

Report to: Cabinet

Date: 14 July 2021

Title: Recovery and Reset

Report of: Robert Cottrill, Chief Executive

Cabinet member: Cllr 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) Note the progress made with the Recovery and Reset Programme, and
- 2) Agree the Priority Based Budget proposals at Appendix A.

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 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 faces 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 The R&R programme has four pillars; best use of digital, reshaping delivery, best use of assets, and restart. The proposals set out in this report have been developed within the context of this programme.

2. Financial context

2.1 Because of the extreme financial pressures being experienced by the council, it was necessary to seek support from central Government. This was provided in the form of a capitalisation direction in February 2021 (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 needs to reach a financially balanced position without the requirement for further capitalisation.

2.2 In accepting the capitalisation direction, the council committed to an external assurance review being undertaken. The review was expected to commence in March and be completed by end of May 2021. At the time of writing, MHCLG were yet to complete their procurement process for the commissioning of a reviewer. It is therefore likely that the review will take place much later than indicated in the ministerial directive and completed in the autumn of 2021.

2.3 The table below sets out the budget challenges which are being tackled through Recovery and Reset. This reflects the pressures identified in the MTFs previously reported to Cabinet last September. The figures include reductions in income and increased costs as a result of the current financial challenges, and also the additional cost of financing the capitalisation directions;

	21/22 £'000	22/23 £'000
<i>Capitalisation</i>	6,000	-
Revenue budget shortfall after capitalisation (including costs of loan repayments). To be updated as part of the outturn review process.	910	6,572
Less Recovery and Reset Savings (Appendix A)	(2,398)	(5,571)
Remaining shortfall / (surplus)	(1,488)	1,001

3. Priority Based Budgeting

In June 2021 the Cabinet received a report which explained the priority based budgeting work being undertaken to reduce the need for borrowing and to address the projected budget shortfall in 2022/23. A number of service and organisational changes were approved at that meeting. It was noted that a further report would present what further changes would need to be made to address the financial situation.

3.1 Through the priority based budgeting approach, each area of the council's expenditure has been scrutinised, and a range of budget reduction options

prepared for members' consideration. For each service area, three levels of reduction were tested, with weight being given to;

- Where efficiencies could be achieved without reduction in service levels
- Minimising the potential impact on residents
- Whether the service was statutory or discretionary
- Managing and mitigating any risks associated with the service change
- Whether the change could be short-term and reversible

3.2 The table at Appendix A sets out the proposals that have been developed as a result of these considerations, including those highlighted in the June Cabinet report. Some of these proposals will deliver a level of budget reduction in the current financial year, whilst others will not yield savings, or increased income generation, until 2022/23. This report seeks Cabinet's agreement to these budget reductions and income targets being adopted and council budgets revised accordingly.

3.3 The proposals at appendix A ensure a balanced budget for 2021/22 and, further, will allow for a reduced borrowing requirement. The proposals also go a considerable way in delivering the reductions needed for 2022/23. At the time of writing, work continues at pace to finalise plans which will address the remaining budget gap. These plans will be presented to Cabinet in the early autumn.

3.4 It is intended that these budget reductions will not be permanent. It is hoped that the unprecedented financial climate brought about by the pandemic and the resultant economic downturn, particularly affecting tourism-based economies such as Eastbourne, will improve significantly over coming years. This being the case, the council will be in a position to re-invest in services and reverse the unavoidable service reductions that have had to be made for this year and next.

4 Implementing the service and organisational change proposals

4.1 Of the proposals at Appendix A, there were some that would require a significant lead in time to enable their implementation. For this reason, members agreement was sought at the last meeting of Cabinet to enable plans to be actioned. For the remainder of the proposals, subject to Cabinet's agreement, action will be taken following this meeting to make the service and staffing changes needed to enable the savings to be delivered.

4.2 Where the service area reshaping proposals would result in changes to staffing, full consultation will take place with all those affected and with unions to ensure a fair and legally compliant process. The organisation will aim to minimise compulsory redundancies by seeking applications for voluntary redundancy and by using redeployment where possible. All appropriate support will be given to those staff affected by the service changes.

5 Consultation

5.1 The service and organisational changes that were presented in June were identified as having the potential for some differential impact on particular groups within the community, including those with protected characteristics

under the Equality Act. Those changes were given early consideration because of their potential impact. Views were actively requested from community representatives prior to the presentation of that report regarding any mitigating measures that might need to be considered. The remaining proposal set out at Appendix A are not considered to have potential for significant differential impact on particular groups within the community, and therefore further consultation has not been deemed necessary.

6 Corporate plan and council policies

- 6.1 The proposals in this report do not significantly 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 across all areas of council expenditure, using a Priority Based Budgeting approach. 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 2.3 of the report shows a surplus of £1.488m in 2021/22 due to delivering some of the savings earlier than initially anticipated and a remaining shortfall of £1.001m in 2022/23 which will be addressed as other options are identified.

The ability of the Council to demonstrate it can deliver the savings identified 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 The priority based budgeting proposals recommended for Cabinet approval are necessary to achieve financial sustainability over the medium term; they also represent a reasonable and proportionate set of measures, taking into account the factors at paragraph 3.1 above. This, together with the equality considerations mentioned at 5.1, makes the proposals acceptable in public law terms, once approved by Cabinet.

Lawyer consulted 14.06.21

Legal ref: 09851-EBC

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. With regard to the priority based budgeting proposals specifically, all have been subject to

project management discipline including appropriate risk and impact assessment processes.

11 Equality analysis

11.1 An Equality & Fairness Analysis has been undertaken on these proposals. The outcomes of this was reported to Cabinet in July. Screening of the additional proposals did not find any further risk of adverse impact on groups with particular protected characteristics.

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 : Priority Based Budgeting proposals

14 Background papers

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

- MHCLG capitalisation conditions

Appendix A - Priority Based Budgeting – proposed savings

short name	2021/22 £'000	2022/23 £'000	June 21 Cabinet agreed	Type of service or organisational change
Reshaping Services				
HR reshaping	13	13		Efficiency
IT reshaping	54	54		Efficiency
Homes First reshaping	75	650		Efficiency
Environment First reshaping	25	50		Efficiency
Customer contact reshaping	60	60		Efficiency
Neighbourhood first reshaping	115	140		Efficiency
Legal reshaping	50	50		Efficiency
CMT reshaping	108	108		Efficiency
Conferences reshaping	30	30		Efficiency
Visitors team reshaping	40	40		Efficiency
Tourism & Enterprise marketing and PR reshaping	35	35		Efficiency
Heritage service reshaping	50	68		Efficiency
Financial services reshaping	0	80		Efficiency
Bus Plan & Perf reshaping	100	200		Service change
Planning policy - reshaping	50	50		Efficiency
Voluntary & Community Grants incl Ward Budgets	125	270	✓	Service change
Contract cleaning	50	100		Contract review
Refuse - AWC	206	249		Service change
Weed control	21	21		Service change
Street Cleansing	75	150	✓	Service change
Grounds maintenance	0	400	✓	Service change
Coastal engineering (parades)	36	48	✓	Service change
Public conveniences	0	150	✓	Service change
Consolidate grounds maintenance operations.	0	100		Efficiency
Events programme - cost neutral	100	100	✓	Service change
Events programme - Airbourne	145	145	✓	Efficiency
Bulky waste - cease free collections	20	40	✓	Service change
Trade waste	0	150		Income
Garden waste	0	40	✓	Service change
CT reduction for second homes	0	22	✓	Policy change
Pre app planning advice	15	15		Income
RESHAPING TOTAL	1,598	3,634		
Best Use of Assets				
Leisure centre	0	20		Contract change
Sovereign Leisure Centre	0	100		Income/Contract change
Cultural exemption	0	500		Income
Congress	60	100	✓	Income
Golf course	0	43		Income
Welcome building - vaccination centre	30	0		Income
Devonshire park theatre	280	280	✓	Income
Close 1 GR and let out	250	350		Income
Victoria Mansion (food street)	0	80		Income
HPR - Relet	0	145		Income
Rental income recovery	0	90		Income
Asset rationalisation	50	75		Income
DORO shares	120	120		Income
Langney Playing Fields	10	10		Income
Sale of Cornish Cottages	0	30		Income
ASSETS TOTAL	800	1,943		
TOTAL SAVINGS	2,398	5,571		
Budget gap	910	6,572		
Surplus / (Deficit)	1,488	(1,001)		