

Report to: Cabinet

Date: 3 November 2021

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):

- 1) Note the progress made with the Recovery and Reset Programme
- 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

Contact Officer(s): Name: Lee Banner
Post title: Transformation Programme Manager
E-mail: lee.banner@lewes-eastbourne.gov.uk
Telephone number: 07894 237929

1 Introduction

- 1.1 Following the emergence of the Covid-19 pandemic in early 2020 and the subsequent impact on the economy (both for the council and the borough), the council created the Recovery and Reset (R&R) programme as a means of managing the priority activity to address the challenges of the new operational context in a sustainable way, and to respond to the changing needs and demands of the borough's residents.
- 1.2 Over the last year, R&R activity has made sound progress in delivering the required changes in support of the council's response to the Covid-19 pandemic and the work to manage the significant budget shortfall over the next four years (Medium Term Financial Strategy [MTFS] period).
- 1.3 The R&R programme consists of four focus areas: best use of digital, reshaping delivery, best use of assets, and restart. This report provides an update on the R&R activity over the last period and the proposals set out have been developed within the context of the R&R programme.

2. Financial Context

- 2.1 As previously reported, the council was granted capitalisation directions for 2020/21 (£6.8m) and 2021/22 (£6.0m).
- 2.2 In accepting the capitalisation direction, the council committed to an external assurance review being undertaken by CIPFA. The review took place over the summer and the final report and any associated actions for the council are currently awaited. An update will be provided to Cabinet once the final report/action plan has been received.
- 2.3 The table below sets out the budget challenges which were reported in the updated MTFs reported to Cabinet in September. This shows that savings of £5.917m have already been identified for 2022/23, but a forecast budget gap of £635,000 remains which would need to be funded from balances or further savings. Future years will require savings of £6.7m to ensure balanced budgets and to enable balances to be increased again.

	2022/23 £m	2023/24 £m	2024/25 £m
INITIAL FORECAST GAP	6.552	6.694	6.323
Less R&R Savings	-5.917	-6.700	-6.700
Contribution to/from (-) Balances	-0.635	0.006	0.377
NET RESULT	0.000	0.000	0.000

- 2.4 The budget planning process for 2022/23 is well underway and an update position will be reported to Cabinet in December.

3. Priority Based Budgeting

- 3.1 Cabinet previously 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. Cabinet approved a number of service and organisational changes. It was noted that a further report would present what further changes would need to be made to address the financial situation.
- 3.2 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
- 3.3 The table at Appendix A sets out the latest proposals that have been developed as a result of these considerations. Some of these proposals will deliver a level of budget reduction in the current financial year, whilst others will yield savings,

or increased income generation, from 2022/23. These savings are now being incorporated into the 2021/22 revised and 2022/23 draft budgets and, as mentioned above, will be reported to Cabinet in December.

- 3.4 The savings set out in Appendix A are critical in delivering a balanced budget for 2021/22 and, further, will allow for a reduced borrowing requirement. The savings also go a considerable way in delivering the reductions needed for 2022/23. At the time of writing this report, work continues at pace to assess the impact from the rising inflation and supply costs on the baseline in order to finalise plans which will address the remaining budget gap.

4. Recovery and Reset Progress

- 4.1 A range of key outcomes and benefits have been delivered (in addition to those previously reported to Cabinet) by the R&R programme so far, including:
- The Digital Democracy project has launched the Modern.Gov system with members and officers for the electronic management of meeting agendas and papers.
 - The project to explore a new Revenues and Benefits system will be completing the procurement stage within the coming weeks. Details of the savings and efficiencies delivered through this project will be confirmed in the next update to Cabinet.
 - A project to explore options for the identification of a single system to manage Environmental Health and Licensing activity has commenced with the aim of delivering operational benefits, efficiencies and savings.
 - The council has agreed a 5-year lease with the Department for Works and Pensions for the vacated space at 1 Grove Road. The arrangement will generate income of £2.37m for the council over the life of the lease.
 - Following the successful pilot to automate a number of processes, options to exploit technology further to support delivery of a number of transactional activities within Customer First are being finalised.
 - Following consultation with staff, hybrid ways of working have been implemented across the council, including:
 - Creation of flexible working styles so that staff can work from the most appropriate location for their role and preferences, and in the best way to collaborate effectively with their colleagues.
 - Hybrid meeting technology has been installed in the Town Hall to enable seamless interaction between members and officers in the building and others who dial in remotely.
 - A staff social club – the Watercooler – has been developed by staff and implemented to support their informal interaction and connection when working in a hybrid way.
 - Reshaping exercises have been completed in a number of service areas, delivering savings in-year and for future years. The level of savings will be confirmed following recruitment to a small, remaining number of roles.
 - A review of the capital programme was completed ahead of the annual budget process.
 - The Covid-19 community hub helpline continues to operate but has experienced a very low level of activity in recent months.

- The council continues to focus on how it can support social and economic recovery going forward.

5. Consultation

- 5.1 No further consultation/consideration of consultation is required for the content of this report.

6. Corporate Plan and Council Policies

- 6.1 This report does not significantly adversely impact on the council's 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 their greater 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 As set out in the report.

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 3.2 above. This, together with the equality considerations mentioned at 11.1, makes the proposals acceptable in public law terms, once approved by Cabinet.

Legal advice will be provided in support of any action plan stemming from the external assurance report mentioned in paragraph 2.2.

Lawyer consulted 14.10.21

Legal ref: 010496-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. 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 the R&R proposals. The outcome 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 protected characteristics.

12. Environmental Sustainability Implications

- 12.1 The proposals in this report do not adversely impact on the council's 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