

<b>Report to:</b>	<b>Scrutiny</b>
<b>Date:</b>	<b>18 September 2023</b>
<b>Title:</b>	<b>Assurance Review follow up - CIPFA (Chartered Institute of Public Finance and Accountancy) Rapid Finance Review</b>
<b>Report of:</b>	<b>Homira Javadi, Director of Finance and Performance</b>
<b>Cabinet member:</b>	<b>Councillor Stephen Holt, Leader of the Council (Community Strategy, Local Strategic Partnership, the Corporate Plan, Performance and Staff)</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To update the Scrutiny Committee on the results of a recent review undertaken by CIPFA and associated recommendations</b>
<b>Decision type:</b>	<b>Non key</b>
<b>Officer recommendation(s):</b>	<b>For Scrutiny to note the report, and to note that actions to respond to the recommendations will be addressed within the Stability and Growth programme.</b>
<b>Reasons for recommendations:</b>	<b>The assurance review, and the subsequent follow up review referred to in this report, have been necessary as a requirement of the Council accessing Government Exceptional Financial Support.</b>
<b>Contact Officer(s):</b>	<b>Name: Jo Harper Post title: Head of Business Planning and Performance E-mail: jo.harper@lewes-eastbourne.gov.uk Telephone number: 07925 893201</b>

## **1 Introduction**

- 1.1 Like many other local authorities, Eastbourne Borough Council (EBC) experienced significant financial challenges as a result of the Covid-19 pandemic and, in light of Eastbourne's economic profile, its drastic impact on the authority's income from tourism, culture and leisure.
- 1.2 This council was one of quite a few local authorities to request exceptional financial support (EFS) from the government. Government agreed to £12.8m of financial support (£6.8m in 2020/21 and £6m in 2021/22) by allowing the authority to capitalise its revenue shortfalls (capitalisation) during this time. The government agreement was subject to an external assurance review.

- 1.3 Alongside its request for EFS, the Council took early steps to mitigate the financial impacts of the pandemic. Central to these steps was the development and implementation of the Council's Recovery and Stabilisation Programme (originally named the Recovery and Reset programme). This resulted in over £2.2m of reduction in EFS requirements for 2020/21 (reduced from £6.8m to £4.6m) and a further reduction of £3m for 2021/22 (reduction from £6m to £3m).
- 1.4 Recognising the additional cost of capitalisation (i.e. Public Works Loan Board repayment rate for 20 years plus 1%), EBC has developed an asset disposal strategy which would allow it to generate the required capital receipts in a measured and controlled way while avoiding a "fire-sale" of taxpayers' assets.
- 1.5 In December 2021, the Council received an Assurance Review report from CIPFA setting out a number of recommendations. This was accompanied by a letter from Government setting out the expectation that the Council should address these issues as part of the EFS requirements. In response, an implementation plan was formally put in place by the Council, to ensure visibility and timely delivery of the recommendations. Actions have subsequently been taken to address all areas of concern set out in the report.
- 1.6 It was also agreed that a follow-up review - referred to as a Rapid Finance Review - would be undertaken by CIPFA at a suitable juncture. This took place in April 2023 and a report of the findings was submitted to the Council in August 2023.

## **2 Rapid Finance Review**

- 2.1 On 4 August this year, the Leader received a letter from Lee Rowley MP, the Parliamentary Under Secretary of State for Local Government and Building Safety. This letter, which accompanied the CIPFA Rapid Finance Review report, thanked the Council for "...yours and your predecessor's willingness to engage openly with the review team and the assistance of your officers in providing information to CIPFA to support the review. It then went on to praise the Council for; *"The positive progress that Eastbourne Borough Council has made to becoming more financially sustainable since its previous assurance review in 2021."*
- 2.2 The Rapid Finance Review report can be found at Appendix 1. In line with the Under Secretary of State's letter, the report acknowledged that *"Our work found no major areas of concern and much to commend. The Council has grasped the improvement agenda with seriousness and purpose and has made significant progress."*
- 2.3 However, a small number of further recommendations were made as a part of the report. These are summarised at Appendix 2. In anticipation of this eventuality, the Council's Stability and Growth Programme has a key pillar

called 'External Review'. This pillar will ensure work is progressed speedily to respond to these new recommendations, alongside complementary recommendations made in last year's LGA peer challenge.

### **3 Outcome expected and performance management.**

- 3.1 The Stability and Growth Programme will report regularly to the Stability and Growth Member Board, and also to Cabinet. Updates on progress in addressing the recommendations from the Rapid Finance Review will form part of those reports.

### **4 Corporate plan and council policies**

- 4.1 It has been agreed that the Stability and Growth programme, as well as driving the Council's efficiency work over the coming for years, will be the key theme for the Council's new corporate plan. This will be developed and consulted upon during the autumn of 2023, with a view to council adoption in February 2024.

### **5 Financial appraisal**

- 5.1 Responding to the financial impacts from the COVID19 pandemic, over the past 3 years, the Council has delivered over £5.9m of cumulative savings and efficiencies. To deliver and achieve these savings, the Authority has undergone a significant programme of transformation and reshaping.

The Council has also been able to strengthen its financial resilience and provide additional financial support to meet the increasing costs and growing demand for its key services (driven by cost of living, homelessness, high inflation). This has been recognised by the independent review work.

However, with only limited resources and capacity, the Council is looking for strategic and long-term solutions and will welcome further discussions with DLUHC to develop and implement long term solutions to some key local pressures.

### **6 Legal implications**

- 6.1 Legal advice will need to be provided in support of any specific actions arising from the Rapid Finance Review.

*[012326-EBC-KS 15 August 2023]*

### **7 Risk management implications**

- 7.1 All risks within the 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 This report is for noting only with no associated impacts for equality and fairness.

## **9 Environmental sustainability implications**

9.1 There are no specific environmental sustainability implications contained within this report.

## **10 Appendices**

- 10.1
- Appendix 1 - Eastbourne Borough Council Rapid Finance Review April 2023
  - Appendix 2 – Summary of recommendations arising from the above
  - Appendix 3 - Letter from Minister Rowley regarding the external assurance review of Eastbourne Borough Council
  - Appendix 4 - Leader's response to the Ministerial letter

## **11 Background papers**

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

Report to Cabinet 13 July 2022 – Recovery and Stabilisation Programme – appendix B – Assurance Review Update [Recovery and stabilisation programme \(lewes-eastbourne.gov.uk\)](https://www.lewes-eastbourne.gov.uk/recovery-and-stabilisation-programme)