

Report to: Cabinet

Date: 2 June 2021

Title: Recovery and Reset

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):

- (1) To note the progress made with the Recovery and Reset Programme,**
- (2) To agree the service and organisational change proposals set out at para 4.1,**
- (3) To formally approve acceptance of the Culture Recovery Fund grant of £1.871m from the Arts Council, and**
- (4) To delegate authority to the Chief Executive, in consultation with the Cabinet Member for Tourism and Leisure Services, to oversee delivery of the agreed plan for spend in accordance with the Culture Recovery Fund aims and objectives, and for the Chief Finance Officer to update the budget accordingly.**

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.

Contact Officer(s): Name: Jo Harper
Post title: Head of Business Planning and Performance
E-mail: jo.harper@lewes-eastbourne.gov.uk
Telephone number: 01273 085049

1 Introduction

1.1 Cabinet will recall that the purpose of the Recovery and Reset programme is to tackle the financial, organisational and borough-wide challenges we are facing.

These challenges result from the Covid-19 pandemic, the resultant economic climate and the changing needs and demands of our residents, all of which need to be addressed in a sustainable way. The council faced a significant budget shortfall over the next four years (Medium Term Financial Strategy (MTFS) period), and in response to this has established the Recovery and Reset Programme (R&R) which is making good progress and delivering changes in the way the council operates to meet these challenges and to oversee the council's response to the Covid pandemic.

- 1.2 As previously reported, 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 in this report.

2 Financial context

- 2.1 When the Recovery and Reset programme was established in the autumn of 2020, it was clear that significant savings would need to be delivered. To this end, Medium Term Financial Strategy (MTFS) set savings targets of £850k for 2021/22 and £2.5m for each year thereafter. However, since these targets were set it has become clear that the Covid pandemic and resultant economic downturn was to have adverse impacts on the council's budgets well beyond this.

- 2.2 As was reported to Cabinet and Council in February 2021, because of the extreme financial pressures being experienced by the council, it was necessary to seek support from central Government. This has been provided in the form of a capitalisation direction (effectively allowing us to borrow or use capital receipts) to fund revenue expenditure not exceeding £6.8m, for the financial year 2020/21 and up to £6m for 2021/22. Beyond this, into 2022/23, the council will need to reach a financially balanced position without the requirement for further capitalisation.

- 2.3 It should be noted that in accepting the capitalisation direction, the council was required to agree to an external assurance review being undertaken. Initially it was reported that this would be completed by end of May. However, we have now been advised that the Ministry of Housing, Communities and Local Government (MHCLG) will be running a procurement round to commission an external partner to deliver the assurance reviews shortly. This means that there will be a significant delay in the review process, which introduces an added uncertainty and risk to the council's financial planning processes for the coming year.

- 2.4 Following the announcement of the capitalisation direction, extensive work is being undertaken to identify a package of service and organisational changes, sufficient to, where possible, reduce the need to borrow for capitalisation purposes. The package is also designed to reduce operational costs in order to meet the projected budget shortfall in 2022/23. This is being achieved through a Priority Based Budgeting approach which is working to ensure priority functions and services are protected whilst driving efficiency wherever possible.

- 2.5 It is expected that, with the anticipated recovery of the local economy, as the country moves forward out of the Covid pandemic, the council's income will start

to recover. This will then enable some of the unavoidable reductions in service levels to be reconsidered and, where appropriate, reinstated and for the council to continue to move forward in delivering against its corporate plan commitments.

- 2.6 The table below sets out the budget challenges which are being tackled through the Priority Based Budgeting exercise. This reflects the pressures identified in the MTFs previously reported to Cabinet last September. This includes reductions in income, increased costs associated with housing, and now the additional cost of financing the capitalisation directions;

	21/22 £'000	22/23 £'000
Capitalisation	6,000	-
Latest Revenue budget shortfall after capitalisation (including costs of loan repayments)	910	6,572
Less: Budgeted Recovery and Reset programme	(850)	(2,500)
Remaining shortfall to be met through Priority Based Budgeting proposals	60	4,072

Proposals are being developed which will deliver savings to meet the budget shortfall in both 21/22 and 22/23. The full set of proposals will be presented to Cabinet for approval at its next meeting in July. However, ahead of this, Cabinet is asked to endorse some initial service and organisational change proposals which require early implementation. These are set out at para 4.

- 2.7 In addition, we have worked to secure external funding, where applicable. The council has been successful in its application to the Culture Recovery Fund and has been granted £1.87m in 2021/22 from the Arts Council. The funding, which has been one of the largest received by a local authority, will be used to support the reopening and provision of key cultural services, in a Covid safe way, which are critical in supporting the borough's tourism economy. Delivery of the action plan for the spend (as accepted by the Arts Council) is being overseen by a project board chaired by the Chief Executive - additional detail on the activities/areas of spend that will be supported by the funding is set out in Appendix A. As the award is to be spent by the end of June 2021, Cabinet is recommended to approve delegated authority to the Chief Executive to oversee delivery of the agreed plan in consultation with the Cabinet Member for Tourism and Leisure Services within the funding timescales and objectives.

3 Recovery and Reset Progress

- 3.1 Good progress has been made in delivering the Recovery and Reset plans which were agreed by Cabinet in the autumn of 2020. Some key outcomes have been;

Best use of digital

- The new system for 'taking payments at home' has been introduced to ensure safe and secure financial transactions with customers in all working environments.
- The project to explore a new Revenues and Benefits system has progressed to meeting with potential suppliers.
- The pilot to automate a number of processes has been a success and areas of search for additional automation are being explored.
- The Digital Democracy project is progressing and proposals on next steps will be confirmed shortly.
- While the council is currently unable to hold hybrid meetings, solutions continue to be explored for when such meetings are permitted.
- A revised digital strategy is being prepared to steer the council's use of digital technology in the future, building on an already strong track record in this area.

Reshaping delivery

- A number of service reshaping exercises have been undertaken in different parts of the organisation which have delivered savings.
- Positive feedback from staff has been received, through the staff wellbeing survey, to the new hybrid working style enabling a reduced office space requirement.

Best use of assets

- The vacated space at 1 Grove Road is in the final stages of being leased to a public sector organisation – further details including the annual income provided will be confirmed as soon as contracts have been finalised.
- A review of the capital programme was completed ahead of the annual budget process.
- An asset review has also been completed which has informed proposals set out later in this report.
- Alternative governance arrangements for Devonshire Park continue to be investigated and will result in proposals being presented at a future meeting of Cabinet.
- A review of the council-owned Companies has started and, again will result in proposals for Cabinet to consider in due course.

Restart

- The covid community hub helpline continues to operate but has experienced a very low level of activity in recent months.
- The council continues to focus on supporting social and economic recovery going forward.

3.2 The Recovery and Reset programme is continuing to deliver its original objectives. However, as explained in section 2 of this report, the scale of the financial challenges which are likely to be experienced by the council has meant that additional savings would be required to address the budget gap, particularly in 22/23. The next section of this report sets out an initial set of additional service and organisational changes that Cabinet is asked to consider in order to address those challenges.

4 Service and organisational change proposals

4.1 To contribute to the required savings in 21/22 and 22/23, it is recommended to;

- Make some changes to the council's events programming, both within Devonshire Park (The Congress and Devonshire Park Theatre), and outdoor events in the town, proceeding only with events that do not require council subsidy.
- Adjust the bulky waste collection service to remove a limited number of free collections.
- Increase the cost of garden waste collection by £5 per year from April 2022.
- Reduce the frequency of street cleansing, in some localities, whilst maintaining a focus on priority areas, and offering a responsive and flexible service as required.
- Reduce the level of some aspects of grounds maintenance in some parks and open spaces.
- Change the opening hours of some public conveniences, prioritising their availability during peak visitor periods, and reduce the number of facilities with attendants.
- Whilst retaining support for local community and equality organisations through the ward budget programme, rent support scheme and Eastbourne Local Lottery, reduce the level of ward grants for each ward from £10k to £5k in 21/22 and to £3k in 22/23 and suspend the small grants programme to voluntary and community organisations and the disability inclusion fund grants programme for 21/22 and 22/23. Projects to support disability inclusion, such as enabling an accessible beach, and providing access advice to businesses, will continue.
- Make some reductions in the allocation of major community grants in 22/23, whilst ensuring support for key information and advice services is protected.
- Reduce the level of some aspects of maintenance on the seafront parade (for a limited period).
- Cease council tax reduction for second homes (subject to formal consultation).

5 Consultation

5.1 As it is recognised that there may be some differential impact of these proposals on particular groups within the community, informal discussion has taken place with groups representing those with protected characteristics under the Equality Act. Views have been actively requested regarding any mitigating measures that

might need to be considered in relation to any of the proposals outlined in this report.

- 5.2 The results of that engagement, including recommendations received, are included in the equality and fairness analysis referred to in para 11.1.

6 Corporate plan and council policies

- 6.1 The proposals in this report do not adversely impact on the councils' long-term strategic aims as set out in the Corporate Plan and associated policies.

7 Business case and alternative option(s) considered

- 7.1 In arriving at the proposals in this report extensive options appraisal work was undertaken using a Priority Based Budgeting approach. Other savings options were considered and discounted because of the potential for adverse impact on local residents, businesses or the economy. It is considered that the recommendations in this report provide the least disruptive and most sustainable way for the council to address its short term financial challenges.

8 Financial appraisal

- 8.1 Section 2.6 of the report shows that there is a £4m budget gap for 2022/23 still to be addressed through the Priority Based Budget process, which is after meeting the Recovery and Reset target savings of £2.5m. Overall, this means savings of £6.5m need to be achieved.

The ability of the Council to demonstrate it can deliver this level of savings will be assessed as part of the MHCLG external assurance review and will inform whether the Council will receive the £6m capitalisation direction for 2021/22.

9 Legal implications

- 9.1 In approving the changes set out at paragraph 4.1, Cabinet must, under the Council's public sector equality duty, have due regard to the need to eliminate discrimination against those with a protected characteristic, such as old age or a disability. The consultation described in paragraph 5.1 helps in meeting that duty, and Cabinet will want to ensure that views received from consultees are actively considered.

Lawyer consulted 10.05.21

Legal ref: 09851-EBC-OD

10 Risk management implications

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

11 Equality analysis

- 11.1 An Equality & Fairness Analysis has been undertaken on these proposals/ this project. This has concluded that the proposals that are likely to impact protected and/ or disadvantaged groups are those relating to public conveniences and the Community Grants Programme. A reduction to grants through the major grants fund would impact young people and men particularly, with wider potential impacts for people experiencing homelessness and support available to the voluntary sector. A suspension of the Small Grants and Disability Inclusion Funds would impact disabled groups specifically with wider implication for protected groups who otherwise may have been eligible to apply.
- 11.2 Proposals around public conveniences would have enhanced impacts for age and disability, with carers and pregnant people also potentially impacted. Plans around 'changing places' may go some way towards mitigating this however only if they are open at times when the public conveniences are closed.

12 Environmental sustainability implications

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

13 Appendices

Appendix A – Culture Recovery Fund award

14 Background papers

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

- MHCLG capitalisation conditions

Culture Recovery Fund Award

The Arts Council England (ACE) confirmed earlier this year that Eastbourne Borough Council had been successful in its bid to the Culture Recovery Fund (CRF) and had been awarded £1,871,262. The award is to support the reopening and provision of key cultural services, in a Covid-19 safe way, which are critical in supporting the borough's tourism economy.

The council submitted, as part of its bid to the ACE, an action plan setting out the areas of activity and spend that would be supported by a successful funding award.

Spend within the ACE approved action plan incorporates a range of activities/areas including:

- Building readiness – ensuring the theatre and conference facilities can operate effectively following the period of closure as a result of Covid-19.
- Theatre programming – supporting the return to a programme of events (including, where necessary, social distancing arrangements depending on the regulations in place at the time of the event).
- Marketing – promoting the programme of events to regular and new customers, including the measures that have been put in place to support Covid-19 safe productions/shows.
- Technological innovation – exploring opportunities for new technology, kit and systems to support the provision of a modern cultural offer (eg. the ability to support paperless ticketing and entry to theatres).

In confirming the council's CRF grant, the ACE acknowledged that we may need to vary the items that will be supported by the funding. Where any variations to the plan are required, the council can vary spend in accordance with the CRF areas of eligible costs as set out below.

Eligible costs for the CRF programme include:

- staffing
- overheads
- marketing
- cultural activities
- rehiring or recruiting staff
- contracting freelancers
- Covid-19 related capital costs
- repaying or clearing Covid-19 related debt incurred since 1 October 2020

Subject to Cabinet approval, the Chief Executive will, in consultation with the Cabinet Member for Tourism and Leisure Services:

- Oversee delivery of the action plan for spend, supported by the project board.
- determine any variations to the funding spend in accordance with the areas of eligible costs set out above.