

Report to: Scrutiny Committee

Date: 10 July 2023

Title: Stability and Growth Programme

Report of: Robert Cottrill, Chief Executive

Cabinet member: Councillor Stephen Holt, Leader of the Council and Chair of Cabinet (Community Strategy, Local Strategic Partnership, the Corporate Plan, Performance and Staff)

Ward(s): All

Purpose of report: To inform cabinet of the Stability and Growth programme, which replaces the previous Recovery and Stabilisation programme in driving improvement and efficiency within the council.

Decision type: Key

Officer recommendations to the Scrutiny Committee: The Scrutiny Committee is recommended to note the report.

Officer recommendations to the Cabinet:

- (1) Cabinet is recommended to note the report;
- (2) To delegate authority to the Chief Executive and Director of Tourism, Culture and Organisational Development, in consultation with the Leader and Portfolio Holder, to progress alternative governance arrangements at the Devonshire Park Quarter complex and to conclude the most appropriate option once a full business case is understood, including the approval and implementation of all processes and procedures, negotiation of, and authorising the execution of, all necessary documentation, and;
- (3) To approve a waiver of the Council's Contract Procedure Rules (CPRs) to allow the direct selection of an operator at the Devonshire Park Quarter, if that is concluded to be the most appropriate option, for the reasons as set out in the report.

Reasons for recommendations: **The Stability and Growth programme will continue the work started by Recovery and Stabilisation to drive improvement and efficiency, in line with recommendations made by government in the Assurance Review and the Peer Challenge.**

Contact Officer(s): **Name: Jo Harper**
Post title: Head of business Planning and Performance
E-mail: jo.harper@lewes-eastbourne.gov.uk
Telephone number: 07925 893201

1 Introduction

1.1 The covid pandemic, subsequent economic downturn and the cost of living crisis have all put significant strain on the finances of the council. In response to this, the Recovery and Stabilisation programme has, over the past three years, been very successful in tackling those challenges and ensuring the council remains on a stable financial footing.

1.2 Following the elections in May, it is proposed that the Recovery and Stabilisation programme be further developed, with a view to providing an additional focus on the future economic growth of the town. Changing the name, and emphasis, of the programme will move it from purely focusing on recovery from the past and current challenges. The new approach will enable the council to also focus on more aspirational future opportunities for the council, and for the town.

2 Achievements to date

2.1 The Recovery and Stabilisation programme has been successful in delivering **£5.9m of cumulative revenue savings** for the council. These savings have been achieved across the four pillars that made up the programme. A summary of each pillar is set out below;

Digital projects

2.2 The council's digital transformation programme has been focused on two strands of activity; updating existing technology, and exploring opportunities to exploit new technology.

2.3 *Updating Existing Technology*

The Business Transformation Unit oversees a programme of work to update the systems used to deliver increased efficiencies (operational, contractual and technological) and cashable savings. In 2023/24 the following will go live:

- Income maximisation and welfare, within Customer First
- Environmental health and licensing, within Customer First
- Planning First

In addition, a project is now underway to replace the council's website. The new website will offer the latest digital channels to those customers wishing to engage with the council and access services digitally.

2.4 *Exploitation of New Technology*

Colleagues have been exploring opportunities to exploit new technology to respond to the new context within which the council is now operating. In March 2022, a new, next generation chatbot was launched on the council's website. The chatbot has responded to over 80,000 customer enquiries since it went live, with 25% of queries being responded to out of hours. The success of this new technology has formed the foundation for discussions about using the chatbot on a range of council phone lines, about which a full update will be provided at a future meeting of Cabinet.

In parallel to the chatbot project, work has also been progressing to increase the use of technology to automate a number of processes, which frees up resources to work on more value adding activity. Initial projects have been a success, and plans are being developed to build on this.

Service reshaping

- 2.5 A significant proportion of the savings from Recovery and Stabilisation have been achieved through service reshaping. This has taken various forms, but mostly related to the ways in which the council has been able to reshape some of its teams, to deliver more efficient services. Wherever possible this has been achieved without resorting to compulsory redundancies.

Assets

- 2.6 In January 2022 the council undertook a comprehensive review of its assets, establishing a document entitled 'Assets for Disposal Consideration'. This document set out how the council could generate additional income through sale of relevant assets. This work has started and will continue as further opportunities for disposals are agreed. Disposals are helpful not only to the capital programme, but the revenue implications of capital borrowing can be significantly reduced by reducing the size of the capital programme in this way.
- 2.7 It is important to note that these disposals relate to properties that could not provide the council with significant income streams, or otherwise aid the council's corporate objectives. This work continues and will form a part of the new programme proposed in this report.

Assurance review

- 2.8 Following central government agreeing to allow use of capital resources including additional borrowing to tackle the financial challenges brought about by the pandemic, the council was subject to an independent review which was undertaken by CIPFA (Chartered Institute of Public Finance and Accountancy).

This was seeking to assure central government that the council's financial resources and plans were sufficiently robust to tackle the challenges.

- 2.9 The initial review by CIPFA was carried out in 2021, with a report submitted to DLUHC and the council in December that year. The report contained a number of recommendations, all of which the council has actively progressed, and in majority of cases, fully actioned. A follow up inspection was completed by CIPFA in April 2023. The formal results are still awaited, but initial verbal feedback has been very positive. The Council's approach to Recovery and Stabilisation has been recognised as an effective way of mitigating and managing the recent and ongoing inflationary pressures.

3 Plans for the new Stability and Growth Programme

- 3.1 The new Stability and Growth programme is designed to continue the work started by Recovery and Stabilisation, but recognise the need, now, to move away from post-covid recovery. This new programme will focus on the four year term of the new administration and will look to achieve a period of stability for the council alongside enabling and supporting growth in the borough.
- 3.2 Covid, followed by the cost of living crisis, created a perfect storm of challenges for Eastbourne. It is hoped that the next four years can be a time when the town moves on from these challenges. The Stability and Growth programme is designed to enable this to happen.
- 3.3 The Assurance Review in 2021, and latest CIPFA follow up review earlier this year, both focused on the need for the council to help enable the town to achieve a more diversified economy, with less reliance purely on tourism. However, it was recognised that tourism will always be important to the town. The move to transfer some of the council's tourism offer to a Local Authority Controlled Company, and then potentially to a Trust, was very much supported by CIPFA. The new programme, with its focus on Stability and Growth, will help support these aspirations .
- 3.4 The Devonshire Park Quarter (DPQ) complex is a significant part of these considerations and the Local Authority Controlled Company referred to above is one way in which the Council's interests at DPQ are being safeguarded. The Local Authority Controlled model will be applied for the Devonshire Park and Congress Theatres.
- 3.5 In respect of the remainder of the site, alternative governance arrangements are being explored. The Council is currently working with Headland Ventures Ltd, a local and highly acclaimed company running the Eight Bells in nearby Jevington, Cinema Café and Bar in the Towner and the new restaurant, Light, in the Towner. Headland is working under a catering contract to improve the food and beverage offer across the site, and is also providing consultancy support in relation to conferences and events within the DPQ. This partnering is providing the Council with valuable, specialist strategic input in relation to the offer at DPQ
- 3.6 The Council is working on an options appraisal to ascertain the benefits of keeping the provision in-house or outsourcing to a specialist provider. Full

consideration will be given to available options for outsourcing, including the grant of a lease or a contract management scenario, and the options will be subject to a full business case. The waiver of the Council's CPRs will give the flexibility for the Council to determine the most appropriate option after the options appraisal and full business case.

- 3.7 There are many complexities at DPQ including from a practical and operational perspective, and to safeguard the arrangements with the Lawn Tennis Association. These issues will need to be worked through and addressed as matters progress.
- 3.8 If Cabinet approves the proposal to explore and conclude alternative governance arrangements for operations at DPQ (outside the Devonshire Park and Congress Theatres), the rigour and discipline of a project management approach using the council's project management toolkit would be applied to the next phase of consideration and actions.
- 3.9 Alongside the CIPFA review, the council has also recently received the findings of an LGA Peer Challenge (reported to Cabinet in June 2023). The recommendations from this exercise will also help to inform future planning.
- 3.10 The Stability and Growth programme will have 5 pillars;

Stability

1. Digital – continuing on the existing council journey of making use of technology to streamline processes and make the customer journey more straightforward and efficient, whilst enabling staff to focus on those in need of more in-depth assistance with complex situations.
2. Service reshaping – again, this will continue from the previous programme, with work to align staffing with future organisational requirements.
3. External Review – this pillar will combine the outcomes of both the Assurance Review and the LGA Peer Challenge and will continue to be a pillar in the programme until such time as all recommendations have been fully implemented.

Enabling and Growth

4. Assets – a continuation of work to ensure the councils assets work in the best way for the council and the town. This pillar will be a combination of asset disposals, making the retained assets work well, in terms of income generation, and encouraging private sector investment into the town.
5. Growth – This is a new pillar focused on;
 - a. Re-imagining the councils own assets in a way which better provides for the future needs of the town,
 - b. Continuing to diversify the delivery of services, particularly in relation to leisure and tourism, and

- c. Working with others, and using the councils' strategic role, to attract inward investment to deliver real growth for the area.

3.11 As has been the case with the previous programme, a member Board, comprising Cllrs Holt, Maxted and Small will oversee this work, with regular reports coming to Cabinet to update on progress.

4 Corporate plan and council policies

4.1 It is proposed that the Stability and Growth programme, as well as driving the council's efficiency work over the coming for years, also becomes the key theme for the council's new corporate plan. A new plan is needed to steer the council's work over the next four years. As is also referred to in the performance report found elsewhere on this agenda, it is therefore suggested that a draft plan be developed and consulted upon during the autumn of 2023, with a view to council adoption in February 2024.

5 Financial appraisal

5.1 As with the first phase of the Council's recovery programme, the Stability and Growth programme will continue to incorporate savings and initiatives into the Councils departmental budgets and Capital Programme. As agreed by Full Council on 8th February 2022 the council will also continue to use the receipts it receives from the sale of Council assets (Flexible use of Capital Receipts) to support this next phase. This is particularly important as a significant proportion of the new Stability and Growth Programme will be dependent on targeted capital investment to support future digital and service reshaping initiatives to drive improved efficiencies and performance across council departments.

6 Legal implications

6.1 Legal advice has been taken, and will continue to be taken, in respect of specific actions arising from the assurance review and to support the activities of the Stability and Growth programme.

In relation to alternative governance structures at the DPQ, legal advice will be critical to ensure that all legislative requirements including in relation to procurement and best value and all constitutional requirements are complied with as part of the options appraisal.

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7 Risk management implications

7.1 The risks within the new Stability and Growth programme will be regularly assessed and managed as part of programme/project management activities. The identification and management of and significant risks in relation to the programme will be reported, along with mitigation plans to address them.

8 Equality analysis

- 8.1 An Equality & Fairness Analysis was undertaken on the Recovery and Stabilisation programme. The outcome of this was reported to Cabinet in 2021. With the move to the new Stability and Growth programme, additional screening of the new proposals will now be undertaken.

9 Environmental sustainability implications

- 9.1 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.

10 Background papers

None