

Report to: Scrutiny

Date: 2 November 2020

Title: Recovery and Reset Programme

Report of: Robert Cottrill, Chief Executive

Cabinet member: Councillor David Tutt, Leader of the Council

Ward(s): All

Purpose of report: To update on progress of the Recovery and Reset Programme.

Decision type: Key

Officer recommendation(s): Scrutiny to;

(1) note the progress made with the Recovery and Reset Programme, and

(2) respond to the Cabinet with any recommendations it wishes to be considered.

Reasons for recommendations: The Recovery and Reset Programme provides a structured and accountable approach for delivering the level of significant organisational change needed to respond to current and future challenges.

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1 Introduction

- 1.1 This report updates Cabinet on the Recovery and Reset Programme. From the report presented in September, Cabinet will recall that the purpose of the Programme is to tackle our financial and organisational challenges. These challenges arise from the Covid-19 pandemic, the resultant economic climate and the changing needs and demands of our customers. The programme aims to address these challenges in a sustainable way, to ensure delivery of the following objectives;
- A continued focus on the Corporate Plan priorities, recognising that these may need to be revisited in light of resource limitations
 - A sustainable service delivery model to adapt to the needs of residents and

- businesses as a result of the pandemic.
- A balanced budget
 - A sustainable Medium Term Financial Strategy
 - No on-going reliance on reserves to support revenue budgets
 - An affordable Capital Programme

The council faces a budget shortfall of around £30m over the next 4 years (the Medium Term Financial Strategy (MTFS) period), although it is still hoped that Government will provide further financial support to help address this. The Recovery and Reset Programme will deliver the significant changes in the way the council operates which are needed to meet this and future budget challenges.

- 1.2 As was explained in the previous report, there needs to be a fundamental reset of the council's plans, and budgets, to respond to this challenging situation and to ensure they are sustainable and resilient in the long term. This reset is being undertaken at pace. This report will update on progress and also request the allocation of resource to help move the programme forward quickly.

2 Progress

- 2.1 The programme has started well. Key staff are in place to progress each area and programme management arrangements have been established. The Joint Member Board which was agreed at September's Cabinet meeting will meet for the first time shortly. Sitting on the Board from EBC will be; the Leader, Deputy Leader and Leader of the opposition. Similar representation has been agreed from Lewes District Council.

- 2.2 An early priority has been to communicate the programme to staff and to explain its purpose, why it is needed and how it will affect them. Given that most staff are working remotely it has been vital to ensure clear communications have been provided, which has been achieved through written briefings, video presentations and the council's intranet. A Managers' Reference Group and Staff Experience Group have been set up to enable a continuing dialogue with staff throughout the programme.

- 2.3 Members will recall that the programme has four pillars; best use of digital, reshaping delivery, best use of assets, and restart. The progress that has been made in each of these areas is set out below;

2.4 Reshaping Delivery

This pillar is focused on changing the way we deliver services, responding to our changing customer needs and adapting to the challenges created by the Covid pandemic .

- Cutting across the Digital and Reshaping Delivery pillars is our Workplace 2021 programme. As mentioned previously, the council will vacate its office space in 1 Grove Road between December 2020 and June 2021. With most staff working from home, the office space requirements of the

council are considerably reduced. The Town Hall, therefore, will be sufficient in the short to medium term to meet operational needs. Options to support customer interactions (including opportunities to work collaboratively with partners) are currently under consideration and are likely to include video interfaces, particularly in the short term.

- A restructure of the Tourism and Enterprise service took place over the summer. This was necessitated by the Covid-driven requirement to close much of the Devonshire Park operation for at least the rest of the financial year. This restructure will achieve a significant annual saving for the council whilst enabling key functions such as tourist information and destination marketing to continue.
- The reshaping of Customer First will be the next area of focus in this workstream. It is expected that this work will be completed by the end of the financial year. Opportunities for reshaping other service areas will also be considered beyond this.

2.5 Best Use of Digital

This part of the programme brings together work that was already in train with new projects to increase our automation and self-service options. Through this it is intended to deliver a step change in how the council makes use of technology, to respond effectively to the challenges faced, and the changing demands of customers. Recent key successes include;

- The housing Cx system will achieve full implementation, with the delivery of on-line housing applications by the end of November 2020.
- With the planned move from 1 Grove Road between December and June, as mentioned above, huge steps are being taken to end reliance on paper records and to rationalise our use of digital storage. Our document retention and disposal programme is ensuring that we are only retaining essential documents, which has significantly reduced our physical and digital storage requirements.

2.6 Best Use of Assets

Under this pillar, the councils approach to its assets and commercial investments will be reviewed. Alongside this there will be a forward looking review of principles around our capital programme. These are legally and financially complicated, large pieces of work which will follow already established governance procedures agreed with elected members such as the Strategic Property Board.

2.7 Restart

The Restart pillar has continued the work started as the council came out of lockdown, looking to aid the recovery of the borough through economic regeneration work, supporting tourism and working with other agencies to

ensure the welfare of local people experiencing hardship due to Covid-19. There has been a focus on;

- Ensuring the council is ready to respond through the Community Hub partnership, should a second lockdown be required locally. Trained staff are ready for deployment to the Hub helpline, if required.
- Securing further funding from Government to continue to support those experiencing homelessness in the borough, following the 'all in' requirement at the start of lockdown in March.
- Working with other partners to develop an East Sussex wide Recovery Plan.
- Ensuring that the council's own emergency planning, business continuity and health and safety plans are sufficient to support its operations through further phases of the pandemic.

3 Programme Governance and Delivery

- 3.1 The cross party Member Board which was agreed at Cabinet in September is due to meet for the first time shortly. Other relevant officer boards and steering groups are also in place for each of the pillars and are meeting regularly to plan and progress the work. Regular oversight of the programme is also being undertaken by CMT.
- 3.2 As has been previously stressed, this is a large programme which will require a significant level of organisational change to deliver. As such, there is a need for dedicated, time-limited programme management resource to support the work. To maintain pace, Cabinet is requested to agree £250,000 to be allocated from the capital programme to cover initial costs. A request will also be made to Lewes District Council for the same level of contribution.
- 3.3 In addition to this initial request, there will be further capital requirements for investment in aspects of the programme, such as IT infrastructure. Cabinets' approval of this additional expenditure will be sought as part of the forthcoming annual budget setting process.

4 The Financial Challenge

- 4.1 As was noted above, it is currently estimated that a cumulative budget shortfall of around £30m is expected in meeting the cost of the council's services over the MTFS period (2020/21- 2024/25), should no further support from central government be forthcoming.
- 4.2 The financial situation for EBC is particularly challenging because of the town's strong reliance on the tourism and hospitality economy. A study carried out by Grant Thornton has compared how the different councils in England have fared through the pandemic. This study provides a Vulnerability Index and a nationwide view on the comparative vulnerability of local authorities to the

immediate and medium-term impacts of COVID-19. The Recovery Index seeks to understand how well placed areas are to respond and recover from COVID-19, drawing on a select number of key indicators.

From the report it can be seen how this council has been particularly vulnerable because of the make-up of the local economy and heavy reliance on its tourism economy. The study has shown that a local response is key, due to complexity of the issues that impact on different areas in different ways. A number of the key findings of this investigation have been included in Appendix A of this report.

4.3 It is hoped, of course, that support from government will reduce the level of challenge currently faced by the council. In addition to £1.3m grant which has been received, there have been a number of additional support packages agreed, which include:

- Covid **grant** £1.3m
- Job retention grant
- **Income recovery:**
 - 5% loss
 - 25% of the remaining 95% loss
 - 100% of commercial income shortfall loss
- **Cashflow** support :
 - Deferred payment of central gov share
 - Spread of Council tax and business rate deficit over 3 years

However, the scale of the financial impact and rate of recovery is considerably greater than the existing package of support. The Council is now planning for a range of possible outcomes from the negotiations with government. Different scenarios are being modelled which will be reviewed as part of the Recovery and Reset timeline and delivery plans. A priority based budgeting approach will also be used to help ensure resources are effectively targeted.

5 Corporate plan and council policies

5.1 The programme has been developed being mindful of the priorities set out in the council's Corporate Plan for 2020-2024. Although it is set out within the programme purpose to have a 'continued focus on the Corporate Plan priorities', Cabinet should note that the level of financial pressure on the council might mean that a further review of Corporate Plan priorities may be required, to ensure that the level of ambition articulated remains realistic.

6 Financial appraisal

6.1 The Medium Term Financial Strategy was presented to Cabinet in September and provided an initial update on the Council's current financial position and potential future outlook. This demonstrated the need for the Recovery and Reset Programme in order to address the significant financial challenges being faced which are set out in this report.

7 Legal implications

- 7.1 The Council's Financial Procedure Rules permit Cabinet to approve capital projects up to a cumulative value of £500,000 (for General Fund purposes) in any one financial year. The allocation of £250,000 to the capital programme, as recommended by this report, is within that limit since no other allocation has been made during 202/21. Accordingly, Cabinet has authority to approve the allocation.

At the point where the cumulative value of the proposed capital programme in any financial year would exceed £500,000, expenditure may not proceed without full Council approval.

Lawyer consulted 14.10.20

Legal ref: 009602-JOINT-OD

8 Risk management implications

- 8.1 The risks within this programme will be regularly assessed and managed as part of the programme and project management activities. The identification and management of any significant risks in relation to the programme will be reported to CMT and the Joint Member Board, along with mitigation plans to address them.

9 Equality analysis

- 9.1 An equality analysis will be undertaken for each Pillar of the programme and the outcomes, including any action plans required, will be reported to and monitored by, CMT.

10 Environmental sustainability implications

- 10.1 A number of the projects within the programme have sustainability implications. These implications will be considered as the detailed project plans are established for each project, being mindful of the council's stated objective, as set out in the Corporate Plan, of achieving net carbon zero by 2030.

11 Background papers

Cabinet report - Council's Response to Covid-19 (3 June)

Cabinet report - Initial Financial Assessment of Covid-19 (3 June)

Cabinet report - Financial Assessment of Covid-19 Update (15 July)

Cabinet report - Recovery Group Update (15 July)

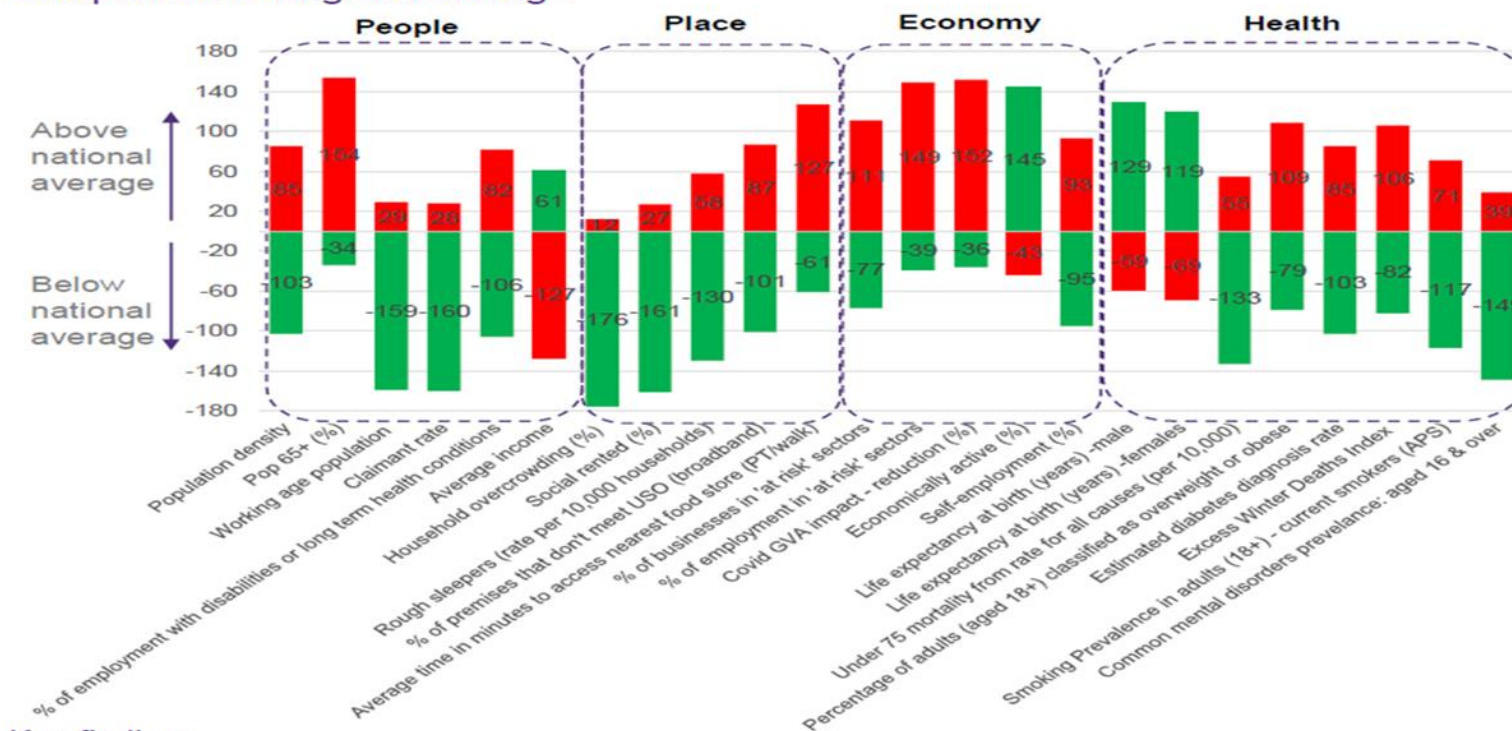
Cabinet report – Recovery and Reset Programme (16 September)

Cabinet report – Medium Term Financial Strategy (16 September)

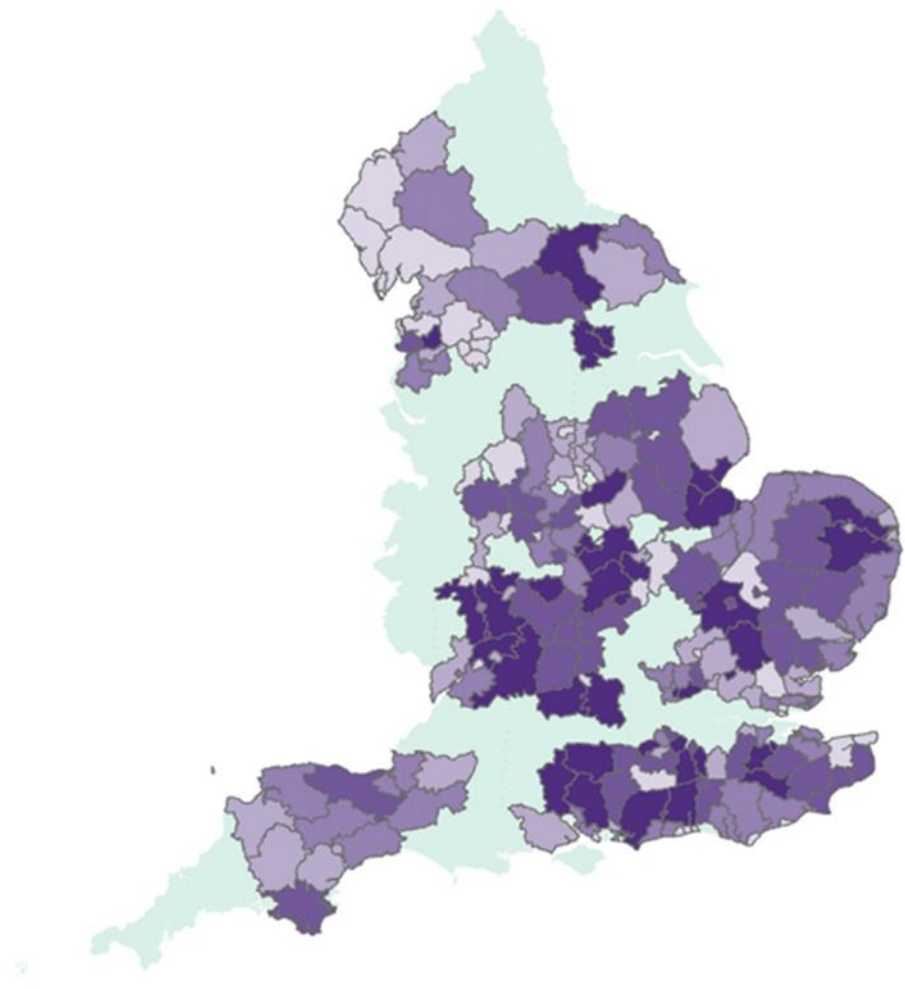
Key Findings Summary from Vulnerability and Recovery report

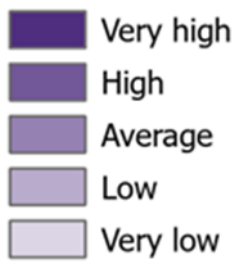
There are particular issues that are more apparent in district authorities

Comparison to England average

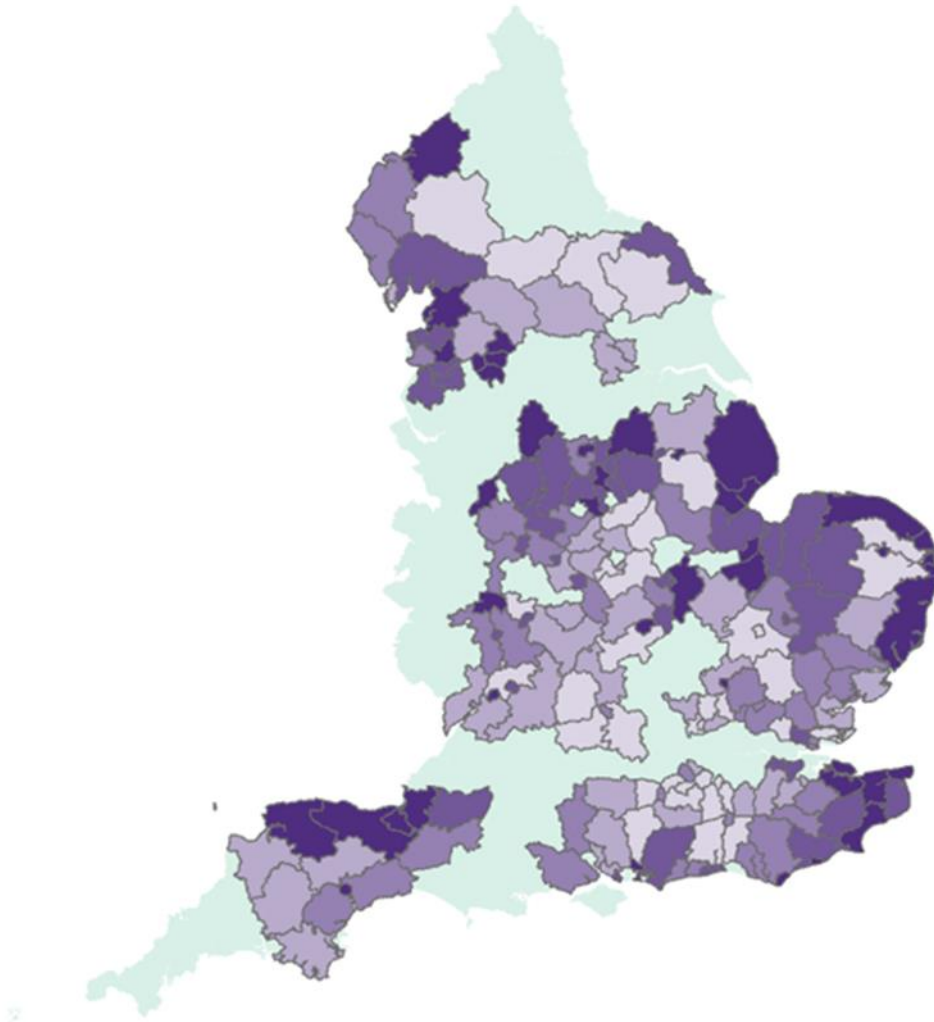


NB: a darker shade indicates higher recoverability





NB: a darker shade indicates higher vulnerability



Vulnerability Index vs. Recovery Index

