

*Published 28 January 2014*

**Agenda** for meeting of the Cabinet to be held at 6.00 pm on Wednesday, 5 February 2014 in the Town Hall, Grove Road, Eastbourne, BN21 4UG

Members of the public are welcome to attend and listen to the discussion of items in the "open" part of the meeting. Please see notes at end of agenda concerning public rights to speak and ask questions.



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**Members of the Cabinet:**

**Councillor David Tutt** (Leader and Chairman of Cabinet): Responsibilities aligned with Chief Executive and including the Community Strategy, Local Strategic Partnership, the Corporate Plan and economic development.

**Councillor Gill Mattock** (Deputy Leader and Deputy Chairman of Cabinet): Financial services including accountancy, audit, purchasing and payments.

**Councillor Margaret Bannister:** Direct assistance services including revenues and benefits, housing and community development, bereavement services and the Crime Reduction Partnership.

**Councillor Carolyn Heaps:** Tourism and leisure services.

**Councillor Troy Tester:** Core support and strategic services.

**Councillor Steve Wallis:** Place services including cleansing and recycling, parks and downland, engineering, building and development control, planning policy and strategy, environmental health and licensing.

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**[KD]** against an item indicates that the matter involves a Key Decision and that the item has been listed in the Council's Forward Plan for at least 28 clear days.

**[BPF]** against an item indicates that the matter is part of the Council's Budget and Policy Framework and as such will require the approval of the Full Council.

Publication of this agenda also constitutes notice (or confirmation that such notice has previously been given) to the Chairman of the Scrutiny Committee and members of the public as appropriate:

(1) Under regulation 10(3) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 in respect of any key decision not included in the Council's Forward Plan of Key Decisions within 28 days of this meeting. Such items (if any) are marked **[KDGE]** and the reasons why compliance with regulation 9 (publicity in connection with key decisions) was impracticable are given.

(2) Under regulation 5(4) of the above mentioned regulations that certain matters listed on this agenda (if any) may need to be considered in private. (This notice is given further to the earlier notice given under regulation 5(2). The reasons for private consideration are given at the relevant item, together with details of representations received (if any) about why the meeting should be open to the public.

**1 Minutes of of the meeting held on 11 December 2013** (Pages 1 - 16)

**2 Apologies for absence.**

**3 Declarations of Interests by Members**

Declarations of disclosable pecuniary interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct and regulation 12(2)(d) of the 2012 Access to Information Regulations. (Please see note at end of agenda).

**4 Questions by members of the public.**

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

**5 Urgent items of business.**

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

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

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

- 7 Corporate Performance - Quarter 3 - 2013/14 [KD]** (Pages 17 - 70)  
 Report of Deputy Chief Executive.  
 Cabinet lead members: Councillors Troy Tester and Gill Mattock.
- 8 Council Budget 2014/15 [BPF]** (Pages 71 - 94)  
 Report of Chief Finance Officer.  
 Cabinet lead member: Councillor Gill Mattock.
- 9 Treasury Management and Prudential Indicators 2014/15 [BPF]**  
 (Pages 95 - 118)  
 Report of Chief Finance Officer (to follow).  
 Cabinet lead member: Councillor Gill Mattock.
- 10 Housing Revenue Account (HRA) Revenue Budget and Rent Setting 2014/15 and HRA Capital Programme 2013/16 [BPF]** (Pages 119 - 130)  
 Report of Senior Head of Community and Chief Finance Officer.  
 Cabinet lead members: Councillors Margaret Bannister and Gill Mattock.
- 11 Sustainable Service Delivery Update [KD]** (Pages 131 - 138)  
 Report of Deputy Chief Executive.  
 Cabinet lead members: Councillors Troy Tester.
- 12 Eastbourne Town Centre - Update on Use of Compulsory Purchase Powers [KD]** (Pages 139 - 150)  
 Report of Senior Head of Development.  
 Cabinet lead member: Councillor Steve Wallis.
- 13 Community Infrastructure Levy (CIL) - charging schedule [KD]**  
 (Pages 151 - 176)  
 Report of Senior Head of Development.  
 Cabinet lead member: Councillor Steve Wallis.
- 14 Impacts of Welfare Reform and the Council's Response** (Pages 177 - 182)  
 Report of Senior Head of Community.  
 Cabinet lead member: Councillor Margaret Bannister.
- 15 Safeguarding Children and Vulnerable Adults [KDGE]** (Pages 183 - 204)

Report of Senior Head of Community.  
Cabinet lead member: Councillor Margaret Bannister.

**16 Write-off of Irrecoverable Debts [KD]** (Pages 205 - 206)

Report of Chief Finance Officer.  
Cabinet lead member: Councillor Gill Mattock.

**17 Exclusion of the Public**

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

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

**18 Confidential Minutes of meeting held on 11 December 2013** (Pages 207 - 208)

**19 Small Grants to Voluntary Organisations 2014/15 [KD]** (Pages 209 - 214)

Report of Senior Head of Community.  
Cabinet lead member: Councillor Margaret Bannister.

*Exempt information reason 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).*

**20 Alternative Employment Procedure.** (Pages 215 - 218)

Report of Head of Corporate Development.  
Cabinet lead member: Councillor Troy Tester.

*Exempt information reasons 1 and 2. Information relating to an individual or likely to reveal the identity of an individual.*

**21 Write-off of Irrecoverable Debts [KD]** (Pages 219 - 220)

Confidential addendum to report of Chief Finance Officer.  
Cabinet lead member: Councillor Gill Mattock.

*Exempt information reason 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).*

## **22 Towner** (Pages 221 - 226)

Report of Chief Executive.  
Lead Cabinet member: Councillor Carolyn Heaps

*Exempt information reasons 3 and 5. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.*

**Inspection of background papers** – Please see contact details listed in each report.

**Public right of address** – Requests by members of the public to speak on a matter which is listed in this agenda must be **received** in writing by no later than 12 Noon, 2 working days before the meeting (e.g. if the meeting is on a Wednesday, received by 12 Noon on the Monday before). The request should be made to Local Democracy at the address listed below. The request may be made by, letter, fax, or electronic mail. For further details on the rules about speaking at meetings or for asking a question on a matter not listed on the agenda please contact Local Democracy.

**Public questions** – Members of the public may ask a question on a matter which is not on the agenda. Questions should be made in writing and by the same deadline as for the right of address above. There are rules on the matters on which questions can be asked. Please ask Local Democracy for further information

**Councillor right of address** - Councillors wishing to address the meeting who are not members of the Cabinet must notify the Chairman in advance (and no later than the immediately prior to the start of the meeting).

**Disclosure of interests** - Members should declare their interest in a matter at the beginning of the meeting, and again, at the point at which that agenda item is introduced.

Members must declare the existence and nature of any interest.

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).

**Implementation of decisions** - Implementation of any key decision will take place after 5 working days from the date notice is given of the Cabinet's decision (normally on the day following the meeting) unless subject to "call-in". Exceptions to this requirement are allowed when the decision is urgent.

**Further information** – The Forward Plan of Key Decisions, Councillor contact details, committee membership lists and other related information are available from Local Democracy. To receive regular e-mails alerting you to the publication of Cabinet agendas (or other meeting agendas) please send an e-mail to:

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You can view the Forward Plan of Key Decisions at

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# Cabinet



## Minutes of meeting held on Wednesday, 11 December 2013 at 6.00 pm

Present:-

Councillors **David Tutt** (Chairman and Leader of the Council), **Gill Mattock** (Deputy Chairman and Deputy Leader of the Council), **Margaret Bannister**, **Troy Tester** and **Steve Wallis**.

(An apology for absence was reported from Councillor Carolyn Heaps)

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### 53 Minutes

The minutes of the meeting held on 23 October 2013 were submitted and approved and the Chairman was authorised to sign them as a correct record.

### 54 Declarations of Interest by Members

No declarations were made.

### 55 Corporate Performance - Quarter 2 2013/14

55.1 Cabinet considered the report of the Deputy Chief Executive and Chief Finance Officer reviewing the council's performance against corporate plan priority indicators and action targets; financial performance of general fund revenue expenditure, housing revenue account and capital programme; and treasury management activities for the second quarter of 2013/14. Throughout the year, performance against these key indicators and milestones was reported to Cabinet on a quarterly basis and to Scrutiny Committee members each month.

**55.2 Resolved (key decision)** (1) That the performance against national and local performance indicators and actions from the 2010/15 corporate plan (2013 refresh) be agreed.

(2) That the general fund, housing revenue account and collection fund financial performance for the quarter ended September 2013, as set out in sections 3, 4 and 6 of the report be agreed.

(3) That the virements and transfer to and from reserves as set out in appendix 3 to the report be approved.

(4) That the amended capital programme as set out in appendix 4 to the report be approved.

(5) That the treasury management performance as set out in section 7 of the report be agreed.

## 56 Council Tax Base and Business Rate Income 2014/2015

56.1 Cabinet considered the report of the Chief Finance Officer. The Council was required to set its council tax base and the expected business rate income for the forthcoming year. These calculations were used as the basis for the amount of income the Council will precept from the collection fund.

56.2 The council tax base for Eastbourne was calculated by multiplying the 'relevant amount' by the 'collection rate'. The relevant amount was the estimated full year equivalent number of chargeable dwellings within the borough. This was expressed as the equivalent number of 'band D' dwellings with 2 or more liable adults. The relevant amount had decreased by 359 (1.1%) Band D equivalent dwellings from 2013/14. This reflected the higher take up of the council tax reduction scheme than the 2013/14 original model predicted pending the introduction of the scheme from 1 April 2013. This had been offset by a reduction in the number of single person discounts awarded. The effect of these changes had resulted in the reduction to the total number of chargeable dwellings by 382.

56.3 The collection rate was the Council's estimate of the proportion of the overall Council Tax collectable for 2014/2015 that would ultimately be collected. This was expressed as a percentage. Given the current level of Council Tax collection and the forecast of a small deficit balance on the collection fund it was considered prudent to maintain the current collection rate of 97.5%. Taking the relevant amount of 32,950.3 and applying the collection rate of 97.50% produced a council tax base for 2014/15 of **32,126.5**.

The Local Government Finance Act 2012 had introduced a new system for the local retention of business rates. This meant that the Council was required to formally approve the expected business rate income for the forthcoming year. The estimate for the 2014/15 financial year must be approved by 31 January 2014.

56.4 The report described how the net rate income for 2014/15 would be calculated. The actual 'NNDR1' form for 2014/15 had not yet been received but the provisional figures based on the 2013/14 form plus known changes had been calculated and indicated a net yield of £35,225,000. The allocation would be in the proportion of:

- 50% to central government
- 40% to the local billing authority (this council)
- 10% to the other precepting authorities (9% to the county and 1% to the fire authority)

56.5 As some local authorities collected more business rates than they currently received in formula grant (which was based on relative need and resources), whilst others were lower the government would rebalance to ensure that no local authority was worse off as a result of its business rates at the outset of the scheme though a system of tariffs and



top ups. Tariff and top ups would be self funding and fixed in real terms (i.e. only up rated by RPI in future years) ensuring that changes in retained income were driven by business rate growth. This authority had a business rate baseline higher than its baseline funding level and thus was due to make a tariff payment.

56.6 The final amount of retained business rates to be credited to the general fund is calculated as follows:

<b>2014/15 Estimate</b>	<b>£'000</b>
EBC Share of Business Rate Yield	14,094
Minus Tariff	(9,664)
Minus Levy	(612)
Minus Estimated Deficit on Collection Fund as at 31.3.14	(283)
<b>Local Retained Business Rate Income 2014/15</b>	<b>3,535</b>
2013/14 Amount	3,503

56.7 The figures required to set the business rate income were not yet available as the final NNDR1 form and guidance notes had not yet been received from central government.

56.8 As at 31 March 2013 the collection fund showed a surplus of £169,272. £158,910 was being distributed across all preceptors during 2013/14, leaving a balance of £10,362 to be distributed in 2014/15. The Council had to estimate the overall surplus/deficit at 31 March 2014 and inform the precepting authorities in January 2014 of this estimate in order that the amount was included in the 2014/15 precept figures.

56.9 Current monitoring figures indicated a deficit by 31 March 2014 of £40,000 for council tax, this would be revised in January and the results reported to members as part of the budget report to the February Cabinet.

56.10 For the first time this year, a calculation on the business rate income element of the Collection Fund had to be prepared in January. Current indications showed a deficit balance of £708,000 due to the number of successful appeals that had been settled in the year and the lower than anticipated growth in rateable values. The calculation would be revised for January and the results reported to members as part of the budget report to the February Cabinet.

**56.11 Resolved (key decision):** (1) That the provisional council tax base of 32,126.5 for 2014/15 be agreed.

(2) That the provisional retained business rates income of £35.225m for 2014/15 be agreed.

(3) That that the Chief Finance Officer, in consultation with the lead Cabinet member for finance, determine the final amounts for the council tax base and retained business rates income for 2014/15.

**57 Corporate Plan - 2010-15 refresh including analysis of community evidence and proposals for the 2015-20 plan]**

57.1 Cabinet considered the report of the Head of Corporate Development presenting a summary picture of ongoing community evidence and a timeline for the final year refresh of the 2010-15 corporate plan and setting out the intended high level proposals for the production of the next corporate plan.

57.2 The proposed high level timetable for refreshing the corporate plan for 2014/15 was as follows:

- During January - Senior heads of service in liaison with Cabinet portfolio holders to agree priority projects
- End of January - Leadership Team to agree draft priorities
- 11 February – Presentation of emerging year 5 plan content to Scrutiny committee seminar
- February/March - Finalising of refreshed corporate plan chapters for 2014/15
- 19 March - Cabinet to receive and approve refreshed corporate plan for recommendation onto Council
- 7 May - Council final ratification of 2014/15 refreshed corporate plan

57.3 Over the last five years, the Council had consulted widely both at a high strategic level and at a more operational level in order to build a picture of the needs of the town as a whole and of specific communities. Over this period, over 900 members of the Eastbourne resident and business communities had participated in various consultation activities and provided information on what should be prioritised for the future benefit of the town. The Council's appreciation for the time and effort given by participants was noted.

57.4 The cumulative consultation and feedback over the last five years ensured that the Council could point to a robust and ongoing bank of community evidence as a guide to setting its priorities. Taken alongside local, regional and national data, government led initiatives and legislative changes, and the insight of local elected members, this provided a sound basis for the setting of high level goals backed up by priority projects for the future.

**57.5 Resolved (key decision)** (1) That corporate priority theme lead Cabinet members and lead officers take into account the community evidence and trend analysis, summarised in the appendices, and in particular the key headlines set out in appendix 5 to the report, when formulating proposed priority projects and activity for inclusion in the 2014/15 edition of the plan.

(2) That the timetable and activity involved in producing the 2014/15 edition of the current corporate plan, as set out in paragraph 4 of the report, be approved.

(3) That the proposed actions and timelines relating to the review of the overall lifespan of the 2010-15 corporate plan and the production of the new 2015-20 corporate plan, as set in paragraph 5 of this report, be endorsed.

## **58 Draft Budget Proposals 2014/15**

58.1 Cabinet considered the report of the Chief Finance Officer. Each year the Council consulted a range of stakeholders on its detailed draft budget proposals for the following financial year. This followed consultation on the corporate plan (see minute 57 above) and medium term financial strategy (MTFS), which had been carried out over the summer and autumn. Cabinet was asked to give initial responses to the consultations at this meeting and finally on 5 February 2014 in order to recommend a final budget and additions to the existing capital programme for 2014/15 to the Council on 19 February 2014.

58.2 The process of service and financial planning was an integral part of the corporate planning cycle that looked over a medium term horizon. The corporate change programmes under the Council's DRIVE programme picked up the challenge of the MTFS.

58.3 The MTFS agreed in July 2013 modelled the overall reduction in government support by 40% in cash terms over the whole comprehensive spending review (CSR) period (2013/17) which equated to around 50% in real terms at past and projected levels of inflation. At the time of writing the report, the Chancellor's autumn statement and the results of the CSR for 2013 were not known, however in June 2013, the Chancellor had made announcements that indicated further reductions in government support of between 10 and 20 percent (on top of the 28.4% covering the period 2011-2014).

58.4 In addition to changes in the amount of funding for local government, there were two significant changes that came into force in 2013/14 that gave a greater volatility to local government finance over the medium term. These changes were the retention of a proportion business rates and the localisation of council tax support.

58.5 The current strategy set out a rolling three year plan to:

- Deal with the anticipated reduction in the government support of around 50% from the 2010/11 level.
- Integrate fully the service and financial planning process with the main change programmes under DRIVE
- Work with clearly defined medium term efficiency targets to the corporate transformation programmes and allow services to put forward savings proposals in addition.

- Deal with the continued economic downturn and unavoidable growth in service demands
- Maintain front line services to the public
- Make further recurring savings of £2.1m per annum by 2016/17 (in addition to the £3.5m achieved in setting the 2011-2014 budgets)
- Maintain at least a minimum level of reserves of £2m
- Use surplus reserves in the medium term for:
  - Invest to save projects
  - Smooth the requirement for savings over the cycle of the MTFS
  - Invest in one off service developments in line with the corporate plan
- Benchmark fees and charges against the service standard
- Reinvest in value adding priority services when headroom is created
- Set council tax rises at or below the level of inflation
- Maintain a strategic change fund to finance the DRIVE programme in order to increase efficiency
- Maintain an economic regeneration reserve to finance external interventions that promote economic activity
- Finance capital expenditure from identified resources
- Use borrowing only on a business case basis
- Continue the process of priority based budgeting to target investment and differential levels of savings targets at services according to priority
- Zero base volatile grant budgets
- Look for new income streams to supplement diminishing resources

58.6 The final settlement in respect of revenue support grant (RSG) and retained business rates for 2014/15 were not yet known, together with numerous other grant announcements not yet made. The following assumptions were made in the draft budget:-

<b>Year</b>	<b>2013/14</b>	<b>2014/15</b>
	£m actual	£m
RSG	(3.4)	(3.3)
Retained business rates	(3.5)	(3.5)
Council tax freeze grant	(0.1)	(0.1)
New homes Bonus	(0.5)	(0.6)
Council tax Benefit grant	(1.2)	(1.2)
Council tax	(7.3)	(7.2)

58.7 The service and financial planning process started in July and had culminated in the four service areas presenting their plans to the Cabinet and shadow cabinet in November. In response the challenge set out in the MTFS, the service and financial planning process has identified

proposed savings of £0.846m (5% of net spend) shown in appendix 1 to the report. These were categorised as:

	<u>£m</u>
Efficiency savings	(0.607)
Increases in income	(0.209)
Other changes	<u>(0.030)</u>
Total	<u>(0.846)</u>

A total of £0.851m of service growth was proposed categorised as follows (appendix 2):

	<u>£m</u>
Corporate inflation	0.430
Reduced income targets	0.059
Other growth	<u>0.362</u>
Total	<u>0.851</u>

The proposals also included £447,000 of non-recurring service investment to be financed directly from reserves (shown in appendix 2 to the report).

58.8 The draft budget assumed no rise in council tax for 2014/15 as the Council might take advantage a special grant available for Councils not increasing council tax (assumed to be 1% or £70,000). However the scheme for 2014/15 had not yet been set out. The MTFs allowed for a tax rise at the target rate of inflation (2%) There therefore remained a choice depending on the announcement of the tax freeze scheme. A referendum would be required if any proposed tax rise were 2% or greater.

58.9 The Council had been successful in attracting over £2.6m of additional grant for the retention of weekly waste collection and enhanced recycling (for 5 years) payable over 3 years. The final instalment of £1.3m would be paid in 2014/15. It was intended that contributions to reserves of this amount would be made in order to replenish the strategic change fund and general reserves.

58.10 The following summarised the effect of the proposed changes:-

	<u>Proposal</u> <u>£m</u>
Base budget 2013/14	15.658
Growth (outlined in para. 4.3 of report)	0.851
Savings (outlined in para. 4.2 of report)	(0.846)
Savings to be identified	<u>(0.104)</u>
Net budget:	<u>15.559</u>
Funded By:	

Government grants/Retained rates	(8.357)
Council tax (band D £224.19)	<u>(7.202)</u>
Total resources:	<u>(15.559)</u>

Forecast general reserve as at 31 March 2014: £4m

It was recommended that should the resources allocated by way of retained business rates and RSG differ from the assumptions, the suggested strategy would be to make the additional resources available to the capital programme. Should the resources be less than the assumptions then they should first reduce the addition to the capital programme resources, then reduce the contingency by up to £100,000 and beyond that, a further review of the service and financial plans would be required to identify additional savings/reduced growth. As a last resort the MTFS allowed for reserves to be used in the short term until further corrections could be made.

58.11 Risks and action to mitigate them were given in paragraph 5.4 of the report. These included the possibility of further reductions in government grant and the impact of inflation.

58.12 The Council currently financed its capital programme from capital receipts and grants and contributions. There was currently £0.5m of internal identifiable capital resources available for the next 3 years. It was intended that any headroom created by the 2014/15 revenue budget would be reinvested in the capital programme. An example of this was the "Solarbourne" project which was now contributing approximately £75,000 per annum to the net budget after repaying the cost of capital. Additional individual schemes to be added to the capital programme linked to priorities would be developed as part of the development of the corporate plan in January and contained in the final budget and capital programme proposals to be agreed by the full Council in February. It was also noted that unlike the council tax, the capital programme could be varied at any time and that there were duties under certain schemes to consult with those affected before schemes were commenced. As well as schemes financed from internal resources, the corporate plan would include schemes financed from external resources.

**58.13 Resolved (key decision):** (1) That the draft budget proposals be agreed for the purposes of consultation.

(2) That the approach to dealing with changes in the expected resources available for the 2014/15 budget as detailed in para. 5.3 of the report, including the closing of a currently forecast gap of £104,000 between the recurring resources and recurring proposed budget, be agreed.

(3) That as details of the government's proposed tax freeze grant for 2014/15 were not yet available, it be agreed that the maximum potential council tax rise would be less than 2%.

(4) That the main risks to the draft budget, as set out in para. 5.4 of the report, be agreed.

**59 Strategic Asset Management**

59.1 Cabinet considered the report of the lead member for Corporate Development and Infrastructure which set out a series of recommendations in relation to the accompanying report of the Senior Head of Development. The Council's commitment to strategic asset management and the corporate plan objective of a sustainable asset base was supported by previous Cabinet recommendations in October 2011 and October 2012.

59.2 In May 2013, Cabinet authorised an asset challenge programme to assist in achieving the sustainable asset base. Specifically, Cabinet authorised two scoping exercises to establish (a) the viability and programme for transfer of assets to trust and (b) the savings and improvements to quality of service by transferring the retained asset base into a Corporate Landlord model. The asset transfer and the corporate landlord reviews had been undertaken by Locality and the Chartered Institute of Public Finance and Accountancy (CIPFA) respectively. Additional input was provided by iESE (Improvement and Efficiency Social Enterprise) and the estates team.

59.3 The key findings of the Locality report concerning asset transfer were summarised as follows:-

1. The Council owned significant sites with considerable potential as well as numerous smaller holdings which could deliver increased revenue or capital returns if managed strategically.
2. When decisions were taken to retain operational assets (that might be subject to substantial investment), the business cases should be independently 'stress tested' to fully understand the level of long term subsidy and its impact on the Council's future revenue budget and its ability to achieve a sustainable asset base.
3. The Council was not in a position to create a council wide trust or multiple trusts (e.g. community or leisure trusts) before detailed progress was made to restructure, improve efficiency and effectiveness and become more skilled at entrepreneurialism.
4. There were potential efficiencies and savings through moving corporate property to an independent trust; either as a management agent or with an asset portfolio. However the Council was not yet in a position to undertake this without going through a process of strategic planning and internal restructuring.

The key recommendations were as follows:-

1. Every asset, operational or non operational should generate a surplus (or be cost neutral at worst) or capital receipt within agreed timescales with the possible exception of core service support/administration facilities (such as 1 Grove Road).
2. Strategic assets must generate significant capital and/or revenue returns for the Council to reinvest in the retained

operational portfolio to assist with achieving the best possible sustainable asset base.

3. When assessing operational assets the Council should be aware and take account of the combined social, cultural, environmental and financial objectives; the Council needed to be clear on the relative weight attributed to these objectives and the potential long term subsidy required to support operational assets.

59.4 The key findings from the CIPFA report supported the implementation of a full Corporate Landlord model. The key recommendations were as follows:-

1. The Council should move towards a full corporate landlord approach in respect of the key components (strategic asset management, statutory compliance, facilities management, repairs and maintenance, estates management and project management/delivery).
2. In the medium to long term, with the exception of strategic asset management, the key components could be contracted out, with contract management retained in house. Alternative options might be viable in respect of some of the components, dependent on the Council's policy approach. Further detailed analysis was required of the key components to establish the optimum route to delivery, combined with policy direction

59.5 As part of the due diligence process, iESE were instructed to undertake a review of both the Locality and CIPFA reports. A summary of their review identified the following:-

- Further policy direction and weighting was required into strategic objectives for asset management such as whether to maximise revenues, achieve capital receipts, reducing revenue costs and improving customer experience etc.
- Moving to a corporate landlord model was supported; it was recommended that the Council consider a "commissioning model" approach particularly with regard to delivery of facilities management, repairs and maintenance and property management services.
- The key principle that "every asset, operational or non operational should generate a surplus or capital receipt within agreed timescales" required policy direction and needed to incorporate a wider, more balanced approach including strategic drivers, the "custodian role" of the Council, service objectives etc.
- The implementation plan for a corporate landlord needed to be linked to the 'end state' target operating model, with opportunities, risks, constraints, communications, resource capability and policy direction aligned with this objective.
- There were short to medium term opportunities to create efficiencies in facilities management by consolidating on the current large number of suppliers. In the medium to long term even greater opportunities existed in both 'hard' and 'soft'



facilities management through a combined Eastbourne Borough Council and Eastbourne Homes procurement.

59.6 The findings of a 'headline' review of each and every non operational asset undertaken by the estates team were as follows:-

1. A significant proportion of non operational assets achieved a yield below 5% (5% being equivalent to the approximate cost of capital to EBC).
2. That the preparation of a strategic programme of disposals of non operational assets could lead to significant capital receipts to assist in the funding of the backlog of repairs to core operational assets and support the MTFS.
3. Alternatively, these capital receipts could be reinvested, to achieve a minimum target yield of say 5%, realising additional net income.

It was suggested that the preparation of a disposal programme was aligned to the MTFS to allow funds to be released as necessary to meet the priorities of the Council. This was envisaged to be from 2015/16.

59.8 The implementation of a corporate landlord model would involve substantial cultural change and additional resources. Alignment with Future Model phase 2, potential synergies with Eastbourne Homes and the potential for shared services with partnership authorities would need to be explored to ensure maximum efficiencies could be obtained. The restructure of the estates team would need to be in place from April 2015. It was proposed that a detailed implementation plan including performance targets, governance and policy direction would be submitted to a future meeting of the Cabinet.

59.9 From the original £90,000 authorised to be released from the strategic change fund for the asset challenge programme, approximately £45,000 remained. It was proposed that the remaining funds be utilised to assist with the transition programme to a full corporate landlord model. Further resources would be required and it was intended this be met from the savings and income growth generated from the programme.

**59.10 Resolved (key decision):** (1) That the contents of the report of the Senior Head of Development and the report of Locality be noted.

(2) That the recommendations in relation to the corporate landlord model laid out in the report of the Senior Head of Development be approved as follows:

- (i) Agree to implement measures necessary to progress towards a sustainable asset base: and
- (ii) authorise the implementation of a full corporate landlord model by April 2015, using the remaining £45,000 of the original budget for assistance with the implementation plan.

(3) Agree to the general principle of the recommendations made by Locality and accept the strong financial business case that sits behind these recommendations but also accept that Eastbourne Borough Council has ambitions and concerns which are not entirely financial and so there will be a need to temper these principles in some cases. To this end, Cabinet accepts that:

(a) There is a need to consider the value of the contribution of all assets on a case by case basis. The total value of an asset is the financial, social, community, environmental, cultural, health, and economic development value of the asset to the local community and the council.

(b) Where a decision is taken to not achieve best financial value for the council in relation to any asset, it must be clear what other value is being placed upon that asset.

(c) There is a limit as to how many times and to what extent the council will be able to make non financial led decisions if it is to achieve the stated ambition of a sustainable asset base.

(4) That the Chief Finance Officer, in consultation with the Strategic Property Board, be delegated with the task of exploring means to make the process in resolution 3(b) above transparent within the Council's financial reporting arrangements.

## **60 Employment Land Local Plan**

60.1 Cabinet considered the report of the Senior Head of Development. In May 2012, the Eastbourne core strategy local plan had been subject to public examination by a planning inspector. The inspector had expressed concerns over the evidence that supported core strategy policy D2: economy, particularly relating to the employment land supply. In order to address this issue without delaying the adoption of the core strategy, the Inspector recommended that this particular policy be the subject of an early review, leading to its replacement with an additional local plan to deal specifically with the employment land supply. This review would be subject to public examination and should be adopted by the end of 2014. The core strategy was subsequently adopted in February 2013.

60.2 In order to meet this requirement, an employment land local plan (ELLP) had been prepared for consultation. The plan would guide job growth and economic development to 2027 as well as identifying an appropriate supply of land for future employment development.

60.3 There was a requirement to provide 43,000 sq.m. of class B floor-space over the plan period. This amount was based on forecasting projections that assumed growth in key sectors in Eastbourne and increased participation rates as economic activity and working age population grew. It was considered important that more jobs were created in more diverse areas to reduce reliance on tourism, and that space be provided for start-up businesses to encourage indigenous business growth. The report commented that much of existing commercial space in the town did not meet occupier standards, which meant that employment land was being lost to other uses. The plan

aimed to encourage the supply of high quality space that met business needs and ensured key sites in employment locations were protected.

**60.4 Resolved (key decision):** (1) That the proposed draft employment land local plan be approved for the purposes of consultation with the community and key stakeholders between December 2013 and March 2014.

(2) That the Senior Head of Development, in consultation with the lead Cabinet member, be given delegated authority to make minor amendments to the draft plan before the commencement of the 12 week consultation period.

## **61 Council Tax and Business Rates Collection and Enforcement Policy**

61.1 Cabinet considered the report of the Revenues and Benefits Manager presenting a policy for the collection of council tax and business rates. A copy of the proposed policy and equality analysis were appended to the report. In drafting the policy account had been taken of the Citizens Advice Bureau's 'Collection of Council Tax Arrears Good Practice Protocol' and the Department for Communities and Local Government's 'Guidance to local councils on good practice in the collection of Council Tax arrears'.

61.2 The aims of the policy were:

- To bill customers accurately and in a timely manner.
- To help customers get the discounts and exemptions they are entitled to.
- To comply with relevant legislation.
- To take into account guidance and best practice.
- To collect taxes due in a fair and efficient manner.
- To provide payment methods that are convenient to the taxpayer.
- To discharge the Council's duty in relation to the recovery of council tax and business rates.
- To take recovery action taking into account individual's circumstances as far as practicable.
- To make use of distress or committal only as a last resort.
- To treat individuals consistently and fairly, regardless of age, sex, gender, disability, race and sexual orientation.
- To protect individuals rights under data protection and human rights legislation.

61.3 Consultation had taken place with Citizens Advice Bureau, Eastbourne Disability Involvement Group, East Sussex Credit Union, Salvation Army, Eastbourne Cultural Communities Network, Crime Reduction Partnership, East Sussex County Council and Activating Eastbourne.

**61.4 Resolved (key decision):** That the policy is adopted.

## 62 Equal Pay Audit

62.1 Cabinet considered the report of the Head of Corporate Development giving an update on the actions taken following the equal pay audit conducted in 2011 and further actions scheduled for the next 12 to 18 months.

62.2 Following the introduction of a revised pay and grading structure for the Council in 2008, a commitment had been made to test the model via an equal pay audit once the full suite of pay and reward processes had embedded. The audit took place between April and July 2011 and the findings were reported to Cabinet in December 2011. The Cabinet were told of the key findings and further work that was required to ensure the Council continued to improve equality in pay. Most importantly, the audit found no evidence that the gender pay gap was attributable to direct or indirect unfair discrimination in the Council's processes or decision making.

62.3 Work on implementing the recommendations of the audit was deferred until the outcome of phase one of Future Model had bedded in. In the Spring of 2013, a working group officers from across a range of services and a representative of the Unison branch had been established. The group had met several times to consider the recommendations and actions arising from the audit. The group determined that the gender pay gap remained similar to the original audit at about 15% and when the chief officer roles were excluded this reduced to 5.28%. Although these figures could only be regarded as indicative, they demonstrated that the same issues remained in relation to the pay gap.

62.4 The group had agreed an action plan (circulated separately in the confidential part of the agenda as it comprised exempt information - *Exempt information reasons 1 and 2 - information relating to an individual or likely to reveal the identity of an individual*) which identified actions already undertaken, as well as areas for further development and action. The group would continue to meet to further develop the Council's approach to ensuring equality of pay and address the key issue of how the Council would reduce or eliminate the gender pay gap. Key work streams would continue to be:

- Raising awareness of gender pay gap/imbalance at the top in future recruitment
- Ensuring challenge for corporate change proposals which may compound pay gap, especially with part-timers
- Reviewing support and development for females over age 40 who are part timers and/or post-maternity leave
- Identifying options for making the workforce more representative of the local community in terms of ethnic make up and disability.

**62.5 Resolved:** (1) That the actions taken to date and the work undertaken by the Equal Pay Working Party be noted.

(2) That the action plan for the next 12 to 18 months be agreed.

(3) That a further equal pay audit in be undertaken in 2015/16 following the completion of Phase 2 of Future Model.

**63 Exclusion of the Public**

**Resolved:** That the public be excluded from the remainder of the meeting as otherwise there was a likelihood of disclosure to them of exempt information as defined in schedule 12A of the Local Government Act 1972. The relevant paragraphs of schedule 12A and descriptions of the exempt information are shown in minute 62 above and in the items below. *(The requisite notices had been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.).*

**64 Summary of confidential proceedings for information.**

The full minutes of the under-mentioned items are set out in the confidential section of these minutes. The reports remain confidential.

**(a) Alternative Employment Procedure**

64.1 Cabinet noted that 2 employees were subject to the procedure at present. They noted the actions taken to manage implications of change for displaced individuals.

*Exempt information reasons 1 and 2 – Information relating to an individual or likely to reveal the identity of an individual.*

**(b) Devonshire Park project – legal update**

64.2 Cabinet considered legal advice in relation to the Council's proposed financial support to the Devonshire Park project and agreed European Commission notification was not required in relation to the current proposals.

*Exempt information reasons 3 and 5 - information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.*

The meeting closed at 6.22 pm

**Councillor David Tutt  
Chairman**

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**BODY:** CABINET

**DATE:** 5<sup>th</sup> February 2014

**SUBJECT:** Corporate Performance - Quarter 3 2013/14

**REPORT OF:** Deputy Chief Executive

**Ward(s):** All

**Purpose:** To update Members on the Council's performance against Corporate Plan priority actions, performance indicators, targets and the strategic risk register for Quarter 3 2013/14.

To inform Cabinet of the Council's provision financial outturn for Quarter 3 2013/14.

**Contact:** William Tompsett, Strategic Performance Manager  
Tel 01323 415418 or internally on ext 5418

Pauline Adams, Financial Services Manager  
Tel 01323 415979 or internally on ext 5979.

**Recommendations:** Members are asked to:

- i) Agree the performance against national and local Performance Indicators and Actions from the 2010/15 Corporate Plan (2013 refresh).
- ii) Agree the General Fund, HRA and Collection Fund financial performance for the quarter ended December 2013, as set out in sections 4,5 & 6.
- iii) Approve the virements and transfers to and from reserves as set out in Appendix 3
- iv) Approve the amended capital programme as set out in Appendix 4.
- v) Agree the Treasury Management Performance as set out in section 7.

## **1.0 Introduction**

- 1.1 The 2010/15 Corporate Plan was refreshed for 2013 and sets out a number of key actions and indicators to deliver and measure progress against key priorities. Throughout the year, performance against these key indicators and milestones is reported to Cabinet and Scrutiny committees on a quarterly basis and to Scrutiny monthly.
- 1.2 The information in these performance reports is collected and managed using the Covalent performance management system. Further detail behind the report and evidence providing a full and robust audit trail for the performance information presented is available to view within the online

system. Member training sessions dedicated to accessing and using Covalent have been carried out and Members are invited to contact the Strategic Performance Team at any time to arrange individual training support on using the system if required.

- 1.3 In the absence of a National Performance Framework it is important that the authority continues to strengthen its own performance management procedures particularly in relation to the use of robust local indicators and meaningful reporting against actions and activities. The actions, milestones and performance indicators in the Corporate Plan refresh 2013 have been chosen to reflect this year's priority activities and objectives with a view to realising the longer term vision set out in the Corporate Plan.

## **2.0 Performance Overview**

- 2.1 **Appendix 1** is a detailed report on the 2013/14 activities and outturns of the performance indicators listed within the Corporate Plan. This report shows the latest available outturns for the Local Performance Indicators featured in the 2010/15 Corporate Plan broken down into themed areas.
- 2.2 Each project has been allocated a number of in-year actions and milestones to be completed in order to progress the project efficiently. Some projects may be fully completed within the year whereas larger scale priorities will be delivered over a longer period. **The first section of Appendix 1 lists all the Corporate Plan priority actions whose in-year milestones have already been fully completed this year.** Full details of the specific milestones and commentary for these actions is available on request or directly via the covalent Performance Management System.
- 2.3 The second section of Appendix 1 lists the ongoing actions showing all milestones that were scheduled for completion in quarter 3 of 2013/4 and any incomplete milestones from earlier in the year along with commentary to explain the context behind them.
- 2.4 Chapter summary text has been supplied by the relevant Heads of Service to provide added context for the performance reported in each section. This commentary highlights important achievements and challenges for the reporting period and can be found at the start of each chapter.
- 2.5 The PI tables show which indicators related to the priority projects are performing on target (green tick icon), failing to reach target (red octagonal icon) or are "near misses" (amber triangle icon). Relative performance is based on quarterly targets as set by the managers of each area using past performance, available benchmarking and planned service developments.
- 2.6 The current outturn for each PI is shown on the performance gauges in column 4 - "Year to date". The gauges show visually how the level of performance compares to targets (green zones) and "near miss" levels (amber zones). Amber zones have been reviewed to reflect appropriate levels of performance expectation and any national targets which are lower than our own local aspirations.



2.7 The bar charts in column 6 show comparative performance against previous quarters/years as appropriate. This enables an "at a glance" indication of whether performance is improving or not and will help identify potential trends and seasonality of performance.

2.8 Commentary has been included in the action and indicator outturn tables where supplied. This provides some contextual background to the performance and this function and is backed up by the online evidence collation facility of the Covalent system.

2.9 Of the 37 Key Performance Indicators reported in the Corporate Plan this quarter, 8 are currently showing as "Red," 17 are showing as "Green," 4 are showing as "Amber" and 8 are "data only" or contextual PIs. The off target PIs are...

- TL\_041 Number of visitors (day visitors and staying trips)
- ECSP\_004 Violent crime in a public place
- TL\_014 Towner visitors
- CD\_008 Decent Homes programme
- CD\_052 Number of homes where Category 1 hazards have been remedied
- CD\_055 Number of completed adaptations
- CD\_056 Average number of days for assistance with adaptations
- CS\_011 Telephone call abandonment rate

2.10 We now have the capability within Covalent to analyse performance data via dashboard reporting. This allows us to look beyond green – amber – red performance reporting and drill down more into the data and what it is telling us. This showed that the following PIs were the best performing:

Best Performing (PIs)	Value	Target	Gauge
ECSP_016 Serious Acquisitive Crime (robbery, car crim...	-23.2%	-3%	
DE_005 JSA Claimant Count	1,807	2,500	
TL_017a Redoubt visitors - paying visitors	10,629	5,600	
CD_050 Empty privately owned homes returned to oc...	159	90	
CD_181 Time taken to process Housing Benefit/Coun...	7.4 days	10.5 da...	
TL_043 Total day visitor spend	£000,1...	£000,1...	
DE_154 Net additional homes provided	85	57	
CD_051 Number of difficult problem properties reme...	32	22	
DE_192 Percentage of household waste sent for reus...	35.77%	33.00%	
DE_004 Town centre vacant business space	9.89%	12%	

2.11 Devolved Budget spend is reported at the end of the appended performance report. The table lists the projects supported and the overall spend per ward. Management of Devolved Budget projects is co-ordinated on Covalent and more detail on specific projects and activities is available on request or direct from the Covalent system.

### 3.0 Financial Performance – General Fund

3.1 General Fund performance for the year to 31 December 2013 is shown in the table below:

Department	Full Year Budget £'000	Profiled Budget £'000	Actual to 31 Dec 13 £'000	Variance to date £'000	Projected Outturn £'000
<b>SUMMARY</b>					
Corporate Services	11,635	9,519	9,508	(11)	(15)
Community Services	151	35,216	35,130	(86)	(34)
Tourism & Leisure Services	2,892	2,412	2,650	238	261
<b>Total Service Expenditure</b>	<b>14,678</b>	<b>47,147</b>	<b>47,288</b>	<b>141</b>	<b>212</b>
Contingencies etc	428	319	138	(181)	(242)
Capital Financing and Interest	1,661	1,108	1,108	-	-
Contributions to/(from) Reserves	754	754	754	-	-
<b>Net Expenditure</b>	<b>17,521</b>	<b>49,328</b>	<b>49,288</b>	<b>(40)</b>	<b>(30)</b>

Service Details are shown at **Appendix 2**.

3.2 The position to the end of December is a positive variance of (£40,000) on net expenditure which is a movement of (£118,000) compared to the position at the end of the second quarter in September.

3.3 Service expenditure has a variance of £141,000 a positive movement from September of (£40,000). The main reasons for this improvement are:

	To Sept	To Dec	Movement
	13	13	
	£'000	£'000	£'000
Main Variances over £50k	(80)	(115)	(35)
Refuse Collection Contract Savings	(40)	(67)	(27)
Cremation and cemetery income over target	(53)	(53)	
Cremation utilities savings from installation of new cremators	105	105	
Grounds maintenance additional costs from contract dispute	71	71	
Revenues and Benefits additional administration costs	100	128	28
Shortfall in Catering income			

This service overspend is off set by the saving on the contingency fund.

3.4 The projected outturn shows a favourable variance of (£30,000). This is within 0.17% of the net budget and is within an acceptable tolerance level. However management continues to manage this position to ensure that this is achieved.

3.5 The contingency allowance currently stands at £241,529 and has been used to offset service expenditure. Therefore there is no further funding available for any future unforeseen one off areas of expenditure during the year.

3.6 Financial procedure rules require all virements requests over £10,000 for revenue expenditure to be approved by Cabinet. There is one request for this quarter as set out in **Appendix 3** and related to the approved phased reduction in the grant payable to the Allotments Society.

3.7 Member's approval is also sought for the transfer from reserves as set out in **Appendix 3**. These transfers are in line with the approved financial strategy.

#### 4.0 Financial Performance – HRA

4.1 HRA performance for the year to 31 December 2013 is as follows:

	<b>Current Budget £'000</b>	<b>Profiled Budget £'000</b>	<b>Actual to 31 Dec 13 £'000</b>	<b>Variance to date £'000</b>	<b>Projected Outturn £'000</b>
<b>HRA</b>					
Income	(14,994)	(11,053)	(10,987)	66	12
Expenditure	15,097	6,032	5,722	(310)	(430)
<b>Total HRA</b>	<b>103</b>	<b>(5,021)</b>	<b>(5,265)</b>	<b>(244)</b>	<b>(418)</b>

4.2 The HRA surplus variance is due to a reduction in income from rents and services changes due to the delay in the expected completion of the sheltered accommodation remodelling schemes, off set by savings in the provision for Bad Debts.

4.3 A prudent increase in the provision for Bad Debts was included in the 2013/14 budget to offset any effect of the new benefits regime. Rent collection performance has continued at prior year levels, and therefore the expected increase in rent arrears has not materialised as expected. The bad debt provision has been decreased to reflect this situation.

4.4 The projected outturn is showing a surplus of (£418,000) mainly due to the change in the bad debt provision and lower than anticipated interest rates on new and replacement debt taken during the year.

#### 5.0 Financial Performance – Capital Programme

5.1 The detailed capital programme is shown at **Appendix 4**. Actual expenditure at 52% of the budget is lower than expected as a number of schemes have been delayed in starting or have not yet started in particular in the following areas but expenditure is expected in the next quarter:

- Housing Major Works schemes
- Support Housing in Eastbourne Programme
- Coastal Defence Works
- Play Equipment
- IT software upgrades
- Bandstand works.

5.2 The 2013/14 programme has now been re-profiled to reflect start dates and planned works.

## 6.0 Financial Performance – Collection Fund

6.1 The Collection Fund records all the income from Council Tax and National Non-Domestic Rates and its distribution to the major precepting authorities. With the introduction of the new system for the local retention of business rates, the performance of the Collection Funding is now included as part of the performance monitoring and results shared with major preceptors.

6.2 The projected Collection Fund for the year is as follows:

	<b>Council Tax £'000</b>	<b>Business Rates £'000</b>
Balance B/fwd	(169)	-
Debit due for year	(52,110)	(33,580)
Payments to preceptors	52,212	33,699
Allowance for cost of collection		127
Provision for backdated appeals		140
Write offs and provision for bad debts	168	329
<b>Estimated balance 31.3.14</b>	<b>101</b>	<b>715</b>
Allocated to:		
CLG		
East Sussex County Council	73	358
Eastbourne Borough Council	14	286
Sussex Police	9	64
East Sussex Fire & Rescue	5	7
	<b>101</b>	<b>715</b>

6.3 This represents a variance over the quarter two monitoring of £61,000 and £7,000 for Council Tax and Business Rates respectively.

6.4 The Council Tax deficit is due to higher than budgeted take up of the Council Tax Reduction Scheme less a reduction in the number of Single Persons Discounts awarded. The deficit represents 0.19% of the gross debit due.

6.5 Business Rate income is down on that expected due to the number of successful appeals having been settled in the year and lower than anticipated growth in rateable values. The deficit represents 2% of the gross debit due.

6.6 The allocations to preceptors reflect the operation of the Collection Fund for Council Tax and retained Business Rates which are distributed on different bases under regulations. The Council is required to estimate the Collection Fund Balance as at 15 January each year and inform major preceptors for distribution in 2014/15. This has now been done for Council Tax based on the quarter three monitoring and major preceptors informed. There has however been a delay in receiving the necessary documentation from DCLG in regard the Business Rates calculation and the deadline for returning the information to preceptors is now 31 January.

6.7 Collection performance is as follows:

<b>Cash Collection Rates</b>	<b>Council Tax</b>	<b>Business Rates</b>
Q3 Actual	84.25%	87.58%
Q3 Target	85.40%	88.30%

## **7.0 Treasury Management**

7.1 The Annual Treasury Management and Prudential Indicators 2014/15 is being considered by Cabinet elsewhere on this agenda. Below is a summary of the main points from the current economic background and interest rate forecasts.

## **7.2 Economic Background**

The World Bank announced that the global economy is at a “turning point” and this rosy outlook was reflected in a string of positive data releases for the UK and the US but not for the Eurozone. Encouraging inflation and retail sales figures from both the UK and US have been received, but the Eurozone’s inflation outlook is somewhat more troubling.

For the first time in four years, UK inflation figures hit the Bank of England’s (BoE) target level. December’s Consumer Price Index (CPI) grew 2.0% according to the Office for National Statistics (ONS), a result that eases pressure on both the BoE and the Government. The fall in inflation reinforces the Bank’s strategy of maintaining interest rates at their record low of 0.5% whilst the economy continues to pick up speed.

UK retail sales, are showing the fastest growth in 9 years. The 2.6% percent increase in sales in December contributed to a 5.3% annual rise which is the best growth figure seen since October 2004. This news was somewhat unexpected as economists had forecast growth to be similar to that seen in November at around 0.4%.

Latest data release showed a hefty increase in the number of people employed within the UK workforce, whilst the ILO unemployment figure (calculated quarterly) fell from 7.6% to 7.4%.

## **7.3 Interest Rate Forecast**

Capita have decided to maintain their central Bank Rate view, for the moment at least, that an apparently strong 2014 economic recovery built upon consumer spending will taper off somewhat in the medium term and that the clamour for interest rates to rise prior to 2015 may well be replaced by concerns that the economy is still too weak to be subject to any significant rise in interest rates.

Interest rates are therefore expected to remain unchanged, but then increase in Quarter 2 2016 to 0.75% (previously Q3 2016) and then again in Quarter 3 2016 to 1%.

## **7.4 Annual Investment Strategy**

The Treasury Management Strategy Statement (TMSS) for 2013/14, which includes the Annual Investment Strategy, was approved by the Council on 20 February 2013. It sets out the Council's investment priorities as being:

- Security of Capita;
- Liquidity;
- Yield

A full list of investment held as at 31 December 2013 is shown in the table below:

Counterparty	Amount £	Interest Rate %	Maturity
Royal Bank of Scotland	3,900,000	0.70	Call
Santander	1,075,000	0.40	Call
Bank of Scotland	2,000,000	0.40	Call
Royal Bank of Scotland	100,000	0.80	90 day Account
Bank of Scotland	2,000,000	0.95	3.2.14
	9,075,000		

Following the downgrading of the Co-op Bank to BB- in May, the advice from Capita was for the council to minimise exposure, in light of this a maximum operational balance of £500,000 is being kept in the Reserve account at any one time. This has had consequences on the ability to invest elsewhere due to the limited number of counterparties available that met the criteria set out in the TMSS and the limit of £4m as a maximum amount to be held with any particular bank or building society. This limit was breached once over the quarter by £1m for 4 nights (15-18 November).

Investment rates available in the market have continued at historically low levels. Funds are available on a temporary basis for investment and arise mainly from the timing of the precept payments, receipts of grants and progress on the capital programme.

## 7.5 Investment Performance

Investment performance for the quarter ending 31 December 2013 is as follows:

Benchmark	Benchmark Return	Council Performance	Interest Earning
7 day	0.36%	0.68%	£45,000

As illustrated, the authority outperformed the benchmark by 0.32. The Council's budgeted investment return for 2013/14 is £50,000 and performance for the year is likely to exceed this.

## 7.6 Borrowing

New borrowing during the quarter has been undertaken as follows:

Start Date	End Date	Lender	Amount	Interest Rate
19.12.13	19.6.18	Neath Port Talbot Council	£4,000,000	2.20%

Cash flow predictions indicated that further borrowing will be required during quarter four. The exact timing and nature of this borrowing will be considered at that time, however to maintain a sustainable maturity profile it is anticipated that new borrowing will be at maturity dates between 5 and 10 years.

## 7.7 **Compliance with Treasury and Prudential Limits**

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

During the quarter to 31 December 2013 the Council, apart from that mentioned above at section 7.4, has operated within all the other treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

## 8.0 **Consultation**

8.1 Not applicable

## 9.0 **Implications**

9.1 There are no significant implications of this report.

## 10.0 **Conclusions**

10.1 This report provides an overview of performance against the authority's priority actions and indicators as at the end of Quarter 3 2013/14. Progress against the key projects and indicators is updated on the online Covalent system on a regular basis and provides a "live" view of the Council's performance accessible at any time.

10.2 The variances within both the General Fund and HRA budget are well within tolerance levels, however risks within the budget will continue to be carefully monitored.

10.3 Capital expenditure is low compared to the budget but this is expected as some major schemes have yet to commence.

10.4 The Collection Fund forecast for Council Tax and Business Rates are showing deficits of £101,000 and £715,000 at the end of quarter 3. These balances represent 0.19% and 2% of the gross debits due and will be allocated to the major precepting authorities during 2014/15.

10.5 Treasury Management performance is on target and apart from one occasion when the investment maximum allowed to any one counterparty was

breached all other activities were within the approved Treasury and Prudential Limits.

**William Tompsett**  
**Strategic Performance Manager**

**Pauline Adams**  
**Financial Services Manager**

**Background Papers:**

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


*Corporate Plan 2010/15 (2013 refresh)*  
*Covalent performance management system reports*  
*Budget monitoring working papers as at 31.12.13*  
*Capita Treasury Solution weekly newsletter 17.1.14*

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



## Completed Corporate Plan Actions 2013/14



Priority Theme	Project	Status	Actions
Priority Theme 1 Prosperous Economy	CP13_1_01 Deliver a Sustainable events programme		Deliver the Council led events programme for 2013/14

## Quarter 3 Milestones 2013/14

Parent Action	Action	Description	Due Date	Note	Completed
CP13_1_02 Tourism Marketing and Development	CP13_1_02_01 Work on the relationships introduced by Sponsor-finder to develop a mutually beneficial package	Quarter 3 update	31-Dec-2013	Sponsorship leads are being followed up on a reactive basis.	Yes
CP13_1_02 Tourism Marketing and Development	CP13_1_02_03 Develop the digital strategy for tourism marketing and information.	Prepare draft digital marketing strategy for discussion with the Marketing Group	31-Oct-2013	A brief for the digital requirements is being prepared, which will consider how some of the current services could be delivered through technology. i.e. TIC	Yes
CP13_1_02 Tourism Marketing and Development	CP13_1_02_04 Refresh the seafront strategy – aligning with other strategies for culture, sports, leisure, employment and health	The action plan for the existing seafront strategy will be revisited and current actions will form the basis of the new action plan	31-Dec-2013	Tourism are working with the Economic Development Team to deliver a 'Tourism And Economic Development Strategy' the seafront strategy will form part of the action plan	Yes
CP13_1_03 Employment - Town Centre Masterplan	CP13_1_03_02 Assist development with CPO powers	Resolve to use CPO powers.	11-Dec-2013	The owners of the Arndale Centre have submitted a revised planning application so work on the CPO has been delayed for one Cabinet cycle.	No
CP13_1_03 Employment - Town Centre Masterplan	CP13_1_03_03 Progress plans for the environmental improvement to Terminus Road to be completed in 2015	Complete consultation on draft design.	06-Dec-2013	Consultation completed on time on 6 December 2013.	Yes
CP13_1_04 Employment - Sovereign Harbour Business Park	CP13_1_04_01 Sovereign Harbour Business Park	Encourage landowners to bring forward the business land for development.	30-Nov-2013	Two planning applications submitted for both outline consent by the landowner and detailed consent by Seachange Sussex for the Innovation Mall.	Yes
		Encourage landowners to submit planning application for remaining development sites.	30-Nov-2013	Two planning applications submitted for both outline consent by the landowner and detailed consent by Seachange Sussex for the Innovation Mall.	Yes
CP13_1_06 Eastbourne Loyalty Scheme	CP13_1_06_01 Establish Loyalty Scheme for Eastbourne	Cabinet decision on implementation.	30-Oct-2013	Project feasibility completed and considered too expensive to implement. Consideration being given to an alternative solution using existing investment in wifi technology.	Yes
		Complete procurement process to see if project is viable.	30-Oct-2013	Project cancelled.	No
CP13_1_07 Support Secondary Shopping Areas	CP13_1_07_01 DPG (Difficult Properties Group) to continue with success of improving	Legal authorisation to pursue action and/or direct action identified for properties not complying with notices.	31-Oct-2013	Took direct action at DPG cost for redecoration and site clearance No 5 Seaside.	Yes

Parent Action	Action	Description	Due Date	Note	Completed
	secondary shopping areas and streets near the town centre with targeted action			Legal action secured prosecution pending seeking legal advice on potential direct action for two outstanding properties in Terminus Road (Numbers 209 and 219).	
CP13_2_05 Transport	CP13_2_05_01 Implement Cycle Routes	Complete phase 2 of Horsey Sewer cycle route.	30-Oct-2013	The cycle route has been completed and the official launch is planned for 25 October.	Yes
CP13_2_07 Pride in our Parks	CP13_2_07_04 New play equipment for Bodium Crescent	Tender supply and build contract.	30-Nov-2013	Supply and build contract tendered on 24 October 2013.	Yes
CP13_2_07 Pride in our Parks	CP13_2_07_06 Improvements to playgrounds in Upperton Ward	Tender supply and build contract.	31-Oct-2013	Supply and build contract tendered on 24 October 2013.	Yes
CP13_3_01 Youth Activities	CP13_3_01_03 Implement Youth Strategy	Monitor progress against Action Plan	31-Dec-2013	December update available to download. This will be discussed further at January 2014 meeting of Youth Partnership.	Yes
CP13_3_01 Youth Activities	CP13_3_01_04 Deliver Healthy Eastbourne Campaign	Resources identified for ongoing development of website	31-Dec-2013	Income to support the website is to be sourced through advertising. To date this has not proved successful and the decision has been taken to ask another company - a social enterprise with strong VCS links - to take this over on the basis that they will then retain any income they secure from advertising to pay for their costs updating the website, Facebook page and Twitter. This will be at no cost to the Council. Separately a regional Lottery award has allowed ESCC to commission 3VA to employ a Health Engagement officer to work with local community and voluntary organisations to promote healthy lifestyles and she will work closely with the Campaign supporting its objectives. The Campaign is also supporting a funding bid by the University of Brighton for research into physical activities amongst those aged 55+.	Yes
CP13_3_02 Improving Neighbourhood Delivery	CP13_3_02_02 Launch Ward Walks	Programme of events agreed with partners / stakeholders for 2014	24-Dec-2013	Outcomes from both pilots have been shared with neighbourhood panels and stakeholders in the activity. Action plans have been agreed with Kingsmere/Kings Park area panel. A presentation covering the pilots will be made to CMT in December 2013 by community involvement manager and the Police Inspector for neighbourhood policing teams, after which work will begin on planning joint agency events in 2014.	Yes

Parent Action	Action	Description	Due Date	Note	Completed
CP13_3_02 Improving Neighbourhood Delivery	CP13_3_02_03 Support development of youth services and activities	Links developed with organisations providing skills, training and employment services to young people	31-Dec-2013	Sussex Downs College and other training providers have attended meetings in 2013 and meeting with SDC set up to discuss opportunities for joint work.	Yes
		YMCA youth activities monitored	31-Dec-2013	Meeting with YMCA on 11th November reviewed progress and agreed amendments to Conditions of Grant in light of learning in 2014. A meeting on January 7th with ESCC Targeted Youth Support Service reviewed concerns about lack of engagement in Shinewater and options for addressing this. TYS will attend free football sessions in both Shinewater and Hampden Park to engage with Young People there and YMCA will meet Police and Causeway to identify ways of engaging with young people in the area. YMCA have developed new Fit and Funky sessions in Langney and in Devonshire in the last few months, and three Wise Up groups for girls aged 10 to 16. These are informal issue based groups involving discussions and arts and crafts to explore health and self esteem. Staff from both TYS and YMCA will meet to discuss the young people they are working with and ways of working together more to support them. Latest YMCA monitoring report is available to download. Other activities in the last quarter included the Youth Fair, a Youth Forum hour on the Youth Radio including musical performances, ad Christmas Party, Carol Concert and art work project for Tesco.	Yes
CP13_3_02 Improving Neighbourhood Delivery	CP13_3_02_04 ECSP Programme Delivery Plan	Monitoring quarter 3	31-Dec-2013	The ECSP plan has been refreshed and updated for 2013/4 to align more closely with the PCC and ESCC Community Safety Plans whilst keeping focussed on local priorities and issues. Currently of the 37 actions, 20 are currently showing green and this includes the majority of local actions with the exception of full integration of the County ASB/Hate crime reporting system which is an integral part of phase 2 of future model and the "street community action plan" both which are currently showing amber. The remainder of amber actions are reliant on East Sussex safer Communities Partnership developing and implementing higher level actions with particular reference to Domestic Violence and Reducing Reoffending. Having said that all actions are on track in relation to their respective timelines and Eastbourne's overall crime continues to reduce year	Yes

Parent Action	Action	Description	Due Date	Note	Completed
				on year.	
CP13_3_03 Maximising our Housing Assets	CP13_3_03_01 Finish Decent Homes for Retirement Courts	Design agreed for Retirement Court remodelling of Archery Court.	31-Oct-2013	It has been agreed by EHL that due to previous work undertaken at Archery Court and financial costs that the project will not be for a complete remodelling of the building but it will be to meet Decent Homes Standards, with some additional works. These flats requiring DH work have been identified and the additional works have been discussed and agreed between EHL, EBC and FFT, the development agent.	Yes
		Planning permission approval received for Retirement Court Remodelling of Archery Court	30-Nov-2013	As previously agreed and reported in a prior Milestone, Archery Court is no longer being fully remodelled and there are no longer any major structural works planned and subsequently full planning permission is not required. The tenders for the "renewal of kitchens and bathrooms and internal alterations" works to be undertaken at Archery Court were received on 20th November 2013. An analysis of the tender returns was made week commencing 25th November 2013 and a recommendation to appoint the most competitive return has been suggested and will occur.	Yes
CP13_3_03 Maximising our Housing Assets	CP13_3_03_05 Housing and Economic Development Project	Programme update provided	31-Dec-2013	The full Financial and Structure Report has been considered by the HEDP Project Board and a decision has been taken to pause further work on the vehicle structures pending the discussions around the scope of future developments. The future role of the HEDP will also need to be considered in the context of the Strategic Economic Plan (SEP) being developed by the Local Enterprise Partnership, which is to be submitted to Government in April 2014. The Council's Housing Services Team has played a leading role in developing the Coastal Communities Group contribution of the housing elements of SEP.	Yes
CP13_3_03 Maximising our Housing Assets	CP13_3_03_06 Review Housing Management options	Initial review of high level options	31-Oct-2013	High level options have been shared with the Project Board for consideration, with further work taking place with Eastbourne Homes Limited to explore the viability of managing the future shape of the Council's landlord role alongside the Council's Future Model Project.	Yes
		In-depth review of preferred options	31-Dec-2013	Discussions have taken place between the Council and EHL about how best Housing Services can be improved through the introduction of the Council's	Yes

Parent Action	Action	Description	Due Date	Note	Completed
				future operating model. A number of provisional recommendations have been agreed to streamline back office support, in a way that will enhance efficiency of both housing and non housing services. EHL and the Council have participated in the Housing Lifecycle Workshops which will form the foundation for the housing elements for the target operating model and so the future structure of both EHL and the Council's Housing Services. This work will start in earnest in the final quarter of 2013/14.	
CP13_3_04 Support to Vulnerable Households	CP13_3_04_01 Social Security Changes (Welfare Reform)	Quarter 3 demand % impact update provided	31-Dec-2013	We continue to promote the East Sussex Welfare Reform advice line. A pop-up display is on show at 1 Grove Road reception and we will be placing an advert in the local press. Work continues on gathering data to help identify the consequences, and inform the remedial action needed, of Welfare Reform. We are on track to spend our allocated Discretionary Housing Payment Fund. The claimant commitment came into force in October. A Jobcentre Plus manager will be delivering a briefing session to staff on how this will work in practice. A key area of work will be to help people avoid falling foul of the commitment.	Yes
CP13_3_04 Support to Vulnerable Households	CP13_3_04_04 Homelessness Strategy	Assess current homelessness and housing options services against the DCLG Toolkit.	30-Nov-2013	A decision has been taken to extend the implementation of the Gold Standard until 2015-16. This is to allow the development of Future Model to reflect research undertaken as part of the Gold Standard self assessment. It will allow post Future Model services to those who are homeless to be properly informed and tested and so be compliant of both the Gold Standard and Future Model.	Yes
CP13_3_05 Town Hall Community Hub	CP13_3_05_01 Community Hub	Implementation update quarter 3	31-Dec-2013	Ongoing discussions are taking place with partners to develop a sustainable option. Alongside this work is taking place to consider how a lift can be located and funded within the context of a historic listed building.	Yes
CP13_3_06 Cultural Development (1)	CP13_3_06_07 Enable the transfer of Towner to independent governance within the context of the Devonshire Park Development	Recruit Chair and Trustees	31-Oct-2013	Chair appointed (David Dimbleby). 2 further trustees appointed in November 2013.	Yes
CP13_3_06 Cultural Development (1)	CP13_3_06_09 Support Eastbourne Society to	Ensure the Heritage Centre operates within the terms of the agreed lease - Q3	31-Dec-2013	Regular meetings are taking place with the Heritage Centre, promotional opportunities are being	Yes

Parent Action	Action	Description	Due Date	Note	Completed
	promote the Heritage Centre			progressed and new opening times have been implemented	
CP13_3_07 Cultural Development (2) - Devonshire Park	CP13_3_07_02 Organisational development plan and governance appraisal for Devonshire Park – including a sustainable business plan for all services	Assess viability and develop future governance options and associated staffing structure.	31-Oct-2013	Interim report was received from DCA including details on the overall scope of the services to be included in the Devonshire Park functions, with indicative organisational (functional) structure attached. The impact of this on the business case and governance options was presented to the Project Board on 15th October.	Yes
CP13_4_01 Efficiency (Future Model Phase I)	CP13_4_01_01 Future Operating Model Phase I	Ongoing review of technologies - quarter 3	31-Dec-2013	Regular technology reviews have been ongoing.	Yes
		Performance data gathered for all services and reviewed - quarter 3	31-Dec-2013	Performance data is emailed on a weekly and monthly basis. Work is ongoing to improve the quality and range of management reports.	Yes
CP13_4_03 Assets	CP13_4_03_01 Asset Management Plan	Review of existing AMP and incorporation of CIPFA recommendations – first draft and CMT approval	31-Dec-2013	Cabinet approved the CIPA recommendations to implement the Corporate Landlord Model on 12 December. This authorisation will now trigger the work on the AMP which will be progress in 2014.	Yes

## Overarching commentary : Prosperous Economy - Q3



Significant progress has been made on all the major development projects. A revised planning application for the Arndale Centre extension has been submitted, growing the investment to an £85m scheme by adding a 9 screen cinema and 7 restaurants. The additional leisure offer is welcomed and policy compliant. The application is likely to be put before the planning committee in the spring. Meanwhile work continues with the land assembly. L&G continue to purchase property by private treaty while the back up CPO indemnity agreement is now completed.

The draft plans for the improvement to Terminus Road have been published and the consultation completed. Early indications are that the design has been well received and the results will be published next quarter. The improvement works are expected to be completed during 2015 to coincide with Phase 1 opening of the new Arndale extension.

The new Local Plan for the Town Centre has now been adopted as formal policy giving confidence to developers to come forward with their plans for other opportunities in the town centre.

The planning application for the proposed Innovation Mall at Sovereign Harbour has been submitted. This project is on track to complete the building in early 2015. Meanwhile the Council has completed work on a new Employment Land policy to allocate sites for new jobs. This complements the Innovation Mall with allocating a total of 20,000 square metres of business space at Sovereign Harbour so that it remains a strategic site for employment. The new draft policy is currently out for consultation.

### **Tourism and Events**

Another positive quarter for Tourism and Events saw VisitEastbourne reach 22 million page views by end December and a 44% increase on accommodation bookings for the year. The mobile website reached over half million page views for the year, plus in December alone there were 100 accommodation referrals and 3,078 business referrals (click-throughs) alongside a 284% increase in online guide requests for December 2013 (compared to 2012). We achieved 4.6 out of 5 stars rating on our new Facebook app and thousands of people downloaded vouchers and entered our online competitions.

The winter season of events began with the Eastbourne bonfire procession on Sat 5th October with a procession attended by 17 bonfire societies and 4 bands, facilitated by EBC's events team, followed by the Beer Festival on 10th -12th October. 4221 visitors attended over the 3 days, with over 150 beers on sale along with ciders, perries, bottled beer and wine and 13616 pints of real ale were drunk during the festival. At the end of the month, first place in the Beachy Head Marathon went to Jeff Pyrah from Iden, with another 1,557 finishers. The first staging of the Beachy Head 10k took place with 187 finishers, demonstrating the opportunity to grow this aspect of the event. The team also assisted a number of Christmas shopping events during the festive season by facilitating "Meads Magic" on Fri 29th November, "Little Chelsea" on Fri 6th December and "Historic Old Town Christmas" on Sat 14th December.



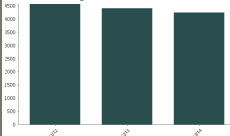

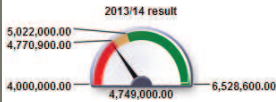
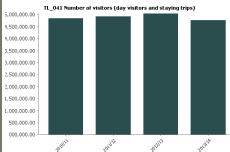


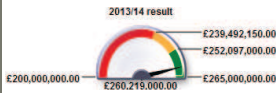
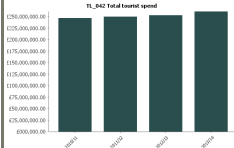

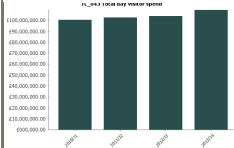
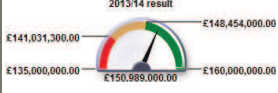
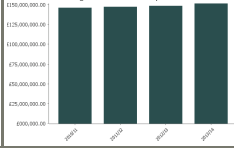
# Prosperous Economy PIs (tourism) Q3 2013 / 14



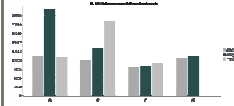
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Amber	2
Green	3

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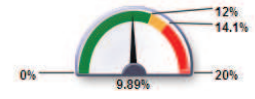
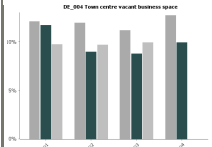


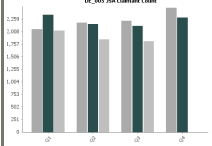
Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	TL_040 Beer Festival - Tickets sold	Not measured for Quarters		4300		The ticket sales/admissions for the 2013 Beer Festival were 4228 generating net ticket revenue of £22,871.	Tracey McNulty
	TL_041 Number of visitors (day visitors and staying trips)	Not measured for Quarters		5,022,000.00		<p>In previous years we have put in place plans to convert day visitors to staying visits, with a higher spend per head and the trend demonstrates these were effective. The results of the Visitor Economy study, which took place over the summer 2013 also demonstrates a growth in first time visitors to the resort, with a younger age group discovering the resort. The new strategy will be to sustain their patronage and convert these to overnight stays.</p> <p>In 2012 the number of day visitors dropped due to the excessive rain up to July which would have put</p>	Tracey McNulty

Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
						<p>people off from travelling to Eastbourne followed by the Olympics which would have put a lot of people off travel on the Southern Rail network. Furthermore a number of people stayed at home to watch the Olympics.</p> <p>While there has been a decrease in day visits, spend has increased by 5.4% to £109,230,000. There was also an increase in staying trips (729,000 to 721,000 of the previous year).</p>	
✓	TL_042 Total tourist spend	Not measured for Quarters		£252,097,000.00		In line with other destinations, visitors generally made fewer trips but made the most of their trips by spending more. Again the weather played a part in this, with people cancelling trips up until July due to poor weather and then making the most of the nice weather when it finally arrived.	Tracey McNulty
✓	TL_043 Total day visitor spend	Not measured for Quarters		£103,643,000.00		This figure represents a 5.4% increase on 2011.	Tracey McNulty
✓	TL_044 Total accommodation spend	Not measured for Quarters		£148,454,000.00		The figure represents a 1.7% increase on 2011.	Tracey McNulty

Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	TL_060 Online accommodation referrals made	9,178	<p>Cumulative result for 2013/14 as of Q3 2013/14</p> 	56,384		Q3 is showing an increase compared with Q3 for the previous year. The use of the mobile website has increased with half a million users this year and December alone saw 100 accommodation referrals.	Tracey McNulty

# Prosperous Economy PIs (employment and local economy) Q3 2013 / 14

Rows are sorted by Code

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Green				2			
Traffic Light Icon	Code & Short Name	Q3 2013/14 Value	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
	DE_004 Town centre vacant business space	9.89%	Latest result for 2013/14 as of December 2013 	12%		The town centre vacancy rate continues to buck the national trend. Eastbourne vacancy rate is 9.89% for December 2013, which is 4.21% below the national average.	Jeff Collard
	DE_005 JSA Claimant Count	1,807	Latest result for 2013/14 as of November 2013 	2,500		The number of JSA claimants in November 2013 was 1,807. The rates for 2013 are lower than 2012 and show signs of continuing improvement.	Jeff Collard

## Overarching commentary : Quality Environment - Q3



Recycling rates have been sustained so far through the implementation of the new waste contract. Work is continuing throughout the year to work with neighbourhoods to identify and clear grot spots, with 55 cleared so far this year.

The planning application for new allotments will be submitted during Q4 but due to the results of the ecological study the allotments will not be completed until autumn 2014, assuming planning permission is granted.

Good progress has been made with the approval of the Community Declaration for the Community Environment Partnership for Eastbourne (CEPE) and four (rather than five) CEPE events will be completed this year.

The biodiversity report for Hampden Park lake will be procured during Q4 to start in April 2014 and will run for a year, as an essential input into the future park management plan and Green Flag application. Consultation on the Hampden Park Skate Park has resulted in a number of issues being raised, necessitating specialist reports, which will be completed to feed into a planning application in summer 2014. Playground schemes/equipment for Bodiam Crescent and Upperton will be delivered on target, as will the Five Acre field improvements, weather permitting.


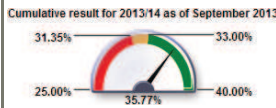
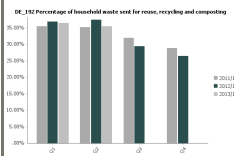


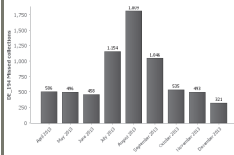
The planning application for the remaining major development sites at Sovereign Harbour has been submitted by the land owner. As expected the proposals closely follow the approved Supplementary Planning Document. (SPD). Besides allocating land for employment, leisure care home and housing, it confirms the sites for the much needed community facilities such as children's play space and open space but also the community centre, which remains a top priority for delivery.

The next stage of implementing the Eastbourne Cycling Strategy has moved into the consultation phase. Six routes have been designed and ESCC are seeking public comment on the proposals. Meanwhile another section of phase 2 of the Horsey Sewer cycle route from Churchdale Road to Lottbridge Drove was opened during this quarter.

# Quality Environment PIs Q3 2013 / 14

Rows are sorted by Code

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Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	DE_192 Percentage of household waste sent for reuse, recycling and composting		 <p>Cumulative result for 2013/14 as of September 2013</p> <p>31.35% 33.00% 25.00% 35.77% 40.00%</p>	33.00%	 <p>DE_192 Percentage of household waste sent for reuse, recycling and composting</p>	Although the complete quarterly figures available are to Quarter 2 (see gauge and chart) the recycling rate increased slightly in October from the previous quarter as customers get used to the new collection system and become more familiar with the wide range of materials that can be recycled. The greater variety of materials that can now be recycled under the co-mingled service has lead to an improved level of recycling in comparison with the level achieved using the previous kerbside sort system.	Henry Branson
	DE_194 Missed collections	1,349	 <p>Cumulative result for 2013/14 as of December 2013</p> <p>6.818</p>		 <p>DE_194 Missed collections</p>	The number of missed collections has greatly reduced as the new collection service beds in. A lot of work has been done by staff at the local waste depot in collaboration with Eastbourne Borough Council to reduce the number of missed collections, specifically missed assisted collections.	Henry Branson





## Overarching commentary : Thriving Communities - Q3

### Community

In relation to the collection of council tax, the change allowing people to pay over 12 months, as opposed to over 10 months, with the last payment being made in March rather than in January, will skew current performance. Therefore although collection is slightly behind target, it is anticipated that the gap between target and outturn will be reduced before the end of the financial year. All cases with arrears are being proactively pursued, as can be evidenced by a 10% increase in the number of reminders sent out when compared to the same period in 12/13. In addition, a Single Person Discount Review and a New Homes Bonus Review have both been carried out this last quarter.

The Community Grants Programme has £64,200 to be allocated under its small grants programme. Twenty four community groups made eligible applications to the Community Grants programme. The applications have been reviewed and assessed and 19 are being recommended to receive grant funding.

The latest comparable figures for crime reduction show that Eastbourne has remained as the lowest or second lowest over the past two years compared with our most similar group in respect of overall crimes per 1,000 population. This is a creditable achievement. As a result of implementing a detailed action plan and an effective partnership policing delivery, crime types that have reduced substantially include shoplifting; robbery; and major car crime.

A joint action plan implemented last quarter between the Housing Standards team and Customer First has stated to make progress on bringing performance on the delivery of Disabled Facilities Grants on track within the Council's target time to reduce inconvenience to disabled clients.

Although this period shows that we have a 1% increase in the number of homes not meeting the decent homes standard, this is a reflection on the way this is recorded. The asset management system used by the Council's managing agent Eastbourne Homes Limited Keystone assesses decency by looking at the year of installation of components and therefore at midnight on the 31st of December components become a year older. The report for Period 9 was run in January because of the Christmas Holiday. The change of calendar year generates a change in the decency assessment for the stock, however over the next few months the decency figure will move closer to 100% decency again as improvement work is undertaken on the non decent properties.

Demand for housing options services continues to be high, with the Housing Options team having to deal with an increasing demand. The high level of cases prevented from being formally homeless has helped manage the number of homelessness applications. Interestingly, homelessness due to mortgage arrears remains extremely low, with only one application of this nature this year.

### Devonshire Park

Devonshire Park Project continues to progress. The specialist consultant has confirmed the viability of the project and the report shows a reduced subsidy is possible while carrying out the significant development proposals. Appointment of the Project Manager, a critical role for developing a sound procurement strategy and taking the project to RIBA Stage C, is well advanced



with the Expressions of Interest stage completed and the shortlisted companies currently submitting their tenders. Meanwhile the issues with state aid have been resolved allowing the project to move safely to the concept design stage unencumbered.

Phase 1 of the project, which is the replacement of the Congress Façade, has moved forward with the full appointment of the team who are working on the design stage. Options for repair and replacement will be developed and costed before moving to a preferred solution that will then be taken forward with a comprehensive specification for tender and listed building consent. The project is on track to be completed by February 2015.

### **Tourism and Leisure**

The Redoubt enjoyed its best winter season to date, proving the decision to remain open over the winter to be sound and the 'Twilight Tours' were featured in The Telegraph in October, promoting the venue to a wider audience. The restoration work to the bandstand saw the Christmas concerts moved to the museum and these were full to capacity, with record breaking income takings at the café as a result. The Winter Gardens also saw the new custom through the introduction of Christmas parties and over 2,000 guests enjoyed a variety of themed party nights throughout December. The theatres sustained its strong audiences with over 100,000 attendees enjoying smash hits such as Cabaret, the London Philharmonic and The Butterfly Lion. Opening figures for this year's panto, "Aladdin" at the Devonshire Park, realised the ambition for the most successful Pantomime ever, both in terms of audience numbers and income, and by the end of December it had already surpassed the most income taken for a pantomime, and in excess of 30,000 patrons. The Royal Hippodrome has enjoyed a hugely successful programme, with a packed house enjoying Miranda Hart's warm up performance and a number of family friendly shows bringing in new audiences.

The sports centres and swimming pools were also well attended, although Hampden Park has been affected by the lack of squash courts due to wall damage and we saw a drop in participation in junior football, netball and badminton clubs at the Centre. Conversely the adult netball league now has 24 teams and the junior tennis and trampoline sessions are now up and running successfully. The 3G pitch at the Sports Park continues to be popular and 'Soccer Sixes' had over 200 participants in its Christmas Cup. In analyzing the drop in visitor numbers we have identified that the electronic counter has been faulty, recording only 50% of visitors and rectifying this is a priority.

Towner's winter programme was a success with a combination of contemporary art installations, new commissions and displays of the collection attracting press coverage from ITV Meridian and The Guardian. A grant of £15,000 from the V&A has enabled a new purchase for the Collection, by Uriel Orlow and £36,000 has been achieved from Artwork for education and outreach projects. 52 schools have already signed up for the Annual Schools Exhibition in 2014, double last year's figures. Further press coverage was achieved by the news that David Dimbleby agreed to be the new Chair for Towner when it transfers to Charitable Trust and other trustees are in the process of being signed up.



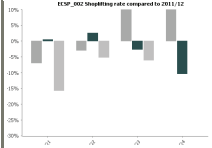





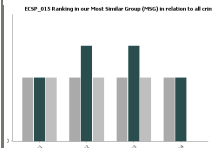


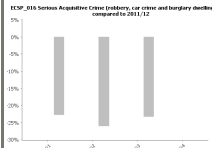

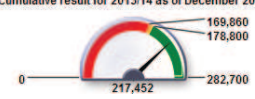
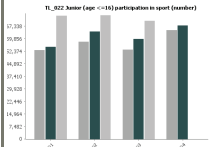
# Thriving Communities PIs (community) Q3 2013 / 14

Rows are sorted by Code

Traffic Light	
Red	1
Green	4
Data Only	2

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Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	CD_060 Number of young people engaged in positive activities	170	Latest result for 2013/14 as of Q3 2013/14 170		<p>CD_060 Number of young people engaged in positive activities</p>	Willington Trees - 10 attend regular youth sessions and 8 attend Fit and Funky sessions, 6 attend Wise Up group (new provision); Langney Village - 25 attend regular youth sessions and 5 attend Fit and Funky sessions (new provision), 6 attend Wise Up group (new provision); Old Town - 12 attend Young Women's Group and 9 attend boys' club, 8 attend Wise Up group (new provision); Devonshire - 12 to 15 attend Music Club and 8 attend Fit and Funky sessions (new provision); Hampden Park - 18 attend football projects; Freestyle Gymnastics - 40 regular participants	Ian Fitzpatrick
	CD_061 Number of people engaged in the Youth Forum	10	Latest result for 2013/14 as of Q3 2013/14 10		<p>CD_061 Number of people engaged in the Youth Forum</p>	Numbers vary. 15 young people are registered as members of the Youth Forum - attendance is generally between 8 and 10 young people each fortnight.	Ian Fitzpatrick


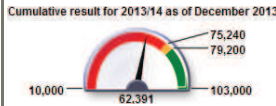
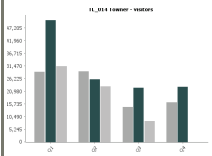

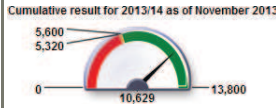
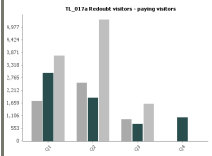
Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	ECSP_002 Shoplifting rate compared to 2011/12	-6.1%	Latest result for 2013/14 as of December 2013 	-3%		As a result of implementing a detailed action plan this crime type has reduced substantially compared to current target	Ian Fitzpatrick
	ECSP_004 Violent Crime in a Public Place rate compared to 2011/12	-1.1%	Latest result for 2013/14 as of December 2013 	-3%		This aspect of violent crime has shown reductions in Q2 from Q1 and if progress against this target continues to be made it will be showing green by end of Q4. It must also be reviewed in the context of major target reductions in the previous performance year for this crime type.	Ian Fitzpatrick
	ECSP_015 Ranking in our Most Similar Group (MSG) in relation to all crime	2	Latest result for 2013/14 as of November 2013 	4		Eastbourne has remained as the lowest or second lowest over the past two years compared with our most similar group in respect of overall crimes per 1000 population. A creditable achievement.	Ian Fitzpatrick
	ECSP_016 Serious Acquisitive Crime (robbery, car crime and burglary dwelling) rate compared to 2011/12	-23.2%	Latest result for 2013/14 as of December 2013 	-3%		It can be seen this crime category has seen major % reductions so far this year, highlighting an effective partnership, effective partnership plan and effective local policing delivery.	Ian Fitzpatrick
	TL_022 Junior (age <=16) participation in sport (number)	70,414	Cumulative result for 2013/14 as of December 2013 	246,600		Swimming lessons at the Sovereign and Motcombe Pool are increasing all the time. Gymnastics, H2O and the October holidays were well attended for this period. At Eastbourne Sports Park Junior football, tennis and athletics are well attended. At Shinewater dance classes, gymnastics and tumble tots are thriving. At Hampden Park	Tracey McNulty



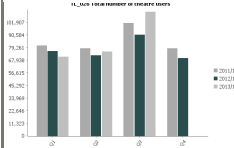
Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
						Football, Netball and badminton for juniors are down from last year. At Cavendish Street Dance, cheer leading and little kickers and rugby are well attended. Generally all is going well.	

# Thriving Communities PIs (cultural development) Q3 2013 / 14

Rows are sorted by Code

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Green	2



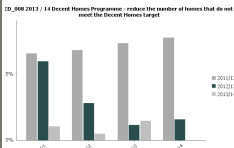


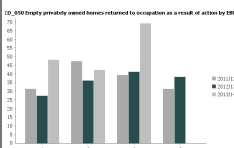
Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	TL_014 Towner - visitors	8,401		95,200		Although visits appear lower than expected, we know that there is a problem with the electronic counter, as also experienced at the sports centres, which has only accounted for 50% of visitors. The company have confirmed the fault and will rectify this month. All other data and booking evidence demonstrates that visitor numbers have remained steady, with all talks and tours being sold out.	Tracey McNulty
	TL_017a Redoubt visitors - paying visitors	1,605		5,600		It has been an incredibly successful year for the Redoubt and the Heritage Service in general. Having undergone what has proved to be an extremely well thought out restructure, a stunning rebranding, produced brand new signage and marketing and opening an on site café the staff still had a lot to prove this year. In a year where so many Heritage Sites and Visitor Attractions both local and national have reported a slump in visitors,	Tracey McNulty



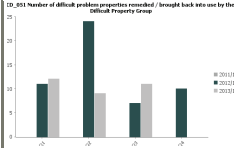


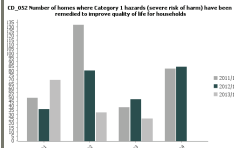
Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
						<p>the Redoubt has well and truly bucked that trend. The Season end total for 2013/14 stands at 10,629 paying visitors, however to get the real figure we should add the 1,019 people who visited when we opened in March 2013, giving a figure of 11,648 paying visitors. When you compare that to a real figure of 5566 for 2012/13 you can see that the number of visitors have doubled this season. With the current economic environment this achievement must be even more significant.</p> <p>The Redoubt closed to the public on November 17th 2013 so there are no paying visitors recorded for December. The Redoubt remains closed until April 1st 2014.</p>	
	TL_026 Total number of theatre users	111,144	<p>Cumulative result for 2013/14 as of December 2013</p> 	300,000		Well above target, along with a successful theatre provision, strong conference/event and meeting usage, overall high level of usage.	Tracey McNulty

# Thriving Communities PIs (housing) Q3 2013 / 14

Rows are sorted by Code

Traffic Light	
Red	2
Green	2

Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	CD_008 2013 / 14 Decent Homes Programme - reduce the number of homes that do not meet the Decent Homes target	1.42%	<p>Latest result for 2013/14 as of Q3 2013/14</p> 	0%		At Quarter 3 the indicator shows a 1% increase however planned works are in place to achieve the programme as per target by year end.	Ian Fitzpatrick
	CD_050 Empty privately owned homes returned to occupation as a result of action by EBC	69	<p>Cumulative result for 2013/14 as of Q3 2013/14</p> 	120		This is a higher than anticipated figure for quarter three 2013/14 and can primarily be credited via the Council's landlord incentive scheme having a very positive effect and as this contributes to 44 of the 69 properties brought back into use during quarter three 2013/14. The remaining work is reflective of both effective work from the Private Housing team in offering advice and guidance about licensing of properties and also the effects of Council Tax premium now being charged on empty properties.	Ian Fitzpatrick



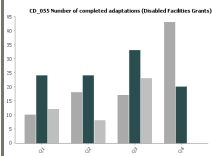


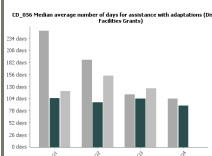


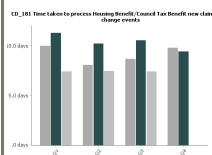
Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	CD_051 Number of difficult problem properties remedied / brought back into use by the Difficult Property Group	11	<p>Cumulative result for 2013/14 as of Q3 2013/14</p> 	30		The Difficult Properties Group have successfully completed and remedied 11 units in Quarter 3 of 2013-14.	Ian Fitzpatrick
	CD_052 Number of homes where Category 1 hazards (severe risk of harm) have been remedied to improve quality of life for households	25	<p>Cumulative result for 2013/14 as of Q3 2013/14</p> 	200		The work to remedy Category One Hazards is to a large degree dependent upon cases being reported to the Housing Standards team. The number of such cases which have been resolvable within the three month period has not been as high as expected. It should be noted that a pre-emptive programme of spot checks on Homs has helped encourage and support landlords to prevent problems arising that require more formal action by the Council.	Ian Fitzpatrick



# Thriving Communities PIs (vulnerable households - benefits/support) Q3 2013 / 14

Rows are sorted by Code


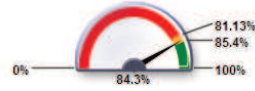
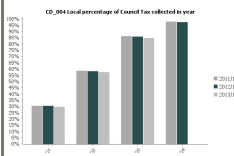


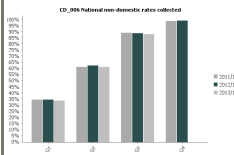
Traffic Light	
Red	2
Green	1

Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	CD_055 Number of completed adaptations (Disabled Facilities Grants)	23	<p>Cumulative result for 2013/14 as of Q3 2013/14</p> 	108		Following action in Quarter 2 to improve performance, this indicator is now starting to move in the right direction. The team are working through cases with the Occupational Therapy Team and it is anticipated this indicator will be near target by the end of the year.	Ian Fitzpatrick
	CD_056 Median average number of days for assistance with adaptations (Disabled Facilities Grants)	126 days	<p>Latest result for 2013/14 as of Q3 2013/14</p> 	100 days		A joint action plan implemented last quarter between the Housing Standards team and Customer First has stated to make progress on bringing performance on the delivery of Disabled Facilities Grants on track within the Council's target time, which has been set to minimise inconvenience to disabled clients.	Ian Fitzpatrick
	CD_181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	7.4 days	<p>Latest result for 2013/14 as of October 2013</p> 	10.5 days		In the quarter new claims were processed in 17.7 days and changes in 7.2 days which are both below their individual targets of 18 days and 8 days respectively. Performance remains ahead of target and better than the national	Ian Fitzpatrick

Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
						average.	

# Thriving Communities PIs (vulnerable households - revenues) Q3 2013 / 14

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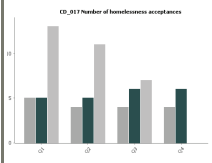

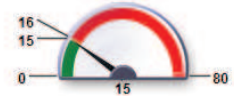
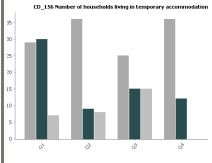
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Amber				2			
Traffic Light Icon	Code & Short Name	Q3 2013/14 Value	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
	CD_004 Local percentage of Council Tax collected in year	84.3%	Latest result for 2013/14 as of December 2013 	97.25%		A Single Person Discount Review and a New Homes Bonus Review have both been carried out this quarter. They resulted in an increase of c£150,000 in the amount to Council Tax to collect. Whilst this has had an adverse impact on in-year collection looking forward it will result in additional revenue to the Council. The introduction this year of 12 monthly instalments, along with changes to welfare benefits and discounts and exemptions have created a challenging environment for the collection of council tax. Performance is slightly behind target and will be putting in place actions over the remainder of the year to close the gap as far as possible.	Ian Fitzpatrick
	CD_006 National non-domestic rates collected	87.64%	Latest result for 2013/14 as of December 2013 	98.7%		Whilst the gap between the target and outturn has reduced slightly, the conditions for collection of business rates remain challenging. The team are actively pursuing all those accounts in arrears and are currently at the relevant point in the recovery cycle.	Ian Fitzpatrick

# Thriving Communities PIs (vulnerable households - homelessness) Q3 2013 / 14

Rows are sorted by Code

Traffic Light	
Green	1
Data Only	3

Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	CD_014 Number of incidents of homelessness prevented and relieved	157 households	Cumulative result for 2013/14 as of Q3 2013/14 438 households			In 2013-14 the demand of people approaching the Council for help has increased from previous years. To date we have been able to maintain a high rate of prevention but this has been dependant upon the availability of schemes to financially support people to access accommodation provided by private landlords. In preparation for 2014-15 additional financial controls are to be introduced to make sure that the limited financial funds available are deployed throughout the year. Relief work continues to be effective as a result of the Housing Services team developing their skills in these areas.	Ian Fitzpatrick
	CD_016 Number of homelessness applications	41	Cumulative result for 2013/14 as of Q3 2013/14 116			The high level of Preventions has helped us to maintain a firm grip on the number of homelessness applications.	Ian Fitzpatrick

Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	CD_017 Number of homelessness acceptances	7	Cumulative result for 2013/14 as of Q3 2013/14 31			Homelessness Acceptances have continued to increase despite the effectiveness of our homelessness preventions work. This is a result of a steady increase in demand from households effected by such things as the benefit cap and a more discerning approach being taken by private landlords to the tenants they will take. It is worth noting that currently homelessness due to mortgage arrears remains extremely low. This may change in the future should interest rates increase.	Ian Fitzpatrick
	CD_156 Number of households living in temporary accommodation	15	Latest result for 2013/14 as of Q3 2013/14 	15		As a snapshot, on the 30th September 2013, the last day of Quarter 2, there were 8 placements in B&B accommodation. Throughout the entire of Quarter 2 of 2013/2014 there have been 38 placements within B&B accommodation.	Ian Fitzpatrick

## Overarching commentary : Sustainable Performance - Q3



After an extremely challenging Q2, contact centre performance has largely returned to normal levels. Telephone call volumes returned to normal overall in Q3 and service performance returned to Q1 levels both in terms of call answering times and call abandonment rates. Call abandonment rates were the best so far this year, with 96% of calls handled. Although we were just short of the target for call answering times in Q3, we have now seen three consecutive months of improving statistics and met the target in December.

Waiting times for customers seen face to face at 1 Grove Road continue to be slightly longer than we would like due to staff vacancies and sickness, which has been addressed through the recruitment of three new customer advisors. We are working to address this in Q4 through ongoing training for the newer members of the team and rotating advisors between the areas to gain knowledge and experience.

Work on the remaining Future Model Phase I services which are not yet live continues, with a revised target to complete this work before March.



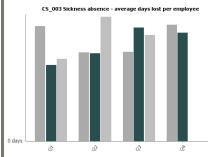


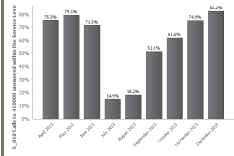
Future Model Phase II is progressing satisfactorily with Eastbourne Homes formally agreeing engagement in the project during Q3. A first wave of workshops have been completed and we are benefitting from lessons learnt in Phase I. There will be a formal update report to Cabinet in February.


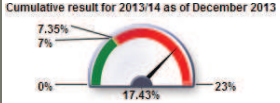
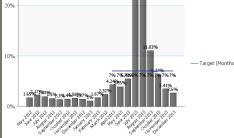

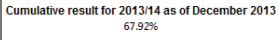
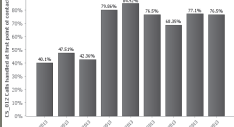
Creating a sustainable asset portfolio has moved a step closer. Following specialist advice on potential ways forward, Cabinet has approved the creation of a Corporate Landlord Team to be in place by April 2015. The team will be resourced to deal with all matters on the management of the Council's assets. This will pull into one central team all the planned maintenance and compliance work currently carried out across the asset portfolio by the building managers. The team will, as now, continue dealing with all strategic asset management work such as land sales and lease reviews. Work is also currently being undertaken on the best options to deliver the Facilities Management function.

# Sustainable Performance PIs Q3 2013 / 14

Rows are sorted by Code

Traffic Light	
Red	1
Green	1
Data Only	2





Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
	CS_003 Sickness absence - average days lost per employee	1.45 days	 <p>Cumulative result for 2013/14 as of Q3 2013/14</p>	5.8 days		Sickness entered for the third quarter is slightly down on the same period last year (1.45 compared to 1.55), and reduced from the last quarter. There have been reminders to managers to ensure they are recording absence but this doesn't seem to have resulted in a spike. We remain on track at this stage, but based on past Q4 sickness and further Q3 sickness still to be entered we may be fairly close to the 5.8 days at year end. Further analysis is being undertaken on reasons for absence.	Julian Osgathorpe
	CS_010 Calls to 410000 answered within the Service Level Agreement	71.21%	 <p>Cumulative result for 2013/14 as of December 2013</p>			The SLA was set to 80% of calls answered within 30 seconds until 1st December 2013 when it was changed to 80% of calls answered within 20 seconds. Issues with bin stock and start of the garden waste service from 1st September has impacted on the volume of calls	Henry Branson




Traffic Light Icon	Code & Short Name	Q3 2013/14	Year to date	Annual Target 2013/14	Comparison with previous year's quarter / previous year's value if annual PI.	Latest Note	Portfolio Owner
		Value					
						received.	
	CS_011 Telephone call abandonment rate	4.39%	 <p>Cumulative result for 2013/14 as of December 2013 7.35% 7% 0% 17.43% 23%</p>	7%		Performance has improved hugely during Q3. All three months were within target, with the abandonment rate just 2.3% in December. Unfortunately, due the exceptional issues experienced during Q2, it will not be possible to get the annual figure back on target.	Henry Branson
	CS_012 Calls handled at first point of contact	73.33%	 <p>Cumulative result for 2013/14 as of December 2013 67.92%</p>			Go live of some planning scripts has seen an increase in calls being handled at the first point of contact.	Henry Branson



# Devolved Budgets 2013/14

Ward	Supported Schemes	Total Spend
Devonshire Ward	<ul style="list-style-type: none"> <li>• Matthew 25 Project</li> <li>• Parade Bowls Club</li> <li>• Whitley Road Green Space Improvements</li> <li>• Tree in Pevensey Road</li> <li>• Sports for All</li> <li>• Cotton Candy</li> <li>• Trees Elms Avenue</li> <li>• Leaf Hall Roof</li> <li>• Parade Bowls Club</li> <li>• Venton Centre</li> <li>• The HOME volunteers Christmas event</li> </ul>	<p>Cumulative result for 2013/14 as of December 2013</p>  <p>£9,770.40</p>
Hampden Park Ward	<ul style="list-style-type: none"> <li>• Summer Sports Event Old Town Recreation Ground</li> <li>• Willingdon Trees Community Games</li> <li>• Sports for All</li> <li>• Lindfield School</li> <li>• Counselling Plus Community</li> <li>• Parkland Infant School</li> <li>• Duke of Edinburgh Open Awards Centre</li> <li>• Brodrick Road Community Centre</li> <li>• St Peter's Church</li> </ul>	<p>Cumulative result for 2013/14 as of December 2013</p>  <p>£7,865.00</p>

Ward	Supported Schemes	Total Spend
Langney Ward	<ul style="list-style-type: none"> <li>• Sports for All</li> <li>• Shinewater Park</li> <li>• Pensford Drive</li> <li>• Shinewater Park Picnic Benches</li> </ul>	Cumulative result for 2013/14 as of December 2013  £870.00
Meads Ward	<ul style="list-style-type: none"> <li>• Vision for Eastbourne</li> <li>• Christmas Lights</li> </ul>	Cumulative result for 2013/14 as of December 2013  £1,774.00
Old Town Ward	<ul style="list-style-type: none"> <li>• Summer Sports Event Old Town Recreation Ground</li> <li>• Picnic Bench Motcombe Gardens</li> <li>• St Michael and All Angels</li> <li>• Sports for All</li> <li>• Victoria Drive</li> <li>• Skate Hockey</li> <li>• Cobbold Avenue</li> <li>• Victoria Drive 2</li> </ul>	Cumulative result for 2013/14 as of December 2013  £5,518.31
Ratton Ward	<ul style="list-style-type: none"> <li>• Trees within the Ward</li> <li>• Bulbs within the Ward</li> <li>• Trees Selemeston Road</li> <li>• Trees Rowan Avenue</li> <li>• Christmas Tree Willingdon Roundabout</li> <li>• Trees Chatfield Crescent</li> </ul>	Cumulative result for 2013/14 as of December 2013  £8,750.00

Ward	Supported Schemes	Total Spend
St Anthony's Ward	<ul style="list-style-type: none"> <li>• Scout Group Archery Youth Centre</li> <li>• Tree in Bowood Avenue</li> </ul>	Cumulative result for 2013/14 as of December 2013  £1,784.00
Sovereign Harbour Ward	<ul style="list-style-type: none"> <li>• Haven Church of England and Methodist Primary School</li> <li>• Kingsmere Community Association</li> <li>• Short Mat Bowls</li> <li>• Kings Park Community Hall</li> </ul>	Cumulative result for 2013/14 as of December 2013  £5,402.80
Upperton Ward	<ul style="list-style-type: none"> <li>• Epilepsy Group</li> </ul>	Cumulative result for 2013/14 as of December 2013  £450.00

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	<b>Current Budget</b>	<b>Profiled Budget</b>	<b>Actual to 31st Dec</b>	<b>Variance</b>	<b>Outturn</b>	<b>Comments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Corporate Management</b>	<b>255</b>	<b>277</b>	<b>280</b>	<b>3</b>	<b>3</b>	
Service Management	150	120	95	(25)	(32)	Outturn includes additional income anticipated from EHL and New Burdens grant
Performance and Risk Managemet	123	111	111	-	-	
Civil Contingencies	26	19	19	-	-	
Finance Management and Operational Costs	524	553	555	2	5	
Corporate Finance Costs	426	384	392	8	5	
Payroll and Information	106	82	66	(16)	(15)	
Pensions	357	253	249	(4)	(7)	
<b>Financial Services</b>	<b>1,712</b>	<b>1,522</b>	<b>1,487</b>	<b>(35)</b>	<b>(44)</b>	
Service Management	237	201	197	(4)	(8)	Outturn includes additional resources for priority work in Legal Services
Civic Services (including Printing)	443	375	362	(13)	(8)	
Elections and Local Land Charges	24	12	15	3	3	
Strategic Performance	94	77	79	2	-	
Legal Services	220	188	199	11	29	
Human Resources Management and Admin	98	67	65	(2)	1	
Employee Relations	64	53	54	1	1	
Member Development	53	40	35	(5)	(4)	
HR Resourcing and Development	100	81	82	1	1	
<b>Corporate Development</b>	<b>1,333</b>	<b>1,094</b>	<b>1,088</b>	<b>(6)</b>	<b>15</b>	
Service Management	85	64	65	1	2	Includes additional Parks and Gardens contract costs off set by Cleansing contract savings
IT & E-Government	1,631	1,511	1,503	(8)	(10)	
Facilities Management	379	308	316	8	8	
Customer First	6,829	5,150	5,176	26	11	
Estates / Asset Management	(589)	(407)	(407)	-	-	
<b>Corporate Infrastructure and Customer First</b>	<b>8,335</b>	<b>6,626</b>	<b>6,653</b>	<b>27</b>	<b>11</b>	
<b>Total Corporate Services</b>	<b>11,635</b>	<b>9,519</b>	<b>9,508</b>	<b>(11)</b>	<b>(15)</b>	
<b>COMMUNITY SERVICES</b>						
<b>Service Management</b>	<b>(38)</b>	<b>68</b>	<b>72</b>	<b>4</b>	<b>-</b>	
Housing Services Management	103	124	104	(20)	(15)	
Revenues and Benefits	32	34,720	34,738	18	34	

	Current Budget	Profiled Budget	Actual to 31st Dec	Variance	Outturn	Comments
	£'000	£'000	£'000	£'000	£'000	
Housing Needs	159	159	178	19	37	Outturn includes agency cover for maternity leave and property repair costs
Homelessness	167	167	147	(20)	(7)	
EH Private Sector Housing	238	169	185	16	12	Cremation income and other related income/savings within Bereavement Services
Bereavement	(915)	(604)	(720)	(116)	(124)	
<b>Direct Assistance</b>	<b>(216)</b>	<b>34,735</b>	<b>34,632</b>	<b>(103)</b>	<b>(63)</b>	
Community Development	123	98	109	11	14	
Community Involvement	71	54	54	-	-	
Community Grants	408	408	408	-	-	
<b>Community Activity</b>	<b>602</b>	<b>560</b>	<b>571</b>	<b>11</b>	<b>14</b>	
Housing / Homelessness Strategy	80	100	103	3	15	
Solarbourne	(277)	(247)	(255)	(8)	-	
Energy Efficiency	-	-	7	7	(7)	
Crime Reduction Partnership	-	-	-	-	7	
<b>Strategic Partnership</b>	<b>(197)</b>	<b>(147)</b>	<b>(145)</b>	<b>2</b>	<b>15</b>	
<b>Total Community Services</b>	<b>151</b>	<b>35,216</b>	<b>35,130</b>	<b>(86)</b>	<b>(34)</b>	
<b>TOURISM AND LEISURE</b>						
Service Management	99	76	74	(2)	-	Current variance includes £24k for show accounts.
Sport & Leisure	306	348	333	(15)	-	
Theatres	749	698	752	54	19	Current variance includes £126k for Catering (£188k for outturn)
Tourism	488	345	534	189	247	
Events & Devonshire Park	577	476	484	8	(5)	
Towner	673	469	473	4	-	
<b>Total Tourism &amp; Leisure Services</b>	<b>2,892</b>	<b>2,412</b>	<b>2,650</b>	<b>238</b>	<b>261</b>	
<b>TOTAL SERVICE EXPENDITURE</b>	<b>14,678</b>	<b>47,147</b>	<b>47,288</b>	<b>141</b>	<b>212</b>	

**Transfers (to) and from reserves to be approved by cabinet**

<b>Item No.</b>	<b>Amount</b>	<b>Reserve Code</b>	<b>Reserve</b>	<b>Reason</b>
1	£10,000	z10125	Strategic Change Reserve	Insurance Valuation for CIPFA final accounts compliance
2	£13,274	z10127	Capital Programme Reserve	Pavilion Tea Rooms - R & M
3	(£29,871)	z10190	General Fund Revenue Account	County Elections
	<u>(£6,597)</u>			

**Virements over £10k for approval**

<b>Item No.</b>	<b>Amount</b>	<b>Service Area</b>	<b>Reason for virement</b>
1	£26,000	Allotments	Phased Allotments Management Grant Reduction
		-£15,000 MRP Loan Repayment	Phased Allotments Management Grant Reduction
		-£11,000 General Fund Reserve	Phased Allotments Management Grant Reduction

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Scheme	Total Cost of Scheme	Total spend to 31.3.13	Approved Budget 2013 14	Revised Budget 2013 14	Spend as at 31.12.13	Variance to Revised Budget	Funding of Budget 2013-14	Comments
<b>HOUSING REVENUE ACCOUNT</b>								
Decent Homes Works		1,921,310	284,000	567,900	245,783	-322,117	RCCO/Borrow	Riverbourne/Upwick & New Derby works completed
Sheltered Remodelling:		2,451,908	2,400,000	2,054,800	1,259,748	-795,052	RCCO/Borrow	Roxborough/Sutherland/Tyrone completed. Archery works started Jan 14 completion due May 14. Winchester started Sept 13 completion expected Aug 14.
Major Works		2,495,119	4,350,300	3,699,600	1,295,695	-2,403,905	RCCO/Borrow	Some delays experienced and re-profiled accordingly
Environmental Improvements		17,779	80,800	80,000	11,967	-68,033	RCCO/Borrow	On target to complete in 13/14
Langney Villas	494,000	460,919	10,000	0	0	0	S106	Complete
Ratton Road	1,625,000	1,382,826	13,300	0	0	0	S106	Complete
Upper Avenue (38)	1,382,000	1,221,017	10,000	0	0	0	S106	Complete
LA New Build 2013-15 (new affordable homes in Seaside) Coventry Ct & Belmont Rd	2,930,000	0	2,930,000	0	0	0	S016/EBC	Preparatory work underway. Re-profile to 14/15
Supporting Housing & Economic Progress Initiative (SHEP)	2,279,000	0	2,279,000	1,170,000	0	-1,170,000	Grant/Borrow	One property planned to be purchased 13/14. Remaining properties due in 14/15
46 Upperton Gardens	240,000	0	240,000	40,000	0	-40,000	EBC	Architects fees & planning permission in 13/14. Majority of works planned for 14/15
Homelessness Change Programme	275,000	0	275,000	200,000	0	-200,000	Grant/EBC	Property identified planned for purchase 13/14
<b>Total HRA</b>		<b>9,950,879</b>	<b>12,872,400</b>	<b>7,812,300</b>	<b>2,813,192</b>	<b>-4,999,108</b>		
<b>COMMUNITY SERVICES</b>								
Cremator Replacement	1,935,100	1,391,080	36,650	36,650	32,227	-4,423	Borrow	Complete
Memorial Safety Cems	40,000	0	34,000	0	0	0	EBC	Re-profile to 14/15
Digitalise Burial Records	10,000	0	10,000	0	0	0	EBC	Re-profile to 14/15
Ocklynge Cemetery	46,000	0	46,000	0	0	0	EBC	Replacement bid to make chapel safe
Crematorium - Main Chapel	21,000	0	21,000	0	0	0	EBC	Re-profile to 14/15
Disabled Facilities Grants (external funding)	Ongoing		638,800	388,800	248,655	-140,145	Grant	Slow start to year, but increasing as new processes embedded.
Disabled Facilities Grants (EBC Funded)	Ongoing		144,150	0	0	0	EBC	Re-profile to 14/15
BEST Grant (housing initiatives)	Ongoing		141,100	106,100	89,064	-17,036	Grant	Planned works to be completed 13/14
3-17 Jevington Gardens - GF	435,000	0	575,000	435,000	304,500	-130,500	S106	Complete awaiting final invoice
St Elizabeth's Church - GF	52,000	0	52,000	0	0	0		
Housing Regeneration - Block Allocation	18,081,000	0	5,081,000	0	0	0	External	Re-profile to 14/15
Willingdon Trees Multi Gym	20,000	0	20,000	0	0	0	EBC	Trustees have not yet appointed an architect. Re-profile to 2014/15
Solar Panels	3,400,000	3,228,031	172,000	172,000	0	-172,000	Borrow	On target to complete 13/14
<b>Total Community Services</b>		<b>4,619,111</b>	<b>6,971,700</b>	<b>1,138,550</b>	<b>674,446</b>	<b>-464,104</b>		
<b>CUSTOMER FIRST</b>								
Contaminated Land	185,000	82,966	102,000	5,000	0	-5,000	Grant	Investigations complete. £5k spend expected 13-14.
Coast Defences Beach Management Strategy	Ongoing		295,150	495,150	251,828	-243,322	Grant	Works anticipated to be completed 2013/14

Scheme	Total Cost of Scheme	Total spend to 31.3.13	Approved Budget 2013 14	Revised Budget 2013 14	Spend as at 31.12.13	Variance to Revised Budget	Funding of Budget 2013-14	Comments
Cycling Strategy	45,000	4,400	40,600	0	0	0	EBC	Consultation due Jan 2014 and results due to be reported to Cabinet march 2014
Park and Ride	50,000	0	50,000	0	0	0	EBC	Review of car parks being currently being completed
Princes Park (schemes to be decided)	210,000	27,000	183,000	0	0	0	S106	Initial planning work carried out
Play Area Sovereign Harbour	27,000	0	27,000	0	0	0	S106	Re-profile to 14/15 pending developments and new areas of open space
Allotment Upgrade	114,000	99,908	14,100	14,100	0	-14,100	EBC/Borrow	On target to complete 2013/14
Hampden Park Skate Park	150,000	0	150,000	0	0	0	S106/EBC	Planning permission expected July 2014 with completion Sept 2014
Planning Software	50,000	42,070	7,950	7,950	0	-7,950	Borrow	On target to complete in 2013/14
Inward Investment Project (Location Service for E Sussex)	60,000	0	60,000	0	0	0	Revenue	Included in Revenue
Five Acre Field - Improvements	55,000	2,510	52,500	52,500	16,498	-36,002	S106/EBC	On target to complete 2013/14, but dependent on weather
Upperton - Play Equipment	60,000	0	60,000	60,000	0	-60,000	EBC	On target to complete 2013/14
RoSPA Play Equipment	15,000	0	15,000	15,000	0	-15,000	EBC	On target to complete 2013/14
Churchdale Road Allotments	38,000	0	38,000	0	0	0	S106	Planning application due Feb 2014. Completion due Oct 2014
Play Equipment - Bodium Cres	80,000	0	80,000	80,000	0	-80,000	EBC	On target to complete 2013/14
Software - Grounds Maintenance	24,000	0	24,000	24,000	8,685	-15,316	EBC	On target to complete 2013/14
Sovereign Harbour - Legal Advice	20,000	0	20,000	0	0	0	EBC	Re-profile to 2014/15
Terminus Road Improvements	500,000	0	500,000	0	0	0	EBC	Re-profile to 2014/15
<b>Total Customer First</b>		<b>258,854</b>	<b>1,719,300</b>	<b>753,700</b>	<b>277,011</b>	<b>-476,689</b>		
<b>TOURISM &amp; LEISURE</b>								
Redoubt Fortress Gates	20,000	14,568	5,400	5,400	0	-5,400	EBC	On target to complete 2013/14
Redoubt Fortress Gates (2013)	22,300	0	22,300	22,300	22,315	15	Borrow	On target to complete 2013/14
Volleyball Court	25,000	0	25,000	0	0	0	EBC	Proposal progressing. Planning application due. Re-profile to 2014/15
Signage	40,000	23,917	16,100	0	0	0	EBC	Re-profile to 2014/15
Bandstand Resurface Walkways	100,000	92,928	6,600	0	0	0	EBC	Complete
Sports Park Flood Lights	30,000	0	30,000	0	0	0	EBC/Grant	Re-profile to 2014/15
ILTC Seat replacement	5,000	0	5,000	5,000	4,902	-98	EBC	Complete
Re-surface Tennis Courts	170,000	0	170,000	0	0	0	EBC/Grant	Re-profile to 2014/15
Towner - Works of Art		185,879	0	0	0	0	Grant	N/a
Wish Tower - Catering Outlet	40,000	36,000	4,000	4,000	0	-4,000	EBC	On target to complete 2013/14
Bandstand Seating	15,000	0	15,000	0	0	0	EBC	Re-profile to 2014/15
<b>Total Tourism &amp; Leisure</b>		<b>353,292</b>	<b>299,400</b>	<b>36,700</b>	<b>27,217</b>	<b>-9,483</b>		
<b>CORPORATE SERVICES</b>								
Carbon Reduction Works	467,500	0	467,500	0	0	0	EBC	On target for completion 2014/15
Agile phase 2	555,000	402,705	153,000	153,000	16,215	-136,785	EBC	On target to complete 2013/14
6 Saffrons Road Renovations	117,000	82,142	34,850	34,850	24,979	-9,871	EBC	Complete
Town Hall Roof	511,000	154,566	356,450	356,450	513,551	157,101	Borrow	Complete. Current spend includes revenue
Invest to Save	80,000	0	80,000	80,000	0	-80,000	Borrow	Budget available for allocation
Redesign of CCC at 1 Grove Road	300,000	35,877	264,100	16,100	15,970	-130	Borrow	Project progressing. Remaining spend expected in 2014/15

Scheme	Total Cost of Scheme	Total spend to 31.3.13	Approved Budget 2013 14	Revised Budget 2013 14	Spend as at 31.12.13	Variance to Revised Budget	Funding of Budget 2013-14	Comments
IT Replacement - Icon	42,500	33,288	9,200	9,200	342	-8,858	EBC	Complete
Future Model Phase 1	1,250,000	891,411	358,600	358,600	347,339	-11,261	Borrow	On target to complete 2013/14
Future Model Phase 2	2,990,000	0	1,000,000	1,000,000	931,989	-68,011	EBC/Borrow	On target to complete 2013/14
Capital Contingencies	Ongoing		0	0	96,542	96,542	EBC	Subject to legal action
Demolition, Infrastructure and Site Security	153,000	143,920	9,100	0		0	Borrow	Complete
Investment Capital	7,150,000	0	1,150,000	1,150,000	1,150,000	0	EBC	Complete
IT - Block Allocation	Ongoing		268,000	268,000	48,428	-219,572	EBC	On target to complete 2013/14
<b>Total Corporate Services</b>		<b>1,743,909</b>	<b>4,150,800</b>	<b>3,426,200</b>	<b>3,145,353</b>	<b>-280,847</b>		
<b>ASSET MANAGEMENT</b>								
Devonshire Park Review	700,000	0	700,000	43,000	37,692	-5,308	Borrow	Procurement of delivery team in progress
Congress Theatre redesign & restoration	850,000	0	850,000	15,000		-15,000	EBC	Specialist team appointed and surveys commenced. Majority of spend expected in 2014/15.
Wish Tower Groundworks and site Preparation (from block allocation)	140,000	0	140,000	140,000	140,000	0	Borrow	Complete
Wish Tower Catering Temporary Provision (Invest to Save)	160,000	0	160,000	160,000	135,141	-24,859	Borrow	Complete
Downland Water (Valve insertions)	25,000	0	25,000	25,000		-25,000	Borrow	Complete
Bandstand Restoration	245,000	0	245,000	245,000		-245,000	Borrow	On target to complete 2013/14
8 Saffrons Rd - Boiler replacement	4,000	0	4,000	4,000	3,550	-450	Borrow	Complete
Town Hall Boilers	85,000	0	85,000	85,000	2,661	-82,339	Borrow	On target to complete 2013/14
Asset Management - Block Allocation	1,743,000			0		0	Borrow	Allocated to various schemes
<b>Total Asset Management</b>		<b>0</b>	<b>2,209,000</b>	<b>717,000</b>	<b>319,044</b>	<b>-397,956</b>		
							<b>% completed</b>	
<b>General Fund</b>		<b>6,975,166</b>	<b>15,350,200</b>	<b>6,072,150</b>	<b>4,443,072</b>	<b>-1,629,078</b>	<b>73%</b>	
<b>HRA</b>		<b>9,950,879</b>	<b>12,872,400</b>	<b>7,812,300</b>	<b>2,813,192</b>	<b>-4,999,108</b>	<b>36%</b>	
<b>Total</b>		<b>16,926,045</b>	<b>28,222,600</b>	<b>13,884,450</b>	<b>7,256,264</b>	<b>-6,628,186</b>	<b>52%</b>	

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<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>5 February 2014</b>
<b>Subject:</b>	<b>General Fund Revenue Budget 2014/15 and Capital Programme 2013/17</b>
<b>Report Of:</b>	<b>Chief Finance Officer</b>
<b>Ward(s)</b>	All
<b>Purpose</b>	To agree the detailed General Fund budget proposals for 2014/2015 and Capital Programme 2013/2017.
<b>Decision Type:</b>	Key Decisions requiring approval of Full Council
<b>Recommendation:</b>	Members are asked to recommend the following proposals to Full Council: <ul style="list-style-type: none"><li>(i) General Fund budget for 2013/14 (Revised) and 2014/15 (original) (<b>Appendix 1</b>) including growth and savings proposals for 2014/15 as set out in <b>Appendix 2</b>.</li><li>(ii) No increase in the Council Tax for Eastbourne Borough Council resulting in an unaltered Band D charge of £224.19 for 2014/15.</li><li>(iii) General Fund capital programme and financing 2013/17 as set out in <b>Appendix 3</b>.</li><li>(iv) Note that the business rates base for 2014/15 will not be finalised until after this report is published, members will be updated verbally.</li></ul>
<b>Contact:</b>	Alan Osborne, Chief Finance Officer, Telephone 01323 415149 or internally on extension 5149. E-mail address: alan.osborne@eastbourne.gov.uk

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## **1.0 Introduction**

- 1.1 This report sets out the general fund revenue budget proposals for 2014/15 and a rolling three year capital programme 2013/17.
- 1.2 The Housing Revenue Account 2014/15 and associated capital programme, together with rent setting for 2014/15 is subject of a separate report elsewhere on this agenda.
- 1.3 The Council revised its medium term financial strategy (MTFS) in July 2013 and the Cabinet recommended a resulting draft 2014/15 budget proposal in December 2013 following the service and financial planning process in the autumn.

1.4 The MTFS and the draft budget have been subject to consultation as reported to Cabinet and Scrutiny in December.

1.5 The budget is the product of various plans and strategies as part of an integrated and corporate planning process and is linked principally to:

- The MTFS
- Asset Management Plans
- The Corporate Plan
- Workforce Strategy
- Treasury Management Strategy
- Service Plans
- HRA business plan
- DRIVE corporate transformation programme
- Sustainable Service Delivery Strategy

1.6 The Chief Finance Officer has a specific legal responsibility to give positive assurances on:

- The robustness of the estimates used in the budget
- The level of reserves

If the recommendations of this report are agreed then these assurances will prevail.

## **2.0 Summary of recommended budget proposals**

2.1 The budget proposals include:

- No increase in the Council Tax in 2014 / 15
- Overall savings/new income totalling £0.808m (5% of the net budget)
- Efficiency savings of £0.608m (3.8% of the net budget)
- Inflation of £0.430m (2.6% of the net budget)
- Other recurring service growth of £0.421m
- Non recurring service investments £0.446m
- General Reserves averaging in excess of £3.8m (against a minimum recommended of £2m)
- Capital resources of £0.8m invested in new capital schemes

Available earmarked reserves in addition to the budget:

- Strategic change fund £0.7m
- Economic Regeneration reserve £0.5m

2.2 The budget represents continued management of financial risks by:

- Building on a balanced outturn position
- Balancing the base budget requirement without needing to use reserves for recurring expenditure
- Identifiable and deliverable savings with accountability and no general unidentified targets
- Reserves well above the minimum level
- Zero basing of minor reward grants

- Providing the funding required for the DRIVE change programme to deliver the future savings required by the MTFS via the strategic change fund.

### **3.0 2014/15 Resources**

#### **3.1 Government Funding**

3.2 The underlying methods of Local Government financing were changed significantly from 2013/14 and further revisions for 2014/15 include the wrapping up of grants in the base "Start Up Funding" notably:

- The Localisation of Council Tax grant (previously £1.2m)
- The Council Tax Freeze grant 2013/14
- New burdens grants

3.3 The Most notable change therefore is to apply the Localisation of Council Tax grant to the same method of distribution as the Formula Grant (previously it was a quid pro quo for the erosion of the tax base) this has meant a further loss of resources for Eastbourne in excess of £150,000.

3.4 For Eastbourne the Headline figures of the two year Government settlement are:

- A reduction in revenue grants of £0.9m (19%)
- A further cut in baseline funding of £1m (20%) for 2015/16
- Partially offset by New Homes Bonus (additional £0.350m in 2014/15 rising by a further £0.4m in 2015/16)

3.5 The NNDR business rate base has reduced slightly (£50,000) largely as a result of additional appeals, this is a provisional figure that will not be finalised until 31.1.14 as the Government had only just released the "NNDR 1" form that is used to calculate the base at the time of writing the report.

3.6 In addition to the formula grant the Government is financing the cost of a 1% increase in council tax (£81,000) which it has confirmed will be put in the base for 2015/16 and beyond.

3.7 The Government has announced that Eastbourne will receive £897,000 in total of new homes bonus due to the growth in housing in the area and the further reduction in empty properties. Of this £500,000 is to be transferred to the Regeneration Reserve to fund economic initiatives in line with the MTFS. The grant is paid in tranches for six years. The 2014/15 figure includes 4 tranches. The funding is not guaranteed beyond a 6 year horizon for each tranche. The projected award for 2015/15 is £1.3m. The Government is financing the additional NHB from reductions in RSG, therefore, whilst volatile, it is becoming the preferred method of distribution of resources.

#### **3.8 Council Tax**

- 3.9 The proposal for no increase in council tax for 2014/15 results in an unchanged Band D rate of £224.19 for the Council (14% of the total bill).
- 3.10 The Council has to give an indication of likely future council tax rises, it is still expected that council tax will rise by no more than 2% per annum for each of the next three years. This is the Government's target for inflation and also the current ceiling on rises that would otherwise require a referendum in order to exceed.
- 3.11 Within this context, for 2014/15, the Council will raise £7.2m from its share of the council tax. This is determined by multiplying the council tax base of Band D equivalent dwellings by the Band D tax rate of £224.19. This is unchanged from the December tax base setting report.
- 3.12 In addition, there is a negative distribution of £14,000 payable by EBC to the collection fund due to a minor collection fund deficit.

3.13 **Summary – 2014/15 Resources**

A summary of the resources available is shown below:

<b>Source:</b>	<b>£'m</b>
Government formula grant	(3.735)
Retained business rates	(3.464)
New Homes Bonus	(0.897)
Council tax freeze grant	(0.081)
Grant for weekly household collection	(1.300)
Council Tax	(7.202)
Collection Fund Deficit	<u>14</u>
<b>Total Resources Available (Rounded)</b>	<b><u>(16.665)</u></b>

- 3.14 In order to achieve a balanced budget without using reserves, the Council will need to set a net expenditure budget for 2014/15 of £16.665.

**4.0 Specific Grants**

- 4.1 In addition to the general grant distributed through the new formula grant system, which is given towards financing the Council's net expenditure, the Government also provides some specific grants. These specific grants will fund in part or in full, service costs.

<b>Grant</b>	<b>2014/ 15 £'m</b>
Housing Benefit Subsidy	(48)*
Housing Benefit Administration	(0.8)
Household collection grant	(1.3)

- 4.2 Housing Benefit Subsidy:



As part of a national scheme delivered locally, this grant is intended to reimburse the Council for the awards of benefit it makes to eligible tenants in both the private and public rented sector. Not only is this by far the largest single specific grant that the Council receives, but it is performance related. The Council has improved its performance in recent years.

A new system of universal credits is due to be completed in October 2017 which will see the caseload moved to the Department for Work and Pensions. Responsibility for council tax benefit has now devolved to a local level.

#### 4.3 Housing Benefit Administration:

This is to fund the cost to Eastbourne of administering the national Housing Benefit and local Council Tax Support schemes. This represents a reduction of 10% from the 2013/14 funding.

#### 4.4 Homelessness:

This is intended to assist with prevention and to find alternative accommodation other than bed and breakfast. This grant has now been subsumed into the main grant system.

#### 4.5. New Homes Bonus:

This began in 2011/12 (£187,000) and is guaranteed for six years. A further £190,000 was been awarded for 2012/13 and £180,000 in 2013/14 making a total payable of £557,000 in 2013/14. Further increases will take this source of funding to approximately £1.3m per annum by 2015/16. The Council's policy as outlined in the MTFS is to utilise surplus grant for economic regeneration initiatives. A separate reserve has been set aside for that purpose.

### 5.0 **Budget movement 2013/14 to 2014/15**

5.1 The detailed budget proposals are set out in **(Appendix 1)** show in detail the movement from the 2013/14 budget to the 2014/15 proposed budget. The movements are summarised below:-

5.2	<b>Movement from 2013/14</b>	<b>£m</b>	<b>£m</b>
	<b>Base Budget</b>		
	<b>Change in resources:</b>		
	RSG and New Homes Bonus	0.6	
	Retained business rates	0.1	
	Council tax – decrease in tax base/collection	0.1	
	<b>Cost increases:</b>		
	Inflation	0.4	
	Other unavoidable costs increases and changes in income	<u>0.4</u>	1.6
	<b>Savings:</b>		
	Efficiency savings	(0.6)	
	Increased Income	(0.2)	
	Reduced contributions to reserves	<u>(0.8)</u>	<u>(1.6)</u>

- 5.3 If Cabinet approves the proposals set out in the report it will be able to recommend to Council on 19th February a balanced budget in line with available resources without the need to use reserves.
- 5.4 The Council now follows a rolling three year financial planning cycle and the service and financial plans have been set out in detail for 2014/15. The next MTFS due in July will project forward a further three years and continue to provide the basis of service and financial planning for the medium term. It should be noted that at a significant level the savings required for the next MTFS have already been identified, further reports to Cabinet will detail the business plans under the transformation programme (DRIVE)
- 5.5 The Government has set out a revised four year programme of reductions in funding and the Council's current MTFS already takes account of this.

The change programmes in place such as Agile and the SSDS and the rest of the DRIVE programme are projected to deliver savings over and above the minimum in order to create headroom for investment in priority services.

## **6.0 Risks, Contingencies and Reserves**

- 6.1 All budgets contain an element of financial risk. The Council sets an operational budget with careful consideration of known risks, but accepts that this cannot cover every eventuality. As a consequence the Council sets a contingency budget and holds a minimum level of general reserve as a hedge against additional and significant financial turbulence.

### **6.2. Principal Risks**

The key areas of financial risk that the Council faces in the operation of its 2014/15 budget are:-

- Housing Benefit Performance
- Inflation on goods and services
- Income from services linked to customer choice (theatres, tourism; sports centres, car parking)
- Demand led services (e.g. bed and breakfast)
- Legal challenges

On an exception basis, information on each of the risk areas identified above, together with any new and significant risks that may emerge over the course of the year, will be included in each financial performance report to Cabinet and Scrutiny during the 2014/15 financial year.

### **6.3 Contingencies**

The 2014/15 budget includes a corporate contingency budget of £178,000 to allow for unbudgeted expenditure or reductions in income. This is in addition to the known inflation that has been built into the service budgets. The Government has announced a 1% cap on pay rises in 2014/15 therefore £120,000 has been included as a further contingency in service budgets for this purpose.

#### 6.4 Reserves

Part 2 of the 2003 Local Government Act requires the Chief Finance Officer to report on the adequacy of the proposed financial reserves, and determine the minimum level required. There is no statutory minimum requirement, but reserves must be set at a prudent level given the activities of individual Councils and potential liabilities that they face or may face in the future i.e. a risk based approach. The Council's earmarked reserves are reviewed at least annually for adequacy. If at any time the adequacy is in doubt the Chief Finance Officer is required to report on the reasons, and the action, if any, that he considers appropriate.

The Council will always seek to contain any unforeseen additional costs within allocated annual budgets, including the contingency budget. However, it is proposed that in addition the minimum level of general reserves be set at £2m based on the following:

6.5	<b>Risk</b>	<b>£m</b>
	Unexpected Events e.g. flooding, major storm in excess of Bellwin Scheme provision	0.5
	Significant financial overruns e.g. prior year negative Housing Benefits subsidy adjustments and costs of welfare reform	0.5
	Exceptional fluctuations in income that have a major corporate impact e.g. loss of major sponsor close to an event (2% of income)	0.3
	Cost of providing priority services during an incident or emergency in excess of insurance cover	0.3
	Exceptional fluctuations in costs or demand that have a major corporate impact e.g. fuel costs	0.2
	Cost of significant breach of legislation e.g. health and safety, human rights	0.2
	<b>TOTAL</b>	<b>2.0</b>

The overall proposed minimum level of £2 million is the same as the current year and in line with the risk assessment outlined above. It is the view of the Chief Finance Officer that this level of reserves remains adequate to meet the current commitments and proposals detailed within this report and any unforeseen expenditure that cannot be met by external resources.

Should the budget recommendations be followed, the level of general fund reserve is projected at £3.8m by March 2015 (**Appendix 1**). In addition to acting as a potential buffer against future risks, this should create further opportunities for one off investments in the future.

#### 6.6 Earmarked Reserves:

The following revenue reserves have been set aside in addition to the general reserve in order to facilitate projects under the DRIVE programme. The available balances at 31.3.15 are projected to be **(Appendix 1)**:

<b>Reserve</b>	<b>Purpose</b>	<b>Amount £'m</b>
Strategic Change	To fund internal transformation projects under DRIVE	0.7
Economic Regeneration	To promote economic growth	0.5

#### 6.7 Other earmarked revenue reserves:

The Council has been following a process of consolidating its reserves into the corporate reserves above. This better facilitates corporate priority planning. The only further reserves that the Council holds have other obligations attached (e.g. Section 106/partnership contributions).

6.8 The Chief Finance Officer is satisfied that the integrated budget and corporate planning process provides a robust basis for identifying appropriate budget estimates and appropriate level of reserves.

### **7.0 Capital Programme 2013-2017**

7.1 The principles for formulating the capital programme were set out in the draft budget report submitted to Cabinet on 11th December 2013. The proposed new schemes to be financed are shown in **bold** in at **(Appendix 3)**.

7.2 The Council has a policy of only using borrowing for schemes that are invest to save and can generate enough savings or additional income to service the financing costs.

7.3 In addition to schemes that qualify for borrowing the Council had a further £0.8m of capital resources to apply to the programme.

7.4 The Housing Revenue Account capital programme is set out in another report on the agenda and is financed entirely from HRA resources. Once approved it will be amalgamated with the general fund programme.

7.5 No uncertain future capital receipts have been factored into the available resource so there will be opportunities to supplement the programme as the three year period progresses. Potential disposals will be identified by the asset management plans.

### **8.0 Consultation**

8.1 The Council's medium term financial strategy and the resulting draft budget proposal for 2014/15 as reported to Cabinet in December have been subject to wide and varied consultation. The outcome of which was reported to the

Cabinet in December. The Scrutiny Committee held a finance event in October and has been invited to comment on the budget proposals.

## **9.0 Implications**

### **9.1 Financial**

The financial implications of all budget proposals are set out throughout the report and/or within its Appendices.

### **9.2 Human Resources**

Implications have been discussed with Members through the detailed service and financial planning process, and where appropriate with the local Branch of Unison. Specific staff briefings have taken place as necessary.

### **9.3 Environmental**

Both capital and revenue budget proposals include improvements to the maintenance of Council buildings and open spaces across the town. These include a number of energy efficiency initiatives to reduce usage, cost and emissions. Consultation with residents demonstrates that these types of initiatives are well supported and are seen as high priority areas for new investment.

## **10.0 Conclusions**

10.1 The Council is well placed financially to meet the demands on its services as well as the reductions in Government support over the medium term.

10.2 The new method of distributing Government funding for local government gives incentives for new development both domestic and business.

Alan Osborne  
Chief Finance Officer

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## **Background Papers:**

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

Cabinet reports:

December 2013

- Council Tax Base for 2014/15
- Draft Budget Proposals 2014/15
- Consultations on Council priorities

July 2013 – Medium Term Financial Strategy

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

	2013/14 Original Budget £'000	2013/14 Revised Budget £'000	2014/15 Budget £'000
<b>Corporate Services</b>			
Corporate Management	251	255	268
Corporate Services	1,891	2,136	1,828
Corporate Financial Services	1,583	1,665	1,819
Corporate Development	1,384	1,333	1,410
Corporate Infrastructure and Customer First	8,472	8,335	8,197
	<b>13,581</b>	<b>13,724</b>	<b>13,522</b>
<b>Community Services</b>			
Service Management	(38)	(38)	(38)
Direct Assistance	(423)	(216)	(309)
Community Activity	530	602	554
Strategic Performance	(215)	(197)	(210)
	<b>(146)</b>	<b>151</b>	<b>(3)</b>
<b>Tourism &amp; Leisure Services</b>			
Service Management	98	99	98
Sport & Leisure	298	306	314
Theatres	746	749	720
Tourism	462	488	551
Events & Devonshire Park	573	577	491
Towner	655	673	681
	<b>2,832</b>	<b>2,892</b>	<b>2,855</b>
<b>Net Service Expenditure</b>	<b>16,267</b>	<b>16,767</b>	<b>16,374</b>
Contributions to/(from) Unearmarked Reserves	(294)	68	(209)
Contributions to/(from) Earmarked Reserves	NIL	NIL	NIL
Contributions to/(from) Strategic Change Fund	1,000	846	NIL
Contributions to/(from) Capital Programme Reserve	NIL	(15)	NIL
Contributions to/(from) Regeneration Reserve	432	(92)	500
Contributions to/(from) Revenue Grants	NIL	(1)	NIL
<b>Eastbourne Borough Council Budget Requirement</b>	<b>17,405</b>	<b>17,573</b>	<b>16,665</b>
<b>Financed by</b>			
Government Formula Grant	(4,613)	(4,796)	(3,735)
Localisation of Council Tax benefit support transition	(33)	(33)	NIL
Grant to support weekly collection of domestic waste	(1,298)	(1,298)	(1,300)
New Homes Bonus	(557)	(557)	(897)
Retained Business Rates	(3,518)	(3,503)	(3,464)
Council Tax Grant	(83)	(83)	(81)
Contribution to Council Tax Deficit/(Surplus)	(22)	(22)	14
Council Tax Collection Fund Precept	(7,281)	(7,281)	(7,202)
<b>Total Financing</b>	<b>(17,405)</b>	<b>(17,573)</b>	<b>(16,665)</b>

	2013/14 Original Budget £'000	2013/14 Revised Budget £'000	2014/15 Budget £'000
<b>General Fund Reserve</b>			
In hand at 1st April	(3,756)	(3,919)	(3,967)
Transfer to Regeneration Reserve	NIL	NIL	NIL
Transfer General Fund Surplus	(297)	NIL	NIL
Financing of Non Recurring Expenditure	591	(52)	471
Withdrawal/(Addition)	NIL	(16)	(262)
Allocated for Future Use	NIL	20	NIL
In hand at 31st March	<u>(3,462)</u>	<u>(3,967)</u>	<u>(3,758)</u>
<b>Strategic Change Fund Balance</b>			
In hand at 1st April	NIL	(309)	(700)
Transfer from General Earmarked Reserves	NIL	NIL	NIL
Withdrawal/(Addition)	(1,000)	(846)	NIL
Allocated For Future Use	NIL	455	NIL
In hand at 31st March	<u>(1,000)</u>	<u>(700)</u>	<u>(700)</u>
<b>Capital Programme Reserve</b>			
In hand at 1st April	(227)	(643)	(85)
Transfer from General Fund	NIL	NIL	NIL
Withdrawal/(Addition)	NIL	15	NIL
Allocated For Future Use	NIL	543	NIL
In hand at 31st March	<u>(227)</u>	<u>(85)</u>	<u>(85)</u>
<b>Regeneration Reserve</b>			
In hand at 1st April	(235)	(393)	(158)
Transfer from General Fund Reserve	NIL	NIL	NIL
Withdrawal/(Addition)	(432)	92	(500)
Allocated For Future Use	80	143	170
In hand at 31st March	<u>(587)</u>	<u>(158)</u>	<u>(488)</u>



**Corporate Services Budget 2013/14**

**Appendix 1**

	<b>2013/14 Original Budget £'000</b>	<b>2013/14 Revised Budget £'000</b>	<b>2014/15 Budget £'000</b>
<b>Corporate Management</b>	<b>251</b>	<b>255</b>	<b>268</b>
Capital Financing	1,697	1,708	1,650
Contingencies	194	428	178
<b>Corporate Services</b>	<b>1,891</b>	<b>2,136</b>	<b>1,828</b>
Service Management	148	150	141
Performance and Risk Management	46	123	47
Civil Contingencies	26	26	26
Finance Management/Operational Costs	510	524	478
Corporate Finance Costs	393	379	429
Payroll and Information	104	106	90
Pensions	356	357	608
<b>Corporate Financial Services</b>	<b>1,583</b>	<b>1,665</b>	<b>1,819</b>
Service Management	223	237	234
Civic Services including Printing	439	443	446
Electoral and Local Land Charges	53	24	52
Strategic Performance	93	94	91
Legal Services	217	220	220
Human Resources Management and Admin	97	98	109
Employee Relations	64	64	64
Member Development	52	53	52
HR Resourcing and Development	146	100	142
<b>Corporate Development</b>	<b>1,384</b>	<b>1,333</b>	<b>1,410</b>
Service Management	73	85	86
IT & E-Government	1,527	1,631	1,710
Facilities Management	377	379	383
Customer First	7,100	6,829	6,456
Estates / Asset Management	(605)	(589)	(438)
<b>Corporate Infrastructure and Customer First</b>	<b>8,472</b>	<b>8,335</b>	<b>8,197</b>
<b>Total Corporate Services</b>	<b>13,581</b>	<b>13,724</b>	<b>13,522</b>

	<b>2013/14 Original Budget £'000</b>	<b>2013/14 Revised Budget £'000</b>	<b>2014/15 Budget £'000</b>
Service Management	91	91	91
Charges outside General Fund	(129)	(129)	(129)
<b>Service Management</b>	<b>(38)</b>	<b>(38)</b>	<b>(38)</b>
Housing Services Management	102	103	63
Revenues and Benefits	(3)	32	62
Housing Needs	151	159	156
Homelessness	NIL	167	167
Private Sector Housing	232	238	197
Bereavement	(905)	(915)	(954)
<b>Direct Assistance</b>	<b>(423)</b>	<b>(216)</b>	<b>(309)</b>
Community Development	110	123	110
Community Involvement	70	71	70
Community Grants	350	408	374
<b>Community Activity</b>	<b>530</b>	<b>602</b>	<b>554</b>
Housing / Homelessness Strategy	61	80	67
Solarbourne	(276)	(277)	(277)
<b>Strategic Partnership</b>	<b>(215)</b>	<b>(197)</b>	<b>(210)</b>
<b>Total Community Services</b>	<b>(146)</b>	<b>151</b>	<b>(3)</b>

<b>Tourism &amp; Leisure Services</b>	<b>2013/14 Original Budget £'000</b>	<b>2013/14 Revised Budget £'000</b>	<b>2014/15 Budget £'000</b>
Service Management	98	99	98
Sport & Leisure	298	306	314
Theatres	746	749	720
Tourism	462	488	551
Events & Devonshire Park	573	577	491
Towner	655	673	681
<b>Total Tourism &amp; Leisure Services</b>	<b><u>2,832</u></b>	<b><u>2,892</u></b>	<b><u>2,855</u></b>

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Dept	Proposed Savings Service	Proposal	2014/15 Dec Cabinet £'000	2014/15 Feb Cabinet £'000	
<b>Efficiency Savings</b>					
CorpS	High Level Service	SSDS (Future Model Phase 1)	(300)	(300)	
CorpS	Financial Services	Pay Review - New scheme embedded. Historical budget	(15)	(15)	
CorpS	Financial Services	Cash Collection contract savings	(1)	(1)	
CorpS	Financial Services	Financial Services Restructure - Overachievement of 2013/14 restructure target	(20)	(20)	
CorpS	Strategic Development	Cease subscription to Local Futures data source	(5)	(5) *	
CorpS	IT and E Government	IT Contract savings	(11)	(11)	
CFirst	Specialist Advisory Team	Waste contract savings - provisional sums not required	(170)	(170)	
ComS	Bereavement Services	Reduced Gas consumption	(30)	(30)	
ComS	Housing	Management changes - vacant post	(43)	(44)	
ComS	Housing	Shared initiatives post no longer in operation	(10)	(10)	
TS	Events	Purchase of new racking system reducing hire costs for the Beer Festival	(2)	(2)	
<b>Efficiency Savings Total</b>			<b>(607)</b>	<b>(608)</b>	
<b>Income Generation</b>					
CorpS	High Level Service	Wi-Fi Project	(25)	(25)	
ComS	Bereavement Services	RPI Fee Increase base cremation	(39)	(39)	
ComS	Bereavement Services	RPI Fee Increase other services	(3)	(3)	
ComS	Bereavement Services	RPI Fee Increase memorial	(5)	(5)	
ComS	Bereavement Services	RPI Fee Increase burial	(15)	(16)	
ComS	Revenues & Benefits	Housing Benefit Overpayment Income - Increased recovery on outstanding debt - based on current performance	(60)	(60)	
ComS	Revenues & Benefits	Single Person Discount Review increasing collectable Council Tax. Other preceptors also receive benefits	(40)	0	This item is reflected in the CTAX base
TS	Events	Increase in participation in Beachy Head Marathon	(4)	(4)	
TS	Events	Increased income for Spring Event.	(12)	(12) *	
TS	Events	Additional income/saving from Banners	(6)	(6) *	
<b>Income Generation Total</b>			<b>(209)</b>	<b>(170)</b>	
<b>Other Changes</b>					
CorpS	Financial Services	Unfunded pensions - Reduction in cpi prediction for 13/14 and fall out of pensioners	(23)	(23)	
ComS	Housing	Brighton Housing Trust Grant	(5)	(5)	
ComS	Community Development	Reduction in Rent Support Grant	(2)	(2)	
<b>Other Changes Total</b>			<b>(30)</b>	<b>(30)</b>	
<b>TOTAL SAVINGS</b>			<b>(846)</b>	<b>(808)</b>	
<b>Non Recurring Savings</b>					
ComS	Revenues & Benefits	New Homes Bonus paid for 6 years from initial claim. Other preceptors also receive benefit - Council currently treats as one off	(150)	(150)	This item is reflected in New Homes Bonus

\* Linked savings &amp; growth items

Dept	Recurring Growth Service	Item	2014/15 Dec Cabinet £'000	2014/15 Feb Cabinet £'000
<b>Corporate Inflation</b>				
Corporate	Corporate	Pay Award, contractual increments and pension auto enrolment	170	170
Corporate	Corporate	Inflation on external contracts and other inflation	260	260
<b>Corporate Inflation Total</b>			<b>430</b>	<b>430</b>
<b>Changes in Income targets</b>				
CFirst	Neighbourhood First Team	Unachievable Hyde Gardens parking income target	25	25
CFirst	Neighbourhood First Team	Unachievable fixed penalty notice income target	6	6
ComS	Bereavement Services	Reduction in burial income due to Ocklynge and Langney cemeteries space restriction	28	28
<b>Changes in Income Total</b>			<b>59</b>	<b>59</b>
<b>Other Growth</b>				
CorpS	Financial Services	Licence and support costs moving to hosted solution for ICON system	9	9
CorpS	Financial Services	Valuation costs to carry out annual desktop review of all non-current assets, including Heritage Assets	5	5
CorpS	Strategic Development	Subscription to ESD toolkit for national based data	1	1
CorpS	IT and E Government	Wi Fi Upgrade - Existing Devonshire Park wifi is no longer fit for purpose. This will support a robust, fit for purpose corporate public wifi solution with content filtering for legal compliance.	5	5
CorpS	IT and E Government	Government Connect - To fund additional security devices and specialist security consultancy to meet ongoing Government Connect requirements.	10	10
CorpS	Systems Administration and Support	Future Model Phase 2 systems annual support and maintenance - essential to maintain systems that underpin the model (part of original business case).	90	90
CFirst	Specialist Advisory Team	Evidence and background studies provided by external consultants to inform production of our Local Plans in accordance with the Local Development Scheme	20	20
CFirst	Specialist Advisory Team	Marketing budget for CEPE to engage on active, healthy and low carbon lifestyles	20	20
CFirst	Service Improvement and Development	Mosaic Public Service - Improved tool to replace Local Futures (offered as saving under Corporate Services) and provide detailed demographic data to ensure service improvement work is evidence based and as effective as possible.	5	5 *
ComS	Bereavement Services	Increase in cost of boiler maintenance /servicing and replacement of main chapel loop system	5	5
ComS	Revenues & Benefits	DWP/LCT Admin Grant reduction	80	80
TS	Events	Cost of the new Walking Festival which presents a risk as costs are not fully known and income is dependent on good weather.	7	7 *
TS	Tourism	Finance officer - The Catering service was brought back in house without the transfer of finance staff, this will build this requirement back into the service.	25	25
TS	Tourism	Tennis Catering Contract - The contract for providing catering to the AEGON International was not part of the transfer to in house provision	80	80
<b>Other Growth Total</b>			<b>362</b>	<b>362</b>
<b>TOTAL PROPOSED RECURRING GROWTH</b>			<b>851</b>	<b>851</b>

**Non Recurring Service Investments**

<b>Group</b>	<b>Service</b>	<b>Proposal</b>		
CorpS	Estates Management	Future years subject to re-structure to Corporate Landlord model	177	177
CFirst	Specialist Advisory Team	Review EB Park Flood Storage Scheme	65	65
CFirst	Specialist Advisory Team	Green Flag Parks management plans	15	15
CFirst	Specialist Advisory Team	Activating Eastbourne - To enable the Big week of Work and 50+ employment workshop to take place	5	5
CFirst	Specialist Advisory Team	Risk assessment of Eastbourne's vulnerabilities to a changing climate - consultants report to understand impact of changing climate on the town	25	25
CFirst	Specialist Advisory Team	Environmental enhancements for provision of shade and additional pollinating insect habitat	15	15
CFirst	Neighbourhood First Team	Prevention activities to fund literature, branding, conference facilities to enable the Neighbourhood First Team to build stronger links with communities, engaging with specific groups on specific problems	7	7
ComS	Housing	Contribution to Intensive Family Intervention Project	12	12
ComS	Revenues & Benefits	Bailiff contract - Specialist advice to draw up contract specification	5	5
ComS	Revenues & Benefits	Increase in Capita telephone contract costs - phase 2 implementation will reduce cost	30	30
ComS	Revenues & Benefits	New Homes Bonus - Invest to increase income - to fund review of empty properties to ensure maximum uptake of New Homes Bonus	35	35
ComS	Revenues & Benefits	Liberata overpayment software - Invest to increase income - to fund software to maximise overpayment recovery	7	7
ComS	Community Development	Funding to continue fixed term Community Post for full year pending implementation of Future Model phase 2	12	11
TS	Events	Purchase plastic chairs, tables and patio heaters to replace broken stock and improve bar catering offer	1	1
TS	Events	Samsonite folding seats to replace rusting/ broken stock for use during tennis tournaments and events	5	5
TS	Events	Hand held radios	2	2
TS	Events	Pedestrian Sprayer	5	5
TS	Events	Lamppost banner advertising - Invest to save	6	6 *
TS	Sport and Leisure	Tennis Development to support the coaching aspects of the Capital development bid to the Tennis Foundation - which will provide information, advice and guidance, booking software and court improvements.	6	6
TS	Tourism	Beach House water connections to provide their own water supply enabling them to open in the winter. We receive an income from their lease.	4	4
TS	Tourism	Engine for the Lifeguards boat - engine is now ten years old and showing signs of failure.	3	3
TS	Tourism	Additional showers on the seafront to improve the visitor offer - we currently offer just two beachfront showers	5	5
<b>TOTAL NON RECURRING INVESTMENTS</b>			<b>447</b>	<b>446</b>

\* Linked savings &amp; growth items

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**Summary of Capital Programme 2013 to 2017**

	<b>Projected Outturn 2013/14</b>	<b>Total 2014/15</b>	<b>Total 2015/16</b>	<b>Total 2016/17</b>
<b><u>Capital Programme</u></b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community Services	1,138	6,368	7,841	6,000
Customer First	754	1,569	1,946	300
Tourism & Leisure	37	481	-	-
Corporate & Core Services	3,426	4,946	4,070	80
Asset Management	717	1,984	581	500
<b>Total Programme</b>	<b>6,072</b>	<b>15,348</b>	<b>14,438</b>	<b>6,880</b>
<b><u>Financed By:-</u></b>				
Capital Receipts GF	679	1,301	446	-
Grants and Contributions	995	6,715	9,341	6,300
Revenue Contribution to Capital	514	1,092	495	-
Section 106 Contributions	473	368	-	-
Borrowing	3,411	5,872	4,156	580
<b>Total Financing</b>	<b>6,072</b>	<b>15,348</b>	<b>14,438</b>	<b>6,880</b>

Scheme	Total Scheme Approved	Budget agreed Cabinet Sept	Revised Budget 2013-14	Revised 2014-15	2015-16	2016-17
<b>COMMUNITY SERVICES</b>						
Cremator Replacement	1,935,100	36,650	36,650	0		
Memorial Safety Cems	40,000	34,000	0	34,000		
Digitalise Burial Records	10,000	10,000	0	10,000		
Crematorium - Main Chapel	21,000	21,000	0	21,000		
Disabled Facilities Grants	Ongoing	638,800	388,800	807,650	663,000	tbc
BEST Grant (housing initiatives)	Ongoing	141,100	106,100	213,000	178,000	
<b>Social Housing Enabling</b>						
3-17 Jevington Gardens - GF	435,000	575,000	435,000	0		
Housing Regeneration - Block Allocation	18,081,000	5,081,000	0	5,081,000	7,000,000	6,000,000
Willingdon Trees Multi Gym	20,000	20,000	0	20,000		
Solar Panels	3,400,000	172,000	172,000	0		
<b>Ocklynge Cemetery Chapel</b>	<b>150,000</b>		<b>0</b>	<b>150,000</b>		
<b>Barbican Memorial Scheme</b>	<b>5,000</b>		<b>0</b>	<b>5,000</b>		
<b>Main Chapel Refurb - Phase 2</b>	<b>26,000</b>		<b>0</b>	<b>26,000</b>		
<b>Total Community Services</b>		<b>6,729,550</b>	<b>1,138,550</b>	<b>6,367,650</b>	<b>7,841,000</b>	<b>6,000,000</b>
<b>CUSTOMER FIRST</b>						
Contaminated Land	185,000	102,000	5,000	97,000		
Coast Defences Beach Management Strategy	Ongoing	295,150	495,150	300,000	300,000	300,000
Cycling Strategy	45,000	40,600	0	40,600		
Park and Ride	50,000	50,000	0	50,000		
Princes Park (schemes to be decided)	210,000	183,000	0	183,000		
Play Area Sovereign Harbour	27,000	27,000	0	27,000		
Allotment Upgrade	114,000	14,100	14,100	0		
Hampden Park Skate Park	150,000	150,000	0	150,000		
Planning Software	50,000	7,950	7,950	0		
Five Acre Field - Improvements	55,000	52,500	52,500	0		
Upperton - Play Equipment	60,000	60,000	60,000	0		
RoSPA Play Equipment	15,000	15,000	15,000	0		
Churchdale Road Allotments	38,000	38,000	0	38,000		
Play Equipment - Bodium Cres	80,000	80,000	80,000	0		
Software - Grounds Maintenance	24,000	24,000	24,000	0		
Sovereign Harbour - Legal Advice	20,000	20,000	0	20,000		
Terminus Road Improvements	500,000	500,000	0	500,000		
<b>Christmas Light</b>	<b>25,000</b>		<b>0</b>	<b>25,000</b>		
<b>CIL - Software</b>	<b>14,000</b>		<b>0</b>	<b>14,000</b>		
<b>Five Acre Field - Railings</b>	<b>20,000</b>		<b>0</b>	<b>20,000</b>		
<b>Beachy Head Visitor Centre WC</b>	<b>40,000</b>		<b>0</b>	<b>40,000</b>		
<b>Sov Harbour Community Centre</b>	<b>1,600,000</b>		<b>0</b>		<b>1,600,000</b>	
<b>Highfield Allotments</b>	<b>25,000</b>		<b>0</b>	<b>25,000</b>		
<b>Hyde Gardens WC</b>	<b>40,000</b>		<b>0</b>	<b>40,000</b>		
<b>Cross Levels Way BMX Track</b>	<b>46,000</b>		<b>0</b>	<b>0</b>	<b>46,000</b>	
<b>Total Customer First</b>		<b>1,659,300</b>	<b>753,700</b>	<b>1,569,600</b>	<b>1,946,000</b>	<b>300,000</b>
<b>TOURISM &amp; LEISURE</b>						
Redoubt Fortress Gates	20,000	5,400	5,400	0		
Redoubt Fortress Gates (2013)	22,300	22,300	22,300	0		
Volleyball Court	25,000	25,000	0	25,000		

Scheme	Total Scheme Approved	Budget agreed Cabinet Sept	Revised Budget 2013-14	Revised 2014-15	2015-16	2016-17
Signage	40,000	16,100	0	16,100		
Sports Park Flood Lights	30,000	30,000	0	30,000		
ILTC Seat replacement	5,000	5,000	5,000	0		
Re-surface Tennis Courts	170,000	170,000	0	170,000		
Wish Tower - Catering Outlet	40,000	4,000	4,000	0		
Bandstand Seating	15,000	15,000	0	15,000		
<b>ILTC - Air Conditioning</b>	<b>60,000</b>		<b>0</b>	<b>60,000</b>		
<b>ILTC - Public Address System</b>	<b>20,000</b>		<b>0</b>	<b>20,000</b>		
<b>ILTC - Electrical System</b>	<b>10,000</b>		<b>0</b>	<b>10,000</b>		
<b>ILTC - Fire Alarm</b>	<b>10,000</b>		<b>0</b>	<b>10,000</b>		
<b>ILTC - Replacement Seating</b>	<b>100,000</b>		<b>0</b>	<b>100,000</b>		
<b>ILTC - Replacement Showers</b>	<b>25,000</b>		<b>0</b>	<b>25,000</b>		
<b>Total Tourism &amp; Leisure</b>		<b>292,800</b>	<b>36,700</b>	<b>481,100</b>	<b>0</b>	<b>0</b>
<b>CORPORATE SERVICES</b>						
Carbon Reduction Works	467,500	467,500	0	467,500		
Agile phase 2	555,000	153,000	153,000	0		
6 Saffrons Road Renovations	117,000	34,850	34,850	0		
Town Hall Roof	511,000	356,450	356,450	0		
Invest to Save	80,000	80,000	80,000	80,000	80,000	80,000
Redesign of CCC at 1 Grove Road	300,000	264,100	16,100	248,000		
IT Replacement - Icon	42,500	9,200	9,200	0		
Future Model Phase 1	1,250,000	358,600	358,600	0		
Future Model Phase 2	2,990,000	1,000,000	1,000,000	1,000,000	990,000	
Investment Capital	7,150,000	1,150,000	1,150,000	3,000,000	3,000,000	
IT - Block Allocation	Ongoing	268,000	268,000	150,000		
<b>Total Corporate Services</b>		<b>4,141,700</b>	<b>3,426,200</b>	<b>4,945,500</b>	<b>4,070,000</b>	<b>80,000</b>
<b>Asset Management</b>						
Devonshire Park Review	700,000	700,000	43,000	657,000		
Congress Theatre redesign & restoration	850,000	850,000	15,000	835,000		
Wish Tower Groundworks and site Preparation (from block allocation)	140,000	140,000	140,000	0		
Wish Tower Catering Temporary Provision (Invest to Save)	160,000	160,000	160,000	0		
Downland Water (Valve insertions)	25,000	25,000	25,000	0		
Bandstand Restoration	245,000	245,000	245,000	0		
8 Saffrons Rd - Boiler replacement	4,000	4,000	4,000	0		
Town Hall Boilers	85,000	85,000	85,000	0		
Asset Management - Block Allocation	1,743,000	0	0	492,300	581,000	500,000
<b>Total Asset Management</b>		<b>2,209,000</b>	<b>717,000</b>	<b>1,984,300</b>	<b>581,000</b>	<b>500,000</b>
<b>GENERAL FUND TOTAL</b>		<b>15,032,350</b>	<b>6,072,150</b>	<b>15,348,150</b>	<b>14,438,000</b>	<b>6,880,000</b>

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**BODY:** CABINET  
**DATE:** 5 February 2014  
**SUBJECT:** Treasury Management and Prudential Indicators 2014/15  
**REPORT OF:** Chief Finance Officer

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**Ward(s):** All

**Purpose:** To approve the Council's Annual Treasury Management Strategy together with the Treasury and Prudential Indicators for the next financial year.

**Decision Type** Key decision

**Contact:** Alan Osborne, Chief Finance Officer, Financial Services  
Telephone Number 01323 415149.

**Recommendations:** Members are asked recommend to Council;

- i) The Treasury Management Strategy and Annual Investment Strategy as set out in this report.
- ii) The methodology for calculating the Minimum Revenue Provision set out at paragraph 2.3.
- iii) The Prudential and Treasury Indicators as set out in this report.
- iv) The Specified and Non-specified Investment categories listed in Appendix 3.

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## **1.0 Introduction**

- 1.1 The Council is required to receive and approve, the Prudential and Treasury Indicators and Treasury Strategy as part of the budget setting process each year. This covers:
- the capital plans (including prudential indicators);
  - a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
  - the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
  - an investment strategy (the parameters on how investments are to be managed).

- 1.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.
- 1.3 The Council adopted CIPFA's Treasury Management code of Practice on 18 May 2010. This code is supported by treasury management practices (TMPs) that set out the manner in which the council seeks to achieve the treasury management strategy and prescribes how it manages and controls those activities.

## **2.0 THE CAPITAL PRUDENTIAL INDICATORS 2012/13 – 2016/17**

### **2.1 Capital Expenditure**

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist member overview and confirm capital expenditure plans.

The table below summarises the Council's capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

The capital expenditure forecasts for the Council are:

<b>Capital Expenditure £m</b>	<b>2012/13 Actual</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>
Non-HRA	4.9	6.1	15.7	14.4	6.9
HRA	7.4	7.8	9.8	4.3	4.2
LAMS		1.0			
<b>Total</b>	<b>12.3</b>	<b>14.9</b>	<b>25.4</b>	<b>18.7</b>	<b>11.1</b>
<b>Financed by:</b>					
Capital receipts	2.5	0.9	3.7	0.4	
Capital grants	4.6	1.4	6.7	9.3	6.3
Capital reserves	2.0	6.4	6.2	4.3	4.2
Revenue	0.2	1.0	1.5	0.5	
Loans to third party LAMS		1.0			
<b>Net borrowing need for the year</b>	<b>3.0</b>	<b>4.2</b>	<b>7.3</b>	<b>4.2</b>	<b>0.6</b>

### **2.2 The Council's Borrowing Need (the Capital Financing Requirement)**

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

Following accounting changes the CFR includes other long term liabilities (e.g. Serco, PFI schemes, finance leases) brought onto the balance sheet.

Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme already include a borrowing facility and the Council is not required to separately borrow for them. There are currently £1.2m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£m	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
<b>Capital Financing Requirement</b>					
CFR – non housing	19.2	22.5	27.5	30.6	29.9
CFR - housing	36.7	37.7	38.8	38.8	38.8
<b>Total CFR</b>	<b>55.9</b>	<b>60.2</b>	<b>66.4</b>	<b>69.4</b>	<b>68.7</b>
<b>Movement in CFR</b>	<b>2.2</b>	<b>4.3</b>	<b>6.2</b>	<b>3.0</b>	<b>(0.7)</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year	2.9	4.2	7.3	4.1	0.5
Less MRP and other financing movements	(0.7)	0.1	(1.1)	(1.1)	(1.2)
<b>Movement in CFR</b>	<b>2.2</b>	<b>4.3</b>	<b>6.2</b>	<b>3.0</b>	<b>(0.7)</b>

Note the MRP includes Serco repayments.

### 2.3 MRP Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

Regulations require the Council to approve an MRP Statement in advance of each financial year. A variety of options are provided to councils, so long as there is a prudent provision. It is recommended that the following methodology, as used in previous years, be continued:

- For capital expenditure incurred before 1.4.2008 MRP is provided for at 4% of the CFR.
- For capital expenditure incurred since 1.4.2008 MRP be charged using the most appropriate of the following two methods for the individual schemes as determined by the Chief Finance Officer under delegate powers
  - Asset Life method – based on the estimated life of the asset,
  - Depreciation method – based on standard depreciation accounting procedures.

No revenue charge is currently required for the HRA. However under HRA reform the HRA is required to charge depreciation on its assets, which will have a revenue effect. In order to address any possible adverse impact, regulations allow the Major Repairs Allowance to be used as a proxy for

depreciation for the first five years.

Repayments included in annual Serco payments and any finance leases are applied as MRP.

The Council has agreed to participate in LAMS (Local Authority Mortgage Scheme) using the cash backed option. The mortgage lenders require a five year deposit from the local authority to match the five year life of the indemnity. The deposit placed with the mortgage lender provides an integral part of the mortgage lending, and is treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The deposit is due to be returned in full at maturity, with interest paid either annually or on maturity. Once the deposit matures and funds are returned to the local authority, the returned funds are classed as a capital receipt, and the CFR will reduce accordingly. As this is a temporary (five years) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application.

## 2.4 **Affordability Prudential Indicators**

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. Note that indicators are required to be prepared on the gross capital spend and do not include any resulting income contributions expected from the implementation of the capital scheme. The Council is asked to approve the following indicators:

### 2.4.1 **Actual and estimates of the ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Non-HRA	4.9	5.3	6.9	8.5	9.6
HRA	12.4	10.9	11.7	10.6	9.9

The estimates of financing costs include current commitments and the proposals in the budget reports.

### 2.4.2 **Incremental impact of capital investment decisions on the band D council tax** -This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in the budget reports compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget estimates as well as other assumptions based on the Council's Medium Term Financial Strategy.



£	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
<b>Council Tax - Band D</b>	(25.60)	4.50	7.35	4.79	6.19

The increase in 2013/14 is attributable to the Local Council Tax Support Scheme which has reduced the Council Tax Base by more than 4,500 band D properties.

- 2.4.3 **Incremental impact of capital investment decisions on housing rent levels** - Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

£	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
<b>Weekly housing rent levels</b>	(3.90)	0.05	(0.51)	(1.72)	(0.39)

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

The reason for the negative figures in 2012/13 are due to the indicator representing the reduction to the interest costs resulting from the HRA debt settlement in March 2012, and then the fall out of early debt repayment premia.

### 3.0 TREASURY MANAGEMENT STRATEGY

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

#### 3.1 Current Portfolio Position

The Council's treasury portfolio position at 31 March 2013, with forward projections, are summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any under borrowing (ie the use of revenue cash balances referred to as internal balances).

£m	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
<b>External borrowing</b>					
Borrowing at 1 April	34.2	39.2	40.7	47.9	52.0
Expected change in borrowing	5.0	1.5	7.2	4.2	0.6
Other long-term liabilities (OLTL)	1.7	1.5	1.2	1.3	1.0
Expected change in OLTL	(0.2)	(0.3)	0.1	(0.3)	(0.3)
<b>Actual gross borrowing at 31 March</b>	<b>40.7</b>	<b>41.9</b>	<b>49.1</b>	<b>53.0</b>	<b>53.3</b>
CFR – the borrowing need	55.9	60.2	66.4	69.4	68.7
Use of internal balances	15.2	18.3	17.2	16.4	15.5
Investments	0.0	0.0	0.0	0.0	0.0

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Whilst investment interest rates continue to be below that for borrowing, value for money can be best achieved by avoiding new borrowing and using internal cash balances to temporarily finance new capital expenditure or to replace maturing external debt, thus maximising short term savings. However this needs to be carefully considered to ensure borrowing is taken at advantageous rates, but not taken too long before the need to borrow to avoid the cost of carrying the debt.

### 3.2 **Treasury Indicators: Limits to Borrowing Activity**

#### 3.2.1 **The Operational Boundary.** This is the limit beyond which external borrowing is not normally expected to exceed.

The Council is asked to approve the following operational boundary limits:

Operational boundary £m	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Borrowing	58.7	65.1	68.3	67.6
Other long term liabilities	1.5	1.3	1.1	1.1
Total	60.2	66.4	69.4	68.7

3.2.2 **The Authorised Limit for external borrowing** - This represents a limit beyond which external borrowing is prohibited:

The Council is asked to approve the following authorised limit:

<b>Authorised limit £m</b>	<b>2013/14 Actual</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>
Borrowing	73.7	80.1	83.3	82.6
Other long term liabilities	1.5	1.3	1.1	1.1
<b>Total</b>	<b>75.2</b>	<b>81.4</b>	<b>84.4</b>	<b>83.7</b>

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime of £42.96m. This limit, included in the authorised limits above, is currently:

<b>HRA Debt Limit £m</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>
<b>Total</b>	<b>37.7</b>	<b>38.8</b>	<b>38.8</b>	<b>38.8</b>

3.2.3 The Council has complied with these prudential indicators in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 3.3 **Prospects for Interest Rates**

The Council has appointed Capita Asset Services (Capita) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Appendix 1 draws together Capita's view plus a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates.

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently very positive in indicating that growth prospects are strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- As for the Eurozone, concerns have subsided considerably in 2013. However, sovereign debt difficulties have not gone away and major concerns could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

A detailed view of the Economic forecast is set out at Appendix 2.

### 3.4 **Borrowing Strategy**

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

There is an underlying need to borrow in the future to support capital expenditure and new external borrowing will be required by the end of this year. Rates are currently being monitored and new borrowing will be taken when the rates are advantageous either as long term debt or temporary borrowing. Against the current economic background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

The Council will maintain a balanced, affordable and sustainable maturity profile as set out below and all new borrowing will be undertaken in line with this policy.

### 3.5 Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates.

The Council is asked to approve the following treasury indicators and limits:

	2014/15	2015/16	2016/17
<b>Interest rate Exposures</b>			
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	25%	25%	25%
<b>Maturity Structure of fixed interest rate borrowing 2014/15</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	25%	
12 months to 2 years	0%	50%	
2 years to 5 years	0%	75%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	

### 3.6 Policy on Borrowing in Advance of Need

The Council will not borrow more than, or in advance of, its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### 3.7 Debt Rescheduling

As short term borrowing rates are currently considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt.

Debt scheduling will only be considered under the following circumstances:

- the generation of cash savings and /or discounted cash flow produce sufficient savings to cover the costs;
- it helps to fulfil the treasury strategy; and
- the balance of the portfolio (amend the maturity profile and/or the balance of volatility) is maintained.

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Cabinet, at the earliest meeting following its action.

## 3.8 **ANNUAL INVESTMENT STRATEGY**

### 3.8.1 **Investment Policy**

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment main priorities will be security first, liquidity second, then return.

After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment at appendix 3 and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

### 3.8.2 **Creditworthiness Policy**

In order to minimise the risk to investments, the Council has clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list as set out in at Appendix 4 . The aim is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

Credit rating information is supplied by Capita, the Council's treasury consultants, on all active counterparties that comply with the criteria at Appendix 4. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA from Fitch, as well as UK, which is currently rated AA+.

The Chief Finance Officer will maintain a counterparty list in compliance with the criteria set out in Appendix 4 and will revise the criteria and submit them to Council for approval as necessary. These criteria are

separate to that which determines which types of investment instrument are either Specified or Non-Specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

**The Local Authority Mortgage Scheme (LAMS) –**

The Council is planning to participate in the cash backed mortgage scheme which requires the Council to place a matching five year deposit to the life of the indemnity. This investment is an integral part of the policy initiative and is outside the criteria above.

**Time and monetary limits applying to investments.**

The time and monetary limits for institutions on the Council’s counterparty list are as follows (these will cover both Specified and Non-Specified Investments):

	Money Limit	Time Limit
Banks 1 category high quality	£5.0m	1 yr
Banks 2 category – part nationalised	£5.0m	1 yr
Limit 3 category – Council’s banker (not meeting Banks 1)*	£10.0m	1 day
Other institutions limit	£5.0m	1 yr
DMADF	Unlimited	6 months
Local authorities	£5.0m	1 yr
Money market Funds	£10.0m	Liquid

\* Whilst the Council is banking with the Co-operative Bank PLC the overnight cash flow will be kept at an operational minimal balance.

The proposed criteria for Specified and Non-Specified investments are shown in Appendix 3 for approval.

**3.8.3 Investment Strategy**

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

**3.8.4 Investment returns expectations.** Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2013/ 2014 0.50%
- 2014/ 2015 0.50%
- 2015/ 2016 0.50%
- 2016/2017 1.25%

There are upside risks to these forecasts (i.e. start of increases in Bank Rate starts sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back,

there could be a downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next three years are as follows:

2014/15	0.50%
2015/16	0.50%
2016/17	1.00%
2017/18	2.00%

- 3.8.5 **Investment treasury indicator and limit** - Total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit:

<b>Maximum principal sums invested &gt; 364 days</b>			
<b>£m</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Principal sums invested > 364 days	£2.0m	£2.0m	£2.0m

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

- 3.8.6 **End of year investment report**

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

- 3.9 **Policy on the use of external service providers**

The Council uses Capita as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

- 4.0 **Resource Implications**

All implications have been factored into the 2014/15 budget setting process.

**Alan Osborne**  
**Chief Finance Officer**



**Background Papers:**

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

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

Cross-sectorial Guidance Notes

CIPFA Prudential Code

Treasury Management Strategy and Treasury Management Practices adopted by the Council on 18 May 2010.

Council Budget 5 February 2014

Finance Matters and Performance Monitoring Reports 2013.

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

## APPENDIX 1 Interest rate Forecast 2014/17

Bank Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	2.73%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
UBS	2.73%	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.73%	2.30%	2.30%	2.30%	2.30%	2.30%	2.50%	2.90%	3.30%	-	-	-	-	-
10yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	3.82%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
UBS	3.82%	3.70%	3.80%	3.90%	4.05%	4.05%	4.30%	4.55%	4.55%	-	-	-	-	-
Capital Economics	3.82%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.80%	-	-	-	-	-
25yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	4.41%	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
UBS	4.41%	4.55%	4.55%	4.80%	4.80%	5.05%	5.05%	5.30%	5.30%	-	-	-	-	-
Capital Economics	4.41%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.35%	-	-	-	-	-
50yr PWLB Rate														
	NOW	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Capita Asset Services	4.36%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
UBS	4.36%	4.45%	4.45%	4.70%	4.70%	4.90%	4.90%	5.05%	5.05%	-	-	-	-	-
Capital Economics	4.36%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.50%	-	-	-	-	-

Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012

## APPENDIX 2 Economic Background

### The UK economy

**Economic growth.** Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth strongly rebounded in 2013 - quarter 1 (+0.3%), 2 (+0.7%) and 3 (+0.8%), to surpass all expectations as all three main sectors, services, manufacturing and construction contributed to this strong upturn. The Bank of England has, therefore, upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8%, (2015 unchanged at 2.3%). The November Report stated that: -

*In the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand. But significant headwinds — both at home and abroad — remain, and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise. That underpins the MPC's intention to maintain the exceptionally stimulative stance of monetary policy until there has been a substantial reduction in the degree of economic slack. The pace at which that slack is eroded, and the durability of the recovery, will depend on the extent to which productivity picks up alongside demand. Productivity growth has risen in recent quarters, although unemployment has fallen by slightly more than expected on the back of strong output growth.*

Forward surveys are currently very positive in indicating that growth prospects are also strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates.

**Forward guidance.** The Bank of England issued forward guidance in August which stated that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey / ILO i.e. not the claimant count measure) has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years in August, but revised to possibly quarter 4 2014 in November. The UK unemployment rate has already fallen to 7.4% on the three month rate to October 2013 (although the rate in October alone was actually 7.0%). The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels. This actually makes

forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The recession since 2007 was notable for how unemployment did NOT rise to the levels that would normally be expected in a major recession and the August Inflation Report noted that productivity had sunk to 2005 levels. There has, therefore, been a significant level of retention of labour, which will mean that there is potential for a significant amount of GDP growth to be accommodated without a major reduction in unemployment. However, it has been particularly encouraging that the strong economic growth in 2013 has also been accompanied by a rapid increase in employment and forward hiring indicators are also currently very positive. It is therefore increasingly likely that early in 2014, the MPC will need to amend its forward guidance by reducing its 7.0% threshold rate and/or by adding further wording similar to the Fed's move in December (see below).

**Credit conditions.** While Bank Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS) was extended to encourage banks to expand lending to small and medium size enterprises. The second phase of Help to Buy aimed at supporting the purchase of second hand properties, will also start in earnest in January 2014. These measures have been so successful in boosting the supply of credit for mortgages, and so of increasing house purchases, (though levels are still far below the pre-crisis level), that the Bank of England announced at the end of November that the FLS for mortgages would end in February 2014. While there have been concerns that these schemes are creating a bubble in the housing market, house price increases outside of London and the south-east have been much weaker. However, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.

**Inflation.** Inflation has fallen from a peak of 3.1% in June 2013 to 2.1% in November. It is expected to remain near to the 2% target level over the MPC's two year time horizon.

**AAA rating.** The UK has lost its AAA rating from Fitch and Moody's but that caused little market reaction.

## **THE GLOBAL ECONOMY**

**The Eurozone (EZ).** The sovereign debt crisis has eased considerably during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. In December, Ireland escaped from its three year EZ bailout programme as it had dynamically addressed the need to substantially cut the growth in government debt, reduce internal price and wage levels and promote economic growth. The EZ finally escaped from seven quarters of recession in quarter 2 of 2013 but growth is likely to remain weak and so will dampen UK growth. The ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bail out has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies

to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) of Greece 176%, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are continuing to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet EZ targets for fiscal correction. Whilst a Greek exit from the Euro is now improbable in the short term, as Greece has made considerable progress in reducing its annual government deficit and a return towards some economic growth, some commentators still view an eventual exit as being likely. There are also concerns that austerity measures in Cyprus could also end up in forcing an exit. The question remains as to how much damage an exit by one country would do and whether contagion would spread to other countries. However, the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks.

Sentiment in financial markets has improved considerably during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people of over 50%. The Italian political situation is also fraught with difficulties in maintaining a viable coalition which will implement an EZ imposed austerity programme and undertake overdue reforms to government and the economy. There are also concerns over the lack of political will in France to address issues of poor international competitiveness.

**USA.** The economy has managed to return to robust growth in Q2 2013 of 2.5% y/y and 4.1% y/y in Q3, in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March, and increases in taxation. The Federal Reserve therefore decided in December to reduce its \$85bn per month asset purchases programme of quantitative easing by \$10bn. It also amended its forward guidance on its pledge not to increase the central rate until unemployment falls to 6.5% by adding that there would be no increases in the central rate until 'well past the time that the unemployment rate declines below 6.5%, especially if projected inflation continues to run below the 2% longer run goal'. Consumer, investor and business confidence levels have all improved markedly in 2013. The housing market has turned a corner and house sales and increases in house prices have returned to healthy levels. Many house owners have, therefore, been helped to escape from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume

healthy levels of lending. All this portends well for a reasonable growth rate looking forward.

**China.** There are concerns that Chinese growth could be on an overall marginal downward annual trend. There are also concerns that the new Chinese leadership have only started to address an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

**Japan.** The initial euphoria generated by "Abenomics", the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and the introduction of other economic reforms, appears to have stalled. However, at long last, Japan has seen a return to reasonable growth and positive inflation during 2013 which augurs well for the hopes that Japan can escape from the bog of stagnation and deflation and so help to support world growth. The fiscal challenges though are huge; the gross debt to GDP ratio is about 245% in 2013 while the government is currently running an annual fiscal deficit of around 50% of total government expenditure. Within two years, the central bank will end up purchasing about Y190 trillion (£1,200 billion) of government debt. In addition, the population is ageing due to a low birth rate and, on current trends, will fall from 128m to 100m by 2050.

### **CAPITA ASSET SERVICES FORWARD VIEW**

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

There could well be volatility in gilt yields over the next year as financial markets anticipate further tapering of asset purchases by the Fed. The timing and degree of tapering could have a significant effect on both Treasury and gilt yields. Equally, while the political deadlock and infighting between Democrats and Republicans over the budget has almost been resolved the raising of the debt limit, has only been kicked down the road. A final resolution of these issues could have a significant effect on gilt yields during 2014.

The longer run trend is for gilt yields and PwLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis, or a break-up of the EZ, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be tepid for the next couple of years and some EZ countries experiencing low or negative growth, will, over that time period, see a significant increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the large countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks currently include:

- UK strong economic growth is currently very dependent on consumer spending and recovery in the housing market. This is unlikely to endure much beyond 2014 as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation, so disposable income is being eroded.
- A weak rebalancing of UK growth to exporting and business investment causing a major weakening of overall economic growth beyond 2014
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Prolonged political disagreement over the raising of the US debt ceiling.
- A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable; this will cause major difficulties in implementing austerity measures and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.

- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts, especially if it looks likely that one, or more countries, will need to leave the Eurozone.
- A lack of political will in France, (the second largest economy in the EZ), to dynamically address fundamental issues of low growth, poor international uncompetitiveness and the need for overdue reforms of the economy.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term – an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.



## APPENDIX 3 - Specified and Non-Specified Investments and Limits

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

	* Minimum 'High' Credit Criteria
Debt Management Agency Deposit Facility	--
Term deposits – local authorities	--
Term deposits – banks and building societies (See appendix 5 for approved Counties)	Green - See note below
Collateralised deposit	UK sovereign rating
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating
UK Government Gilts	UK sovereign rating
Bonds issued by multilateral development banks	AAA
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government (refers solely to GEFCO – Guaranteed Export Finance Corporation)	UK sovereign rating
Sovereign bond issues (other than the UK govt)	AAA
Treasury Bills	UK sovereign rating

### Term deposits with nationalised banks and banks and building societies

	Minimum Credit Criteria	Max % of total investments	Max. maturity period
UK part nationalised banks	Blue - See note below	£4.0m	1 year

Eastbourne Borough Council uses Capita's credit worthiness service which overlays colour bandings to determine the maximum length of any investment. See Appendix 4 for further detail.

**Accounting treatment of investments.** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the Specified Investment criteria. A maximum of 25% will be held in aggregate in non-specified investment.

**Maturities in excess of 1 year**

	<b>Minimum Credit Criteria</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
Term deposits – local authorities	--	£2m with any institution	2 years
Term deposits – banks and building societies	Green	£2m with any institution	2 years
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating	£2m with any institution	2 years
Certificates of deposit issued by banks and building societies	Green	£2m with any institution	2 years
UK Government Gilts	UK sovereign rating	£2m with any institution	2 years
Bonds issued by multilateral development banks	AAA	£2m with any institution	2 years
Sovereign bond issues (other than the UK govt)	AAA	£2m with any institution	2 years
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>			
1. Bond Funds	Long-term AA-volatility rating	£2m with any institution	2 years
2. Gilt Funds	Long-term AA-volatility rating	£2m with any institution	2 years

**Local Authority Mortgage Scheme.**

Under this scheme the Council is required to place funds of £1,000,000, with the Lender for a period of 5 years. This is classified as being a service investment, rather than a treasury management investment, and is therefore outside of the specified / non specified categories.

## **APPENDIX 4 – Creditworthiness Policy**

This Council applies the creditworthiness service provided by Capita. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

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

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:

- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used.

This methodology does not apply the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties. The Capita creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of Short Term rating F1, Long Term rating A-, Individual of Viability ratings of C- (or BB+), and a Support rating of 3. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support

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- BODY:** CABINET
- DATE:** 5 February 2014
- SUBJECT:** HRA Revenue Budget and Rent Setting 2014/15 and HRA Capital Programme 2013/16
- REPORT OF:** Senior Head of Community and Chief Finance Officer
- Ward(s):** All
- Purpose:** To agree the detailed HRA budget proposals, rent levels, service charges and heating costs for 2014/15, and the HRA Capital Programme 2013/17.
- Contact:** Pauline Adams, Financial Services Manager  
Tel 01323 415979 or internally on ext 5979
- Recommendations:** Members are asked to recommend the following proposals to full Council:
- i) The HRA budget for 2014/15 and revised 2013/14 as set out in **Appendix 1**.
  - ii) That rents are set in line with the rent convergence target of 2016 set by Government resulting in an average increase of 4.68%.
  - iii) That void HRA properties which are due for re-let are moved to target rent automatically,
  - iv) That service charges for general needs properties are increased by 2.75%, slightly below the RPI index,
  - v) That the service charges for the Older Persons Sheltered Accommodation currently available for let are increased by 4.83%.
  - vi) That heating costs are set at a level designed to recover the estimated actual cost.
  - vii) That water charges are set at a level designed to recover the estimated cost of metered consumption.
  - viii) That garage rents are set to increase by 4.68% in line with the average increase in housing rent.
  - ix) To give delegated authority to the Senior Head of Community, in consultation with the Cabinet Portfolio holders for Community Services and Financial Services and the Financial Services Manager to finalise Eastbourne Homes' Management Fee and Delivery Plan.
  - x) The HRA Capital Programme as set out in **Appendix 2**.

## **1.0 Introduction**

- 1.1 As from the 1 April 2012 the way that council social housing is financed was changed and the HRA became self financing. This means that expenditure has to be entirely supported from rental and other income. The main tool for the future financial management of the HRA is the 30 year Business Plan which was approved by Cabinet on 8 February 2012.
- 1.2 The introduction of HRA self financing does not end the requirement to maintain a statutory ring fenced HRA and the council is still required to maintain a separate account for the income and expenditure on council housing.
- 1.3 This report reflects the recommendations made by Eastbourne Homes in relation to the increases in rent levels, service and other charges.

## **2.0 2014/15 HRA Revenue Budget**

- 2.1 The 2014/15 budget has been prepared following the principles adopted within the HRA 30 year Business Plan and is attached at **Appendix 1**.
- 2.2 The 2014/15 budget is showing a surplus of (£307,760) which is due to a number of one off favourable factors as listed below.
- 2.3 The major changes between the 2013/14 and the 2014/15 budgets are:

Income increases and expenditure reductions:

- Effect of rent and service charge review -£640,630
- Fall out of premia for early debt repayment in prior years -£148,750
- Preliminary reduction in EHL Management Fee -£100,000
- Change in requirement for Revenue Contribution to Capital -£74,820
- Change in provision for bad debts, see (2.4) below -£343,500

Increase in Expenditure and income reductions:

- Change from 53 week rent year to 52 weeks £263,250
- Depreciation, in line with Business Plan to cover the future requirements of the Asset Management Plan £202,650
- Contribution to Housing Regeneration Reserve £500,000

- 2.4 An increase to the Provision for Bad Debts was included in the 2013/14 budget to deal with the increased risk to rent collection from benefit changes. Based on the actual rent collection performance this risk has decreased, however a prudent increase over 2012/13 has still been included in the 2014/15 budget.
- 2.5 The Business Plan allows for a revenue contribution to support capital expenditure for the three years 2013/14 to 2015/16 based on the asset management spending requirement peaking over these years in excess of the balance on the Major Repairs Reserve (MRR), until decreasing again by year five of the business plan. After this time surpluses begin to accumulate in the MRR as the cash backed depreciation allowance of £4m per year will start to exceed the capital spending requirements.

- 2.6 The HRA debt outstanding at 31.3.13 was £36.2m rising to £38.7m by 31.3.16 the majority of which will be external debt and at fixed interest rates. The increase in borrowing of £2.5m is expected to be undertaken mainly to support the SHEP programme. The additional interest payable from this borrowing will be funded from the additional rental as the properties are let. The Council's treasury management advisors are predicting that the currently low levels of interest rates will continue into 2014/15 and the interest budget has been prepared on this basis.
- 2.7 Under the self financing settlement the government set a cap on total HRA borrowing of £42.96m. The 30year Business Plan assumes from 16/17 to 28/29 that an average debt repayment of £2.8m per annum is funded from the HRA Revenue Account. This will either be used to fund the repayment of debt or be used to reinvest in housing properties in lieu of new borrowing.
- 2.8 The HRA outturn for 2013/14 is expected to deliver a (£314,950) surplus, a positive variance of £450,400 over the original budget (3.4% of gross expenditure). This is mainly as a result of the decrease in the requirement of the provision of bad debts of £390,000 and a decrease in the amount of interest payable of £65,000 from the continuing lower interest rates anticipated last year.
- 2.9 The HRA Business Plan is based on a policy for a minimum level of HRA balance of £1m to maintain a prudent level of reserve to ensure that the HRA remains sustainable in the longer term and is able to deal with any risks posed by the current economic climate.

The Balances on the HRA and Reserves are as follows:

	HRA £'000	MRR £'000	Housing Regeneration & Investment Reserve £'000
Balance at 1.4.13	2,179	2,671	298
Surplus/(Deficit)	315		
Depreciation		3,392	530
Major Works expenditure		-5,934	
Estimated Balance 31.3.14	2,494	129	828
Surplus/(Deficit)	308		
Revenue Contribution			500
Depreciation		3,504	603
Major Works expenditure		-3,633	-1,094
Estimated Balance 31.3.15	2,802	0	837

These are within the HRA strategy and policy expectation of the Business Plan.

### **3.0 Rent Levels for 2014/15**

- 3.1 On 5 December 2001, the Council agreed that housing rents would be set in accordance with the Governments proposals to achieve rent convergence for all social tenancies over a ten year period, using the government's specified rent convergence formula. The timetable for convergence was subsequently extended. Under the HRA self-financing settlement the government has assumed that rent convergence is achieved in 2015/16.
- 3.2 To avoid any large variation in the rent level from one year to the next, the Government proposals limited any changes to individual tenants' rents to a maximum of £2 per week, plus RPI plus 0.5% each year.
- 3.3 The RPI for September 2013 was 3.2% and this plus the 0.5% increase gives a formula rent increase of 3.7% for 2014/15.
- 3.4 For 2013/14 the average rent levied over 53 weeks a year was £74.51. After allowing for the damping mechanism referred to in 3.2, the average rent for 2014/15 for the properties to be retained within the HRA will be £77.89, an increase of 4.68 %.
- 3.5 Previously, setting rents above government convergence limits was discouraged by the 'rent rebate subsidy limitation' rule which made the HRA liable for the additional Housing Benefit payments generated by excess rents. Following the move to self financing, the 'limits' rule is no longer relevant to local authorities and could potentially move all their properties to target rent simultaneously.
- 3.6 As the majority of EBC owned properties (84%) have already reached their target rent, it is recommended that all void properties that are due to be re-let are moved to target rent automatically. This will maximise the number of tenants that have reached rent convergence by the assumed convergence date of 2015/16 and increase the income to the HRA before the existing rent calculation formula ceases.
- 3.7 Within the recent 2013 spending review, it was announced that social housing rents will increase by CPI (Consumer Price Index) +1% after 2014/15 until 2024/25. The revised formula, which is set to run for 10 years starting in 2015/16, will replace the existing formula.
- 3.8 Modelling this change into the Business Plan has identified that there will be little impact on the HRA, due to the Council having reached convergence by the new cut off date and the difference between the old and new rent formulae being minimal as it amounts to less than six pence in the pound over twenty years.

### **4.0 Service Charges**

- 4.1 For properties in shared blocks these charges cover common services such as communal heating, lighting, equipment maintenance contracts, cleaning and grounds maintenance. In Older Persons Sheltered Accommodation the charges additionally include On-Site Co-ordinators, Lifeline services, lift



maintenance contracts, communal furniture and carpets maintenance and internal re-decorations. These costs should be charged separately from the rent in those properties to which they apply.

- 4.2 The HRA Business Plan assumes that service costs are fully recovered through service charges and are not included in rents. This principle has been applied for 2014/15.
- 4.3 For general needs properties in blocks the average service charge increase is 2.75%. For Older Persons Sheltered Accommodation the average service charge increase is 4.83% for those properties available for let.

## **5.0 Heating costs - Older Persons Sheltered Accommodation**

- 5.1 These charges are set in line with known price increases experienced in 2013 and predicted future costs. For 2014/15, it is recommended that the average charge increase is 1.78%. This is an increase of 12p per week for those properties available to let.

## **6.0 Water Charges**

- 6.1 These charges are set in line with meters being fitted to all of the retirement courts. For 2014/15, it is recommended that the average charge increase is 3%. This is an increase of 10p per week for those properties available to let.

## **7.0 Garage Rents**

- 7.1 Following the increase in garage rent in line with housing rents last year, garage void rates are slowly decreasing. The progress of this extra income still remains slow as the majority of repairs needed to the garage stock are major works requiring longer periods of time to repair and let.
- 7.2 It is therefore recommended that Garage rents are increased in line with the average increase in housing rents of 4.68%.

## **8.0 HRA Capital Programme 2014/15 to 2016/17**

- 8.1 The Capital Programme as set out in **Appendix 2** has been prepared to meet the Council's strategies, as adjusted to reflect the availability of resources. Total budgeted expenditure for 2014/15 is £9,771,000.
- 8.2 The Decent Homes work is due to be completed by the end of 2013/14 and the remodelling of Older Persons Sheltered Accommodation by 2014/15.
- 8.3 The major works element of the programme is in line with the asset management plan and the self financing business plan model. Funding is mainly from the Major Repairs Reserve with a small contribution from revenue balances as set out in 2.5 above.
- 8.4 Cabinet on 4<sup>th</sup> September 2013, agreed a budget of £2.3m for the Support for Housing in Eastbourne Programme (SHEP), out of the total allowance of £20m HEDP programme. This has now been profiled to reflect the expected spending timetable and will be funded from borrowing and HCA grant.

## **9.0 Eastbourne Homes Management Fee**

- 9.1 Negotiations are in progress to reduce the management fee paid to EHL for the year 2014/15 by up to £100,000. Should these negotiations be successfully concluded, the management fee will be circa £6.7m.
- 9.2 The Management Fee covers both Operational and Administration costs as well as cyclical maintenance. There is currently pressure on the maintenance budget requirement for void properties and it therefore maybe necessary to introduce an element of flexibility to transfer some of the MRR capital funding to EHL to cover this cost. It is recommended that this decision be included in the delegation set out below.
- 9.3 To formally agree the management fee Members are asked to delegate this responsibility to the Senior Head of Community, in consultation with the Cabinet Portfolio Holders for Community Services and Financial Services and the Financial Services Manager.

## **10.0 Consultation**

- 10.1 Rent increases are subject to national policy on rent convergence. In December 2001 the Council adopted a policy of achieving convergence, based on consultation with its tenants at the time. Additional consultation was carried out through a meeting of the Eastbourne Homes' Residents Scrutiny Panel held in January 2014.
- 10.2 The Council is obliged to ensure that all tenants are given 28 days notice of any changes to their tenancy including changes to the rent they pay.

## **11.0 Implications**

### **11.1 Financial and Human Resources**

The council has taken a pro-active approach to the implementation of the rent convergence policy. There are no staffing implications arising out of this report.

### **11.2 Environmental**

Eastbourne Homes is committed to delivering energy efficiency improvements in its maintenance and modernisation programme to help reduce heating costs in all homes.

### **11.3 Economic**

Eastbourne Homes will make every effort to identify tenants who may face additional financial hardship as a result of rent or service charge increases in order to offer appropriate support and advice.

Anti-poverty activity by Eastbourne Homes takes place routinely throughout the year to maximise household income. This includes advice on benefits and

arrears management. This targeted use of resources assists greatly in ensuring housing remains affordable.

## **12.0 Conclusions**

- 12.1 The HRA Revenue Budget has been produced based on the policies set out in the HRA 30 year Business Plan and is showing an overall surplus of (£307,760) for 2014/15. This is mainly due to a number of favourable factors including the rent and service charge review, the change in requirement for the provision of bad debts and the savings from Treasury Management activities on borrowing.
- 12.2 The rent levels have been prepared in accordance with the council's rent convergence policy and the self financing business plan assumptions. The average increase is 4.68%.
- 12.3 Following the change to self financing in the HRA, void rents are recommended to move to target routinely.
- 12.4 Service charges, heating and water charges are fixed weekly amounts set at a level to recover the expected actual cost to be incurred for the respective properties in the forthcoming year.
- 12.5 Garage rents are recommended to increase in line with the average increase in housing rents 4.68%.
- 12.6 Total budgeted expenditure on the HRA Capital Programme is planned at £9,771,000 for 2014/15, £4,258,000 for 2015/16 and £4,195,000 for 2016/17. The Decent Homes work is due to be completed during 2013/14 and the remodelling of the sheltered accommodation by 2014/15. The major works element of the programme is in line with the asset management plan and the HRA business plan model.

**Pauline Adams**  
**Financial Services Manager**

### **Background Papers:**

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

*HRA 2014/15 Budget working papers held by Eastbourne Council and Eastbourne Homes Ltd.*

*HRA Self Financing 30 year Business Plan.*

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

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## HOUSING REVENUE ACCOUNT

2013-14 Original Budget £' 000	2013-14 Revised Budget £'000		2014-2015 BUDGET £' 000
		<b>INCOME</b>	
(14,051)	(14,051)	Gross Rents	(14,439)
(892)	(922)	Charges for Services	(918)
(14,943)	(14,973)	<b>GROSS INCOME</b>	<b>(15,357)</b>
		<b>EXPENDITURE</b>	
6,814	6,814	Management Fee	6,714
1,283	1,297	Supervision and Management	1,255
470	89	Provision for Doubtful Debts	126
3,904	3,937	Depreciation and Impairment of Fixed Assets	4,107
468	468	Revenue Contributions to Capital Outlay	393
13	13	Statutory Contribution to the General Fund Rent Rebates	0
12,952	12,618	<b>GROSS EXPENDITURE</b>	<b>12,595</b>
(1,991)	(2,355)	<b>NET COST OF SERVICES</b>	<b>(2,762)</b>
2,115	2,049	Loan Charges - Interest	1,956
(21)	(9)	Interest Receivable	(2)
103	(315)	<b>NET OPERATING SURPLUS</b>	<b>(808)</b>
NIL	NIL	Transfer to Reserves	500
103	(315)	<b>HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT</b>	<b>(308)</b>
		<b>HOUSING REVENUE ACCOUNT WORKING BALANCE</b>	
(2,017)	(2,179)	In Hand at 1st April	(2,494)
103	(315)	Transfer (To)/ From Working Balance	(308)
(1,914)	(2,494)	In Hand at 31st March	(2,802)

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<b>HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2013/14 - 2016/17</b>					
<b>Scheme</b>	<b>Approved Budget 2013/14</b>	<b>Revised Budget 2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>Managed By Eastbourne Homes</b>					
Decent Homes Works	284,000	567,900	-	-	-
Sheltered Remodelling	2,400,000	2,054,800	1,782,000	0	0
Major Works	4,350,300	3,699,600	3,183,000	3,766,000	3,703,000
Adaptations	-	-	412,000	412,000	412,000
Environmental Improvements	80,800	80,000	80,000	80,000	80,000
	<b>7,115,100</b>	<b>6,402,300</b>	<b>5,457,000</b>	<b>4,258,000</b>	<b>4,195,000</b>
Langney Villas	10,000	-	-	-	-
Ratton Road	13,300	-	-	-	-
Upper Avenue	10,000	-	-	-	-
LA New Build 2013-15	2,930,000	-	2,930,000	-	-
Supporting Housing & Economic Progress Initiative (SHEP)	2,279,000	1,170,000	1,109,000	-	-
46 Upperton Gardens	240,000	40,000	200,000	-	-
Homelessness Change Programme	275,000	200,000	75,000	-	-
<b>Total HRA Capital Programme</b>	<b>12,872,400</b>	<b>7,812,300</b>	<b>9,771,000</b>	<b>4,258,000</b>	<b>4,195,000</b>
<b>Funded by:</b>					
Borrowing	1,919,000	810,000	1,109,000	-	-
Government Grant	416,000	416,000	-	-	-
Capital Receipts inc. RTB	2,656,800	184,000	2,406,770	-	-
Major Repairs Reserve	6,581,000	5,934,200	3,633,320	4,106,970	4,195,000
S106 Contributions	831,500	-	798,230	-	-
Revenue contributions from HRA	468,100	468,100	393,280	-	-
Reserves	-	-	1,430,400	151,030	-
<b>Total Financing</b>	<b>12,872,400</b>	<b>7,812,300</b>	<b>9,771,000</b>	<b>4,258,000</b>	<b>4,195,000</b>

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<b>Body:</b>	<b>CABINET</b>
<b>Date:</b>	<b>5 February 2014</b>
<b>Subject:</b>	<b>Sustainable Service Delivery Update</b>
<b>Report Of:</b>	<b>Deputy Chief Executive</b>
<b>Ward(s)</b>	All
<b>Purpose</b>	To update Members on the progress made within the SSDS programme, with particular reference to the Future Model Programme Plan (Phase Two) as at January 2013, this being one of the key projects under the Corporate Plan Sustainable Performance theme (Project 2 – Efficiency).
<b>Recommendation:</b>	Members are asked to: <ol style="list-style-type: none"><li>i) Note key activities and progress made against the Future Model Programme Plan (Phase Two).</li><li>ii) Note key programme milestones for February 2014 – May 2014</li><li>iii) To approve a budget of £15k to investigate the opportunities, costs and issues of developing shared corporate services with Lewes District Council</li></ol>
<b>Contact:</b>	Julian Osgathorpe, Deputy Chief Executive, Telephone 01323 415008 or internally on extension 5008. <a href="mailto:julian.osgathorpe@eastbourne.gov.uk">julian.osgathorpe@eastbourne.gov.uk</a>  or  Henry Branson, Senior Head of Infrastructure, Telephone 01323 415155 or internally on extension 5155. <a href="mailto:Henry.branson@eastbourne.gov.uk">Henry.branson@eastbourne.gov.uk</a>

## **1.0 Background/Introduction**

1.1 The Sustainable Service Delivery Strategy (SSDS) is a key response to the increasing cost and demand pressures facing the Council. It is a programme that was developed to promote a range of solutions, including internal transformation as well as increasing effective partnership working with other organisations.

In July 2013 Cabinet approved the adoption and implementation of Phase Two of the Future Model under Option 5 of the SSDS and delegated authority to the DRIVE Programme Board to run the programme within the allocated resources. The scope of Phase Two is:

- CMT/ Senior management
- Housing

- Revenues
- Benefits
- Fraud
- Strategic performance
- Democratic/ Civic services
- Electoral services and local land charges
- Community development, involvement and crime reduction
- Tourism development marketing
- Seafront services
- Events
- Sports and leisure
- Finance – payments and income
- Finance – procurement
- Digital mail room
- Customer contact activity currently carried out by Capita for revenues and benefits
- Asset Management

This is the first update to Cabinet on the progress of Phase Two.

The Future Model Programme aims to improve service delivery whilst delivering savings estimated at £1.7m to £2m across the organisation. The current phase, Phase Two, is estimated to save £1.2m - £1.5m.

The Future Model describes a new way of organising and delivering council services, delivering efficiencies at the same time as putting the customer at the heart of all we do. Further details are available in the [July 2013 Cabinet report](#).

## **2.0 Sharing Corporate Services**

2.1 In addition to the current activity under Phase Two of the Future Model, an opportunity has arisen to explore the development of shared corporate services with Lewes District Council. It is proposed that iESE are instructed to work with the Councils to develop a brief for the piece of work which should provide a view on the following areas with regard to any proposal:

- Options
- Costs
- Benefits (financial and non-financial)
- Risks
- Issues
- Likely implementation pathway

The anticipated cost of this work will be capped at £15k to each council. A further report to Cabinet will outline the findings and recommend a way forward in due course.

Lewes District Council approved both the initiative and the budget for this piece of work at their Cabinet on 6<sup>th</sup> January 2014.

### **3.0 Future Model Programme Highlights**

#### **3.1 Summary of programme status**

A key priority for August and September was mobilising the programme and ensuring that the appropriate contracts were in place. This was completed successfully and we will be working once more with Civica and Ignite as our principle implementation partners.

The Phase Two project teams are largely in place and working well. Workshops are underway and staff are engaging well. The implementation of the new revenues and benefits system is the biggest technology project and has therefore been a key area of focus in the first two quarters, and is on target.

The key areas of risk for the programme are:

- Resources – Phase Two is a large programme, and we have some Phase One work to complete as well. We are placing significant demands on both our own staff and our partners. We are looking to build additional capacity into our internal Systems Support team and are engaged in frequent resourcing conversations with Civica and Ignite.
- System integration – Civica, as our key technology partner, are fully committed to building the integrated set of technologies required to support the Future Model. Where this involves other software companies we are dependent on the ability and willingness of those companies to open up their products to integrate with Civica. Discussions are underway with all such companies but have not been concluded as yet.
- Positive staff engagement – we continue to ask EBC staff to engage positively in the programme, since we cannot make the Future Model a success without staff input. EBC staff have the experience of Phase One to draw on, whereas EHL staff are new to the process and we need to ensure we do all we can to enable them to contribute effectively.

#### **3.2 Key Activities August - January**

##### **Workstream 1: Customer**

This workstream will focus on opportunities to encourage customers to access services online. Early planning activity for this project is now underway. Since the new website was launched in Phase One we have had more than 1,700 customers register online.

Additionally, this workstream will co-ordinate the consultation activity that will be required with customers and stakeholder groups.

##### **Workstream 2: Business Process Create and Construct**

This workstream focuses on re-designing the services along the Future Model principles and then developing the technology to support the new work processes.

The project team is working well and has run a series of core workshops looking at some of the most important customer journeys for Phase Two. A 'customer journey' describes how a service will work for both the customer and the different staff groups once it has been redesigned along Future Model principles.

These workshops have been delivered on schedule.

It has also been necessary to carry some work leftover from Phase One into the Phase Two. This work is ongoing and will be completed by March 2014.

### **Workstream 3: Technology**

There are ten technology projects within this workstream. At a high level their status is as follows:

- T1 Data & Records (Implementation started)
- T2 Infrastructure Technology (Implementation started)
- T3 Revenues & Benefits System (Implementation started)
- T4 Serengeti Migration (Not started)
- T5 Orchard Integration (Scoping)
- T6 Mobile Technology (Scoping)
- T7 Website Development (Not started)
- T8 Land Charges Automation (Scoping)
- T9 Electoral Registration (Scoping)
- T10 Post Go Live Support (Not started)

All of these projects are largely where we would expect at this stage of the programme, with the exception of T5 Orchard Integration and T9 Electoral Registration, where we had hoped to have moved into implementation. Both these projects involve system integration work and whilst discussions have been held with the other software suppliers, we have not yet fully defined the work required.

### **Workstream 4: People**

This workstream is responsible for taking the outputs of the business process workshops and creating the staff structure and roles which will form part of the Target Operating Model (TOM). The programme plan shows consultation on the TOM taking place in June/July 2014.

### **Workstream 5: Programme Management**

The DRIVE Board has approved the programme initiation document and programme plan, although both of these documents are 'live' documents and will evolve as the programme moves forward.

Several key decisions have been made in the last quarter which will have an impact on the programme:

- Confirmation of EHL's involvement in Phase Two

In July 2013, Cabinet approved the commencement of discussions to align the activities of Eastbourne Borough Council (EBC) and EHL to deliver customer benefits and efficiencies. These discussions have taken longer than anticipated but both organisations have now

reached a position of agreement on the following points:

- All of EHL's services will be reviewed as part of Phase Two, with the exception of certain key contractual relationships which need to remain largely as-is for now. Opportunities for integrating EBC and EHL teams will be explored and a set of high level principles will be reported to Cabinet in March. Tenants will then be consulted on the proposals.
- EHL will relocate from Ivy House to 1 Grove Road by the end of their lease in 2015 and will work in line with EBC's agile working philosophy.
- Inclusion of the Events team in scope of the programme
- Inclusion of the Estates and Facilities team in scope of the programme.

Early communications activities have included a staff drop-in event in December to provide more information about Future Model and the Phase Two programme. Around 80 staff were engaged through the event, and an evening session was attended by 9 Councillors.

### 3.3 **Key Decisions / Deliverables February to May**

The workstreams consist of a number of projects, which in turn break down into work packages. These workstreams, projects and work packages have been loaded into the Council's performance management system, Covalent, to help us track progress throughout the programme.

For the Business Process Create and Construct workstream we have broken the work into logical groups of services which we will tackle in a series of 'sprints'. A sprint is a short project of around 6 weeks; it will start with workshops to design the new processes and then move straight into building the new processes using the technology. This approach has been adopted to address some learning points from Phase One.

Section 2.3 below presents an overview of the key areas of focus for the next quarter. It is not an exhaustive list of all work packages and deliverables.

### 3.4 **Next Quarter Milestones**

Major deliverables that will be produced in the next period (leading to 31 May 2014) include:

Workstream 1: Customer

- Channel Shift Plan
- Ongoing channel shift activities
- Detailed plan for consultation with residents and tenants

Workstream 2: Business Process Create and Construct

- Complete Phase One sprint and Go Live with scripts/processes – Licensing and Environmental Health
- Complete Phase Two sprints:
  - Seafront services and events delivery unit
  - Land charges

- Electoral services
- Revenues and associated Finance processes
- Benefits and Housing sprints will be in progress

#### Workstream 3: Technology

- First data migration for revenues and benefits
- Customer data matching
- Define and commence housing systems integration
- Define and commence electoral services systems integration
- Define and commence website development
- Define and commence migration of EHL's Serengeti system to EBC's W2 system

#### Workstream 4: People

- Induct EHL staff into Future Model programme
- Launch knowledge and skills project
- Further development of organisation design including both corporate management structures. EHL and EBC management to have reached agreement about the draft Target Operating Model and prepared for staff consultation

#### Workstream 5: Programme Management

- Oversee development of remaining project plans (largely for technology projects)
- Ongoing communications activities
- Ongoing status reporting

## **4.0 Resource Implications**

4.1 Financial: The Future Model programme is currently on budget. An additional budget of £15k is sought to fund the initial workstream around shared corporate services initiative with Lewes District Council and iESE.

4.2 Staffing: As stated in 2.1 above, the demands being made on staff at present are considerable and we are actively looking at introducing additional support and staff resources where needed.

## **5.0 Conclusion.**

5.1 With the continued successful implementation of the Future Model initiative, the Council is well on track with regard to the internal transformation agenda. Now, with the developing relationship with Lewes District Council we are beginning to see the potential for deeper shared working with a neighbouring authority.

Members are asked to note both progress made with regard to the Future Model and endorse the investigation of shared services with Lewes District Council.

**Henry Branson**  
**Senior Head Of Infrastructure**

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**Background Papers:**

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

- Future Model Programme Plan
- Future Model Project Highlight Reports
- Sustainable Service Delivery Strategy Programme – Implementation of the Future Model Phase 2 (Cabinet Paper, 10 July 2013)

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

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<b>BODY</b>	<b>CABINET</b>
<b>DATE</b>	<b>5 February 2014</b>
<b>SUBJECT</b>	<b>Eastbourne Town Centre – Update on Use of Compulsory Purchase Powers</b>
<b>REPORT OF</b>	<b>Senior Head of Development</b>

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**Ward(s)** Devonshire, Meads and Upperton

**Purpose** To update Members on the position regarding the need for a Compulsory Purchase Order (CPO) for the compulsory acquisition of properties and interests in the town centre, to facilitate the development of the extension to the Arndale Centre.

**Contact** Jefferson Collard, Senior Head of Development,  
1 Grove Road, Eastbourne  
Tel no: (01323) 415240  
E-mail: [jeff.collard@eastbourne.gov.uk](mailto:jeff.collard@eastbourne.gov.uk)

- Recommendations**
1. That Cabinet note planning application 131071, which is to be determined by the Council's planning committee, and Cabinet confirm that in the event that the application is granted, with or without modifications, the authority delegated to the Senior Head of Development on 6 February 2013 to make a CPO will continue to apply. The authorisations previously granted provided that:  
  
Cabinet delegate to the Senior Head of Development, in consultation with The Chief Finance Officer and the Leader, authority to:  
  
(a) take all necessary steps to secure the making, confirmation and implementation of the CPO including the publication of all notices to give effect thereto;  
  
(b) complete an indemnity agreement with PRLP to provide for the reimbursement of costs incurred by the Borough Council in processing the CPO;  
  
(c) make minor or technical amendments to the boundary of the delineated area, if necessary  
  
(d) acquire all necessary interests in the delineated area (as may be amended) either by agreement or compulsorily;
-

- (e) negotiate with any landowner or occupier;
  - (f) set out the terms for the withdrawal of objections to the CPO;
  - (g) make arrangements to assist with any relocation as required;
  - (h) to confirm the CPO if granted power to do so by the Secretary of State;
  - (i) make arrangements for the presentation of the Borough Council's case for confirmation of the CPO at any public inquiry;
  - (j) exercise the compulsory purchase powers authorised by the CPO by way of general vesting declaration and/or notice to treat.
2. In addition, that Cabinet delegate to the Senior Head of Development, in consultation with the Chief Finance Officer and The Leader, authority to exercise its powers of appropriation and powers under S237 of the Town and Country Planning Act 1990, if required.
  3. That the revised plan at Appendix 1 is the area to be used to make the Compulsory Purchase Order (subject to any further variations).

## **1.0 Introduction**

- 1.1 Members will recall that at the Cabinet meeting on 6 February 2013, it approved the making of a CPO subject to the completion of an indemnity agreement with PRLP to facilitate the redevelopment of the extension to the Arndale Centre. Cabinet authorised officers to negotiate and enter into a CPO indemnity agreement with PRLP (the developer) to indemnify the Council against all costs and compensation awards associated with the Council making a CPO, and also granted delegations to officers to carry out all steps necessary to obtain the CPO.
- 1.2 PRLP submitted a new application in December 2013 for revised proposals to the Arndale Centre extension which includes leisure uses. This application has yet to be determined by the Council's planning committee. If approval is forthcoming then it is the revised scheme which will become the underlying scheme for the proposed CPO.
- 1.3 Since the last report the boundary of the land needed for the development has been slightly adjusted. Although the scheme to be implemented will now include the leisure offer there is little change in

the land needed for the proposal. However for the avoidance of doubt a revised plan showing the CPO area is attached at Appendix 1.

## **2.0 Update**

2.1 Following Cabinet's authorisation to proceed with the CPO process, the decision was referred to Full Council to be endorsed. The Cabinet's decision was duly endorsed by Full Council on 20 February 2013. Members should note that there is no legal requirement for Full Council to endorse Cabinet's resolution in relation to this matter. Cabinet has full authority delegated to it under the Constitution. While Cabinet wanted to highlight to Full Council the decision it had made last time, however it is not necessary to do so again following this further Cabinet resolution.

2.2 On 30 May 2013, the Section 106 Agreement was completed and planning permission issued for PRLP's development proposals for the Arndale Centre's extension, consisting of:

*"demolition of existing buildings to provide an extension to the existing shopping centre for class A1, A2, A3, A4 and A5 (retail use) at ground and first floors plus second floor ancillary space; a 2 storey extension to existing car parking deck and pedestrian access including new shop fronts onto Terminus Road and associated highway works."* (Council ref 120904)

The proposal is in accordance with the Council's local policy objectives for the redevelopment of Eastbourne Town Centre.

2.3 Members are advised that on 19 December 2013, PRLP submitted a revised application for an extension to the Arndale Centre, this being the same location as that comprised in the May 2013 permission. The scheme does not differ significantly from the originally approved scheme, other than proposing the additional leisure element of a 9 screen cinema and 7 restaurants. This application has not yet been determined by the Council's planning committee. If approval of the revised scheme is forthcoming then this will form PRLP's preferred scheme and will be the underlying scheme on which the CPO is promoted.

2.4 Since the Cabinet's decision on 6 February 2013, the Council has also adopted the Eastbourne Town Centre Local Plan (November 2013) (TCLP). The regeneration of the town centre remains a key objective within the TCLP, in particular the area of land to be subject of the CPO, which is identified within the TCLP as Development Opportunity Site One (Policy TC18). The TCLP anticipates the Council will consider using CPO powers to enable key proposals in the TCLP. The scheme proposed in the planning application referred to above at 2.3 will be assessed against the TCLP.

2.5 Over the past year, officers have negotiated the CPO Indemnity Agreement with PRLP. The CPO Indemnity Agreement is now almost

in an agreed form and will be entered into shortly. Officers are satisfied that the CPO Indemnity Agreement secures appropriate indemnities from the developer to cover all relevant costs incurred by the Council in making and proceeding with the CPO through to confirmation, together with all compensation claims arising from acquiring land and interests pursuant to the CPO (if confirmed).

2.6 Officers understand that PRLP has sought to separately negotiate with some of the third party landowners in order to secure land required for the Arndale Centre extension, by agreement. Whilst good progress has been made, there remain a number of interests which have not been secured by private treaty and officers are satisfied that a CPO is required to facilitate land assembly; in the context of the regenerative benefits this will have for the town, there is a compelling case in the public interest to use its CPO powers accordingly. Albeit PRLP will be encouraged by the Council to continue to negotiate with third parties once the CPO process commences. Under the CPO Indemnity Agreement, the Council may be required to take a transfer of the land required for the development, which would include land presently owned by PRLP. The Land would need to be appropriated for planning purposes in order to utilise the Council's powers under S237 the Town and Country Planning Act 1990. This section enables private rights in land, which could act as a constraint on development, to be *interfered* with where development is carried out in accordance with a planning permission; in this instance this will principally include the interference with any rights of light interests (amongst others). The main effect of this section is to reduce the remedy of a third party wishing to enforce its right by injunction to that of compensation, thereby allowing development to proceed.

2.7 More recently, the land referencing exercise to identify all interests and rights to be acquired, has been commenced on behalf of the Council. Requisitions for Information will be served on all occupiers, owners and others known to have interests in land; this requires each individual served, to provide to the Council information regarding the respective land interests. The Schedule of Interests which will form part of the CPO will then be finalised to ensure that all necessary interests and rights are properly identified.

### **3.0 The Key Issues in considering the use of CPO Powers**

#### **3.1 Risk Management**

The identified risk management issues are:-

(a) **The failure to follow procedural guidelines in the making and seeking confirmation of the CPO or the failure of the Secretary of State to confirm the CPO**

The Borough Council's risks will be managed via the existing strategic risk management process. Procedural risk with regard to the confirmation of the CPO will be minimised by the use of external legal and commercial advisers and working in partnership with a similar team employed by PRLP;

(b) **The Council's costs exposure to the costs of the CPO Process and compensation claims**

The Borough Council will not be exposed to costs by proceeding with the CPO as the CPO will not be made until PRLP has entered into the CPO Indemnity Agreement referred to in section 5 below under which the Borough Council will be indemnified for any costs it incurs. The CPO Indemnity Agreement is also structured to ensure that the Council's liability for compensation payments is minimised until such time the Developer has put the Council in funds (including a contingency) to meet such liabilities.

3.2 **Key benefit**

The implementation of the scheme requires the acquisition of land, property interests and new rights. Negotiations for the acquisition of these interests by PRLP are ongoing and will continue. However, it is clear, that if implementation of the scheme is to be achieved within a realistic timescale then the powers available to the Borough Council to compulsorily acquire these interests must be ready to be used where necessary.

**4.0 Financial Implications**

4.1 As the costs associated with any necessary Compulsory Purchase Order will be met by PRLP via the CPO Indemnity Agreement. The Council already has an undertaking from PRLP to meet the costs of land referencing and the CPO will not be made until the CPO Indemnity Agreement is in place. Accordingly, there are no financial implications for the Council.

**5.0 Human Resource Implications**

5.1 With the help of external specialists, existing council staff across the relevant services can manage the process within existing resources. External legal advisors have already been appointed to advise and act on behalf of the Council in respect of the CPO process. Their costs are being fully met by the developer.

**6.0 Human Rights**

6.1 The Human Rights Act 1998 prohibits public authorities from acting in a way which is incompatible with the European Convention on Human Rights. The Borough Council is therefore required to consider whether its actions would infringe the human rights of anyone affected by the making of the CPO. While certain Convention rights may be relevant to the CPO (such as the "right to peaceful enjoyment of possessions") interference with such rights by public authorities will be justified where the public interest outweighs the interest of the private individual. It is considered that any interference with the Convention rights caused by the CPO will be justified and proportionate in the wider public interest in order to secure the economic, social, physical and environmental regeneration of the town centre.

## **7.0 Equality and Fairness**

- 7.1 It has not been possible to carry out an equality analysis prior to this report being prepared because the outcomes of PRLP's private negotiations are, as yet, unknown. However as almost all the property is in commercial use, the developer's intention is to seek relocations for their businesses, or reach a settlement that has been agreed between the parties, so that those affected are in no worse a position after the development is in place. Nevertheless, it is intended to analyse the effects of the decision to make a CPO against equality when the full scope of the community that is affected is known. The outcomes of the analysis will be reported through the council's agreed processes and referred to Cabinet should further decision-making be required.

## **8.0 Conclusion**

- 8.1 The Cabinet has already made the decision to pursue a CPO and has granted all appropriate authorities to officers to enable officers to proceed with making the CPO and to carry out necessary related steps once the CPO is confirmed. Cabinet's decision and delegations have been endorsed by full Council. The purpose of this report is to note for the avoidance of doubt that the authorisations previously granted also apply in the context of PRLP's new development proposals, if approved in their current or substantially similar form. Additional authority is sought for the Council to use its powers of appropriation and pursuant to S237 of the Town and Country Planning Act 1990, to *interfere* with any third party interests, if required.
- 8.2 The regeneration of Eastbourne town centre has been a long standing ambition of the Borough Council and the local community. The expansion of the town's retail offer is supported both nationally and locally in formal planning policy statements. Developers have now submitted a revised planning application for a major expansion to the town centre and are actively negotiating to assemble the development site.

Jefferson Collard  
Senior Head of Development

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### Background Papers:

Report to Cabinet - 6 February 2013  
Minutes of Cabinet Meeting of 6 February 2013

Report to Full Council - 20 February 2013  
Minutes of Full Council - 20 February 2013

Planning application 120904 - Original application with planning permission

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Planning Committee report - 23 August 2012 in relation to application 120904  
S106 Agreement dated 30 May 2013 for planning application 120904  
Planning Permission dated 30 May 2013 - reference 120904

Planning application 131071 – new application currently being processed

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

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## **Appendix 1 – Revised Plans Showing the Extent of the Potential CPO**

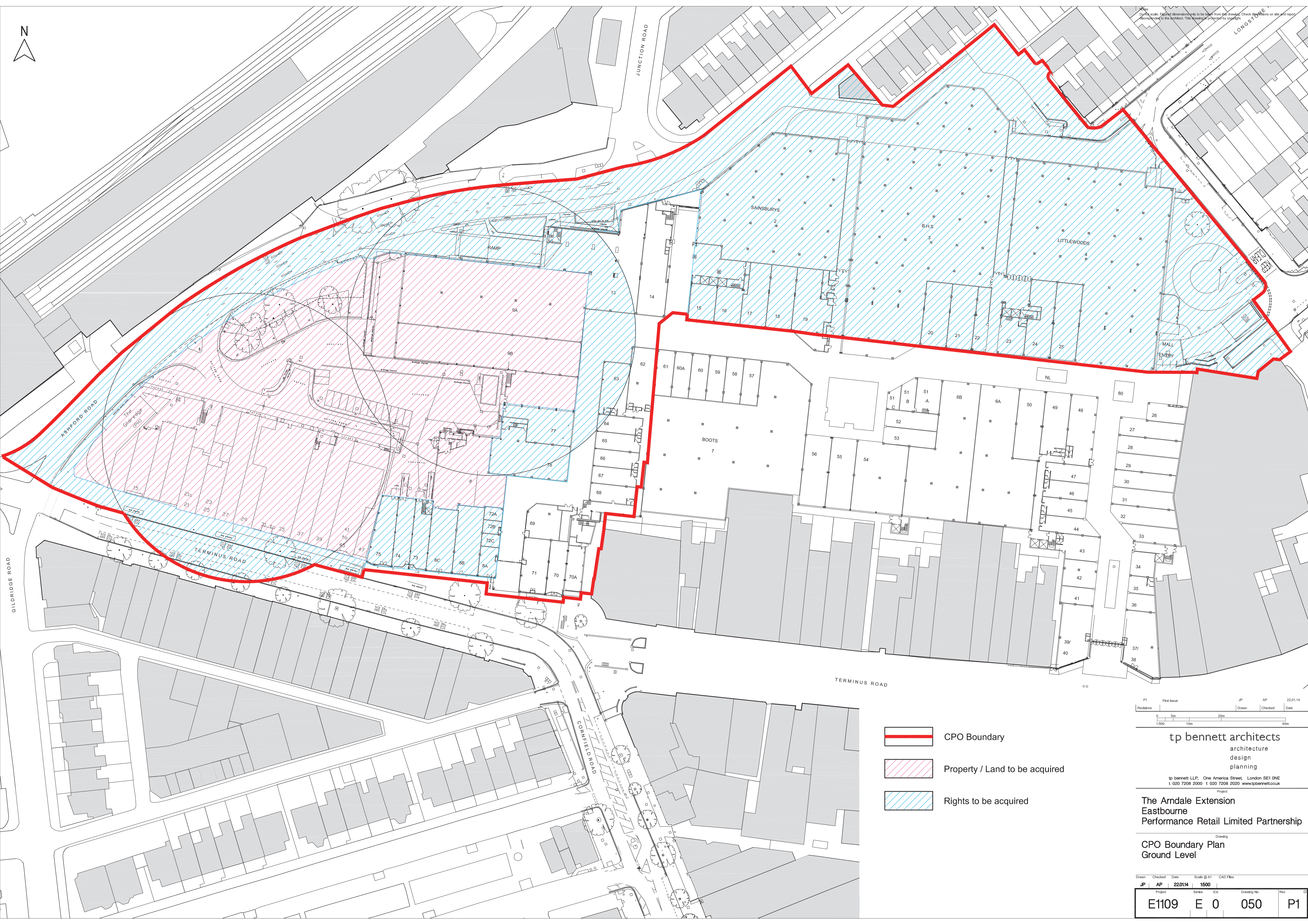
- **App 1a - Ground Floor**
- **App 1b - First Floor**





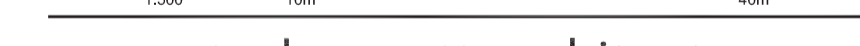
Notes:  
1. All dimensions are to be taken from the drawing. Check dimensions on site and report discrepancies to the architect. This drawing is protected by copyright.

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-  CPO Boundary
-  Property / Land to be acquired
-  Rights to be acquired

Revisions	First Issue	Drawn	Checked	Date
P1	First Issue	JP	AP	22.01.14



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**The Arndale Extension**  
Eastbourne  
Performance Retail Limited Partnership

**CPO Boundary Plan**  
Ground Level

Drawn	Checked	Date	Scale @ A1	CAD File
JP	AP	22.01.14	1500	

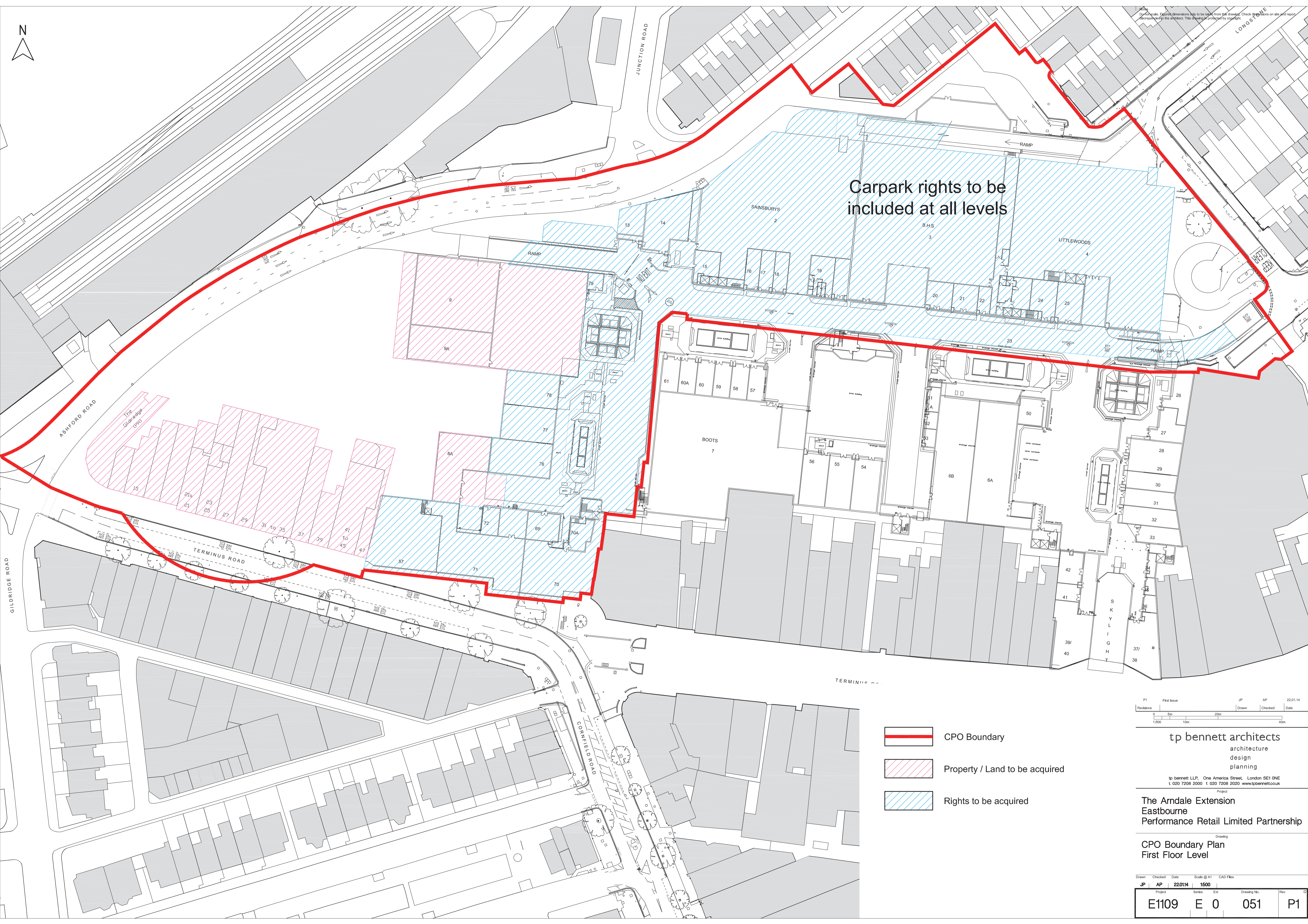
Project	Series	Ext	Drawing No.	Rev
E1109	E 0	050	P1	

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Notes:  
1. All dimensions are to be taken from the drawing. Check dimensions on site and report discrepancies to the architect. This drawing is protected by copyright.

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Carpark rights to be included at all levels

-  CPO Boundary
-  Property / Land to be acquired
-  Rights to be acquired

P1	First Issue	JP	AP	22.01.14
Revisions	0	5m	20m	40m
1:500				

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**The Arndale Extension**  
 Eastbourne  
 Performance Retail Limited Partnership

**CPO Boundary Plan**  
 First Floor Level

Drawn	Checked	Date	Scale @ A1	CAD File
JP	AP	22.01.14	1500	
Project	Series	Ext	Drawing No.	Rev
E1109	E 0	051	P1	

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**BODY:** CABINET

**DATE:** 5<sup>th</sup> February 2014

**SUBJECT:** Eastbourne Community Infrastructure Levy (CIL) –Draft Charging Schedule

**REPORT OF:** Senior Head of Development

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**Ward(s):** All

**Purpose:** To seek authority from Cabinet Members to publish the CIL Draft Charging Schedule for a 6 week representation period before the document is then submitted for Public Examination.

**Decision type:** Budget and Policy Framework

**Contact:** Craig Steenhoff, Specialist Advisor (Planning) , 1 Grove Road, Eastbourne  
Tel no: (01323) 415345  
E-mail: [craig.steenhoff@eastbourne.gov.uk](mailto:craig.steenhoff@eastbourne.gov.uk)

**Recommendation:**

1. That Cabinet approve the CIL Draft Charging Schedule for representations to be made over a 6 week period.
2. To delegate authority to the Senior Head of Development in consultation with the Lead Cabinet Member to make minor amendments before the commencement of the 6 week representation period.
3. To delegate to the Senior Head of Development in consultation with the Lead Cabinet Member and the Local Planning Steering Group to make any necessary adjustments to the CIL Charging Schedule following the completion of the consultation before submission to the government inspectorate for the public examination.

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## **1.0 Introduction**

1.1 The Community Infrastructure Levy (CIL) allows local authorities in England and Wales (defined as Charging Authorities) to raise funds from developers undertaking new building projects. It effectively replaces much of the existing process of planning obligations commonly known as 'Section 106' agreements. The primary use of CIL is to gain financial contributions from certain types of viable development to help fund new or improved strategic infrastructure required to support the growth identified in a local authority's Core Strategy. CIL places a charge per square metre on development. It will not be the sole funding source for all infrastructure delivered, but will supplement other public sector revenue streams.

- 1.2 CIL has a number of significant advantages over the current system of Section 106 agreements, including:
- Payment is non-negotiable, which helps speed up the planning process;
  - The CIL charge is transparent and predictable, meaning that applicants will know their CIL liability prior to submitting planning application;
  - All liable developments will contribute to the cost of infrastructure provision, not just large scale development;
  - In the longer term the intention is that a proportion of CIL will be available to spend on local infrastructure priorities;
  - From April 2015<sup>1</sup>, CIL will be the main mechanism for securing developer contributions for infrastructure to support growth. Section 106 planning agreements will be significantly scaled back after this date. However, they will still be used for site specific contributions such as affordable housing.
- 1.3 The money raised from CIL will be used to pay for infrastructure to support development, ensuring that new development bears a proportion of the cost of delivering the new infrastructure required. CIL can be spent on any community infrastructure required to support growth, provided the infrastructure is on a Council published Regulation 123 list. The Council's proposed Regulation 123 (Appendix C) infrastructure list has been published alongside the Draft Charging Schedule (DCS).

## **2.0 The Charging Schedule**

- 2.1 The Council has prepared a Community Infrastructure Levy (CIL) Draft Charging Schedule (DCS) which will be published for representations to be made by the local community and key stakeholders. The Charging Schedule has been revised following changes made to the proposed charges after consultation on the Preliminary Draft Schedule. A summary of the representations received and changes made are outlined in the Consultation and Cooperation Statement which is a background paper to this report. The revised charges are supported by further evidence on development viability. The DCS sets out the general explanation of CIL, the background to its preparation and the methodology used to determine the proposed CIL rates.
- 2.2 The DCS is supported by an evidence base which includes a detailed and refreshed viability assessment. The viability assessment document examines the levels of CIL that can be achieved across the Borough without affecting the overall viability of development identified in the adopted Eastbourne Core Strategy and Town Centre Local Plans. Only developments that are shown to be viable will be charged CIL.
- 2.3 The DCS is also supported by a revised and up-to-date Infrastructure Delivery Plan and accompanying Funding Gap and Section 106 Analysis document, to demonstrate that there is a funding deficit between the total cost of required infrastructure and the infrastructure already agreed for delivery and to be financed by the Council, external partners and agencies. The funding gap analysis justifies the position of the Council to move forward with a CIL charging regime.
- 2.4 Proposed CIL rates have been tested based on the full affordable housing requirements, by market value area and the requirement for Level 3/4 of the Code

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<sup>1</sup> To be confirmed in revised CIL Legislation, to be published soon.

for Sustainable Homes. This is a key priority for the Council, conforming with the spatial development strategy as identified in the Core Strategy Local Plan, and ensuring that CIL rates are viable overall. A range of typical development types over all use classes have been tested within the viability assessment. The recommended CIL charges are reasonable and have not been set at or near to the maximum level assessed in the viability evidence. The Council considers that the proposed CIL rates will be resistant to market and policy changes, given that they have been set at an appropriate level that is viable within the current economic climate and are resilient to short term changes. They will be reviewed as circumstances dictate.

### **3.0 The proposed CIL charges**

- 3.1 The CIL legislation does not allow for a differentiation between brownfield and greenfield land viability. Only one rate can be set for both types. Brownfield development forms a significant proportion of the Council’s spatial development strategy and therefore acts as the primary guide to setting residential CIL rates. The revised charge takes account of further viability testing to fully consider site specific abnormal costs and the reduced viability of apartment development. The revised charge ensures that the overall CIL rate for residential development is fair and robust across the whole Borough. It is not considered that the variations in residential sub-markets across the Borough are significant enough to justify a differential zone approach and as such a single rate is proposed.
- 3.2 Only residential and retail (A1-A5 Planning Use Class) developments have been assessed as viable for a CIL charge. Retail viability testing showed a wide range of proposed costs by type, but for ease and in line with planning regulations and recent case law it is proposed to have one standard charge for retail development across all of the A1-A5 retail Planning Use Classes. No other types of development will be liable for a CIL payment, and therefore will be zero rated.
- 3.3 The proposed CIL charging rates are as follows:

Type of Development (Planning Use Class)	CIL rate/sq. m for net additional floorspace
Residential (C3) *	50
Retail (A1-A5) #	80
All other uses	0

\* Where there is a net gain in dwellings  
# Where the development is 100 sq. m. or greater.

Appendix B provides a map of the CIL charging area, which includes all areas of the local authority outside of the designated South Downs National Park.

- 3.4 **Phasing** - The Council consider that if a planning application is large enough to be delivered through appropriate phases, then CIL payments should be linked to these phases to ensure that development remains viable overall. The Council will negotiate relevant phasing on major applications during the determination of the planning application. Set phases and their relevant land use descriptions will need to be confirmed in an accompanying Section 106 agreement and these phasing stages will be linked to CIL liability. Therefore, the CIL charge will be calculated at each phase of the development, and will be liable for payment on commencement

of each relevant phase.

- 3.5 **Exemptions** - The Council is not proposing to introduce an exemptions policy or offer exceptional circumstances relief at this stage as the proposed charges are considered to be robust and will not affect the overall viability of liable schemes across the Borough. The Council can consider whether to offer or withdraw exceptional circumstances relief separate to the publication of the Charging Schedule so may chose to at a later date if appropriate.

#### **4.0 Resource Implications**

- 4.1 The Council has an agreed budget for progressing CIL through to adoption, which includes support by planning consultants in the preparation of viability evidence and attendance at the Public Examination. The Council is also in the process of working with Civica to fully develop CIL planning software for the Council so that on adoption the Council can collect, administer and allocate CIL payments towards infrastructure projects.

#### 4.2 Financial

There are no direct financial implications to the Council of this report. The cost of the publication and publicity for the DCS will be met from within the existing service budget.

#### 4.3 Legal

The DCS has been prepared in accordance with the CIL Regulations 2010 (as amended) and takes account of recent case law related to the recent examination of CIL Charging Schedules.

#### 4.4 Staff Resources

Officers will manage the publicity and consultation arrangements for the DCS.

#### 4.5 Equalities and Fairness Impact Assessment

A streamline assessment has been made as the CIL DCS is a technical planning document. The assessment demonstrates that there are no impacts on equalities and fairness and there are no human rights issues.

#### **5.0 Representations Stage and Next Steps**

- 5.1 In line with CIL Regulations, the Council is required to publish the DCS and invite representations to be made for at least a 4 week period. The Council has recommended a 6 week period as this is a technical planning document that will be targeted to specific stakeholders and infrastructure providers. The representation period is timetabled for Friday 14 February – 28 March 2014. A representation response form has been prepared which asks key questions relating to soundness and procedural matters. Alternatively representations can be received by letter, email or on the Council's new on-line consultation portal at [www.planningpolicyconsult@eastbourne.gov.uk](mailto:www.planningpolicyconsult@eastbourne.gov.uk).



- 5.2 Once representations have been received, the Council can make a decision whether to:
- i) submit the Charging Schedule; or
  - ii) propose modifications and invite representations for a further 4 week period.

The results of the consultation will be discussed with the Local Plan Steering Group, chaired by the Cabinet portfolio holder, and agree, if necessary, any adjustments, including the need for any further consultation, to the Charging Schedule as a result of the consultation. The Charging Schedule is then submitted to an independent examiner and any representations received are forwarded for consideration at the Public Examination. It is anticipated that the Public Examination could take place as early as May/June 2014.

- 5.3 The Council will continue to formalise its procedures for collecting, spending and monitoring CIL, so that it can be implemented by Summer 2014. The Council is continuing to work closely with Civica on the development of a CIL module which can be added to the current APP/W2 system that is used to process planning applications.
- 5.4 The Charging Schedule will be presented to Planning Committee on 4 February and comments will be reported verbally to Cabinet.

## **6.0 Conclusion**

- 6.1 The DCS has been prepared based on a comprehensive assessment of development viability across the Borough. The proposed rates are justified by evidence and ensure that they do not compromise the ability for the Council to deliver its spatial development strategy.
- 6.2 Cabinet are requested to endorse the CIL Draft Charging Schedule and give authority to publish the document for representations to be made over a 6 week period. Delegated authority is also requested for the Senior Head of Development in consultation with the Lead Cabinet Member to make minor amendments to the document before commencement of the 6 week representation period.

**Craig Steenhoff**  
**Specialist Advisor (Planning)**

**Background Papers:**

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

*Community Infrastructure Levy Regulations (2010) [as amended]*

*National Planning Policy Framework CLG (2012)*

**Accompanying Reports/Documents:**

*Eastbourne Community Infrastructure Draft Charging Schedule (February 2014)*

*Eastbourne Infrastructure Delivery Plan (Revised, February 2014)*

*Eastbourne Infrastructure Funding Gap Analysis (Revised, February 2014)*

*Eastbourne Draft Regulation 123 Infrastructure List (Revised, February 2014)*

*Eastbourne CIL Viability Assessment (October 2013)*

*Eastbourne CIL Consultation and Cooperation Statement (February 2014)*

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

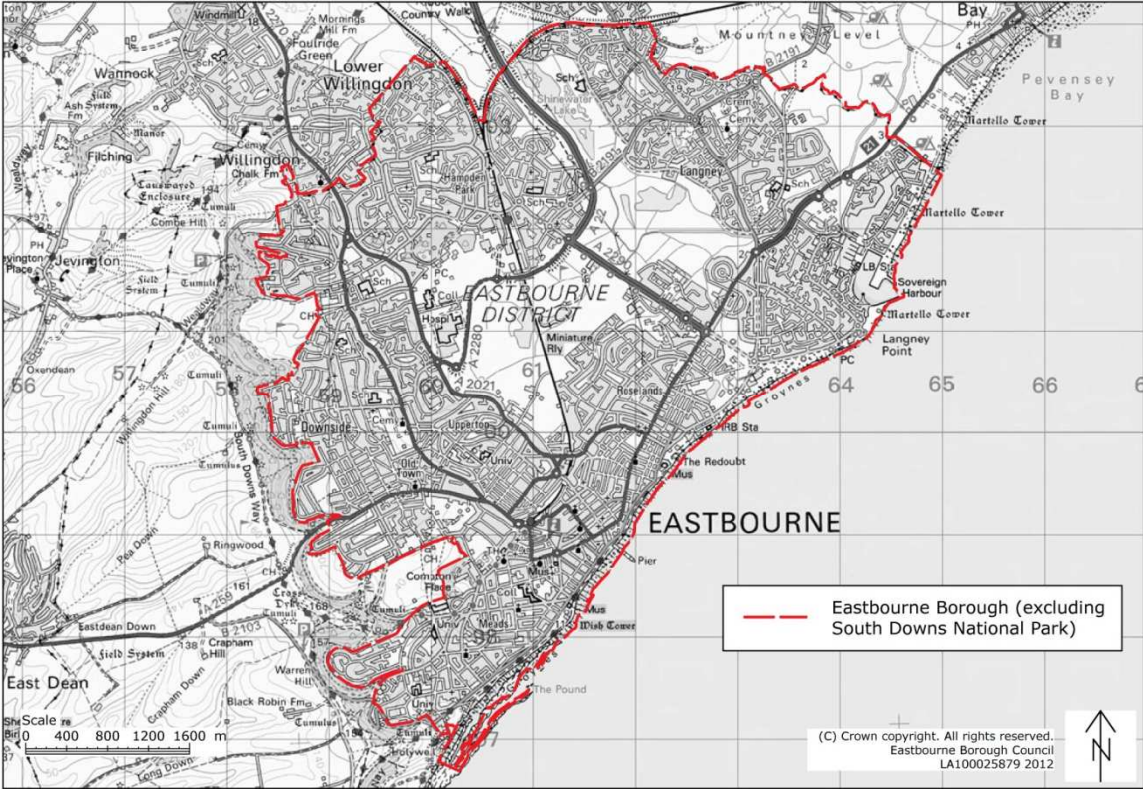
**APPENDIX A****Eastbourne Community Infrastructure Levy – Draft Charging Schedule (February 2014)**

Attached separately.

**APPENDIX B**

**CIL Charging Area**

The CIL Charging Area will be all areas within the local authority boundary excluding the South Downs National Park, as identified below



## **APPENDIX C**

### **Regulation 123 Infrastructure List**



## Eastbourne Local Development Document

### **COMMUNITY INFRASTRUCTURE LEVY Draft Charging Schedule**

**Representation Period:  
Friday 14 February to 28 March 2014**

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### **1. Introduction**

### **2. An Explanation of CIL**

Development that is Liable for CIL  
Exemptions and Relief from CIL  
When is CIL payable?  
Calculating the Chargeable Amount

### **3. Evidence Base**

### **4. Proposed CIL Charging Rates and Phasing Arrangements**

Policy CCS1: Community Infrastructure Levy Charging Rates  
Policy CCS2: Phasing of CIL Payments

### **5. Other Matters**

### **6. How to makes representations on the Draft Charging Schedule**

### **7. Next Steps**

## **Appendices**

Appendix A Calculating the Chargeable Amount  
Appendix B Consultation Response Form

## **1. Introduction**

- 1.1 Eastbourne Borough Council (The Council) has prepared a Community Infrastructure Levy (CIL) Draft Charging Schedule for representations to be made between Friday 14 February and 28 March 2014. This version of the Charging Schedule will be submitted for independent Public Examination and will be examined alongside any representations received.
- 1.2 Changes have been made to the Charging Schedule to take account of representations made during the previous consultation stage<sup>1</sup> and the resulting need for additional viability evidence and testing. In summary this has resulted in revised charges which are robust, based upon detailed viability evidence. These charges will not compromise the Council's ability to deliver its spatial development strategy.
- 1.3 This document sets out the general explanation of CIL, the background to its preparation and the methodology used to determine the proposed CIL rates.
- 1.4 The Charging Schedule is supported by an evidence base which includes a detailed viability assessment. The viability assessment document examines the levels of CIL that can be achieved across the Borough without affecting the overall viability of development identified in the Eastbourne Core Strategy Local Plan. Only developments that are shown to be viable will be charged CIL.
- 1.5 The Charging Schedule is also supported by a revised Infrastructure Delivery Plan and accompanying Funding Gap and Section 106 Analysis document, to demonstrate that there is a funding deficit between the total cost of required infrastructure and the infrastructure delivered or financed by the Council or external partners and agencies. This analysis justifies the position of the Council to move forward with a CIL charging regime.
- 1.6 This document has been prepared in accordance with the CIL Regulations 2010 (as amended) and statutory guidance. These background documents are also available as part of this consultation and the following link is provided to the Communities and Local Governments Website:  
<https://www.gov.uk/government/policies/giving-communities-more-power-in-planning-local-development/supporting-pages/community-infrastructure-levy>
- 1.7 This document has been shaped internally with continued engagement with infrastructure providers, stakeholders and Members, and was presented at the Council's Cabinet on 5 February to seek authority to submit the Charging Schedule for representations to be made.
- 1.8 Part of the South Downs National Park (SDNP) is located within the western part of the Borough. As the SDNP Authority manages growth and development within the SDNP, it will introduce its own CIL in due course to cover development within its area. Areas within Eastbourne Borough, that are designated within the SDNP boundary will therefore not be included in this Charging Schedule.

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<sup>1</sup> The CIL Preliminary Draft Charging schedule underwent public consultation from 19 July – 30 August 2013 and a summary of representations can be found in the accompanying CIL Consultation and Cooperation Statement.

## 2. An Explanation of CIL

- 2.1 The Community Infrastructure Levy (CIL) allows local authorities in England and Wales (defined as Charging Authorities) to raise funds from developers undertaking new building projects. It effectively replaces much of the existing process of planning obligations commonly known as 'Section 106' agreements. The primary use of CIL is to gain financial contributions from certain types of viable development to help fund new or improved strategic infrastructure required to support the growth identified in a local authority's Core Strategy. For example strategic and local transport infrastructure would include the provision of cycle lanes. CIL places a charge per square metre on development. It will not be the sole funding source for all infrastructure delivered, but will supplement public sector revenue streams.
- 2.2 CIL has a number of significant advantages over the current system of Section 106 agreements, including:
- Payment is non-negotiable, which helps speed up the planning process;
  - The CIL charge is transparent and predictable, meaning that applicants will know their CIL liability prior to submitting a planning application;
  - All liable developments will contribute to the cost of infrastructure provision, not just large scale development;
  - A proportion of CIL will be made available to allow local priorities to be delivered;
  - From April 2015<sup>2</sup>, CIL will be the main mechanism for securing developer contributions for infrastructure to support growth. Section 106 planning agreements will be significantly scaled back after this date.
- 2.3 The money raised from CIL will be used to pay for infrastructure to support development, ensuring that new development bears a proportion of the cost of delivering the new infrastructure required. CIL can be spent on any community infrastructure required to support growth, provided the infrastructure is on the Council's published Regulation 123 list. The draft proposed Regulation 123 list is submitted alongside the Charging Schedule.

### *Development that is Liable for CIL*

- 2.4 CIL legislation states that all new residential units, and the erection of or extensions to other buildings (over 100 sq. m. net additional gross internal floorspace in size) are liable to pay CIL. All net additional dwellings (self contained houses or flats) are liable regardless of their size. The floorspace of any buildings that are demolished as part of development proposals will be off-set against the new overall floorspace liability. In some instances CIL will apply to the floorspace allowed under permitted development as well as development for which a planning application is required.
- 2.5 CIL is not charged on changes of use or internal alterations where there is no net gain in floorspace, provided that the building has been in continuous use for at least 6 months of the 12 months preceding planning permission being granted. Development proposals that already have a planning permission when the CIL charging schedule comes into force are not liable for CIL. This includes any subsequent Reserved Matters applications following outline planning permission. However, if development proposals with planning permission are not commenced within a conditioned time limit, any subsequent renewal or amendment applications

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<sup>2</sup> To be confirmed in revised CIL Legislation, to be published soon.



will be liable to CIL if by that time a CIL Charging Schedule has been adopted by the Council.

### *Exemptions and Relief from CIL*

- 2.6 The CIL Regulations set out the exemptions for paying CIL and stipulates that the following types of development will not be liable for CIL:
- Development of less than 100 sq. m. net additional gross internal floorspace, unless it results in the creation of net additional dwelling(s);
  - Full relief is applied on all those parts of chargeable development that are to be used as social/affordable housing;
  - A registered charity landowner will receive full relief from their portion of the liability where the chargeable development will be used wholly or mainly for charitable purposes;
  - The conversion of or works to a building in lawful use that affects only the interior of the building;
  - Development of buildings and structures into which people do not normally go into or enter under limited circumstances (for example an electricity sub-station or wind turbine);
  - Development granted planning permission before the date that CIL is formally adopted and built out before the expiry of the planning consent;
  - When the resulting CIL is calculated as £50 or less, then a CIL payment will not be charged by the Council.

2.7 The Council has chosen to not apply an exceptional circumstances policy as it is felt that the viability charges are fair and reasonable based upon the viability of all proposed schemes across the Borough.

2.8 Any development which the Council has identified as 'zero rated' within its CIL charging rates, at this moment in time is considered to be financially unviable. This takes account of evidence prepared at this moment in time, and will be subject to review in future years. Any changes to CIL rates by development type will be subject to a full review and publication/examination of a fully revised CIL Charging Schedule.

### *When is CIL Payable?*

2.9 Detailed guidance on the process of paying CIL will be issued by the Council in due course as the CIL charging schedule nears adoption. For the purposes of this document a general and brief outline is provided as follows.

2.10 Payment of CIL is due from the date of commencement of the liable development. The default position is that the whole amount must be paid within 60 days of commencement, unless the development falls under the criteria for the Council's phasing policy (Policy CCS2), under which payment can be made in installments.

2.11 CIL operates on the exchange of formal notices:

- The person(s) who pay CIL provide the Council with an **Assumption of Liability Notice**, required with the planning application;
- A **Liability Notice** is issued by the Council along with the planning permission decision, stating how much CIL is payable. The responsibility to pay the levy lies with the local landowner and is a local land charge;

- Before the development starts the developer provides the Council with a **Commencement Notice**, giving the start date;
- The Council will then issue a **Demand Notice** (the bill) to ensure that payment is received within 60 days of commencement.

### *Calculating the Chargeable Amount*

- 2.12 In order to calculate CIL payments due it is necessary for the following details to be supplied with the planning application:
- The gross internal area of all buildings and their uses on the site prior to development (if any);
  - The gross internal area of buildings to be demolished and their uses (if any); and
  - The proposed gross internal area of all buildings and their uses on the site once the development has been completed.
- 2.13 The Council will calculate the amount of CIL payable ('the chargeable amount') in respect of a chargeable development in accordance with the requirements and formulas in Regulation 40 of the CIL Regulations 2010 (as amended). The amount of CIL chargeable at a given rate must be calculated by applying the prescribed formula as defined in the CIL Regulations and shown in Appendix A of this Charging Schedule.
- 2.14 The total chargeable amount for a development scheme is equal to the sum of the amounts of CIL chargeable for each use (at each relevant rate) for the development permitted. For example if the development scheme includes both residential and retail elements, the chargeable amount will be calculated taking the sum of the relevant charges for each of these uses.
- 2.15 The relevant rates are the rates at which CIL is chargeable (Table 1, Section 4), which are in effect (a) at the time planning permission first permits the chargeable development; and (b) in the area in which the chargeable development will be situated.

## **3. Evidence Base**

- 3.1 CIL Regulation 14 requires that when setting CIL rates charging authorities must aim to strike an appropriate balance between:
- The desirability of funding infrastructure (in whole or in part) from CIL; and
  - The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across the charging authority's area.

This balance is a central consideration of the CIL rate setting process.

- 3.2 The Charging Schedule is informed by the best available evidence base which includes Borough level viability assessments and an up-to-date Infrastructure Delivery Plan. These pieces of evidence assess the infrastructure requirements and potential levels of CIL that can be achieved across the district by type of development. Only development types that are shown to be generally viable will be charged CIL. In addition, evidence has been prepared to show that there will be a funding gap between identified public resources for infrastructure and the level of infrastructure that will need to be delivered in support of the growth being

identified in the adopted [February 2013] Eastbourne Core Strategy Local Plan ('The Core Strategy'). This evidence documentation is available for consideration in support of the Charging Schedule.

- 3.3 The Core Strategy and Proposed Draft Employment Land Local Plan<sup>3</sup> identify that a total of 5,022 net dwellings and 43,000 sq. m. of employment land will be delivered within the plan period 2006-2027. Viability evidence in support of CIL has looked in detail at the location of new development (both neighbourhood location and type of land e.g. brownfield/greenfield), the affordable housing requirements for residential schemes, and the typical sizes of and mixes of development coming forward to assess overall viability. It is considered that although there is a noticeable disparity between viability on brownfield and greenfield sites, current or emerging CIL legislation does not allow for, nor does it support this differentiation. Brownfield development forms a significant proportion of the Council's spatial development strategy and therefore acts as the primary guide to setting residential CIL rates. The revised charge takes account of further viability testing to fully consider site specific abnormal costs and the reduced viability of apartment development. The revised charge ensures that the overall CIL rate for residential development is fair and robust across the whole Borough. It is not considered that the variations in residential sub-markets across the Borough are significant enough to justify a differential zone approach and as such a single rate is proposed.
- 3.4 Only residential and retail (A1-A5 Planning Use Class) developments have been assessed as viable for a CIL charge. Retail viability testing showed a wide range of proposed costs by type, but for ease and in line with planning regulations and recent case law it is proposed to have one standard charge for retail development across the A1-A5 retail Planning Use Classes. No other types of development will be liable for a CIL payment, and therefore will be zero rated.
- 3.5 It is important to confirm that the proposed CIL rates have been tested based on the full affordable housing requirement being delivered on each development scheme, which is 30% in low value market areas and 40% in high value market areas. Testing was also set at Level 3 and 4 of the Code for Sustainable Homes. This is important to ensure that CIL rates do not affect the ability to deliver affordable housing and sustainable development. This is a key priority for the Council in conformity with the spatial development strategy identified in the Core Strategy, and ensures that CIL rates are viable overall.
- 3.6 It is also important that when CIL charges are recommended, that they are not set at or near to the maximum level assessed in the viability evidence. The Council consider that the proposed CIL rates (Table 1, Section 4) will be resistant to market and policy changes, given that they have been set at an appropriate amount that is viable within the current economic climate.

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<sup>3</sup> Public consultation is currently taking place on the Employment Land Local Plan.

#### 4. Proposed CIL Charging Rates and Phasing Arrangements

4.1 The proposed CIL rates for Eastbourne are set out in Policy CCS1 'CIL Charging Rates' below, with Table 1 setting the rates by development type and Figure 1 identifying the zones to which the residential CIL charges apply.

**POLICY CCS1:  
Community Infrastructure Levy Charging Rates**

The Council has set CIL charges for residential (C3 Use Class) and retail (A1-A5 Planning Use Classes) per square metre of net additional (gross internal floorspace) development as identified in Table 1, for those areas defined in Figure 1. These charges will apply to all liable developments as identified in the CIL Charging Schedule planning document.

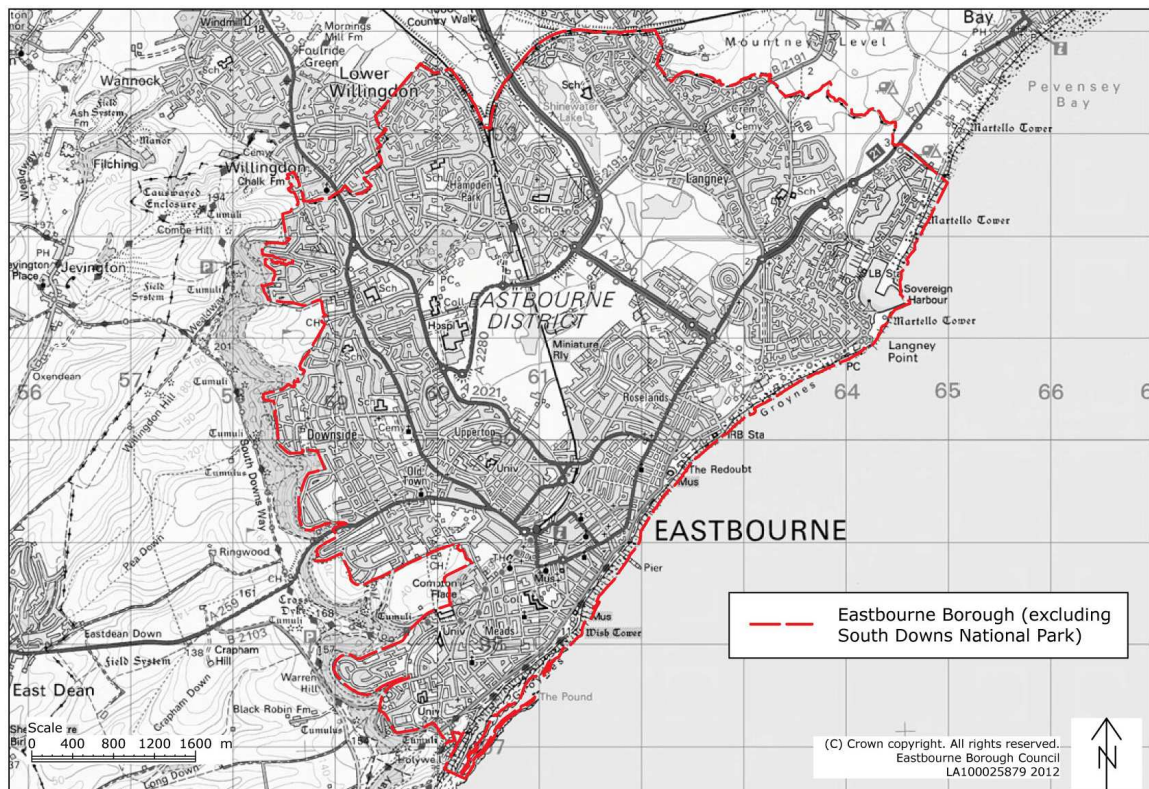
**Table 1: Proposed Charging Rates for Eastbourne Borough Council CIL**

Type of Development (Planning Use Class)	CIL rate/sq. m for net additional floorspace
Residential (C3) *	50
Retail (A1-A5) #	80
All other uses	0

\* Where there is a net gain in dwellings  
# Where the development is 100 sq. m. or greater.

**Figure 1: CIL Charging Area**

The CIL Charging Area will be all areas within the local authority boundary excluding the South Downs National Park, as identified below.



## *Phasing*

- 4.2 The Council consider that if a planning application is large enough to be delivered through appropriate phases, then CIL payments should be linked to these phases to ensure that development remains viable overall. The Council will negotiate relevant phasing on major applications during the determination of the planning application. Set phases and their relevant land use descriptions will need be confirmed in an accompanying Section 106 agreement and these phasing stages will be linked to CIL liability. Therefore, the CIL charge will be calculated at each phase of the development, and will be liable for payment on commencement of each relevant phase. This is confirmed in Policy CCS2 below.

### **POLICY CCS2: Phasing of CIL Payments**

For major planning applications where the development scheme is phased as detailed in an accompanying Section 106 agreement, then CIL liability will be calculated for each separate phase. The phasing arrangements including quantum of development (net additional gross internal floorspace) delivered by each development type (Planning Use Class) should be clearly distinguished at each phase. CIL payment will be liable on commencement of each relevant phase.

## **5. Other Matters**

- 5.1 The Council has prepared a Draft Regulation 123 Infrastructure List which is provided as an accompanying background document. This provides a list of the infrastructure types that the Council currently considers it is likely to apply CIL revenues towards. It is important to note that this list is subject to future review and may change before the adoption and implementation of CIL by the Council in Summer 2014.
- 5.2 The Council has provided evidence on global infrastructure costs in its Infrastructure Delivery Plan as well as in its Funding Gap analysis for the provision of cross-boundary infrastructure, such as transport provision. The Council will continue to work closely with East Sussex County Council and Wealden District Council on the governance arrangements in order to implement CIL and ensure that CIL monies are collected in both Eastbourne and South Wealden towards the delivery of strategic transport infrastructure in the Eastbourne and South Wealden area.
- 5.3 There will be circumstances where infrastructure identified will also be critical to development to our neighbouring authorities and funding streams may be available from these sources, including potential CIL contributions raised by neighbouring authorities, especially transport and education provision with Wealden District Council. There will also be circumstances where CIL contributions collected will be required to be spent outside the Borough including transport provision in Wealden.
- 5.4 The Council will monitor the effectiveness of CIL through the Local Monitoring Report (normally published each year in December). This will take account of the economic climate and any change to the economic viability within the local area.

The review of CIL charges will need to be implemented through a full review of the CIL Charging schedule and supporting viability evidence. A full review will be undertaken when necessary in future years.

## **6. How to make a representation on the Draft Charging Schedule**

6.1 Eastbourne Borough Council is seeking representations from key stakeholders, infrastructure providers and any other interest parties or individuals on the Draft Charging Schedule. The representation period runs for 6 weeks from Friday 14 February and comments/representations will be accepted up to **5pm on Friday 28 March 2014**.

6.2 Representations are invited by our on-line consultation portal, email or post. Please use the prescribed representation response form that has been produced in Appendix B, or send specific comments through to:

**On-line consultation Portal:** [www.planningpolicyconsult@eastbourne.gov.uk](mailto:www.planningpolicyconsult@eastbourne.gov.uk)

**E-mail:** [craig.steenhoff@eastbourne.gov.uk](mailto:craig.steenhoff@eastbourne.gov.uk)

### **Post:**

CIL Consultation  
Craig Steenhoff  
Specialist Advisory Team  
Customer First  
Eastbourne Borough Council  
1 Grove Road  
Eastbourne  
BN21 4TW

6.3 Supporting documentation is available to view at [www.eastbourne.gov.uk/cil](http://www.eastbourne.gov.uk/cil) or in hard copy by visiting the Customer Contact Centre at 1 Grove Road, Eastbourne, BN21 4TW. A summary of the supporting documentation is as follows:

- CIL Consultation and Cooperation Statement (February 2014);
- CIL Regulation 123 Infrastructure List (February 2014);
- Infrastructure Delivery Plan (February 2014);
- Infrastructure Funding Gap Analysis (February 2014);
- CIL Viability Assessment (October 2013).

6.4 Please note that representations made on this consultation cannot be treated in confidence. Copies of all representations received may be available to the public for inspection. The Council may also provide details or a summary of representations on its website. However, we will not publish personal information such as telephone numbers, email or private addresses. By submitting a representation on the Draft Charging Schedule you confirm that you agree to this and accept responsibility for your comments.

## **7. Next Steps**

- 7.2 Representations received on the Draft Charging Schedule will be submitted along with the document to the appointed examiner. Anyone submitting comments on the Draft Charging Schedule will have the right to be heard at the Examination.
- 7.3 Following the Examination, the examiner will publish their report and recommendations. If the examiner approves the Charging Schedule the Council will then be able to adopt it, setting a date for CIL to commence. It is currently anticipated that the Charging Schedule will be brought into effect during the Summer of 2014.
- 7.4 The Council will continue to formalise its procedures for collecting, spending and monitoring CIL, so that it can be implemented by Sumer 2014. Further information on this protocol will be provided on the Council's website at:  
[www.eastbourne.gov.uk/cil](http://www.eastbourne.gov.uk/cil)

## APPENDIX A

### Calculating the Chargeable Amount

- i) CIL charges will be calculated in accordance with CIL Regulation 40 (as amended). The chargeable amount will be an amount equal to the aggregate of the amounts of CIL chargeable at each of the relevant rates as set out in the charging schedule.
- ii) The chargeable amount will be index linked using the Royal Institution of Chartered Surveyors' All-in Tender Price Index figures for the year in which the planning permission was granted and the year in which the charging schedule took effect.
- iii) The amount of CIL chargeable at a given relevant rate (R) must be calculated by applying the following formula:

$$\frac{R \times A \times I_p}{I_c}$$

Where:

A = the deemed net area chargeable at rate R;

I<sub>p</sub> = the index figure for the year in which planning permission was granted; and

I<sub>c</sub> = the index figure for the year in which the charging schedule containing rate R took effect.

The value of A must be calculated by applying the following formula:

$$G_R - K_R - \left( \frac{G_R \times E}{G} \right)$$

Where:

G = the gross internal area of the chargeable development;

G<sub>R</sub> = the gross internal area of the part of the development chargeable at rate R;

E = an amount equal to the aggregate of the gross internal areas of all buildings which –

a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use; and

b) are to be demolished before completion of the chargeable development; and

K<sub>R</sub> = an amount equal to the aggregate of the gross internal area of all buildings (excluding any new build) on completion of the chargeable development which–

a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use;

b) will be part of the chargeable development upon completion; and

c) will be chargeable at rate R.



**CIL Draft Charging Schedule  
Consultation Response Form**

# Eastbourne Community Infrastructure Levy Draft Charging Schedule – February 2014

All documentation is available to view and download for free via the Council's website ([www.eastbourne.gov.uk/cil](http://www.eastbourne.gov.uk/cil)). The consultation starts on Friday 14 February 2014 and any representations should be received by 5pm on Friday 28 March 2014.

## REPRESENTATION FORM

Once you have completed this form, please return by post to:

CIL Consultation  
Craig Steenhoff  
Specialist Advisory Team  
Customer First  
Eastbourne Borough Council  
1 Grove Road  
Eastbourne  
BN21 4TW

Or email to:  
[planning.policy@eastbourne.gov.uk](mailto:planning.policy@eastbourne.gov.uk)

Please note that you can make representations online swiftly and easily at:

<http://planningpolicyconsult@eastbourne.gov.uk>

### YOUR DETAILS

<b>Title</b>	Mr / Mrs / Miss / Ms / Dr	<b>First Name(s)</b>	
<b>Surname</b>			
<b>Company/ Organisation</b>			
<b>Position held</b>			
If you are responding on behalf of a client or landowner please provide their details			
<b>Address</b>			
		<b>Post Code</b>	
<b>Phone Number</b>		<b>Fax Number</b>	
<b>E-Mail Address</b>			

## YOUR REPRESENTATION

### Matters on which representations can be made

The purpose of the Public Examination of the Draft Community Infrastructure Levy Charging Schedule is to consider whether it meets the following statutory tests in accordance with sections 212(1) and 221 of the Planning Act 2008 as amended, in that the Charging Authority has:

- (a) complied with the requirements of the Planning Act 2008 as amended and the CIL Regulations;
- (b) used appropriate available evidence to inform the Draft Charging Schedule;
- (c) had regard to the statutory guidance, "Charge Setting and Charging Schedule Procedure Guidance" March 2010.

Representations must relate to these matters. Other matters maybe outside the scope of the examination and will be subject to the examiners judgement as to their relevance. All representations will be considered by the examiner as written representations. Any person or organisation making representations has the right to be heard in person at the examination should they choose to appear. The examination will take the form of a hearing under the direction of the examiner.

### 1. Please indicate whether you wish to be present at the Hearing?

Yes

No  *Please treat this representation as a written representation at the Examination*

### 2. Do you wish to make representations regarding matters of technical compliance with the Planning Act or CIL Regulations?

Yes

No

**Please provide details:**

**3. Do you wish to make a representation based on the regard made to statutory guidance "Charge Setting and Charging Schedule Procedure Guidance" March 2010.**

Yes

No

**Please provide details:**

**4. Do you wish to make representations based on the evidence used to inform the Draft Charging Schedule?**

Yes

No

**Please provide details:**

**5. Are there any other representations you would like to make on the Draft CIL Charging Schedule?** *(please reference section/paragraph number and add further details on separate sheets)*

## NEXT STEPS

Following receipt of any representations the Council will consider them and whether any modifications to the Draft Charging Schedule are required. Were modifications to be made, the Council would produce a Statement of Modifications and provide opportunity for comment upon them at least 4 weeks before any Examination. Those making representations have the right to be heard at the Examination. After Examination, subject to any modifications required, the Council could move forward to final adoption of the Charging Schedule

**6. Do you wish to be notified of further stages in the production of the CIL Charging Schedule, namely:**

**a) the Submission of the Draft Charging Schedule to an examiner for Examination?**

Yes  No

**b) Publication of the recommendations of the examiner and the reason behind those recommendations?**

Yes  No

**c) Approval of the Charging Schedule by the Charging authority (Eastbourne Borough Council)**

Yes  No



## **COMMUNITY INFRASTRUCTURE LEVY**

### **DRAFT REGULATION 123 INFRASTRUCTURE LIST**

Regulation 123 of the Community Infrastructure Regulations 2010 (as amended) restricts the use of planning obligations for infrastructure that will be funded in whole or part by the Community Infrastructure Levy. The following table compromises Eastbourne Borough Council's Draft Regulation 123 List. It includes the infrastructure types that the Council currently considers it is likely to apply CIL revenues to, and such will not be secured through planning obligations. This is to ensure that there is no duplication between CIL and planning obligations secured through S106 agreements, in funding the same infrastructure projects.

#### **Infrastructure currently considered to benefit from the application of CIL funding**

- Strategic and Local Transport Infrastructure and facilities, excluding specific improvements needed to make the development acceptable in planning terms. These exclusions can include (but are not limited to):
  - × Highways crossovers to access the site and local junctions;
  - × Deceleration and turning lanes;
  - × Measures to facilitate pedestrian, public transport and cyclist improvement and access;
  - × Lighting and street furniture needed to mitigate impact of development;
  - × Mitigation works remote from the development where the need for such works is identified in a Transport Assessment.
- Education Provision;
- Library Facilities;
- Children's Play Space, Open Space and Sports Playing Fields;
- Flood Storage Infrastructure Provision and Surface Water Management Infrastructure.

It is important to note that this list is subject to future review and may change before the adoption and implementation of CIL by the Council later in 2014. A final version of the Regulation 123 List will be published alongside the adopted CIL Charging Schedule.

**February 2014**

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**Body:** Cabinet

**Date:** 5 February 2014

**Subject:** Impacts of Welfare Reform and the Council's response.

**Report Of:** Ian Fitzpatrick, Senior Head of Community

**Ward(s)** All

**Purpose** To update Cabinet on the impacts of Welfare Reform

**Recommendation:** That Cabinet endorses the measures taken to support residents affected by Welfare Reform.

**Contact:** Bill McCafferty, Revenues & Benefits Manager, Telephone (01323) 415171 or internally on extension 5171  
E-mail address [bill.mccafferty@eastbourne.gov.uk](mailto:bill.mccafferty@eastbourne.gov.uk)

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## 1.0 Introduction

1.1 The coalition government have introduced a series of reforms to the Welfare System since coming into power in. Amongst the reforms are:

Date	Change	Numbers affected (where available EBC in brackets)	Average weekly loss (where available EBC in brackets)
Jan 2012	Under 35s only eligible for shared room rate of housing benefit	62,500 (63)	£41 (£33)
Apr 2012	Couples with children need to work 24 hours with at least one working 16 to qualify for working tax credits	212,000 families	Up to £75
May 2012	One year time limit on contributory ESA	700,000 by 2015/16	£36
Apr 2013	Under-occupancy penalty ('bedroom tax')	660,000 (407)	£14 (£15.55)
Apr 2013	Local Housing Allowance uprated by CPI rather than rents	There were 1.39 million LHA claimants in April 2013	Notional loss
Apr 2013	Council Tax Benefit replaced with local Council Tax Support schemes	2.4 million (470)	£2.65 (£4.60)
Apr 2013	Disability Living Allowance replaced by Personal Independence Payment	450,000 lose existing	

		entitlement by 2018, 607,000 fewer than if DLA had remained	
Apr 2013	Benefits increased by 1% rather than CPI inflation	9.6 million	£3
Apr 2013	Overall benefit cap (£350 for singles, £500 for others)	40,000 (53) households	£93 (£36)

1.2 These are the biggest changes to the Welfare State since its inception and represent major challenges not only to those who rely on support but also on those services, including the Council, which support some of our most vulnerable residents.

1.3 This report sets out some of the impacts that the raft of changes has brought about and updates Members on the efforts of the Council to support those affected.

## **2.0 Universal Credit**

2.1 Universal Credit (UC) is the flagship welfare policy of the coalition government. Its aim is to simplify the benefits system, by bringing together several state benefits, including Housing Benefit, and to always make work pay.

2.2 The introduction of UC has been beset by problems, mainly due to the complexity of the IT system required to administer it. The initial aim to have all new claims for the affected benefits to move to UC in October 2013 has not been met. There are currently several pilots taking place that will deal with the simplest type of claim i.e. single people with no dependants, no disabilities and no housing costs.

2.3 Significant features of UC are that claimants will receive a single monthly payment, rather than the current system of several individual payments of different benefits, for example Jobseeker's Allowance and housing benefit, at different times. UC, including the housing costs element (the equivalent of HB), will be paid directly to the claimant - at present HB is paid directly to the landlord for most claims in the social rented sector.

2.4 The latest timetable would see UC being in place for all new claims during 2016, with existing claims migrated to UC by the end of 2017.

## **3.0 Spare Room Subsidy**

3.1 The spare room subsidy, or the 'bedroom tax' as it is also known, aims to limit the amount of housing benefit for working-age claimants who occupy social sector housing to the number of bedrooms the household needs. A similar, but not identical system, Local Housing Allowance, has been in place in the private rented sector for several years.

3.2 Under the spare room subsidy rules, if a household have one bedroom more than needed their housing benefit is reduced by 14%, and by 25% if they



have more than one bedroom too many.

3.3 An aim of the policy is to reduce the number of people waiting for social housing by freeing up properties that are under-occupied. However, a shortage of one and two bedroom properties means that many people affected by this, who may want to downsize, find that there are no smaller properties available.

3.4 In Eastbourne 407 people have seen a reduction of, on average, £15.55 per week, making an annual loss of £329.1k.

#### **4.0 The Benefit Cap**

4.1 The Benefit Cap limits the amount of benefit that single people can get to £350 per week and for others to £500 per week. Certain people are exempt, for example those in receipt of Attendance Allowance and some benefits are not included in the limits.

4.2 53 households are affected with losses ranging from £2.30 per week to £207.19 per week.

#### **5.0 Local Support for Council Tax**

5.1 Council Tax Benefit was replaced by local schemes of support from April 2013. This change was accompanied by a 10% cut in funding which, for Eastbourne, amounted to c£1m.

5.2 The Council in collaboration with the County, Police, Fire, other Districts and Borough implemented a scheme which had as its aims to protect the most vulnerable, incentivise people back into work and to meet the funding gap.

5.3 After taking advantage of a transitional grant and flexibilities offered around certain Council Tax discounts and exemption, the scheme that the Council adopted affected only 470 people, who were already paying some Council Tax, with an average loss of only £4.60 per week. Many councils put in place schemes that required everyone to pay something, normally around 15% to 20% of their liability.

5.4 The Council has decided to retain this scheme for 2014/15.

#### **6.0 Local Welfare Support**

6.1 From April 2013 local authorities assumed responsibility for some elements of what was the Social Fund. East Sussex County Council now has responsibility for administering the Crisis Loans and Community Care Grants elements. This is now known as Local Welfare Support and the County's scheme has been named the Discretionary East Sussex Support Scheme.

6.2 As at the end of September, County has made the following awards to Eastbourne residents:

- 112 awards for food and utilities (30% of awards countywide)
- 276 awards for other item (26% of awards countywide)

6.3 In addition, the Council has been given £70,000 to help with rent in advance and rent deposits and has been given authority to make awards for other items, within a budget of £10,000, without having to get permission from County.

6.4 Eastbourne Foodbank was awarded £5,000 towards the costs of an advocate to assist people with long-term problems and to speak to organisations on their behalf.

## **7.0 Personal Independence Payments (PIP)**

7.1 PIPs are replacing Disability Living Allowance (DLA) for people of working age; the change is being implemented between October 2013 and October 2018 and the government estimate that this will reduce the overall cost of this benefit by 20%.

7.2 In February 2013, which is the latest date for available figures, there were 5,410 people in receipt of DLA in Eastbourne. This is up by 190 from February 2012. We estimate that over 1,000 people will lose entitlement by the time the roll-out is complete.

7.3 A possible consequence of someone losing entitlement is that, if they are in receipt of housing benefit or council tax support, they will also see a reduction in help with housing costs and council tax.

## **8.0 The Council's response**

The Council has adopted a strategic approach to the challenges presented through the reform of the Welfare system. In brief, the Council has:

- Created a Benefits and Welfare Advice Officer post using funding from the Department for Work and Pensions. The main objective for the post holder is to provide direct assistance to those affected by the changes. The post holder has contacted all of those people affected.
- Been instrumental in securing funds through Supporting People to establish the East Sussex Welfare Reform Action group. This has provided training for advisors from many organisations, produced a YouTube, put in place a publicity campaign, set up a free advice Helpline. The group monitors the impact of the changes on a county-wide basis, for example rent arrears and homelessness,
- Established a working group with Eastbourne Homes and the Jobcentre Plus focusing primarily on assisting those Eastbourne Homes Residents affected by the Spare Room Subsidy and the Benefits Cap.
- Set up a process of reviewing both the impact of the changes and the effectiveness of the Council's response.
- In partnership with Lewes District Council, engaged with Future Gov on the development of a mobile phone App that can assist people with money management.

Maximised the effectiveness of the increased funding available from the Discretionary Housing Payments budget. As at the end of September, 360 awards had been made committing £125,633 of the £256,602 budget. This included £17,000 to people affected by the Benefit Cap and £44,000 to those affected by the spare room subsidy.

## **9.0 Consultation**

9.1 Not necessary.

## **10.0 Resource Implications**

10.1 Financial

The introduction of a local scheme of support to replace council tax benefit came with a 10% reduction in funding which amounted to c£1m.

## **11.0 Anti-Poverty**

11.1 The changes to Welfare will put more stress on some of the most vulnerable members of society. The measures the Council and partners have put in place will go some way to mitigate the effects.

## **12.0 Conclusion**

12.1 Welfare Reform continues to present many challenges to some of the most vulnerable members of society as well as those organisations who support them.

12.2 It is important that the Council continues to closely monitor the impacts of reform and to provide help and advice where it is most needed.

12.3 It is recommended that Cabinet endorses the measures taken to support residents affected by Welfare Reform.

**lead officer name: Bill McCafferty**  
**job title: Revenues and Benefits Manager**

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### **Background Papers:**

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

*None*

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<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>5 February 2013</b>
<b>Subject:</b>	<b>Safeguarding Children and Vulnerable Adults</b>
<b>Report Of:</b>	<b>Senior Head of Communities</b>
<b>Ward(s):</b>	All Wards
<b>Purpose:</b>	To update Members in relation to the Council's approach to safeguarding Children and Vulnerable Adults.
<b>Decision Type:</b>	Adoption of the revised Policy.
<b>Recommendation:</b>	Cabinet is recommended to agree and adopt the Child and Vulnerable Adult Protection Policy.  In addition, Cabinet is recommended to note the content of the East Sussex Safeguarding Annual Report and Business Plan 2013/14.
<b>Contact:</b>	Lucy Wooler, Snr Allocations Officer, Telephone 01323 415333 or internally on extension 5333. E-mail address: Lucy.wooler@Eastbourne.gov.uk

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## **1.0 Introduction**

- 1.1 Improving the way key people and bodies safeguard and promote the welfare of children is crucial to improving outcomes for children and vulnerable adults. The Council's policy incorporates safeguarding for the both children and vulnerable adults.
- 1.2 This report also advised Cabinet on the work undertaken by the East Sussex Local Safeguarding Board in 2012/13 and outlines the business plan for 2012-15.

## **2.0 Summary of Action – Children and Vulnerable Adults Safeguarding Policy**

- 2.1 The first policy review was carried out in 2008/9. A further review was carried out in December 2012.

In November 2013 a planned Internal Audit report was undertaken to provide both an assurance test and learning opportunity. The Audit report concluded that the Council's approach was found to have:

*'Major strengths with minor recommendations and a good example of internal control. Low risk.'*

- 2.2 Whilst the Council's approach was found to have major strengths,
-

amendments to the Council's policy/practice have been made and the report seeks approval for the updated policy. In addition, an action plan has been developed to progress minor amendments/improvements suggested within the audit review. This plan is being worked on and progress will be reported on within the normal audit and governance cycle.

- 2.3 The Policy has been updated to incorporate minor updates and/or changes and is attached at appendix A. Cabinet are asked to adopt the revised Policy.

### **3.0 East Sussex Local Safeguarding Children's Board Annual Report and Business Plan**

- 3.1 The East Sussex Local Safeguarding Children Board (LSCB) has recently agreed their Annual Report and Business Plan. A copy of the report can be found at:  
[www.eastsussex.gov.uk/socialcare/aboutus/keydocuments/safeguarding.htm](http://www.eastsussex.gov.uk/socialcare/aboutus/keydocuments/safeguarding.htm)

via East Sussex County Council's web site.

- 3.2 The Annual Report reflects back over the period 2012/13 and the business plan sets out action for the period to 2015.

- 3.3 The key issues addressed by the LSCB in 2012/13 are highlighted in the report's introduction together with the key achievements, future challenges and priorities for 2013/14, including:

- Full engagement across agencies with the THRIVE agenda and early intervention
- The Safeguarding Children Continuum of Need enabling practitioners from across different agencies to use a common language and providing clarity about thresholds for children in need and the importance of information about these children
- Evidence of increased numbers of families being helped at an early stage, being worked with as children in need; and gradual but maintained reduction in numbers of children with a child protection plan, from 665 to 545 children during the year
- Greatly increased investment in data collection and analysis shared with staff
- Section 11 self assessments have been completed by all agencies with agencies fully compliant, the next step will be peer review
- Clear evidence of changes in practice as a result of QA findings
- Interventions supporting children who have been exposed to domestic abuse demonstrate changed behaviour in adults and children being more aware of how to keep themselves safe
- Child sexual exploitation is recognised as requiring a well coordinated multiagency response
- Missing children are given very high priority locally. Sussex Police, Children's Services and Catch 22, a national charity, work effectively together to offer a very quick response
- E-safety has remained highly featured on the LSCB partners' agenda
- The new Ofsted inspection regime sets high standards for LSCBs and there are increased expectations of the LSCB with no additional resources

- Five internal management reviews were commissioned by the LSCB and unusually this year has also seen East Sussex commission three Serious Case Reviews with a fourth commissioned in April 2013. Very sadly, two of these reviews are as a result of child deaths.

#### **4.0 Consultation**

5.1 The Local Safeguarding Children's Board was consulted during the development of the Policy and during the 2012 review.

#### **6.0 Resource Implications**

6.1 There are no significant staffing or financial resource implications arising from the review of the Council's Safeguarding Policy or S.11 Audit.

#### **7.0 Other Implications – Environmental, Human Rights, Community Safety**

7.1 The review of the Council's Child and Vulnerable Adult Protection Policy is designed to ensure the policy remains robust and is implemented effectively. The policy is designed to ensure it covers all areas in which the council is involved and minimise the risks to those using Council services, resources and premises and to Council staff, volunteers, contractors and other partners.

#### **8.0 Youth and Anti-Poverty**

8.1 None.

#### **9.0 Conclusion**

9.1 Cabinet is recommended to agree and adopt the amended Child and Vulnerable Adult Protection Policy.

In addition, Cabinet is recommended to note the East Sussex Local Safeguarding Children's Board Annual Report (12/13) and Business Plan 2013/15

#### **Background Papers**

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

- Eastbourne Borough Council Child and Vulnerable Adult Policy and Appendices

**Ian Fitzpatrick**  
**Senior Head of Community**

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## Appendix A

Title:-	Safeguarding Children and Vulnerable Adult Policy
Version:-	2
Date:-	6/12/2013
Approved by:-	Cabinet 21/10/2009
Next Review:-	November 2014
Designated Lead for the Policy	Ian Fitzpatrick, Senior Head Of Community

### Eastbourne Borough Council

#### Child & Vulnerable Adult Protection Policy

##### **1. Policy Statement**

Eastbourne Borough Council works to ensure that all children, young people and vulnerable adults coming into contact with the Council and its employees are protected and treated with respect. At the same time Eastbourne Borough Council works to protect its employees from the risk of unfounded allegations.

##### **1.1 This is done by: -**

- Having a clear commitment to Child & Vulnerable Adult Protection principles throughout the organisation, from Members, Senior Management, Staff, Volunteers and Contractors.
- Making sure our staff and volunteers are carefully selected, trained and supervised.
- Ensuring that our Contractors who have regular and direct contact with children, young people and vulnerable adults have appropriate policies and procedures in place and require them to comply with the Sussex Child Protection and Safeguarding Procedures and the Sussex multi-agency Policy and Procedures for Safeguarding Vulnerable Adults.
- Giving parents, children, young people, vulnerable adults and workers information about what they can expect from us.
- Letting parents, children, young people and vulnerable adults know how to voice any concerns they may have.

- Ensuring that all organisations that apply for support for programmes which involve children, young people or vulnerable adults (funding or premises etc.) have an effective policy and procedures in place on child and vulnerable adult protection. This includes all those managing any of our buildings or with a licence to run services from any of our buildings.

**1.2 It is essential that all staff working with children, young people and vulnerable adults read, understand and adhere to this policy.**

**2. Context**

**2.1** There are a minority of children, young people and vulnerable adults in our community who experience abuse of a physical, emotional/psychological, sexual, or financial nature or as a result of neglect.

**2.2** It is known that some individuals will actively seek employment or voluntary work with vulnerable people, particularly with children and young people, in order to harm and “control” them. People who work with children, young people and vulnerable adults in a voluntary capacity or as an employee, Contractor or other partner of the local authority have a role to play in protecting them from harm and safeguarding their welfare. This policy covers all children, young people and vulnerable adults.

**2.3** The definition of vulnerable adult refers to any person of 18 years or over who is or may be in need of community care by reason of mental, physical or learning disability, age or illness and who is or may be unable to take care of him/herself or unable to protect him/herself against significant harm or serious exploitation which may be occasioned by actions or inactions of other people. <sup>1</sup>

**2.4** It is also important to recognise additional vulnerability in terms of race, disability, religion, ethnicity or 1<sup>st</sup> language. Specific reference is made to these issues in Volume 2 of the “Sussex Child Protection and Safeguarding Procedures” and in Chapter 6 of the “Sussex multi-agency policy and procedures

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<sup>1</sup> Sussex Multi-agency Policy and Procedures for Safeguarding Vulnerable Adults, June 2007

<sup>2</sup> These can be found by following the links on the Intranet - see “Safeguarding Children Vulnerable Adults”

for safeguarding vulnerable adults”, and should be included in all training. 2

### **3. Recognition of Abuse**

**3.1** Abuse may be described as physical, emotional/psychological, sexual, or financial in nature or arise as a result of neglect. Examples of physical and behavioural indicators associated with each type of abuse are not included within this policy but can be found in “Sussex Child Protection and Safeguarding Procedures” and “Sussex multi-agency policies and procedures for safeguarding vulnerable adults.”

**3.2 It is not the policy of Eastbourne Borough Council to encourage staff to fully investigate suspicions or allegations but to make all appropriate staff aware of the issues surrounding child and vulnerable adult protection and to have clear procedures in place to ensure that staff are aware of how and to whom any concerns should be reported.**

### **4 Employment Issues**

#### **4.1 Recruitment and selection**

- Eastbourne Borough Council takes all reasonable steps to prevent unsuitable people working with children, young people and vulnerable adults. These procedures are deployed consistently for all staff – whether in full time, part time employment and whether paid or voluntary staff.
- All staff (or volunteers) working with children, young people *or* vulnerable adults complete an application form. These forms provide information about applicants’ pasts, including any gaps in employment history.
- At least two references should be taken up (in writing), including at least one assessing applicants’ previous work with children, young people and/or vulnerable adults and their suitability for working with them. References should cover at least the past three years. For student leavers, appropriate references from Principal, Head Teacher, Head of PE would be acceptable.
- Consent should be obtained from applicants for appropriate levels of Disclosure and Barring Service disclosure to be sought, using the form provided. Where disclosure is needed for a specific role with children, young people and/or

vulnerable adults it must be obtained prior to commencement of work with them.

- All candidates should demonstrate a willingness to undertake training relating specifically to protection issues relating to children, young people and vulnerable adults.
- Managers must comply with corporate policies on the security of DBS Records and on the Rehabilitation of Offenders to ensure the confidentiality of information received in relation to applicants.

## **4.2 Policy and Procedures**

Eastbourne Borough Council works to ensure that children, young people and vulnerable adults are protected and kept safe from harm. All staff involved in the provision of services to children, young people and vulnerable adults should know what to do if there are any concerns about abuse and what procedures / guidelines they should follow.

## **4.3 Training**

All staff who regularly have direct contact with children, young people and/or vulnerable adults should receive training annually to raise their awareness of children, young people and vulnerable adult protection issues. They should also receive clear instructions on how to report concerns or suspicions, and training in Good Practice methods of working to ensure children, young people and vulnerable adults' welfare, safety and protection and minimise the risk of unfounded allegations being made.

## **4.4 Supervision**

Managers should be sensitive to any concerns about child and/or vulnerable adult protection and act on them in an appropriate and timely way **within 24 hours**. They should also offer appropriate support for those who report concerns. To assist managers in this role training will be undertaken consistent with the recommendations of the Local Safeguarding Children Board and the Safeguarding Adults Board.

**5. It is the responsibility of all those working within EBC or on behalf of EBC to report accidents and alleged or suspected incidents of child, young person and/or vulnerable adult abuse**

**5.1 When to take action**

It is possible that staff, Members, volunteers and contractors may have cause for concern and wish to take action as a result of:

- A child / young person / vulnerable adult telling them something has happened, whether or not they want you to pass on the information.
- Observing physical or behavioural or any other indicators which cause you concern
- Someone else (adult, young person or child) telling you their concern.

**5.2 5.2 Listening to the child / young / vulnerable person**

Staff, Volunteers, Members and Contractors are not expected to investigate suspected incidents but to act promptly and effectively in communicating the issues to child and adult protection professionals. However, there may be instances when children, young people or vulnerable adults who are being abused will approach staff that they trust and with whom they feel safe. By listening and taking seriously what they say, Staff, Volunteers, Members and Contractors will be helping them.

**5.3 Guidelines for listening to a child, young person or vulnerable adult who claims he or she has been abused: -**

- React calmly so as not to frighten the child, young person or vulnerable adult.
- Tell the child, young person or vulnerable adult they are not to blame and that they were right to tell.
- Take what the child, young person or vulnerable adult says seriously, recognising how difficult it was for them to confide in you.

- Always reassure the child, young person or vulnerable adult but do not make promises of confidentiality.
- Make a full, detailed record of what has been said, heard and/or seen immediately afterwards.

#### **5.4 The next steps – if there are concerns**

- All staff must report any incidents or allegations to the designated person in charge of the area of work, or in their absence to a direct line manager. The person to report such incidents to will be identified to the member of staff at the start of their employment.

■ The manager will contact the relevant Duty and Assessment ■ of the East Sussex County Council Safeguarding Unit (if within office hours or the Emergency Duty Team if outside of office hours ■)

■  
■

The Senior Head of Community and Service Head should also be informed of such reports

- **(Note: if preferred the concerns can be referred to the Senior Head of Community or Head of Audit as a whistle-blowing matter in order to protect confidentiality.)** All contact details are available at via Intranet (Safeguarding Children page)

## **6 Recording Information**

- 6.1** Recording information early and accurately is very important and should be done without delay.
- 6.2** Do not delay reporting by attempts to gain more information and remember to make a note of the person you report to in Social Services and follow up in writing within 24 hours (responsible person only). Remember your first port of call in all situations is your manager.
- 6.3** Information to be contained within a report for Children's Services Social Care or the Police should include the following. However, **it is not expected that staff will attempt to get this information from any child or vulnerable adult other than that which is volunteered:**

- The nature of the allegation
- A description or name of child and alleged abuser's name
- A description of any visible bruising or other injuries
- The child or vulnerable adult's account, if he/she can give one, of what happened and how any bruising or other injuries occurred
- Any times, dates, or other relevant information
- A clear distinction between what is fact, opinion or hearsay.

#### **6.4 Important:**

- Reporting the matter to the Police or Social Services Department should NOT be delayed by attempts to obtain more information.
- Wherever possible telephone referrals to Social Services Departments should be confirmed in writing within 24 hours. It is useful to keep a record of the name and designation of the person telephone messages were given to.
- Records must be securely maintained and only viewed by appropriate personnel, Social Services or the Police.

**These records will be kept securely by the Heads of Service and forwarded immediately to the Senior Head of Community. This information will be held centrally**

#### **7. Allegations Against Staff/ Volunteers**

**7.1** This may include anyone directly employed by Eastbourne Borough Council in a paid or voluntary capacity working with children and young people or vulnerable adults.

**7.2** However, it may be difficult for the person in charge to distinguish whether an allegation against a member of staff is due to poor working practices or abuse. However concerns **must always** be reported to the line manager or Human Resources. It may be one of a series of instances which, when put together, can cause concern.

- 7.3** It should be acknowledged that an allegation against any member of staff will generate concern amongst other staff. There may be difficulties in reporting colleagues but the way in which they are dealt with should be professional and fair and, above all, protect the welfare of the child, young person or vulnerable adult.
- 7.4** Staff will need reassurance that they will be supported if they disclose information about a colleague.
- 7.5** In the case of an investigation of abuse against a member of staff, there may be three types of investigation:
- Criminal
  - Child/ adult protection
  - Disciplinary or misconduct

## **8. What Happens Now?**

- 8.1** In the case of a child or vulnerable adult protection / criminal event an investigation will be led by Social Services, the Police and involve any relevant member of staff. Again, the main concern would always be for the welfare of the child, young person or vulnerable adult involved.
- 8.2** The Council will implement procedures to deal with the outcome of any investigation including:
- Advice and reassurance to the public
  - Media attention
  - Dealing with staff in the event of allegations being unfounded
  - Dealing with staff should an allegation about a staff member be proven

## **9. Conclusion**

- 9.1** There are many difficult and sensitive issues involved. By following these guidelines, both children and vulnerable adult and staff are protected and incidents should be minimised. Should incidents occur, staff involved will be better placed to deal with events more competently and sensitively.



**9.2** Remember the basic principles in dealing with children and vulnerable adults in potential abuse situation are:

- Listening
- Believing
- Reassuring
- Explaining
- Reporting -Acting immediately
- Recording
- Getting support.

## **10. Appendices**

**10.1** The following appendices give further guidance on the application of the Child Protection Policy and the Safeguarding Vulnerable Adults Policy in practice:

APPENDIX 1 – Guidance for Managers Protecting children and workers

APPENDIX 2 – Guidance for Managers Supervision of Children

APPENDIX 3 – Roles and Responsibilities

APPENDIX 4 – Risk Assessment

## **11. Review of Policy**

This policy will be reviewed annually to coincide with Service And Financial Planning processes.

Next review November 2014

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## **APPENDIX 1**

### **Guidance For Managers** **Protecting children and workers**

**A.** We can reduce likely situations for abuse of children and help protect our staff and volunteers from false accusations by making sure that everyone is aware that **it is not acceptable to:-**

- Spend time alone with children away from others;
- Take children alone in a car on journeys, however short;
- Take children to their home.

In exceptional circumstances where it is **absolutely unavoidable** that these things do happen, they should **only** occur with the full knowledge and consent of the Senior Head or their deputy.

**B.** You should make it clear to all staff and volunteers in your organisation that they should **never...**

- Engage in rough physical games including horseplay – apart from structured sports activities;
- Allow or engage in inappropriate touching of any form;
- Allow children to use inappropriate language unchallenged;
- Make sexually suggestive comments about or to a child;
- Let allegations a child makes go unchallenged or unrecorded;
- Do things of a personal nature for children or vulnerable adults.

## **APPENDIX 2**

### **Guidance for Managers** **Supervision of children**

*Making arrangements for the proper supervision of children is one of the most effective ways of minimising opportunities for children to suffer harm of any kind whilst taking part in organised programmes or whilst at Council facilities.*

#### **Planning**

- Organisers **must** plan and prepare a detailed programme of activities for the children who are involved in the project, **including preparing a risk assessment prior to the event.**
- Managers must ensure that all staff and volunteers have got required appropriate CRB clearance in place.
- Organisers are responsible for the welfare and safety of the children for the whole time they are in their care.
- Young people should not be left to their own devices when undertaking a supervised programme.
- All children should be adequately supervised and engaged in suitable activities at all times.
- In circumstances when planned activities are disrupted, e.g. due to weather conditions, then organisers should have a number of alternative activities planned.

#### **Supervision**

- Leaders in charge must be satisfied that those workers and adults who accompany group parties are fully competent to do so.
- Children must be supervised at all times.
- Children must not be left unsupervised at any venue whether it is indoors or out of doors.
- Workers should know at all times where children are and what they are doing.
- Any activity using potentially dangerous equipment should have constant adult supervision.
- Children will be safer if supervised by two or more adults.
- Dangerous behaviour by children should not be allowed.

#### **Adult/child ratios**

Level of supervision must be adequate whether at the organisation's venue or on a journey/visit. Therefore, when deciding how many adults are required to supervise, Manager must take into consideration a range of practical matters:-

- The number of participants in the group
- The nature of the site/venue and of the activity involved
- It is important that each individual supervisor knows the responsibilities he/she is expected to bear.

It is for the Manager in charge to exercise his/her professional judgement in deciding the level of supervision taking into account the appropriate national guidance. Risk assessments should be carried out in advance of programming the activity.

## **APPENDIX 2 CONTINUED**

### **Guidance To Managers**

#### **Recording allegations or suspicions of abuse**

*In any case where an allegation is made, or someone in your organisation has concerns, a record should be made. It is good practice to draw up a checklist of details to note and questions **you should ask yourself** in making such a record which could include, for example: -*

- Name of child
- Age
- Any special factors; for example disability, cultural or language issues.
- Parent's name(s)
- All other members of the household, whether living there permanently or temporarily.
- Home address (and phone number if available)
- Is the person making the report expressing their own concerns or passing on those of somebody else? If so, record details.
- What has prompted the concerns? Include dates, times etc of any specific incidents.
- Any physical signs? Behavioural signs? Indirect signs?
- Has the child been spoken to? If so, what was said and who was present? Where the discussion took place is also important to note
- Have the parents been contacted? If so, what was said?
- Has anybody been alleged to be the abuser? If so, record details.
- Has anyone else been consulted? If so, record details.
- **See Appendix 5**

#### **Reporting Incidents or Allegations**

If a disclosure is made it **must be reported in line with Section 5.4. of the Policy**. If in doubt contact your line manager, Human Resources or Senior Head of Community.

The course of action that will be taken:

- Where an allegation is made against an employee, the matter will be investigated in accordance with the Council's disciplinary procedure.
- An appropriate person will be appointed to investigate
- An immediate evaluation will be carried out to determine if there needs to be a full investigation
- The employee may be suspended in cases of a more serious nature
- If during the investigation there are suspicions of criminal activity or intent, the case will be referred to the police and/or social services
- You will be treated with sensitivity and be fully supported by the Council

## **APPENDIX 3**

### **Roles and Responsibilities**

#### **Recruitment**

It is the responsibility of the Head of Service to inform the Recruitment Manager if an advertised post has duties that involve regular and direct contact with Children which will necessitate a Disclosure and Barring Service (DBS) Check. This should be clearly stated on the Recruitment Review form.

N.B. Any staff recruited through other channels for example Agency staff where a DBS Check has not been carried out or staff who commence employment before receipt of their DBS check must **not** be allowed to work unaccompanied with Children or Vulnerable Adults

#### **Training**

On starting employment with Eastbourne Borough Council all staff who occupy positions where a DBS check is considered appropriate will receive child and vulnerable adult awareness training from their line manager &/or Human Resources.

Divisions in the Council where regular and direct access with children and vulnerable adults takes place will receive Child Protection training arranged by the Training and Development Manager in consultation with the East Sussex Local Safeguarding Children's Board. In high risk areas (Sports Centres, Leisure Centres) Managers must ensure that there are staff / supervisors on site at all times who have received bespoke Child Protection Training.

#### **Staff**

If approached to respond to the potential victim or reporting person in accordance with the guidelines included in Section 5 of the policy.

#### **Managers / supervisors**

- Will ensure that all new staff receive awareness training
- Will receive child protection training
- Will advise staff on how to deal with situations arising
- Will provide support for the person reporting the incident
- Contact Social Services / police
- Will Inform the Senior Head of Community that a child protection incident has been reported
- Will keep the reporting person informed of action taken
- Will keep a written record including:
  - Date/time
  - Those present
  - Actions taken
  - Telephone / other conversations what was said/seen/done

**Senior Head of Community** – This post-holder is the designated lead for this policy. All allegations reported will be logged centrally.

**Head Of Corporate Development**

To ensure that the Council's contracts include appropriate reference to the requirement for Child and Vulnerable Adult Protection Policies and Procedures

**Senior Head of Development and Environment/ Senior Head of Tourism & Leisure and the Senior Head of Community**

To ensure that all funding agreements to voluntary and other organisations include, where appropriate, a requirement for Child and Vulnerable Adult Policies and Procedures

**All Senior Heads/Chief Officers**

To ensure that Heads of Service are aware of this policy and that it is being complied with.

## **APPENDIX 4**

### **Risk Assessment**

For the purposes of this policy the type of work shown is indicative of the type of areas where protection of children and vulnerable adults should be considered. It is not intended to be comprehensive or exclusive. Managers of work areas have responsibility for identifying "at risk" staff & other groups

High Risk      Staff who enter people's homes where Children or Vulnerable Adults may be

e.g.

- Visiting Officers Benefits, Housing Needs Staff
- Leisure Centre & Sports Centre Staff
- Neighbourhood Advisors
- Contractors
- Volunteers

Low Risk      Staff who work out of the office but have no direct contact with Children, e.g.

- Contract inspectors
- Planning Officers / Building Control Officers

No Risk      Staff who are office based and have no contact with Children or Vulnerable Adults

e.g.

- Secretarial and Administrative Staff

When considering risk the same methodology should be applied to staff, contractors and volunteers. A record of risk and mitigating actions should be kept and fed into the annual Service and Financial planning process or , if more urgent, via the Head of Service.



## APPENDIX 5

### Safeguarding Report

Name of child	
Age	
Any special factors; for example disability, cultural or language issues.	
Parent's name(s)	
All other members of the household, whether living there permanently or temporarily.	
Home address (and phone number if available)	
Is the person making the report expressing their own concerns or passing on those of somebody else? If so, record details.	
What has prompted the concerns? Include dates, times etc of any specific incidents.	
Any physical signs? Behavioural signs? Indirect signs?	
Has the child been spoken to? If so, what was said and who was present? Where the discussion took place is also important to note	
Have the parents been contacted? If so, what was said?	
Has anybody been alleged to be the abuser? If so, record	

details. Has anyone else been consulted? If so, record details.	
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**BODY:** CABINET

**DATE:** 5 February 2014

**SUBJECT:** Write off of Irrecoverable Debts

**REPORT OF:** Chief Finance Officer

**Ward(s):** All

**Purpose:** To seek Cabinet approval for the write off of debts in excess of £5,000 as required by Financial Procedure Rule 4.26.

**Contact:** Pauline Adams, Financial Services Manager  
Tel 01323 415979 or internally on ext 5979

**Recommendations:** Members are asked to approve the write off of irrecoverable debts as listed in the Appendix totalling £141,329.73.

## **1.0 Introduction**

1.1 Financial Procedure Rule 4.26 provides delegated authority to the Chief Finance Officer for the write off of irrecoverable debts below £5,000. Beyond that limit, unless particular circumstances apply (like bankruptcy, liquidation etc) the approval of Cabinet is required.

## **2.0 Write Offs**

2.1 Details of the write offs being recommended for write off by Cabinet are listed in the Appendix to the report with brief explanations of the circumstances.

2.2 In all cases a number of methods of collection were attempted before the debts were recommended for write off.

2.3 The write off does not mean that debt is not still due to the council and in cases where circumstances have changed the debt will be written back on and recovery pursued.

## **3.0 Financial Implications**

3.1 The write offs do not have an immediate financial effect on the current year's budget as the bad debt provision is greater than the write off total. However, the making of that provision did have a cost implication at the time the provision was made. The Council maintains provisions against the level of debts outstanding as follows:

	As % of total debt	Funded by
Council Tax	48%	14% EBC with the remaining 86% by East Sussex CC, East Sussex Fire and Sussex Police
NNDR	23%	50% Central Government, 40% EBC, 9% East Sussex CC & 1% East Sussex Fire.
HB Overpayments	77%	EBC General Fund
Sundry Debtors	9%	EBC General Fund
Housing Rents	70%	EBC HRA

#### **4.0 Consultation**

4.1 Not Applicable

#### **5.0 Conclusion**

5.1 This report seeks Cabinet approval for the write off of irrecoverable debts in excess of £5,000 totalling £141,329.73 where all other methods of recovery have been unsuccessful and it is not deemed appropriate to pursue the debts further.

**Pauline Adams**  
**Financial Services Manager**

#### **Background Papers:**

There were not background papers used in compiling this report

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

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