a variety of partnerships and networks.

These initiatives are all sound and sensible but as yet they do not necessarily constitute a comprehensive strategy. There is genuine action and commitment, and while much of the sense of urgency was initially induced by the pandemic, there is no sense that the activity will abate in the current context. Officers and members involved in the various initiatives understand the overall approach but its principles need further development so they can underpin council planning and strategic thinking. The sequencing of moves to put council assets into trusts will need care and attentive oversight. There will be human resourcing and investment implications here, as well as for the wider array of partnership-dependent initiatives. Efforts to strengthen the tourism offer and diversify the economy are undeniably being made. But it is early days, and work to date has a tactical character. Realisation of Eastbourne's potential will need explicit strategic principles and associated goals.

Accordingly, we recommend that by the end of 2023 the new council should set out its objectives on tourism, income, and economic diversification in an overarching strategy. The strategy should:

- include principles, goals (with indicative timelines), and resource requirements
- explore the advantages and challenges inherent in the trust model in managing tourist income, with any learning from the Towner Gallery experience detailed
- investigate potential benefits for council income that might accrue from its efforts to diversify the Eastbourne economy

*3. An assessment of the council's overall financial position, including any ongoing budget pressures, reserves position and any key risks to their ongoing financial sustainability.*

Eastbourne Borough Council is facing budgetary pressures and it has no reason to be complacent about financial management. However, examination of the council's 2023 budget, supporting documents, and MTFP reveals a broadly satisfactory approach. The council is not an outlier in terms of its savings targets.

The Assurance Statement from the council's Section 151 Officer captures the position accurately and comprehensively. The council has balanced its budget for 2023/24 with the use of £1.3 million of reserves. It has savings and income targets of £2.1 million of which the council considers £1.1 million of the anticipated savings as 'low risk and almost certain', which is reflected in the budget. The remainder is viewed as achievable if senior management deliver within their agreed budgets. Nevertheless, the council is open about the challenges in delivering its more transformational savings and is developing a phase 2 programme for 2024/25. It has also identified contingencies, looking to freeze parts of its capital programme if required to address any pressures.

The council's reserve policy is clear, with a minimum level of reserves set of £2 million over the course of the MTFS and a recommended level of £5 million. Unallocated reserves at 31 March 2023 are estimated to be £3.2 million. This is a reasonable position and an improvement on the previous year, with reserves at the higher end of the 'nearest neighbour' group of authorities (those of comparable size identified for benchmarking purposes). The reserves sustainability measure is around average based on the latest analysis. The current position at time of writing is even healthier at £4 million of unallocated and £6.2 million of earmarked reserves. The intention to build reserves is a consistent message from officers and Administration members, featuring prominently in both the MTFP and the Section 151 Officer's Section 25 statement.

The Minimum Revenue Provision (MRP) policy and prudential indicators are reasonable, and we found no evidence of egregious risk-taking. The finance team seems strong, determined, prudent, even (in a positive sense) cautious.

Some issues are nevertheless apparent. As a small district, the council faces a mismatch between certain administrative challenges (especially related to the ownership of heritage assets, discussed previously) and its resource base. Local government is exposed to skills shortages across numerous disciplines and Eastbourne is not immune. To address these problems, the council, which is already in a formal partnership with Lewes District Council, is open to further collaborations. Moreover, budget management expertise at operational level is exceptionally important in the current financial context. It was mentioned by finance officers as an area where the council might look to improve.

In discussions, lead opposition members raised the question of the management of short-term debt and repayment plans. In our fieldwork, we did not identify any special cause for concern in this area. The council is under borrowed (using its own funds rather than borrowing more) against its capital financing requirement. Projected under borrowing is £34.1 million in 2023/24, £32.6 million in 2024/25 and £36 million by 2025/26. No commercial investments are included in the future capital programme. Investment Company Eastbourne Limited (ICE), a wholly owned council company established as the loan guarantor in connection with a commercial property in Leicester, is earmarked for sale.

Debt, according to the capital budget report, is at £160 million. The ratios of debt to income and debt to reserves, based on the CIPFA financial resilience index, are comparable with nearest neighbours. At time of writing the council is now reporting an improved debt position of £114 million.

Nevertheless, debt and treasury management are matters of volatility and micro-adjustment, requiring vigilance. It is important that members are aware of the relevant principles and practices so they can discharge their scrutiny role effectively.

Going forward, we recommend that the council:

- continues to avoid complacency about savings targets and maintains a prudential and risk-averse posture on spending
- satisfies member interest in debt and treasury management through suitable briefings on principles and practice
- redoubles its efforts on partnership and collaboration, to enhance its resource base
- examines its broader financial resilience. We are confident in the abilities of the finance team. At a suitable moment, it might make sense to build on the initial Assurance Review with work to investigate the council's budget management expertise at operational level. We will be happy to advise on how such an assessment might be conducted

*4. An assessment of the council's progress in developing and implementing a plan for the generation of additional capital receipts, to help manage financial pressures, in line with the condition attached to the 2021/22 capitalisation direction.*

Generation of capital receipts to date has been reasonable. £2.6 million have been realised thus far through disposals and share sales and future prospects are promising. For example, near-term itemised asset tranches, valued at potentially in excess of £5 million, have been identified, with further disposals of £10 million to £12 million possible. Based on recent experience, sale of £24 million worth of agricultural land will prove more challenging. But with one farm lease falling due soon, and options for sustainable and potentially income-generative stewardship being explored, there may even be opportunities here. Indeed in general, where disposal is not feasible or under immediate consideration, the council is examining improved income options, through partnership approaches similar to those for tourist assets.

The creation of the Strategic Property Board and the Capital Programme Oversight Board appears to have been beneficial. The governing principle to curb asset spend has been to focus almost exclusively on any expenditure needed for health and safety purposes. The capital programme and its associated debt have been curtailed and there has been no major recent acquisition of assets.

Yet as with the work on tourism, the time is now ripe to develop these sensible approaches further. The initiatives have a slightly tactical, even reactive character, deriving from the need to accommodate the EFS allocation. Going forward, the council would benefit from a more comprehensive strategy.

We recommend that the council produce a thorough, integrated, and strategic approach to property by the end of 2023. This should:

- explicitly reference the Recovery and Stabilisation Plan goals
- be consistent with and support the work to reduce tourism-income dependency and diversify the local economy
- accordingly describe the character of the council's desired 'target' portfolio of held assets. This should be supported by a clear taxonomy detailing asset type and purpose.

Retained assets could be classed as commercial or regeneration-related. Moreover, the portfolio's implications for income and investment should be made explicit

- reinforce the current restrictions on spend by setting out a presumption against new asset acquisition and associated increases in indebtedness. The permissible circumstances for new investment should be made explicit and should relate to exceptional or unforeseen circumstances

In developing this strategy, as well as in the related work on tourism etc, the council may need to access external expertise, a point made in the initial Assurance Review.

*5. Any other recommendations for actions that should be taken to improve financial sustainability.*

We have no additional areas of concern or associated recommendations.

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Appendix 2

Stability & Growth

# EBC Rapid Finance Review
# April 2023

# Robust and deliverable improvement plan



- The Plan, which must continue to be subject to **robust performance management and assessment**, should face periodic review and refreshment, perhaps whenever there is a major revision to the Medium Term Financial Plan (MTFP), **to ensure its ongoing relevance and adaptation to changing priorities**
- **Governance of the Plan should also be reviewed periodically**, with the relationships between its oversight and other governance arrangements (for capital and assets, for example) vigilantly monitored. This will help preserve the mutually supportive interplay between initiatives, which currently relies significantly on senior officer efforts
- **The prominence accorded to the Plan in other strategic documents, such as the Corporate Plan, should be retained** and built upon. For example, there should be as many explicit linkages as possible between the Plan and the MTFP

# Address reliance on tourism and leisure income

**By the end of 2023** the new council should set out its objectives on **tourism, income, and economic diversification** in an overarching strategy. The strategy should;

- Include principles, goals (with indicative timelines), and resource requirements
- Explore the advantages and challenges inherent in the trust model in managing tourist income, with any learning from the Towner Gallery experience detailed
- Investigate potential benefits for council income that might accrue from its efforts to diversify the Eastbourne economy

# Address risks to financial stability

We recommend that the council:

- Continues to avoid complacency about savings targets and **maintains a prudential and risk-averse posture on spending**
- **Satisfies member interest in debt and treasury manageme**nt through suitable briefings on principles and practice
- Redoubles its efforts on **partnership and collaboration**, to enhance its resource base
- **Examines its broader financial resilience**. We are confident in the abilities of the finance team. At a suitable moment, it might make sense to build on the initial Assurance Review with work to investigate the council's budget management expertise at operational level. We will be happy to advise on how such an assessment might be conducted

# Generation of additional capital receipts

We recommend that the council produce a **thorough, integrated, and strategic approach to property by the end of 2023**. This should:

- **Explicitly reference the Recovery and Stabilisation** Plan goals
- Be consistent with and support the work to **reduce tourism-income dependency and diversify the local economy**
- Accordingly describe the character of the **council's desired 'target' portfolio of held assets**. This should be supported by a clear taxonomy detailing asset type and purpose. Retained assets could be classed as commercial or regeneration-related. Moreover, the portfolio's implications for income and investment should be made explicit
- **Reinforce the current restrictions on spend** by setting out a presumption against new asset acquisition and associated increases in indebtedness. The permissible circumstances for new investment should be made explicit and should relate to exceptional or unforeseen circumstances

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Appendix 3

Department for Levelling Up, Housing & Communities

**Lee Rowley MP**
*Parliamentary Under Secretary of State*
*for Local Government and Building Safety*

**Department for Levelling Up, Housing and Communities**
2 Marsham Street
London
SW1P 4DF

www.gov.uk/dluhc

Councillor Stephen Holt
Leader of Eastbourne Borough Council

By email

4 August 2023

Dear Councillor Holt,

**EASTBOURNE BOROUGH COUNCIL EXTERNAL ASSURANCE REVIEW**

I am writing to share with you the external finance progress review of Eastbourne Borough Council carried out by the Chartered Institute of Public Finance and Accountancy (CIPFA).

I am grateful for yours and your predecessor's willingness to engage openly with the review team and the assistance of your officers in providing information to CIPFA to support the review.

The report sets out the positive progress that Eastbourne Borough Council has made to becoming more financially sustainable since its previous assurance review in 2021. However, the report also sets out some sensible recommendations for addressing the challenges the council is facing, in particular setting out objectives on tourism, income and economic diversification in an overarching strategy and continuing to review and refresh the council's Recovery and Stabilisation Plan to ensure its ongoing relevance and adaptation to changing priorities. It is important that the Council responds to these recommendations accordingly.

I trust that the report and its findings will be helpful in focusing your Council on the continued positive trajectory to financial sustainability. I assume that you will share the report with relevant interested parties within your Council.

Departmental officials will be in touch with officers at the Council shortly to discuss arrangements for providing assurance on the effective implementation of the recommendations set out in the review.

Yours sincerely,

**LEE ROWLEY MP**
**Parliamentary Under Secretary of State**
**for Local Government and Building Safety**

Appendix 4

EASTBOURNE
Borough Council

Working in partnership with **Eastbourne Homes**

Lee Rowley MP
Parliamentary Under Secretary of State for Local Government and Building Safety
Department for Levelling Up, Housing and Communities

15 August 2023

Dear Minister,

Thank you for your letter dated 4 August 2023. I would like place on record how much we appreciate and value the collaborative working with central government and the resulting ability for us to continue delivering our services and support our local economy at this challenging time.

I am grateful for your comments, as well as the support given by CIPFA. I was particularly pleased with the comments of the review that stated that *"The council has grasped the improvement agenda with seriousness and purpose and has made significant progress. The leadership team can point to a range of positive changes, accomplished or imminent."*

Please be assured, that the council welcomes and fully accepts the recommendations of the Rapid Finance Review carried out by CIPFA in April of this year.

Indeed, the recommended actions are already being implemented as part of our ongoing internal improvement programme (Stability and Growth - which has replaced the Recovery and Stabilisation plan referenced in the document).

The Stability and Growth Programme continues our work in delivering a wide range of operational transformations and efficiencies designed to contribute towards a resilient and sustainable financial future for the council.

We continue to be committed to delivering good services for our residents and support them during these challenging economic times. We consider achieving the best outcomes for our residents and business communities our primary goal and work with our communities, partners and other public sector colleague to ensure and secure better outcomes for the Borough.

However, we would like to take this opportunity to stress the very real challenges we face in doing this against a backdrop of the continuing cost of living challenges for our residents. It is worth noting, that the original capitalisation direction was given partly as a consequence of the increased cost of homelessness. These pressures relating to homelessness have not declined, and similar to some of our neighbouring and coastal authorities, have increased which place real pressures on our services and limited resources.

Whilst, we are taking proactive and positive actions to manage and reduce the increasing demand on our services and resources, we would welcome further discussions with our

**Councillor Stephen Holt**
Leader | Eastbourne Borough Council
Town Hall, Grove Road, Eastbourne, East Sussex, BN21 4UG
Email: councillor.holt@eastbourne.gov.uk

DLUHC colleagues about the council's housing need pressures and concerns going forward at the earliest opportunity to see what support your Department may be able to offer our authority.

I am exceptionally proud of our achievements through the council's Recovery and Stabilisation work and am confident of our ability to continue to deliver good outcome through our Stabilisation and Growth Programme.

I trust that our progress to date in addressing the issues highlighted by our original Assurance Review will give you confidence in our ability and determination to deliver the additional actions arising from this supplementary assessment, and look forward to meeting with your Department to discuss the homelessness and cost of living burdens placed on this authority.

Yours sincerely,

**Stephen Holt**
**Leader, Eastbourne Borough Council**

Town Hall, Grove Road, Eastbourne, East Sussex BN21 4UG
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| | |
|---|---|
| **Body:** | **Cabinet** |
| **Date:** | **20 September 2023** |
| **Subject:** | **Corporate Performance Quarter 1 2023-24** |
| **Report of:** | **Homira Javadi, Director of Finance and Performance** |
| **Cabinet member:** | **Councillor Stephen Holt, Leader of the Council (Community Strategy, Local Strategic Partnership, the Corporate Plan, Performance and Staff)** |
| **Ward(s):** | **All** |
| **Purpose of the report:** | **To consider the Council's progress and performance in respect of service areas for the First Quarter of the year (April-June 2023) as shown in Appendix 1.** |
| **Decision type:** | **Non Key** |
| **Recommendation:** | **To note progress and performance for Quarter 1 2023/24.** |
| **Reasons for recommendations:** | **To enable Cabinet members to consider specific aspects of the Council's progress and performance.** |
| **Contact:** | **Luke Dreeling: Performance Lead**<br>**Tel: 07525 351757**<br>**Email: luke.dreeling@lewes-eastbourne.gov.uk** |

## 1. Introduction

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

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

1.3 Appendix 1 of this report sets out details of the key performance indicators for 2023/34 which were agreed by Cabinet in July.

## 2. Stability and Growth Programme

2.1 A report was considered at Cabinet in July regarding a change being made to the Recovery and Reset Programme. Going forward the improvement and efficiency programme will be called Stability and Growth, to give a fairer reflection of the outlook and work involved. This programme will work alongside the ongoing performance management work of the Council to ensure continuous improvement.

2.2 A brief update on the progress of this programme will be included as part of the report on a regular basis:

- Services are systematically being reshaped to meet the changed needs of the Council and its customers, and opportunities to make the best use of technology to deliver efficiencies continue to be implemented:
- Colleagues are working to implement a number of new systems which will deliver improvements and efficiencies (e.g. financial, operational – for customers and staff – and contractual) for a range of service areas (e.g. Revenues and Benefits, Environmental Health and Licensing, Planning.
- The learning from the launch of ELLIS – a next generation chatbot – on the Council's website and on limited phone lines in 2022 has identified that this technology will be an effective solution to improve further on the Council's customer service offer. Plans are being finalised to implement ELLIS on more phone lines over the coming months.

2.3 With a focus on the way in which customers, businesses and residents access council services and information about council services, a project to design a new website for the Council commenced earlier this year. This project will enable an updated and refreshed offer for customers, making the best use of technology. Opportunities for staff, Members and customers to engage in the project will be confirmed shortly.

## 3. Solution Sprints

3.1 Alongside Stability and Growth, the Council has established a programme to drive targeted efficiencies in specific service areas. This is called the Solution Sprints programme.

3.2 This quarter solution sprint and improvement activity continues, building on the success of last year where solution sprints were reintroduced last autumn following the pause brought about by Covid response. Many of these have given rise to broader ongoing pieces of continuous improvement activity and councillors may recall from the previous quarter and annual update examples including: the 'contact us' form on the website, 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; requirements gathering for the new Planning system; and, arrangements to update and refresh the Scheme of Delegations through member engagement.

3.3 Activity during quarter 1 has continued to focus on improvements to the Incident Liaison Officer (ILO) process and associated out of hours (OOH) provision. Several interim recommendations to improve existing arrangements have been identified. These followed a series of exploratory meetings with a cross section of staff involved in ILO and OOH. These interim recommendations have since been approved for progression by the Director of Service Delivery. The next phase of work will conclude delivery of the interim recommendations and work with stakeholders towards an 'ideal' ILO and OOH process.

3.4 Other notable solution sprint outcomes this quarter are conclusion of associated work on EV charging and some waste processes with Neighbourhood First colleagues - as a result, an EV communications guide has been produced to support Customer First colleagues with inquiries. Process review and design work undertaken with colleagues in the Green Consultancy – resulting in the development of new project management tools to assist management of their many projects, improving visibility, and enhancing capacity for progress tracking. A 'tackling the crisis' housing/homelessness workshop was also delivered between housing colleagues from Lewes, Eastbourne and Hastings this quarter. Outcomes included building rapport, trust and confidence between frontline officers across the authorities, sharing good practice with regards to homelessness provision and establishing opportunities to share and collaborate on housing solutions.

3.5 Quarter two will see continued progression on ILO and OOH as described above, improvement work with the Green Consultancy to explore scope for Direct Debit payments for garden waste, work to refresh sustainability commitments through the LDC Climate action plan, and a potential review of some Finance processes to coincide with future HR and payroll arrangements, subject to capacity.

## 4. Financial appraisal

4.1 Project and performance monitoring and reporting arrangements are contained within existing estimates. Corporate performance information should also be considered alongside the Council's financial update 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. Legal implications

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

## 6. 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. Conclusion

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

## 8. Appendices

- Appendix 1- Portfolio Progress and Performance Report (Quarter 1 2023/24)

## 9. Background Papers

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

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

## Part A – Portfolio Progress and Performance - Appendix 1

# Eastbourne Borough Council Corporate Performance Report Q1 2023-24

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

# KPIs

| KPI Description | Annual Target 2023/24 | Q4 2022/23 | Q1 2023/24 | | | | Latest Note |
|---|---|---|---|---|---|---|---|
| | | Value | Value | Target | Status | Short Trend | |
| 1. Finance: Percentage of Council Tax collected during the year - Eastbourne | **96.80%** | 96.39% | **28.55%** | **28.50%** | | | Collection is 0.05% above target this quarter and remains on track. |
| 2. Finance: Percentage of Business Rates collected during the year - Eastbourne | **97%** | 96.09% | **30.61%** | **29.53%** | | | Collection is 1.26% above target this month and remains on track. |
| 3. Benefits: Average days to process new claims for housing/council tax benefit | **22** | 29 | **22** | **22** | | | Significant improvement from Q4 (29) and quarterly target has been achieved for the first time since Q4 2021/22 |
| 4. Benefits: Average days to process change of circs (housing/council tax benefit) | **6** | 16 | **9** | **6** | | | Although above target, this is a significant improvement on Q4 2022/2023 (16). |
| 5. Customers: Average time taken to answer calls | **Data Only** | N/A | **06:46** | **Data Only** | | | Customer contact experienced a challenging and demanding start to the new financial year where like previous Quarters, the first Quarter saw high levels of contact where unfortunately we were unable to meet our KPIs.<br><br>Quarter one found us with an average speed of answer of 406 seconds – this was a 258 second increase from Quarter four's 148 seconds.<br><br>Although there was a slight drop in overall call volumes for Quarter one when compared to the previous Quarter, customer contact continued to remain of a complex nature and Customer Advisors are spending long periods of time assisting with enquiries, endeavouring to resolve them at that first contact. The high volumes of correspondence sent out during March for the financial year end's Annual Billing and the Garden Waste renewal difficulties resulted in contact overflowing into April. This was then coupled with the 5 public holidays where contact is condensed into 4 days, along with the local elections, which all drove contact over a reduced period of time.<br><br>During the first quarter we were able to positively recruit to more Customer Advisor vacancies, where we enter the second quarter only needing to recruit a further 3FTE. The new starters that joined us in April and May are now also at a point of handling contact without intensive support, hopefully seeing a further improvement in our overall call response.<br><br>We are hoping that the continued development of ELLIS (both chatbot and phone) in the coming quarters will help reduce our call answering time. We have already seen an improvement in July, reducing the average to 5:31mins. |
| 6. Customers: Telephone calls graded as high quality under the call monitoring scheme | **90%** | N/A | **83%** | **90%** | | | Quarter one of 2023/2024 saw the introduction of a new PI on call quality, as opposed to quantity, where the team are targeted at 90%+ of all calls being graded as high quality under the call monitoring scheme.<br><br>This scheme consists of the 4 Team Leaders listening to 5 Customer Advisors each from their team and averaging between 3 to 5 calls per advisor. The calls are rated and marked |

| KPI Description | Annual Target 2023/24 | Q4 2022/23 Value | Q1 2023/24 Value | Q1 2023/24 Target | Q1 2023/24 Status | Q1 2023/24 Short Trend | Latest Note |
|---|---|---|---|---|---|---|---|
| | | | | | | | against our internal monitoring scheme where each relevant metric is rated from 1 to 4 (Information Missing, Improvement Needed, Good Performance, and Excellent Performance). They are then given a total percentage of how they performed which is added to the month's total calls and an average percentage and grade given.<br>This overall score is then broken down to 4 key markers/grades – 60-70% is 'Needs Improvement', 70-80% is 'Good', 80-90% is 'Great', and 90%+ is Excellent.<br>For the first quarter the team reached an overall score of 83% - classed as 'Great'.<br>From this call monitoring during the quarter various training, customer service-skills and improvements have been identified and actioned which includes: 121 and team coaching sessions on key subject areas where clarity was needed, improvements made to the collection and updating of key contact information, increased verification and GDPR guidance to ensure compliance, and other general improvements being identified on induvial levels with how they interact with our customers and residents. |
| 7. Customers: Customer complaints logged at stage 1 resolved within 10 working days | **100%** | N/A | **54%** | **100%** | | | Though we have not achieved the target, we have already initiated works to ensure that all service areas have designated officers to respond to complaints. Vacancies have recently been filled within Customer Experience and Income Maximisation & Welfare, which has effected their ability to respond to complaints, however this should see an improvement in the coming quarters. |
| 8. Customers: Customer complaints logged at stage 2 resolved within 20 working days | 100% | N/A | **48%** | **100%** | | | As with stage 1 complaints, teams have been briefed on ensuring there is a clear route for the resolution of escalated complaints across all service areas to avoid delays. Further training will be provided to individuals new to complaints handling. |
| 9. Customers: The number of corporate complaints upheld at stage 1 and stage 2 | Data only | N/A | **50** | **Data only** | | | Please see KPIs 7/8 for commentary |
| 10. Customers: The number of corporate complaints received at stage 1 and stage 2 | Data only | N/A | **209** | **Data only** | | | Please see KPIs 7/8 for commentary |
| 11. Housing: Number of households living in emergency (nightly paid) accommodation | Data only | 332 | **321** | **Data only** | | | We have seen an improvement from Q4 to Q1, bringing down the number of households in Emergency accommodation. We continue to work closely with Housing Associations and the Private Rented Sector to move people out of EA, when we owe them a full housing duty, as well as using our own social housing stock. |
| 12. Customers: Number of people registering for our email service (GovDelivery) | **1,800** | 1,804 | **1,147** | **450** | | | PI remains significantly ahead of target |
| 13. Customers: Percentage of local searches that are returned within 10 working days of receipt | **80%** | 100 % | **100%** | **80%** | | | Q1 performance above target. 273 out of 273 local searches returned within 10 working days. |
| 14. Growth: Town centre vacant retail business space | **11.02%** | 8.17% | **6.92%** | **11.02%** | | | Eastbourne Town Centre vacancy reporting continues to improve with a number of new openings in the last quarter. Local Data Company national vacancy reporting returns 13.8%. |
| 15. Housing: Average void relet time key to key (month & YTD) | **20.0** | 52.1 | **39.1** | **20.0** | | | Despite not reaching the target, we have seen our greatest quarterly performance since Q3 2021/22. |

| KPI Description | Annual Target 2023/24 | Q4 2022/23 | Q1 2023/24 | | | | Latest Note |
|---|---|---|---|---|---|---|---|
| | | Value | Value | Target | Status | Short Trend | |
| | | | | | | | Our void improvement plan has been updated for this financial year which is in place with a meeting structure to support improvements operationally and strategically across Homes First.<br>General turnover remains low, particularly in larger family accommodation, which means that the Housing Register is not reducing in number and pressure on accommodation remains acute. Housing register review now complete.<br>Void turnaround times remain a high priority for all service areas. |
| 16. Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant | 14 days | 7 days | **5 days** | **14 days** | | | Performance remains above target. |
| 17. Housing: Number of Licensed HMO's Inspected per Quarter | 48 (12 Quarterly) | 6 | **29** | **12** | | | HMO inspections have significantly improved from Q4 2022/23 (6) and we have achieved target for this quarter. |
| 18. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit) | **3%** | 3.3% | **3.3%** | **4%** | | | Arrears have achieved target by 0.7%. Target achieved for the first time since Q3 2018/2019. |
| 19. Planning: Increase the percentage of Major Planning Applications processed within 13 weeks | **60%** | 100% | **50%** | **60%** | | | Small volumes in Major applications can mean a greater impact in % terms. Only two majors determined this quarter with one out if time. This will be addressed going forward, through the year, with more extensive use of and negotiation of Extension of Time Agreements |
| 20. Increase the percentage of minor planning applications processed within 8 weeks | **70%** | 86% | **71%** | **70%** | | | Achieved stretched PI target, this will be picked up during the coming Quarters with the greater use of extensions of time agreements. |
| 21. Increase the percentage of other planning applications processed within 8 weeks | **70%** | 98% | **91%** | **70%** | | | Continues to meet target |
| 22. Recycling & Waste: % Container Deliveries on Time (SLA) | **99%** | 95.48% | **96.08%** | **99%** | | | Q1 (96%) remains consistent with the previous quarter (96%) yet slightly off target.<br>Bins delivered on time:<br>• April = 87.8%<br>• May = 99.2%<br>• June = 99.6%<br>• Qrt average = 96%<br>• Total bins delivered = 715 |
| 23. Recycling & Waste: Missed Assisted Collections | **1%** | 0.35% | **0.2%** | **1%** | | | Q1 (0.2%) is within target and remains consistent with the previous quarter.<br>49 Missed assisted collections, 24,197 assisted collections. |

| KPI Description | Annual Target 2023/24 | Q4 2022/23 | Q1 2023/24 | | | | Latest Note |
|---|---|---|---|---|---|---|---|
| | | Value | Value | Target | Status | Short Trend | |
| 24.Recycling & Waste: Number of missed bins (per 100,000) | **100** | 75 | **49** | **100** | | | This quarter sees a slight improvement in missed bins (49) compared to the previous quarter (75) and remains within target.<br>April = 39<br>May = 60<br>June = 48<br>Qrt average = 49 |
| 25. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting | **45.00%** | 39.05% | **39.05%** | **45.00%** | | | Holding figure until data from ESCC is available<br>Average from Q4<br>• Jan = 40.1%<br>• Feb = 39.7%<br>• March = 37.2%<br>• **Qrt 4 Av. = 39.05%**<br>Q3 2022/23 Value for comparison: 38.34% |
| 26. Recycling & Waste: Total number of reported fly-tipping incidents | **480** | 166 | **170** | **120** | | | Reported incidents breakdown: April 58, May 49 and June 63.<br>Hotspot ward: Devonshire<br>Primary waste types: Other household waste<br>Volume type: Car boot load or less<br>Neighbourhood First teams work with residents, landlords and property owners through our Educate, Remind, Enforce (ERE) methods to reduce anti-social behaviours regarding waste.<br>Where appropriate and practical, fly-tips are investigated for evidence so that enforcement procedures can be followed through.<br>2023/24 to date, has seen 1 court prosecution for uncontained commercial waste and 8 Fixed Penalty Notices issued (5 x fly-tipping, 1 x littering, 1 x littering from a vehicle, 1 x fly-posting) |
| 27. Staff: Average days lost per FTE employee due to sickness (J) | 8.0 days | 1.55 days | **1.52 days** | **2.0 days** | | | This is the first quarter of reporting average days lost due to sickness for 2023/24. Sickness levels remain stable and achieving target in Q1. We have recorded an average of 1.52 days absence which is a reduction from Q4 (1.55 days).<br>HR Business Partners continue to support managers in managing any attendance issues that arise. |

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| | |
|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **20 September 2023** |
| **Title:** | **Revenue and Capital Financial Monitoring Report Quarter 1 2023-24** |
| **Report of:** | **Homira Javadi, Director of Finance and Performance** |
| **Cabinet member:** | **Councillor Robin Maxted, Cabinet Member for Finance and Resources** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **The report provides an assessment of the Council's financial performance against its approved 2023-24 budget, incorporating key financial risks, issues and opportunities identified since 1 April 2023 for the General Fund and the Housing Revenue Account (HRA)** |
| **Decision type:** | **Non-Key** |
| **Officer recommendation(s):** | **It is recommended that the Cabinet:**<br>**i) Note the forecast outturn position for 2023-24 and associated risks.**<br>**ii) Delegate authority to the Director of Finance and Performance and the portfolio holder for finance to apply the required budget virements to support effective management of the overall budget.**<br>**iii) Note Appendix 1 and 2** |
| **Reasons for recommendations:** | **To update members on the financial position of the Council and ensure that the Authority complies with its financial regulations.** |
| **Contact Officer(s):** | **Name: Homira Javadi**<br>**Post title: Director of Finance and Performance**<br>**E-mail: homira.javadi@lewes-eastbourne.gov.uk**<br>**Telephone number: 01323 485512** |

## 1. Introduction

1.1. Eastbourne Borough Council provides a range of services to residents and businesses across the area including the collection and disposal of waste, housing, and support for the homeless, leisure and community wellbeing, planning and tourism and culture activities.

1.2. The Council successfully balanced its 2022-23 budget and published the details in the provisional outturn report that Cabinet considered.

1.3. However, the Council, alongside many other local authorities and organisations across the nation, has seen a significant impact on its finances because of external factors beyond its control. The main drivers of these cost pressures are highlighted below:

- Inflationary and cost of living pressures impacting on the cost of providing services.
- Ongoing financial impact of Covid allied with the withdrawal of significant Covid funding previously received.
- Demand led and inflationary pressures within housing.
- Risk of cost of living pay awards which are greater than included at the time of setting the budget.
- The underlying uncertainty surrounding the cost of energy and utilities in particular gas and electricity.
- The lack of clarity over Government funding for local government particularly around business rates and a long-term settlement to enable planning over the medium term.

1.4. As a result of these externally driven financial challenges, Directorate Management Teams continue to be focused on reducing the cost-of-service delivery in their areas to support the Council to forecast spend closer in line with the budget, while ensuring that services are still delivered and that there is not a corresponding reduction in service provision.

## 2. General Fund

2.1. The forecast outturn position for 2023-24 is an overspend of £2,348k, as shown in Table 1. No previous positions have been formally reported to Cabinet this year.

2.2. This is an initial assessment of the forecast outturn position at the first quarter milestone. More detailed financial monitoring will be undertaken over the coming months to inform the forecast outturn with service teams and reported to Cabinet.

2.3. Teams are working on mitigation options for the potential overspend with Service Delivery already highlighting some £1,351.8k of options under development.

2.4. The initial main underlying pressures which directorates are seeking to mitigate are as follows:

- Underlying levels of inflation and increased interest costs affecting contracts, operations and running costs.
- Increase in homelessness and the use of expensive nightly purchase temporary accommodation.
- Increased number of planning appeals.
- Budget pressures associated with establishment restructures.

2.5. The detailed forecast variations against budget are set out in section 4.

| **Directorate** | **Net Budget**<br><br>**£'000** | **Forecast Net Expenditure at 31/03/24**<br><br>**£'000** | **P3 Forecast Outturn Variance at 31/03/24**<br><br>**£'000** |
|---|---|---|---|
| Corporate Services | 4,820 | 5,128 | 309 |
| Service Delivery | 8,139 | 10,460 | 2,321 |
| Regeneration & Planning | (56) | 666 | 722 |
| Tourism & Enterprise | 2,037 | 2,023 | (14) |
| **Cost of Services** | **14,940** | **18,277** | **3,337** |
| Technical/Centrally Controlled Budgets | 3,033 | 3,033 | 0 |
| **Total Budgeted Expenditure** | **17,973** | **21,310** | **3,337** |
| Less Funding | (17,973) | (18,962) | (989) |
| **Net Position 2023-24** | **0** | **2,348** | **2,348** |

*Table 1: Period 3 Forecast Outturn 2023-24 by Directorate*

2.6 The report reflects the position at a particular time as of 31 June 2023. Period 4 analysis to the end of July is already showing an improved position.

2.7 Services have an early awareness of their pressures and as a result are taking positive steps to mitigate the overspend in their areas. It is anticipated that the Quarter 2 position as of 30 September 2023 will give a much improved position compared to this quarter.

## 3. Housing Revenue Account (HRA)

3.1. The Housing Revenue Account is a ring-fenced account used to manage the Council's housing stock. The costs of managing and maintaining the properties, collecting rents and meeting the interest cost of monies borrowed to pay for investment in the housing stock are all charged to the housing revenue account.

3.2. The HRA is reporting an underspend (surplus) position of £221k against the original budget, as shown in table 2. This is the first reported position communicated to Cabinet members for the financial year 2023/24.

3.3. The forecast underspend has predominately been driven by three main areas:

- Charges for Services – there is a forecast £202k of additional income above the budget set and agreed in February. This is a due to the agreed budget being uplifted by 7% following the same guidance as percentage increases adopted for Dwelling Rents. However, unlike Dwelling Rents service charges are purely a recharge of the underlying costs being incurred. The income for service charges have therefore increased following the detailed work undertaken on individual charges across the estate and have been affected by the underlying inflationary pressures within the UK economy including areas such as energy and wage pressures. These costs have worked their way through to the charging levels and the Council is only passing the actual costs incurred onward to tenants' charges.

- Dwelling Rents – the forecast reduced income of £181k (1%) is due to two factors; the underlying levels of voids being slightly higher than budgeted and the number of rental days within the fiscal year being reduced by two days as only commencing on the 3 April.

- Depreciation – there is a forecast reduction in the depreciation charge of £172k due to the Council's S151 agreement to change the methodology adopted for the depreciation of the land element of the housing stock, increasing the percentage of the land from 15% to 25% of the total value of each property, thus reducing the depreciation as there is no depreciation on land.

| HRA 2023/24 | Original Budget £000's | Forecast Outturn £000's | Variance Q1 £000's |
|---|---|---|---|
| **INCOME** | | | |
| Dwelling Rents | (15,827) | (15,646) | 181 |
| Non-Dwelling Rents | (358) | (341) | 17 |
| Charges for Services | (1,418) | (1,620) | (202) |
| **GROSS INCOME** | **(17,603)** | **(17,608)** | **(5)** |
| | | | |
| **EXPENDITURE** | | | |
| Management Fee | 8,436 | 8,436 | 0 |
| Supervision and Management | 1,789 | 1,744 | (45) |
| Provision for Doubtful Debts | 145 | 145 | 0 |
| Depreciation | 5,518 | 5,346 | (172) |
| Debt Management Costs | 15 | 15 | 0 |
| **GROSS EXPENDITURE** | **15,903** | **15,686** | **(217)** |
| | | | |
| **NET COST OF HRA SERVICES** | **(1,700)** | **(1,921)** | **(221)** |
| | | | |
| Loan Charges - Interest | 1,781 | 1,781 | 0 |
| Interest Receivable | (57) | (57) | 0 |
| **NET OPERATING SURPLUS** | **24** | **(197)** | **(221)** |
| | | | |
| Contribution to Capital Expenditure | 0 | 0 | 0 |
| Contingency | 0 | 0 | 0 |
| | | | |
| **HRA (SURPLUS) / DEFICIT** | **24** | **(197)** | **(221)** |

*Table 2: HRA Period 3 Forecast Outturn 2023-24*

## 4. Financial Overview by Directorate

4.1. This section of the report provides an update on the forecast variations against the 2023-24 budget focused on individual Directorates. A more detailed tabular presentation of variances by team is available in appendix 1.

**Corporate Services**

**Net Budget** - £4,819.5k
**Forecast Outturn** - £5,128.1k
**Forecast Overspend** - £308.6k
**Variance Percentage** – 6.4%

4.2. The Corporate Services Directorate delivers services including human resources, financial services, corporate management team, business transformation and legal and democracy support.

4.3. The Directorate is reporting a forecast outturn position of £308.6k overspend.

4.4. Similar to many other local authorities, financial services is experiencing difficulty in recruiting for some key vacant posts on permanent basis. The reported position includes a projected outturn overspend of £207k against the financial services in respect of the projected cost of interim staff. The vacancy savings are currently being partially offset against the interim costs. The service is actively progressing with its recruitment plans to appoint for the vacant posts.

**Service Delivery**

**Net Budget** - £8,139.3k
**Forecast Outturn** - £10,460.3k
**Forecast Overspend** - £2,321.0k
**Variance Percentage** – 28.5%

4.5. The Service Delivery Directorate delivers services including housing and support to the homeless, waste and environmental services and maximisation and welfare and regulatory service teams.

4.6. The Directorate is reporting a forecast outturn position of £2,321.0k overspend, which is an adverse movement of £630k from the reported Period 1 position.

4.7. The period 3 reported position includes a projected overspend of £855.4k to meet the current costs of providing homeless support and housing. The Council had budgeted to support approximately 250 homeless households during the year while the current demand is 320 households in emergency accommodation. While the current demand remains high, the number of households in emergency accommodation in June has reduced and the service is projecting to reduce placements down by a further 193 by the end of the financial year. This will continue to be monitored and reviewed over the coming months.

4.8. There are also forecast overspends relating to employee costs in two areas, the Neighbourhood First Team, against office cleaning (£354.8k) and Devonshire Park Grounds maintenance staff (£162.4k) as initial R and S savings for both contract business cases remain unrealised. However, the service is looking to resolve these through transformation which may mitigate the impact this financial year depending on delivery timescales.

4.9. The Customer First Team are forecasting an overspend of £329.8k against staffing costs as they continue to incur difficult to fill vacancies which are currently filled by agency workers at higher rates than permanent budget levels.

4.10. The Directorate are forecasting overspends of £134.2k against the costs of various routine maintenance costs and security (such as repairs and maintenance and surveys) for the Town Hall and College Road Offices as well as a loss in lettings income of £47.0k due to a change in demand for room hire.

4.11. The Directorate are forecasting overspends of £115.4k in Parks and Gardens due to grounds maintenance contract inflation costs which have been passed onto the Council due to underlying inflationary pressures in the economy incurred by contractors and suppliers.

4.12. There is a forecast overspend of £94.0k relating to the cost of the Wellbeing Service which was introduced in 2022-23 as there is no base budget for the service. The service was funded in 2022-23 through the use of reserve allocations. The cost of the service, now embedded, will need to be included as a growth item in the budget setting process for 2024/25.

4.13. The Bereavement Team are forecasting a shortfall in bereavement income of £78.0k due to the declining national death rate along with pressures of increased business rates and other repairs and maintenance totalling £104.1k

4.14. There are other smaller variances across teams (all below £50k) that make up the remaining £45.9k of overspend forecasts at period 3.

4.15. Additionally, the Service Delivery Directorate have identified £1,351.8k of mitigations which then offset the pressures identified above, these have yet to be built into the above period 3 position and are in various stages of development and consultation. As they come to fruition and implementation, they will be incorporated into the position with Cabinet being informed of the details through the normal governance routes.

**Regeneration and Planning**

**Net Budget** – £(56.1)k
**Forecast Outturn** – £665.8k
**Forecast Overspend** - £721.9k
**Variance Percentage**

4.16. The Regeneration and Planning Directorate delivers services including estates and property, estate management and regeneration and planning activity across the geographical borough area.

4.17. The Directorate is reporting a forecast outturn position of £721.9k overspend, which is an adverse movement of £721.9k from the balanced position reported at period 1.

4.18. The reported position includes a projected overspend of £230.0k within Estates and Property against repairs and maintenance costs which have seen significant increases in labour and materials prices due to the underlying inflationary aspects within the UK economy.

4.19. The reported position includes a projected overspend of £138.2k within the Planning Team due to the procurement of consultants to manage the volume of planning appeals (currently running at 20) compared to the budgeted level which assumes a likely number of appeals of approximately 1-2 per year.

4.20. The service are also projecting an overspend of £129.8k against the NNDR/Business Rates budgeted levels set in 2023/24 within Estates and Property. Although the forecast outturn is in line with actual costs incurred last year these came in too late to amend this year's budget. This will need to be reflected in the budget setting for 2024/25 as a recurring base budget gap.

4.21. There is a projected overspend of £49.5k related to the costs of servicing and maintaining fire alarms across the estate and the bi-annually requirement to conform with safety standards which are not budgeted in the year incurred.

4.22. There are other smaller variances across teams (all below £50k) that make up the remaining £174.4k overspend forecast at period 3.

**Tourism and Culture**

**Net Budget** – £2,037.0k
**Forecast Outturn** – £2,022.8k
**Forecast Overspend** - £(14.2)k
**Variance Percentage** – -0.7%

4.23. The Tourism and Culture Directorate delivers a range of cultural activities across the area including the Devonshire Quarter, leisure and sporting facilities as well as ongoing and one-off yearly events and productions.

4.24. The Directorate is reporting a forecast outturn position of £(14.2)k underspend, which is a positive movement of £196k from the position reported at Period 1.

4.25. The reported position includes a projected overspend of £132.7k against the Theatres service with the significant variances occurring due:

- Employment/establishment costs £175.7k - due to budget pressures on establishments predominantly in the Devonshire Quarter operations and facilities team (£167.7k) and cleaning team (£107k) due to the underlying base budget not being reflective of the movement to in-house provisions. These are partly offset by underspends against the remaining contracting cleaning budgets (£94.8k) with these needing to be reviewed with the service over the coming months to be consolidated and corrected. There are also smaller variances across establishments totalling £4.4k across the service.

- There are other smaller expenditure variances across teams (all below £50k) that make up the remaining £43.0k of underspend forecasts at period 3.

- Income £1.0k – there are no major variances reported in Theatre income budgets.

4.26. The reported position includes a projected underspend of £(174.9k)k against the Sports Delivery area which is the result of projected variances connected to the Sovereign Centre:

- (£1,022.2k) – the centre is forecasting additional income over budgeted levels particularly in relation to membership fees and admissions. This follows similar income trends as the previous financial year and will be kept under review monthly.

- £370.0k – a projected overspend due to a revised corporate landlord recharge of £370k for the Sovereign Centre for the year. This will need to be reviewed over coming months with the corporate property team to confirm the exact charge for 2023-24. The budget then needs to be reviewed as part of the budget process and in light of the future procurement and contracting arrangements for the centre.

- £302.0k - the Sovereign Centre is forecasting an overspend on staffing related costs but it should be noted that this is mitigated by the projected increases in income demonstrating a correct ratio of increased staffing costs with increased membership and throughput at the centre.

- £135.1k – the centre is forecasting an overspend on premises responsive repairs and maintenance due to the high than budgeted member throughput at the centre and reflective of the increased volumes of income.

- £40.2k – the balance is the result of a number of minor variances (all below £50k) as a result of increased activity.

4.27. The reported position also includes a projected underspend of £(47.3)k against the Tourism and Culture Team with the significant variances occurring due to:

- Employment/establishment costs £(246.4)k – the service is forecasting an overall underspend on employment/establishment costs across a number of areas/services including the following:

  Underspends

  - Conferences - £(117.9)k – there are a number of posts that have been deleted in prior year restructures but the budget remains on the ledgers. These posts are therefore not actively to be recruited and can now be released as underspends this year with the budget to be adjusted as part of the next budget round.

- Sovereign Centre Café – £(113.9)k – the reported underspend is a result of the methodology of the loading of the budgeted growth items for the Sovereign Centre. This budget will be realigned as part of the active re-procurement of the operations of the centre as it is implemented and outsourced.

- Tourism Catering Administration - £(102.2)k – there are a number of posts that have been deleted in prior year restructures but the budget remains on the ledgers. These posts are therefore not actively to be recruited and can now be released as underspends this year with the budget to be adjusted as part of the next budget round.

- Pavilion - £(91.0)k – the Pavilion has been outsourced for the start of 2023/24 and the budget has not been adjusted to allow for this change and will be reflected/adjusted at the next budget round.

- Head of Tourism and Enterprise - £(85.8)k – due to the post being made redundant early this calendar year but the budget still existing. This will be corrected at the next budget round.

Overspends

- The Stage Door Pub – £108.4k – This is due to a range of factors but includes the permanent appointment of long-standing temporary staff which has not been reflected in a budgetary growth but also projected increases in budgeted income of £94.1k this financial year.

- Eastbourne Downs Golf Club (EDGC) - £158.8k – This is due to a range of factors but includes the permanent appointment of long-standing temporary staff which has not been reflected in a budgetary growth but also due to currently projected increases in budgeted income of £68.5k this financial year.

- Conference Catering Popups - £68.9k – this is due to the significant increase in budgeted income of £118.9k and the resultant requirement to bring in additional staffing manage the demand.

The balance of £(71.7)k is the result of a number of minor variances (all below £50k) across multiple services/teams.

- Supplies and Services £140.7k – the team are forecasting an overspend in relation to supplies and services predominantly due to increased cost associated with stocks and provisions (£94.1k) to support higher than budgeted income levels and also the costs of consultants (£66k) which are unbudgeted to support the ongoing review of the tourism offer. There are also smaller variances (all below £50k) across multiple services/teams totalling £(19.4)k.

- There are other smaller expenditure variances across teams (all below £50k) that make up the remaining £9.7k of underspend forecasts at period 3.

- Income £68.0k – the team are reporting a £68.0k reduction in income at period 3 with the most significant reductions in income occurring due to:

    - The Pavilion - £190.2k - no income is reported against the full year budget of £190.2k as the service has been outsourced, the budget will be adjusted in the next budget round to reflect the new arrangements.

    - International Lawn Tennis Centre Kitchen - £117.9k – no income is reported against the full year budget of £117.9k as the service has been outsourced, the budget will be adjusted in the next budget round to reflect the new arrangements.

    - There are also a number of services which are reporting increased income projections at period 3 due to increased ticket and visitor numbers which include The Stage Door Pub (£91.1k), Eastbourne Downs Golf Club (£68.5k) and the Welcome Building Café (£65.3k). There are smaller variances (all below £50k) which account for the remaining increased income of £15.2k.

4.28. The Seafront services team are projecting a small outturn pressure of £75.2k against budget at period 3 with minor variances (all below £50k) across various services.

**Technical and Central Controlled Budgets**

**Net Budget** – £3,033.1k
**Forecast Outturn** – £3,033.1k
**Forecast Overspend** - £nil
**Variance Percentage** – 0.0%

4.29. Technical and centrally controlled budgets include the treasury budgets, capital financing and contingency budgets. This area will also include any Council wide corporate cross cutting issues and/or opportunities.

4.30. The Council is reporting a balanced outturn position in technical and centrally controlled budgets at period 3. There are a number of measures to offset against any projected increase in expenditure.

4.31. The budget reported in February for centrally controlled budgets totalled £3,369.0k with the budget now sitting at £3,033.1k, a movement of £335.9k. The movement of £335.9k follows the distribution of the following budget proposals to service budgets:

| Proposal Code | Proposal Description | Budget £ |
|---|---|---|
| EBC2324001 | 2021/22 Base Budget Pay Inflation Adjustment | -83,375 |
| EBC2324002 | 2022/23 Base Budget NI Adjustment | -32,677 |
| EBC2324003 | 2022/23 Pay Award Adjustment | 469,369 |
| EBC2324007 | External Audit Fees | 101,625 |
| EBC2324024 | Provisional Funding Cost of Living Support | 100,000 |
| EBC2324047 | General review of EBC Fees & Charges | (119,000) |
| n/a | manual adjustment undertaken on interest payable outside of CAFi | (100,000) |
| | **Budget Distribution/Allocation** | **335,942** |

*Table 3: Budget Distribution 2023-24*

4.32. Further updates and will be provided to Cabinet as the year progresses and as financial monitoring is reported.

## 5. Capital Expenditure

### 5.1. Capital Expenditure - General Fund

5.2 The capital programme at Appendix 2 provides a detailed summary of spend for quarter 1 compared to the revised allocation for 2023/24. The Capital Programme including slippages from 2022/23) for 2023/24 totals £25.3m compared to the original Capital Programme approved by Council in February 2023 of £27.9m. The summary of the General Fund Capital Programme is shown in the following table.

| General Fund Capital Programme | Original Budget 2023-24 | 2022/23 Budget B/F | Other Variation | Revised Budget |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| General Fund Housing | 1,200 | 1,047 | - | 2,247 |
| Other Housing | 751 | 605 | - | 1,356 |
| Community Services | 2,946 | 410 | 251 | 3,607 |
| Tourism & Leisure | 150 | - 50 | - | 100 |
| Corporate Services | 570 | 453 | - | 1,023 |
| Regeneration | 17,947 | 691 | - 6,910 | 11,728 |
| Asset Management | 4,256 | 836 | 175 | 5,267 |
| **General Fund** | **27,820** | **3,992** | **- 6,484** | **25,328** |

*Table 4: General Fund Capital Programme Summary Table 2023-24*

5.3 At the end of Quarter 1 the spend against year 1 of the programme was below expectation for the period and whilst it is too soon to forecast what level of slippage we might anticipate into future years; it is unlikely that all aspects of the programme will be deliverable this year. As a result, a review of the existing capital programme and prior year slippages by the Capital programme Overview Board is due to take place during Q2 and it is anticipated that the current programme will be reduced.

5.4 **Capital Expenditure – HRA**

5.5 The detailed HRA capital programme at Appendix 2, provides a summary of spend for quarter 1 compared to the allocation for 2023/24. The HRA Capital Programme (including slippages from 2022/23) for 2023/24 totals £14.7m compared to the original Capital Programme approved by Council in February 2023 of £13.6m. A summary of the HRA Capital Programme is shown in the following table.

| **HRA Capital Programme 2023/24** | **Original Budget 2023-24** | **2022/23 Budget B/F** | **Other Variation** | **Revised Budget** |
|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Major Works | 5,000 | 880 | - | 5,880 |
| Disabled Adaptations | 450 | - | - | 450 |
| New Build | 6,688 | - 44 | - | 6,644 |
| Acquisitions | 1,453 | 273 | - | 1,726 |
| **Total HRA** | **13,591** | **1,140** | **-** | **14,731** |

*Table 5: HRA Capital Programme Summary Table 2023-24*

5.6 The revised budget for the Housing Capital Programme for the year is £14.7m, with expenditure and commitments at the end of Quarter 1 of £1.6m. Capital budgets from the previous year have been carried forward to 2023/24, relating to the maintenance of the Council's housing stock, and the New Build programme.

5.7 The existing 30-year HRA business plan is currently under review and as part of that process the HRA Capital Programme will also be assessed to ensure that the programme is both deliverable and affordable. Members will be advised where there are significant revisions. Based on the review reprofiling will be undertaken where necessary to reflect these changes within the HRA Capital Programme.

5.8 As with the General Fund, the level of expenditure against the HRA Capital Programme was below expectation for the period and whilst it is also too soon to forecast what level of slippage we might anticipate into future years, the review of the existing capital programme and prior year slippages by the Capital programme Overview Board will also consider the HRA programme in line with the revised 30-year HRA Business Plan.

**6. Funding**

6.1. The Council's net service budget is funded from the following areas: Council Tax income, Business Rates income, Government grants and reserves. A breakdown of the funding budget is detailed below.

| Financing Budgets<br>P3 Forecast Outturn at 31/03/24 | Net Budget<br><br>£'000 | Forecast Net Expenditure at 31/03/24<br><br>£'000 | P3 Forecast Outturn Variance at 31/03/24<br>£'000 | Forecast Variance Against Budget<br>% |
|---|---|---|---|---|
| Council Tax | (9,639) | (9,639) | 0 | 0.0% |
| Retained Business Rates | (5,144) | (5,730) | (586) | 11.4% |
| Government Grants | (1,034) | (1,034) | (0) | 0.0% |
| New Homes Bonus | (15) | (15) | 0 | 0.0% |
| Beffer Care Fund (BCF) Conversion | (879) | (1,282) | (403) | 45.9% |
| Transfer from Reserves | (1,263) | (1,263) | 0 | 0.0% |
| | | | | |
| **Net Position** | **(17,973)** | **(18,962)** | **(989)** | **5.5%** |

*Table 6: Financing Period 1 Forecast Outturn 2023-24*

6.2. The Council is forecasting an over-recovery of income totalling £989k position for the year in at Quarter 1 with more detailed reviews and updates to be provided over the coming months and reported to Cabinet.

## 7. Financial appraisal

7.1 The forecast outturn position for 2023-24 is an overspend of £2,348k reflecting the position as of 31 June 2023.

7.2 However, analysis to the end of July is already showing an improved position with services taking positive steps to mitigate the overspend in their areas. It is therefore anticipated that the Quarter 2 position will show an improved position than at quarter 1.

7.3 The capital programme will also be reviewed prior to the Q2 position being confirmed, with particular emphasis on the prior year slippage that is routinely added to the Original Budget to ensure that only those amounts required are allocated within the revised Capital Programme going forward.

## 8. Legal implications

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

## 9. Risk management implications

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

## 10. Equality analysis

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

## 11. Appendices

- Appendix 1 – EBC Revenue Finance Monitoring – Directorate Tables Q1 2023-24
- Appendix 2 – EBC Capital Programme Monitoring Q1 2023-24

## 12. Background Papers

12.1 EBC General Fund Revenue Budget 2023/24 and Capital Programme

## Eastbourne Borough Council

## Revenue Financial Monitoring Quarter 1 2023-24

Appendix 1 – Quarter 1 Directorate and Service Tables

### Corporate Services

| Table 1A: Corporate Services<br>P3 Forecast Outturn at 31/03/24 | Net Budget<br>£'000 | Forecast Net Expenditure at 31/03/24<br>£'000 | P3 Forecast Outturn Variance at 31/03/24<br>£'000 | Forecast Variance Against Budget<br>% |
|---|---|---|---|---|
| Financial Services | 778 | 980 | 202 | 26.0% |
| Corporate Management Team | (143) | (143) | 0 | 0.0% |
| Business Transformation | 1,488 | 1,420 | (68) | -4.6% |
| Business Planning and Performance | 445 | 471 | 26 | 5.8% |
| Corporate Finance | 626 | 758 | 132 | 21.1% |
| Human Resources | 377 | 392 | 15 | 4.0% |
| Legal and Local Democracy | 1,351 | 1,333 | (18) | -1.3% |
| Local Land Charges | (102) | (82) | 20 | -19.6% |
| | | | | |
| **Net Position** | **4,820** | **5,128** | **309** | **6.4%** |

### Service Delivery

| Table 1B: Service Delivery<br>P3 Forecast Outturn at 31/03/24 | Net Budget<br>£'000 | Forecast Net Expenditure at 31/03/24<br>£'000 | P3 Forecast Outturn Variance at 31/03/24<br>£'000 | Forecast Variance Against Budget<br>% |
|---|---|---|---|---|
| Customer First Retention Team | 829 | 2,320 | 1,491 | 180.0% |
| Director of Service Delivery | 15 | 30 | 16 | 106.0% |
| Neighbourhood First | 1,895 | 2,757 | 862 | 45.5% |
| Environment First | 4,916 | 4,916 | 0 | 0.0% |
| Homes First | 484 | 436 | (48) | -9.9% |
| | | | | |
| **Net Position** | **8,139** | **10,460** | **2,321** | **28.5%** |

### Regeneration and Planning

| Table 1C: Regeneration & Planning<br>P3 Forecast Outturn at 31/03/24 | Net Budget<br>£'000 | Forecast Net Expenditure at 31/03/24<br>£'000 | P3 Forecast Outturn Variance at 31/03/24<br>£'000 | Forecast Variance Against Budget<br>% |
|---|---|---|---|---|
| Director of Regeneration & Planning | 42 | 42 | 0 | 0.0% |
| Estates and Property | (829) | (392) | 436 | -52.6% |
| LDC EHL Rechargeable Salaries | (0) | (0) | 0 | 0.0% |
| Head of Commerical Business and Property | 25 | 25 | 0 | 0.0% |
| Housing Delivery | 78 | 71 | (6) | -8.0% |
| Planning | 407 | 663 | 256 | 63.0% |
| Regeneration | 221 | 256 | 36 | 16.2% |
| | | | | |
| **Net Position** | **(56)** | **666** | **722** | |

## Tourism and Culture

| Table 1D: Tourism & Culture<br>P3 Forecast Outturn at 31/03/24 | Net Budget<br><br>£'000 | Forecast Net Expenditure at 31/03/24<br>£'000 | P3 Forecast Outturn Variance at 31/03/24<br>£'000 | Forecast Variance Against Budget<br>% |
|---|---|---|---|---|
| Towner | 420 | 420 | 0 | 0.0% |
| Events | 225 | 225 | 0 | 0.0% |
| Seafront | 56 | 132 | 75 | 133.8% |
| Sports Delivery | 606 | 431 | (175) | -28.9% |
| Theatres | 32 | 165 | 133 | 412.3% |
| Tourism and Culture | 697 | 650 | (47) | -6.8% |
| | | | | |
| **Net Position** | **2,037** | **2,023** | **(14)** | **-0.7%** |

## Technical and Central Controlled Budgets

| Table 1E: Technical/Centrally Controlled Budgets<br>P3 Forecast Outturn at 31/03/24 | Net Budget<br><br>£'000 | Forecast Net Expenditure at 31/03/24<br>£'000 | P3 Forecast Outturn Variance at 31/03/24<br>£'000 | Forecast Variance Against Budget<br>% |
|---|---|---|---|---|
| Contingencies | 250 | 250 | 0 | 0.0% |
| Precepts and Levies | 237 | 237 | 0 | 0.0% |
| Capital Financing | 2,001 | 2,001 | 0 | 0.0% |
| Corporately Managed Budgets | 544 | 544 | 0 | 0.0% |
| Transfers to / (from) reserves - Other Earmarked | 0 | 0 | 0 | 0.0% |
| Other Capital Adjustments | 0 | 0 | 0 | 0.0% |
| Other Movements | 0 | 0 | 0 | 0.0% |
| Capital Charges | 0 | 0 | 0 | 0.0% |
| | | | | |
| **Net Position** | **3,033** | **3,033** | **0** | **0.0%** |

| General Fund Capital Programme | Original Budget 2023-24 | 2022/23 Budget B/F | Other Variation | Revised Budget |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **HOUSING REVENUE ACCOUNT** | | | | |
| Major Works | 5,000,000 | 879,881 | | 5,879,881 |
| Disabled Adaptations | 450,000 | - | | 450,000 |
| **New Build** | - | - | | - |
| Brede Close | 40,500 | 28,476 | | 68,976 |
| Cavalry Crescent | 3,965,200 | 704,383 | | 4,669,583 |
| Fort Lane | 962,800 | - 551,038 | | 411,762 |
| Southfields Road | 1,719,400 | - 225,876 | | 1,493,524 |
| **Acquisitions General** | - | 30,996 | | 30,996 |
| Shared Ownership Acquisitions | 913,000 | - | | 913,000 |
| Leasehold Acquisitions | 539,900 | - | | 539,900 |
| Acquisitions RSAP Funded | - | 273,005 | | 273,005 |
| | | | | |
| **Total HRA** | **13,590,800** | **1,139,825** | **-** | **14,730,625** |
| | | | | |
| **General Fund Housing** | | | | |
| Disabled Facilities Grants | 1,200,000 | 1,032,470 | | 2,232,470 |
| BEST Grant (housing initiatives) | - | 15,026 | | 15,026 |
| **Total General Fund Housing** | **1,200,000** | **1,047,496** | **-** | **2,247,496** |
| | | | | |
| **Other Housing** | | | | |
| EHIC - 24 Acacia Road | - | 26,400 | | 26,400 |
| EHIC - Elm Park Mansions | 416,000 | - | | 416,000 |
| EHIC - Gowland Court | 50,000 | - | | 50,000 |
| AH - Credit facility | 35,000 | - | | 35,000 |
| AH - Loan 183 Langney Rd | - | 111,800 | | 111,800 |
| AH - Loan Victoria Mansion | - | 200,000 | | 200,000 |
| AH - RTB Grant Victoria Mansion | - | 266,667 | | 266,667 |
| AH - Street Acquisitions (Affordable) | 250,000 | - | | 250,000 |
| | | | | |
| **Total Other Housing** | **751,000** | **604,867** | **-** | **1,355,867** |

| | | | | |
|---|---|---|---|---|
| **COMMUNITY SERVICES** | | | | |
| Coast Defences Beach Management | 300,000 | 47,051 | 254,000 | 601,051 |
| Cycling Strategy | - | - | 40,600 | 40,600 |
| Play Area Sovereign Harbour | - | - | 27,000 | 27,000 |
| Refurbishment of Public Facilities | 50,000 | - | | 50,000 |
| Play Equipment - Palesgate | 35,000 | - | | 35,000 |
| Play Equipment - Vancouver Rd | 35,000 | - | | 35,000 |
| Motcombe Pool | 200,000 | - | | 200,000 |
| Changing Places | 154,000 | - 8,919 | - 71,000 | 74,081 |
| SEESL Loan | - | 254,100 | | 254,100 |
| 5 Fleet Vans | - | 65,600 | | 65,600 |
| Waste & Recycling Equipment | 150,000 | 52,534 | | 202,534 |
| Procurement of Fleet (SEESL Loan) | 1,770,000 | - | | 1,770,000 |
| EBC Mixed/dual waste bin stock | 15,000 | - | | 15,000 |
| Dog Bin Replacement | 32,000 | - | | 32,000 |
| Digitalisation of Burial Records | 50,000 | - | | 50,000 |
| Crematorium - new lighting | 15,000 | - | | 15,000 |
| Crematorium - new lighting o-s family chapel | 15,000 | - | | 15,000 |
| Car Park Machines - upgrade to card readers | 125,000 | - | | 125,000 |
| | | | | |
| **Total Community Services** | **2,946,000** | **410,366** | **250,600** | **3,606,966** |
| | | | | |

| | | | | |
|---|---|---|---|---|
| **TOURISM & LEISURE** | | | | |
| Sovereign Centre - Existing building | 150,000 | - 49,853 | | 100,147 |
| | | | | |
| **Total Tourism & Leisure** | **150,000** | **- 49,853** | **-** | **100,147** |
| | | | | |
| **CORPORATE SERVICES** | | | | |
| IT - Block Allocation | 150,000 | 13,207 | | 163,207 |
| Contingency | 250,000 | - | | 250,000 |
| Recovery & Stabilisation | - | 447,346 | | 447,346 |
| JTP Finance Transformation | 150,000 | - 25,205 | | 124,795 |
| Sculpture | **-** | 17,500 | | 17,500 |
| **CCTV Enhancements (Dev Park)** | 20,000 | - | | 20,000 |
| | | | | |
| **Total Corporate Services** | **570,000** | **452,848** | **-** | **1,022,848** |
| | | | | |
| **REGENERATION (Levelling Up Fund)** | | | | |
| Black Robin Farm | 10,056,757 | 370,533 | - 5,757,757 | 4,669,533 |
| Towner Centenary Project | 219,000 | 63,088 | 389,000 | 671,088 |
| Victoria Place Pedestrianisation | 5,508,630 | 415,522 | - 1,541,630 | 4,382,522 |
| Shinewater | - | 80,000 | | 80,000 |
| Retail Refurbishment | 1,830,000 | 29,591 | | 1,859,591 |
| UK Shared Prosperity Fund | 333,000 | - 333,000 | | - |
| E4 Edeal Enterprise Agency | | 20,000 | | 20,000 |
| E8 SDNPA | | 45,000 | | 45,000 |
| | | | | |
| **Total Regeneration** | **17,947,387** | **690,734** | **- 6,910,387** | **11,727,734** |
| | | | | |

| | | | | |
|---|---|---|---|---|
| **Asset Management** | | | | |
| Winter Garden | 850,000 | - 8,292 | | 841,708 |
| Dev Park Theatre (H&S) | - | 28,665 | | 28,665 |
| Congress Theatre Roof | 125,000 | 154,055 | | 279,055 |
| Bandstand & Promenade Renovations | 125,000 | 48,341 | | 173,341 |
| EDGC Improvements (Workshop) | - | 309 | 75,000 | 75,309 |
| Seafront Lighting | 140,000 | 73,373 | | 213,373 |
| Leisure Estate | 250,000 | 249,550 | - 249,550 | 250,000 |
| Asset Value Improvement Fund | - | - | 300,000 | 300,000 |
| Redoubt - new mains supply for café and Fort | - | 50,000 | | 50,000 |
| Town Hall - annual allocation to keep operational | 50,000 | - | | 50,000 |
| The Point Improvements - annual allocation | 30,000 | - | | 30,000 |
| Redoubt incl Colonnade demolition | 1,000,000 | - | | 1,000,000 |
| ILTC - Fire alarms & Lighting | 70,000 | - | | 70,000 |
| Winter Garden Health & Safety | 875,000 | - | | 875,000 |
| Town Hall Health & Safety | 360,000 | - | | 360,000 |
| Pavilion Café - metered electrical supply | 20,000 | - | | 20,000 |
| Chalk Farm - entrance & car park | 50,000 | - | | 50,000 |
| Bridges at Princes park | 91,000 | - | | 91,000 |
| Seafront Railing | 30,000 | - | | 30,000 |
| Hampden Park Community Centre | 40,000 | - | | 40,000 |
| ILTC - Improvements | - | 57,295 | | 57,295 |
| Towner Improvements | - | 27,865 | 50,000 | 77,865 |
| Fort Fun | - | 12,131 | | 12,131 |
| 1 Grove Road | 50,000 | - | | 50,000 |
| Asset Management - Block Allocation | 100,000 | 142,436 | | 242,436 |
| | | | | |
| **Total Asset Management** | **4,256,000** | **835,727** | **175,450** | **5,267,177** |
| | | | | |
| **Total General Fund** | **27,820,387** | **3,992,184** | **- 6,484,337** | **25,328,234** |
| | | | | |
| **Total** | **41,411,187** | **5,132,009** | **- 6,484,337** | **40,058,859** |

| | |
|---|---|
| **Report to:** | **Cabinet** |
| **Date:** | **20 September 2023** |
| **Title:** | **Housing Delivery and Asset Update** |
| **Report of:** | **Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning** |
| **Cabinet member:** | **Councillor Peter Diplock, Cabinet member for Housing and Planning** |
| **Ward(s):** | **All** |
| **Purpose of report:** | **To provide an update on the housing development and delivery programme.** |
| **Decision type:** | **Key** |
| **Officer recommendation(s):** | **(1) To note the progress of the housing development and delivery programme as set out in Appendix 1.**<br>**(2) To support the progression of the initial phase of sites identified within the Housing Revenue Account (HRA) from the internal Asset Review to be taken through the feasibility and due diligence processes, utilising existing budgets and delegations.**<br>**(3) To approve a variation of £150k for the Fort Lane development in accordance with the Financial Procedure Rules, totalling a new scheme budget of £3.15m, financed within the capacity of the existing approved 2023/24 HRA Capital Programme.**<br>**(4) To approve an increase of £2.41m to the existing new build and acquisitions budget within the 2023/24 HRA Capital Programme, totalling a new budget of £10.81m, to facilitate and be funded by new government grants, subject to Full Council approval.**<br>**(5) To approve the disposal of Council-owned garage sites as set out within Appendix 2 (Exempt), subject to a full business case, and with the capital receipts ring-fenced to support the HRA Business Plan and future capital schemes for housing.** |

| | |
|---|---|
| | **(6) To authorise the Director of Regeneration and Planning, in consultation with the Director of Finance and Performance (S151 Officer) and Lead Member for Housing and Planning, to take all necessary actions to progress all recommendations including business cases, budget allocations, negotiation and agreement of terms, award of contract(s), and authorising the formal execution of all related documentation.** |
| **Reasons for recommendations:** | **(1) To provide Cabinet with an update on the growing housing development and delivery programme.**<br><br>**(2) To progress the development of new Council homes across the borough, maximising brownfield sites to enable new affordable housing opportunities.**<br><br>**(3) To ratify HRA Capital Programme budgets to support the delivery and purchase of new homes.**<br><br>**(4) To rationalise the HRA, making best use of assets and resources, and generating income to support future housing schemes.** |
| **Contact Officer(s):** | **Name: Nathan Haffenden**<br>**Post title: Head of Development, Investment and Delivery**<br>**E-mail: nathan.haffenden@lewes-eastbourne.gov.uk**<br>**Telephone number: 01323 436422** |

## 1 Introduction

1.1 This report provides Cabinet with an update on the Eastbourne housing development and delivery programme, including:

- Proposals to identify new opportunities to further the pipeline,
- Requirements to revise existing budget allocations to support delivery, and
- Recommendations to dispose of garage sites to generate new income.

## 2 Background

2.1 The Eastbourne Corporate Plan 2022-2026 (refreshed) sets out clear goals for Council housing to:

- Increase the number of new homes purchased and built.
- Reduce families housed in temporary / emergency accommodation.
- Utilise public sector land and assets, including with other partners.
- Promote sustainable, quality, and affordable homes, including low-cost homeownership.

2.2 The Corporate Plan was originally implemented during a time of unforeseen and unprecedented challenges, including the global Covid-19 pandemic, Brexit, and

Russia's invasion of Ukraine, all of which had a compounded crippling impact on the UK national economy.

2.3 On 13th July 2022, a housing development update to Cabinet set out the implications and consequences of the impact including:

- **Inflation** – significant increases to costs impacting on financial viability.
- **Supply chains** – labour shortages delaying programme delivery.
- **Land and property values** – increases affecting affordability and re-setting "value for money".
- **Fuel prices** – increases impacting our residents and their household affordability, making running costs just as crucial as rent levels.

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

2.4 The Council approved the HRA Revenue Budget and Capital Programme 2023/24 in February 2023. The HRA Business Plan remains under significant financial strain due to increases in costs but also further exacerbated by the social housing rent cap implemented by Government for this financial year. Although the Council recognised the importance of supporting our residents, the cap limits the Council's ability to balance costs with income, and so alternative saving and efficiency measures need to be considered.

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

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

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

The Government has very recently announced the new Brownfield Infrastructure Land Fund (BILF), which may result in further grant opportunities, and officers are in the early stages of determining how this fund might support the Council's future housing development programme.

2.6 In an effort to maintain and decarbonise our existing homes, whilst also building new homes, the Council is undertaking a "deep dive" of the HRA stock to ensure assets and values are being maximised. Alongside those HRA interventions, the Council will need to look at alternative ways to support truly affordable housing delivery within the borough to ensure supply meets the excess levels of current demand.

## 3 Programme

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

3.2 This pipeline includes opportunities to deliver new custom-build accommodation utilising grant funding obtained via SPACES (Strategic Property Asset Collaboration East Sussex), the One Public Estate (OPE) body for East Sussex, which will see increased options for specially adapted homes within the borough.

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

- **Bedfordwell Road** – The Council hosted Homes England earlier in the year to review housing opportunities in Eastbourne, including Bedfordwell Road. This was a positive meeting and Homes England have agreed to re-engage with the Council on the proposals. An independent specialist consultant has also been appointed to undertake a full options appraisal of the site to support those ongoing conversations with Homes England.

- **Biddenden Close** – The Council previously exchanged contracts with the Eastbourne Community Land Trust (CLT) in February 2022 to bring forward 5 x new affordable homes for the town, with completion subject to securing the required external funding. An extension was agreed to the final funding deadline date and will be reviewed in October 2023.

- **Law Courts ("MOJ")** – In line with the Assurance Review, the Council is considering the best approach regarding this asset – assessing the cost / value benefit of sale over direct-delivery. An options assessment will be taken to the Council's Strategic Property Board (SPB) later in the year for consideration toward a future Cabinet decision.

- **Rough Sleepers Accommodation Programme (RSAP)** – In 2022/23, the Council once again successfully secured Government funding as a joint bid with other East Sussex authorities to secure managed move-on accommodation in Eastbourne and to help reduce the reliance on temporary / emergency accommodation. The Council successfully acquired a portion of the allocated properties in 2022/23 and Government agreed to carry forward the remaining funding into 2023/24.

- **Victoria Mansions** – The repair and restoration programme to this key town centre asset, focused on the external, structure, common parts, and residential flats, has now achieved Practical Completion.

3.4 The housing pipeline continues to explore different construction methodologies to support corporate objectives, which includes the Modular Housing Framework the Council previously procured in partnership with Lewes District Council (LDC) and awarded to Boutique Modern. The framework is available to all local authorities in the Sussex and Greater Brighton area.

## 4 Asset Review

4.1 The first stage of the review focuses on the HRA estate, forming part of the overall stock condition survey and Asset Management Plan (AMP), considering the assessment and balance of existing asset condition, energy performance, and future maintenance costs as set out in the 30-Year Business Plan.

4.2 An initial list of brownfield sites has been identified with potential capacity to deliver new Council homes. The sites will be subject to more detailed feasibility and due diligence up to the pre-planning stage, including further site investigations, concept designs, and local consultation including with Ward Councillors. The sites included in this report are all brownfield garage sites, set out in Table 1.

4.3 **TABLE 1 - Asset Review (Phase 1 )**

| Site | Ward |
|---|---|
| Cade Street | Hampden Park |
| Otham Road | Hampden Park |
| Off Port Road (1) | Hampden Park |
| Off Port Road (2) | Hampden Park |
| Longstone Road | Devonshire |
| Milfoil Drive | Langney |
| Sorrel Drive | Langney |
| Primrose Close | Langney |
| Foxglove Road | Langney |
| Erica Close | Langney |
| Faversham Road (1) | Langney |
| Faversham Road (2) | Langney |
| Hawkhurst Close | Langney |
| Sidcup Close | Langney |
| Goudhurst Close | Langney |
| Wrotham Close | Langney |
| Timberley Road | Rattan |
| Hamsey Close | Rattan |

| | |
|---|---|
| Ashgate Road | St Anthony's |

4.4 The Asset Review process included assessing each HRA site first from a technical perspective, incorporating the views of Homes First and Planning First, to identify where there were clear constraints, limitations, and/or policy restrictions that minimised the true development potential. The review also had to consider the capacity of each site, impacts on existing and surrounding residents, and deliverability within the Medium-Term Financial Plan (MTFP). This reduced a long list to a much shorter list as presented here.

4.5 Following a period of managed feasibility, the individual sites will be brought back to Cabinet for approval. Where insurmountable challenges to the financial viability of any potential development are identified, then those sites may be released from the housing delivery programme, and their future use and usefulness re-evaluated.

## 5 Capital Budget Revisions

5.1 Fort Lane

On 13th July 2022, Cabinet approved a revised allocation within the HRA Capital Programme of up to £3m based on an updated business case. The need for the increase was reflective of the market and economic circumstances at that time.

The main development has now completed, subject to a release of retention funds at the end of the contractual defects period. Since Cabinet considered the scheme progress over 12-months ago, further unforeseen cost pressures have arisen, mainly the additional requirements of meeting Part L of the Building Regulations.

Therefore, an increased total budget of £3.15m is required - a £150k (5%) increase. As further detailed within the Financial Implications section of this report, the increased budget requirement is viable in accordance with HRA Business Plan and original business case approved by Cabinet in July 2022. The scheme budget variation also does not impact on the overall Capital Programme, where the increase will be met from savings made elsewhere.

The scheme replaces redundant and dangerous light industrial units within the Eastbourne Devonshire Ward with 7 x new quality Council houses delivered via the Modular Housing Framework – both supporting the Corporate Plan objectives for new homes and regenerating the local area.

5.2 Acquisitions

The 2023/24 HRA Capital Programme includes a budget for new build and acquisitions of £8,140,800. The budget was set within the capacity of the HRA Business Plan based on known new build schemes and modelled acquisitions, at that time.

The 2022/23 estimated outturn proposes a carry forward to support this programme of £260,000. Therefore, the revised budget for 2023/24 is £8,400,800.

Since the budget was approved, Government have released further grant funding opportunities that the Council has been able to secure as follows:

| | | |
|---|---|---|
| Local Authority Housing Fund (LAHF) | A capital grant fund in financial years 2022/2023 and 2023/2024 to support selected local authorities in England to obtain and refurbish property in order to provide sustainable housing for those unable to secure their own accommodation who are here under the following schemes:<br>• Afghan Citizen Resettlement Scheme (ACRS)<br>• Afghan Relocations and Assistance Policy (ARAP)<br>• Ukraine Family Scheme<br>• Homes for Ukraine<br>• Ukraine Extension Scheme | Round 1 - £830,328, to acquire 7 x properties.<br><br>Round 2 - £1,188,000, to acquire a further 9 x properties. |
| Single Homelessness Persons Accommodation (SHAP) | A capital grant fund in financial years 2023/2024 and 2024/2025 to support selected local authorities in England obtain and refurbish property in order to provide supported accommodation for those rough sleeping and those at risk of rough sleeping. | £976,000, to acquire 1 x property with up to 11 x bedrooms – paid as follows:<br><br>• Acquisition (45%) – 2023/24<br>• Start on site (50%) – 2024/25<br>• Practical completion (5%) – 2024/25 |

In obtaining this additional level of external grant, alongside that already in progress (i.e., RSAP), the Council is able to further its acquisitions programme to support in the refugee relocation programme(s) but whilst also contributing to the rising homelessness problem leading resulting in significant cost.

Based on the updated HRA new build and acquisitions pipeline and reprofiled forecast spend in 2023/24, the total increased budget allocation requirement for 2023/24 is £10,811,030. The additional budget requirement of £2,410,230 will be off-set by the external grants secured and is therefore viable within the capacity and tolerances of the HRA Business Plan.

## 6 HRA Garage Disposals

6.1 To achieve the Council's objectives in providing affordable, sustainable, and accessible homes, both new and existing, the Asset Review considered the existing HRA stock to identify land and assets that are inefficient and/or high cost (proportionately) impacting on the HRA Business Plan.

6.2 In the circumstances and where such properties are identified, there is a decision to be made about how the Council approaches value for money and making the best use of assets to meet local need. In some instances, it will be more cost effective to dispose of the asset to reduce burdens on the HRA and generate income to support new housing schemes whilst also maintaining the existing social housing stock.

6.3 The Asset Review identified a number of garage sites with potential for housing development proposed for further feasibility as above. However, after further review, there are other sites that for various reasons are not appropriate for the Council to develop out itself.

6.4 An independent red book valuation has been undertaken of the sites based on their existing use value, which confirms a potential total capital receipt of circa £1.140m. The receipt generated could help to support the viability and sustainable of the HRA in the current highly challenging operating environment. This is further detailed within Appendix 2 (Exempt).

6.5 In making a decision on any disposals, the Council will need to consider all factors including future maintenance costs, void rates, and arrears levels against the expected rental income compared with the potential capital receipt value. Also, the capacity of the HRA to repair and maintain existing homes alongside objectives to increase the new homes programme.

Therefore, subject to a full business case demonstrating cost / benefit, it is proposed that the Council approves the sites for disposal, to be taken to public auction in accordance with the Contract Procedure Rules (CPR) in-line with the valuation(s) obtained. Any capital receipts generated would then be ring-fenced within the HRA to support future the HRA.

## 7 Corporate Plan and Council Policies

7.1 These proposals meet the following objectives in accordance with the Eastbourne Corporate Plan 2022-2026:

<u>Housing and Development</u>

- Effective development pipeline.
- Promoting accessible low-cost rental and home ownership initiatives.
- Reducing the environmental impact that council owned homes have on the environment.
- Working with public / private sector partners to deliver new affordable housing.
- Identifying sustainable locations for development.
- Transitioning to the delivery of new carbon neutral and environmentally friendly homes.

Thriving Communities

- Ensuring that new developments and regeneration schemes adhere to 'secure by design' principles.

Generating Social Value

- Responsible procurement practices including through working with partners on efficient procurement routes to market.

7.2 The Council continues to work closely with local education partners, including the East Sussex College Group (ESCG), to ensure opportunities for apprenticeships and work placements are integrated and embedded within the capital development projects delivered including those for new homes.

7.3 Ward Councillors have been consulted on the proposals following the Asset Review, which will continue to be an iterative and ongoing process.

## 8 Business Case and Financial Appraisal

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

| | **2022/23 (Revised)** | **2023/24** | **2024/25** |
|---|---|---|---|
| **New build and acquisitions** | £8,229,000 | £8,140,800 | £4,894,300 |

There is also an identified capital underspend in 2022/23, which has been carried forward into this financial year to support the acquisitions programme of £260k.

8.2 The capital budgets for the following schemes require a review in 2023/24:

Fort Lane

The Council is asked to approve a variation of £150k (5%) to reflect unforeseen cost pressures mainly related to changes in the Building Regulations. The request for approval is in accordance with the Council's Financial Procedure Rules. This results in a total revised scheme budget of £3.15m, where the increase will be met from an underspend within the wider new build programme in 2023/24. This means no overall impact to the MTFP, and the scheme remains viable in the context of the HRA Business Plan and approved business case.

Acquisitions

The additional grant funding secured by the Council from Government requires an increase to the 2023/24 HRA Capital Programme allocation.

The total increased budget allocation requirement for 2023/24 is £10,811,030 based on: a) new schemes, and b) reprofiled budgets in this financial year. The additional budget requirement of £2,410,230 (subject to Full Council approval) is therefore required and will be off set by external grants secured and is viable in accordance with the HRA Business Plan.

It should also be noted that the SHAPs programme is awaiting confirmation. If not taken forward, the budget would decrease and then could result in an underspend showing at year end. It is difficult to guarantee any acquisitions, which are subject to offer conditions to ensure value for money and risk mitigation for the Council.

8.3 The HRA Revenue Budget 2023/24 includes an allocation to undertake feasibility work on new potential housing development sites to support business case development up to planning, subject to Cabinet approval. At the point Cabinet approve an individual scheme and capital budget, the relevant feasibility costs are capitalised to that project releasing capacity within the feasibility budget. Subject to approval, this budget will be utilised to further the Asset Review (Phase 1) schemes, subject to further and ongoing consultation.

8.4 The disposal of garage sites will be subject to a full business case to ensure outputs support the HRA Business Plan. The production of new capital receipts can further support the Capital Programme, specifically the project finance of new and existing Council housing schemes to generate an overall net gain of available homes.

8.5 The recommendations within this report will continue to be subject to financial due diligence, monitoring, and review as part of the Council's usual budget management and monitoring processes.

## 9 Legal Implications

9.1 <u>Disposal of HRA assets</u>

Section 32 of the HA 1985 requires the Secretary of State's consent for the disposal of land held for the purposes of that Act (i.e., HRA land). The Secretary of State has issued a general consent (A3.1.1 of the General Housing Consents 2013) for the disposal of such land for a consideration equal to its market value (subject to certain exceptions, which are not relevant here).

9.2 In accepting any grant from central government, the Council will need to enter into legal funding agreements. Those agreements will be subject to legal due diligence and review before being authorised by the Corporate Management Team (CMT) using delegated powers.

*[6th September 2023 Iken ref: 012384-EBC-KS]*

## 10 Risk Management Implications

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

**TABLE 2 – Risk Management Implications**

| | Risk | Mitigations |
|---|---|---|
| 1 | Costs for developing small sites may prove too high to be viable. | By selecting small local firms to deliver sites, overheads can be kept to a minimum. Some sites can be delivered as part of a wider agreement by a modular house builder. Consideration is also |

| | | |
|---|---|---|
| | | being given to available government grant funding. |
| 2 | Increasing construction costs due to inflation and instability of interest rates impacting on development viability. | The market continues to be monitored closely and the viability of each scheme in the pipeline will be assessed on their own merits, with reference to the Business Plan(s). Specialist / external advice will also be taken from independent agencies and the Council will look to enter into fixed price contracts wherever possible. |
| 3 | Planning may be refused on some sites. | Extensive pre-application discussions and due diligence will take place on all sites prior to a formal submission. |
| 4 | Abortive costs as a result of sites not taken forward. | The feasibility budgets were approved on this basis, understanding there is a risk element to exploring scheme capacity, which will be managed, monitored, and minimised in the early stages of each project. Schemes without sufficient viability and strategic benefit will be aborted to reduce the risk of unnecessary cost exposure. |
| 5 | SHAP grant fund may not be granted. | The SHAP grant funding application is being re-submitted but the date for a decision is currently unknown. This may impact the ability to take the proposed scheme forward due to insufficient funding. |
| 6 | Disposal of garage assets negatively impacts the HRA Business Plan. | The disposal of garage assets shall be subject to a full business case to ensure that any impact due a loss of rent is outweighed by the benefit of capital receipt generation to support the viability and sustainability of the HRA Business Plan. |

## 11 Equality Analysis

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

## 12 Environmental Sustainability Implications

12.1 The proposals within this report adhere to the Council's Sustainability Policy and objectives to deliver quality, affordable, and sustainable homes to meet the demands of the Housing Waiting List and a range of locally identified needs.

12.2 All homes continue to be built in accordance with the Council's Employers Requirements (ERs), which includes clear criteria regarding sustainability.

12.3 The procurement of works and services are undertaken using the Council's adopted Social Value Charter. The Charter considers and assesses important elements over and above financial cost. The Charter aims to ensure sustainability and value in the community. Appointments of main contractors will continue to utilise the Modular Housing Framework alongside other local partnerships and supply chains as appropriate. The Charter encourages the use of local Small and Medium Enterprises (SME), which in turn increases local employment and training opportunities.

## 13 Appendices

- Appendix 1 – Housing development pipeline
- Appendix 2 (Exempt) – HRA garage disposals

## 14 Background Papers

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

- EBC Cabinet – Housing development update – 13th July 2022 (Eastbourne Borough Council Cabinet agenda, 13th July 2022

**Housing Development Programme and Pipeline**

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

- *Stage 0 – Strategic definition (concept)*
- *Stages 1-3 - Feasibility and planning*
- *Stage 4 - Technical design*
- *Stage 5 - Construction*
- *Stage 6 – Handover*
- *Stage 7 – Use*

| **Project** | **Description** | **Corporate Policy Alignment** | **Stage** |
|---|---|---|---|
| The Foundry, Langney Road | Modular construction via the Aspiration Homes Limited Liability Partnership (AHLLP) consisting of 12 x 1 and 2 bed flats constructed on a brownfield site. Handover achieved in March 2022. | Housing and Development<br>Thriving Communities | Stage 7 |
| Brede Close | Traditional construction consisting of 5 x 2 bed houses and 1 x 1 bed flat (including the Rough Sleepers Accommodation Programme [RSAP]). Handover achieved in November 2022. | Housing and Development<br>Thriving Communities | Stage 7 |
| Fort Lane | Modular development consisting of 7 x 2 bed houses on a brownfield site previously occupied by light industrial units. Handover achieved August 2023. | Housing and Development<br>Thriving Communities | Stage 7 |
| The Glenn, Southfields Road | Development of a former Council-owned car park. Traditional construction consisting of 19 x 1 and 2 bed flats, including fully accessible flats on the ground floor. Completion expected early Q3 2023/24. | Housing and Development<br>Thriving Communities | Stage 5 |

| | | | |
|---|---|---|---|
| Lancer Court, Cavalry Crescent | Demolition and redevelopment of 8 x Parkinson non-traditional HRA homes in significantly poor condition. Traditional construction scheme of 20 x units, 6 x 3 bed houses and 14 x flats. The ground floor flats and the 4 x bed house are fully accessible. Due for handover in early 2024/25. | Housing and Development<br>Thriving Communities | Stage 5 |
| Asset Review (Phase 1) | Various garage sites identified as part of the review are being assessed for suitability for housing across various Wards in the borough. Estimated to deliver up to 40-60 units, subject to viability, feasibility, and further consultation. | Housing and Development<br>Thriving Communities<br>Best Use of Resources | Stages 1 - 3 |
| 2020/21-2023/24 Acquisitions Programme | General needs, Next Steps Accommodation Programme (NSAP), and RSAP funded programmes that acquired 26 x units since 2020/21. | Housing and Development<br>Thriving Communities | Complete |
| 2023/24 Acquisitions Programme | General needs, NSAP, and the Local Authority Housing Fund (LAHF) funded programmes totalling a target of a further 19 x new homes. | Housing and Development<br>Thriving Communities | On-going |
| 2023/24-2024/25 Single Homelessness Accommodation Programme (SHAP) | Government grant funded programme to acquire and convert a building to provide up to 11 x units. | Housing and Development<br>Thriving Communities | On-going |

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

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