Cabinet

EASTBOURNE
Borough Council
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Minutes of meeting held on Wednesday, 9 December 2015 at 6.00 pm

Present:-
Councillors **Gill Mattock** (deputy chairman and deputy leader of the council – in the chair), **Margaret Bannister, Alan Shuttleworth, Troy Tester and Steve Wallis.**

(An apology for absence was reported from Councillor David Tutt (chairman and leader of the council)**,**

40 Minutes of the meeting held on 21 October 2015.

The minutes of the meeting held on 21 October 2015 were submitted and approved and the deputy chairman was authorised to sign them as a correct record.

41 Declarations of interests by members.

Declarations of disclosable pecuniary interests (DPIs) by members as required under section 31 of the Localism Act and other interests as required by the council's code of conduct and regulation 12(2)(d) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

No declarations were made.

42 Corporate performance - quarter 2 2015/16 [KD].

42.1 Councillors Penny Di Cara and Tony Freebody addressed the cabinet. Councillor Di Cara queried the household waste recycling performance figures, noting that quarter 2 performance showed a drop as compared with quarter 1, even though still ahead of the 35% target, and asked for a breakdown of the figures and, in particular, the composting percentages. The senior head of community undertook to provide the information. Councillor Freebody highlighted the increase in the number of households in temporary accommodation, the rise in sickness absence, numbers of telephone calls and the number of calls answered at first point of contact. The senior head of community advised that increased homelessness was a feature shared with other councils in the south-east due to welfare and benefit changes, rising rents and other related factors. Regarding telephone call performance, the senior head referred to the on-going work implementing Future Model aimed at increasing the number of calls answered at first point and noted that revenues and benefits had now been brought back in-house with a consequent increase in the number of calls handled and also a reduction in call abandonment rate for this service from 10% to 1%. The senior head of corporate development and governance advised that the poor sickness rate performance was primarily due to a number of cases of long term illness, all of which were unconnected, and that investigations had indicated there was no cause for concern.

42.2 Cabinet considered the report of the chief finance officer and senior head of corporate development and governance reviewing the council's performance against corporate plan priority indicators and action targets; financial performance of general fund revenue expenditure, housing revenue account and capital programme and treasury management activities for the second quarter of 2015/16.

42.3 Appendix 1 gave detailed information on non-financial performance indicators and highlighted those giving cause for concern as well as the best performing indicators at paragraphs 2.9 and 2.10. In particular, the chairman highlighted a 20% increase in Bandstand patronage, completion of the new housing development at Coventry Court, and occupation of the first units at Pacific House at the Sovereign Harbour Innovation Park and the grant of planning permission for the Harbour's new community centre.

42.4 Councillor Bannister drew the cabinet's attention to the Tourism South East 'Beautiful South Awards'; with Airbourne winning gold in the 'Tourism Event of the Year' category and Eastbourne's tourist information centre winning silver as 'Visitor Information Provider of the Year'. Cabinet congratulated members of the teams responsible.

42.5 It was reported that the work on realigning the budgets for Future Model phase 2 was now complete and the department spilt was based on the current operating structure**.** The general fund performance at the end of September showed a small variance of £183,000 on net expenditure (a movement of £187,000 compared to the position reported at the end of the first quarter in June). Service expenditure (shown in appendix 2) had a favourable variance of £116,000 mainly as a result of salary savings pending recruitment to new FM structure (£69,000) and additional crematorium abatement income (£45,000). The contingency fund currently stood at £134,000 which was available to fund inflationary increases and any future unforeseen one off areas of expenditure during the year. The projected outturn showed a favourable variance of £165,000. This was within 1.1% of the net budget and was within an acceptable tolerance level, however continued management of the position would be maintained to ensure that this final outturn position was achieved. A transfer from the strategic change reserve of £75,000 was sought to meet the payment to iESE Limited for 2015/16.

42.6 Housing revenue account performance was currently above target by £107,000; mainly due to increase in rents from the number of void properties being at a lower level than budgeted for plus a quicker turnaround (£41,000), a reduction required for the provision for bad debts (£31,000) and the slow take up of the under occupation scheme (£36,000). Other small variances were carefully being monitored. The favourable variances above were reflected in a forecasted outturn of £98,000.

42.7 The detailed capital programme was shown in appendix 3. Actual expenditure was low compared to the budget, due to delays in the start dates of various major projects. Expenditure was expected to increase as schemes progressed however spending patterns would be reviewed at quarter 3 and re-profiled into the 2016/17 year where appropriate. The capital programme had been amended from that approved by cabinet in September to reflect new approved schemes.

42.8 Council tax collection was currently showing a £662,000 surplus; a variance of 1.21% of the total debit due for the year. This was due to a combination of factors including better performance against the collection allowance within the council tax base and a reduction in the council tax reduction scheme caseload.

42.9 The business rates deficit of £1,712,000 was as a result of a bigger than anticipated provision made in 2014/15 for outstanding appeals, giving rise to a higher than budgeted for balance carried forward as at 1 April 2015, together with the extra number of appeals received by the valuation office which had not been included in the 2014/15 figures. The total number of appeals outstanding as at 30 September 2015 was 248 with a total rateable value of £21.5m. The deficit represented 5% of the total debit for the year.

42.10 The detailed mid-year review report on treasury management had been submitted to the council's audit and governance committee on 2 December 2015 in compliance with CIPFA's Code of Practice for Treasury Management. A summary of the main points from the current economic background, interest rate forecasts, investment and borrowing performance was given in the report. Treasury management performance was on target and all activities were within the approved treasury and prudential limits.

42.11 Resolved (key decision): (1) That performance against national and local performance indicators and actions from the 2010/15 corporate plan (2014 refresh) be agreed.

(2) That the general fund, housing revenue account and collection fund financial performance for the quarter ended September 2015, as set out in sections 3, 4 and 6 of the report, be agreed.

(3) That the transfer from the strategic change reserve, as set out in paragraph 3.5 of the report, be agreed.

(4) That the capital programme, as set out in appendix 3 to the report, be agreed.

(5) That the treasury management performance, as set out in section 7 of the report, be agreed.

43 Corporate Plan 2016/20 (KD).

43.1 Cabinet considered the report of the senior head of corporate development and governance and senior corporate development officer. The corporate plan was a key strategic document that set out the council's ambitions for Eastbourne over a five year period. The plan was refreshed on an annual basis to update actions and targets and ensure that activities continued to reflect local priorities.

43.2 The council remained committed to supporting the delivery of its' 2026 partnership Vision for the town:

> *"By 2026, Eastbourne will be a premier seaside destination within an enhanced green setting. To meet everyone's needs, Eastbourne will be a safe, thriving, healthy and vibrant community with excellent housing, education and employment choices, actively responding to the effects of climate change."*

43.3 It was recommended that the new 2016/20 corporate plan continue with the same 4 priority themes as the current version – prosperous economy, quality environment, thriving communities and sustainable performance. These continued to be important areas of focus both locally and nationally and this approach would also add a degree of continuity to the projects and targets set within the plan.

43.4 The final draft of the new corporate plan was due to go to the council's scrutiny committee and cabinet early in the New Year before being submitted for final approval by council on 17 February 2016. The plan would be considered in parallel with the draft budget proposals. Ongoing financial and performance reporting had also been aligned to improve the quality of management information that regularly went to members. Delivery and monitoring of the plan would begin from 1 April.

43.5 A residents' survey had been commissioned earlier in the year and posted out to 4,000 households. The survey was designed to measure residents' satisfaction with Eastbourne, the council and specific services, as well as assess perception regarding how well previous priority areas had been addressed and what should be the focus for future improvement. Almost 1,000 residents had responded and a full report of the findings was available on the council's website. Overall satisfaction with the council's performance had increased from 45% in 2008 to 58% this year and dissatisfaction had dropped from 25% to 13% over the same period. Of the list of potential priority areas listed in the survey, all were strongly supported by respondents with no theme receiving less than 75% percent of respondents saying it was "important" or "top priority". Summary details were given of the themes that received the highest proportion of 'top priority' votes; top 5 areas of improvement; areas judged to have worsened; areas considered most important in making somewhere a good place to live; and areas most needing improving in their local area. A second survey had been conducted online at the same time as the residents' survey. This used shorter questionnaire and was made available to anyone who lived, worked or visited Eastbourne to feedback their opinions. The link was also circulated to a wide array of stakeholders groups and publicised over social media. Over 500 responses were received and these were broadly in line with the residents' survey responses. Details were again summarised in the report.

43.6 **Resolved (key decision):** (1) That the approach and timeline to the development of the new corporate plan, as set out in section 3 of the report, be agreed.

(2) That suggestions for revisions and updates to the aims within the corporate plan themes and projects be brought forward.

(3) That the headline consultation outcomes set out in section 4 of the report be noted and the use of this information as a key guide in determining future priority projects be endorsed.

44 Council budget 2016/17 - draft budget proposals (KD).

44.1 Cabinet considered the report of the chief finance officer summarising the main elements of the emerging 2016/17 revenue budget and capital programme that had arisen from the corporate and service financial planning process to date. Each year the council consulted a range of stakeholders on its detailed draft budget proposals for the following financial year. This followed consultation on the corporate plan and medium term financial strategy (MTFS), which had been carried out over the summer and autumn. Cabinet was asked to give initial responses to the consultations at this meeting and finally on 3 February 2016 in order to recommend a final budget and additions to the existing capital programme for 2016/17 to the council on 17 February 2016.

44.2 The council’s medium term financial strategy (MTFS), agreed in July 2015, modelled the overall reduction in government support by 30 to 40% over the life of the current parliament (2015/20). The incoming government’s ‘stability budget’ in July appeared to confirm this subject to the comprehensive spending review taking place this autumn covering the period to 2020. At the time of writing the report neither the chancellors autumn statement nor the resulting local government settlement was available, however there had been a ministerial announcement that an overall 30% reduction in government funding for the Department of Communities and Local Government (DCLG) had been agreed. DCLG would have to convert its overall spending control total into a settlement for local government to cover:

- Revenue support grant (general grant).
- Business rates retention (general reward based retention).
- New homes bonus (general reward allocation based on new homes).
- Specific grants (e.g. housing benefit administration grant).

44.3 The council was, with other East Sussex authorities, part of a single business rates “pool” which allowed the council to increase its business rates retention over and above the national scheme (worth approximately £100,000 in 2015/16 and projected at £200,000 per annum thereafter). The additional retention supported growth initiatives in the council’s capital programme.

44.4 The MTFS strategy set out a further 4 year rolling programme with savings targets of £2.7m recurring by 2019/20 (in addition to over £5m of recurring savings achieved in setting the 2011-2016 budgets). The overarching 'DRIVE' programme formed the basis of councils efficiency agenda and the sustainable service delivery strategy (SSDS) was a major component of the programme, which would deliver savings over the life of the current MTFS. The council's move towards shared services and integration with Lewes District Council was set to contribute a further £1m of savings over the next four years. These savings, together with savings from procurement and 'channel shift', provided the main emphasis of the current SSDS. The service and financial planning process was a rolling 3-year period to reflect the MTFS, which as well as providing £500,000 per annum to reflect growth in the capital programme was well developed to meet the overall target of £2.7m over the current cycle.

44.5 Consultation on the financial plans was underway and included the council's scrutiny committee, unions and staff as well as partner organisations and the public. A separate report was included on the agenda for this meeting on the corporate plan consultation and place survey (minute 43). Once the budget proposals had been adopted in February, service plans would be updated and resource allocations reviewed in the light of any changes required by corporate plan priorities or the budget. The council's performance management systems would be used to monitor progress with quarterly reports to cabinet.

44.6 The current strategy set out a rolling 3-year plan to:

- Deal with the anticipated reduction in the government support of a further 30% from the 2015/16 level.
- Integrate fully the service and financial planning process with the main change programmes under DRIVE.
- Work with clearly defined medium term efficiency targets to the corporate transformation programmes via the SSDS and allow services to put forward savings proposals in addition.
- Deal with unavoidable growth in service demands.
- Maintain front line services to the public.
- Make further recurring savings of £2.7m per annum by 2019/20.
- Maintain at least a minimum level of reserves of £2m.
- Use surplus reserves in the medium term for:
  -Invest to save projects.
  -Smooth the requirement for savings over the cycle of the MTFS.
  -Invest in one off service developments in line with the corporate plan.
- Benchmark fees and charges against the service standard where possible.
- Reinvest in value adding priority services when headroom is created.
- Set council tax rises at the level of target inflation (CPI target 2%).
- Maintain a strategic change fund to finance the DRIVE programme in order to increase efficiency.

- Maintain an economic regeneration reserve to finance external interventions that promote economic activity.
- Use borrowing to support the capital programme only on a business case basis.
- Continue the process of priority based budgeting to target investment and differential levels of savings targets at services according to priority.
- Identify new income streams to supplement diminishing resources.

44.7 The final settlement in respect of revenue support grant (RSG) and retained business rates for 2016/17 were not yet known, together with numerous other grant announcements not yet made. The following assumptions were made in the draft budget:-

Year	**2015/16**	**2016/17**
	£m	£m
RSG	(2.8)	(2.4)
Retained business rates/section 31 grants	(4.0)	(4.0)
Council tax freeze grant	(0.1)	0
New homes bonus	(1.1)	(1.3)
Council tax	(7.3)	(7.6)
Total	**(15.3)**	**(15.3)**

44.8 The service and financial planning had culminated in the four service areas presenting their plans to the cabinet and shadow cabinet in November. In response the challenge set out in the MTFS, the service and financial planning process had identified proposed savings of £0.553m (4% of net spend)) shown in appendix 1 to the report. These were categorised as:

		£m
Efficiency savings		(0.485)
Increases in income		(0.068)
	Total	(0.553)

A total of £0.653 of service growth was proposed categorised as follows (appendix 2):

		£m
Corporate inflation		0.440
Reduced income targets		0.072
Other growth		0.141
	Total	0.653

The draft budget assumed a rise in council tax for 2016/17 of 1.9% consistent with the MTFS. The proposals also included £546,000 of non-recurring service investment to be financed directly from reserves (shown in appendix 2 to the report).

44.9 The following summarised the effect of the proposed changes:-

	Proposal £m
Base budget 2015/16	15.2
Growth (outlined in para. 4.3 of report)	0.7
Savings (outlined in para. 4.2 of report)	(0.6)
Net budget requirement:	15.3
Funded By:	
Government grants/retained rates	(7.7)
Council tax (band D £224.19)	(7.6)
Total resources:	(15.3)
Forecast general reserve as at 31 March 2016:	£4m

It was recommended that should the resources allocated by way of retained business rates and RSG differ from the assumptions, the suggested strategy would be to make the additional resources available to the capital programme. Should the resources be less than the assumptions then they should first reduce the addition to the capital programme resources, then reduce the contingency by up to £100,000 and beyond that, a further review of the service and financial plans would be required to identify additional savings/reduced growth.

44.10 The council currently financed its capital programme from capital receipts and grants and contributions. There was currently £0.5m of internal identifiable capital resources available for the next 4 years. It was intended that any headroom created by the 2016/17 revenue budget would be reinvested in the capital programme. In addition to these resources, borrowing was permitted on a business case basis where savings or new income generated from a scheme could repay the capital costs. Additional individual schemes to be added to the capital programme linked to priorities would be developed as part of the development of the corporate plan in December/January and contained in the final budget and capital programme proposals to be agreed by the full council in February. It was also noted that unlike the council tax, the capital programme could be varied at any time and that there were duties under certain schemes to consult with those affected before schemes were commenced. As well as schemes financed from internal resources, the corporate plan would include schemes financed from external resources.

44.11 Councillor Mattock, on behalf of the cabinet, expressed her appreciation for the work undertaken by the chief finance officer, his team and other council staff in the preparation of the draft budget.

44.12 Resolved (key decision): (1) That the draft budget proposals be agreed for the purposes of for consultation.

(2) That the approach to dealing with changes in the expected resources available for the 2016/17 budget, as detailed in para. 5.3 of the report, be agreed.

(3) That, subject to there being no material change in the government settlement, cabinet is minded to propose a council tax rise of 1.9% for 2016/17 to make a band D charge £228.45 for council services.

45 Council tax base and business rate income 2016/17 (KD).

45.1 Cabinet considered the report of the chief finance officer. The council was required to set its council tax base and the expected business rate income for the forthcoming year. These calculations were used as the basis for the amount of income the council will precept from the collection fund.

45.2 The council tax base for Eastbourne was calculated by multiplying the 'relevant amount' by the 'collection rate'. The relevant amount was the estimated full year equivalent number of chargeable dwellings within the borough. This was expressed as the equivalent number of 'band D' dwellings with 2 or more liable adults. The relevant amount had increased by 1,248 (3.75%) band D equivalent dwellings from 2015/16. This reflected expected growth in the number of taxable properties of 102 plus the effect of the changes to the council's local council tax reduction scheme (LCTRS). The effect of these changes had resulted in an increase to the total number of chargeable dwellings of 1,615.

45.3 The collection rate was the council's estimate of the proportion of the overall council tax collectable for 2016/17 that would ultimately be collected. This was expressed as a percentage. The current level of council tax collection and the forecast of a surplus balance on the collection fund indicated that the current collection rate of 97.75% would be adequate, however, after taking into account the impact of the LCTRS and other factors it was considered that the collection rate should be decreased to 97.25% for 2016/17. Taking the relevant amount of 34,556.4 and applying a collection rate of 97.25% produced a council tax base for 2016/17 of 33,606.1.

45.4 The Local Government Finance Act 2012 had introduced a new system for the local retention of business rates. This meant that the council was required to formally approve the expected business rate income for the forthcoming year. The estimate for the 2016/17 financial year must be approved by 31 January 2015. The report described how the net rate income for 2015/16 would be calculated. The actual 'NNDR1' form for 2016/17 had not yet been received but the provisional figures based on the 2015/16 form plus known changes had been calculated and indicated a net yield of £34,690,000. The allocation would be in the proportion of:

- 50% to central government.
- 40% to the local billing authority (this council).

- 10% to the other precepting authorities (9% to the county and 1% to the fire authority).

45.5 As some local authorities collected more business rates than they currently received in formula grant (which was based on relative need and resources), whilst others were lower, the government would rebalance to ensure that no local authority was worse off as a result of its' business rates at the outset of the scheme though a system of tariffs and top ups. Tariff and top ups would be self funding and fixed in real terms (i.e. only up rated by RPI in future years) ensuring that changes in retained income were driven by business rate growth. This authority had a business rate baseline higher than its baseline funding level and thus was due to make a tariff payment.

44.6 The final amount of retained business rates to be credited to the general fund is calculated as follows:

2016/17 estimate	**£'000**
EBC share of business rate yield	14,457
Minus tariff	(10,119)
Minus levy	(499)
Minus estimated deficit on collection fund as at 31 March 2016	(685)
Add section 31 grants	792
Local retained business rate income 2015/16	**3,947**
2015/16 amount	4,024

These figures would be confirmed once the final NNDR1 has been completed in January and the government grant settlement figures received later this month.

45.7 The council worked within a business rate pool with the other East Sussex borough and district councils, East Sussex County Council and East Sussex Fire Authority. Under pooling, the levy as set out above would be payable to the pool rather than to the government, and redistributed to participating authorities in accordance with the agreed memorandum of understanding. This money would be used to fund economic development. The first half year monitoring of the pool showed that overall the forecast levy payments across all authorities was £1.321m (down £938,000 from the original NNDR1 figures supplied in January). This reduction was due to all billing authorities except Wealden forecasting lower net rates payable than predicted, the significant impact on forecast appeals provisions arising from appeals by GP surgeries affected by a valuation tribunal decision and the large number of appeals lodged at the end of March 2015. Eastbourne's share of the pool was expected to be £49,000 (as against the £236,000 forecast in January).

45.8 As at 31 March 2015 the collection fund showed deficit of £1,342,171 (£447,357 council tax surplus and £1,789,529 business rates). £1,115,817 was being recovered across council tax and business rates preceptors during 2015/16, leaving a balance of £226,354 to be distributed in 2016/17. The council had to estimate the overall surplus/deficit at 31 March 2016 and inform the precepting authorities in January 2016 of this estimate in order that the amount was included in the 2016/17 precept figures. Current monitoring figures indicated a surplus by 31 March 2016 of £662,553 for council tax; this would be revised in January and the results reported to members as part of the budget report to the February cabinet.

45.9 The calculation on the business rate income element of the collection fund currently indicated a deficit balance of £1,711,700 as a result of a bigger than anticipated provision for outstanding appeals. The calculation would be revised for January and the results reported to members as part of the budget report to the February cabinet.

45.10 Resolved (key decision): (1) That a provisional council tax base of 33,606.10 be agreed for 2016/17.

(2) That a provisional retained business rates income amount of £3.947m for 2016/17 be agreed.

(3) That the chief finance officer, in consultation with the lead cabinet member for finance, be authorised to determine the final amounts for the council tax base and retained business rates income for 2016/17.

46 Housing revenue account (HRA) 30 year business plan (KD).

46.1 Cabinet considered the report of the senior head of community informing them of the latest update of the housing revenue account (HRA) 30 year business plan and implications of recent government announcements relating to the operation of the HRA.

46.2 The 'self financing' regime for HRAs had been introduced in 2012, and since that time all local authorities had been expected to support all expenditure relating to its housing stock from its rental income. The council had received a one off £30m settlement payment to be used for debt repayment in order for the long term HRA business plan to be sustainable. The settlement was based on the HRA business plan being sustainable over 30 years.

46.3 There were a number of legislative changes proposed in the Housing and Planning Bill and the Welfare Reform and Work Bill that would have a financial impact for both the council and Eastbourne Homes Limited (EHL). The key points were:

- 1% reduction in social housing rents for four years.
- Sale of council housing high value assets.
- 'Pay to stay', where high earners would be expected to pay more rent.

The bill also proposed the extension of 'right to buy' to housing association tenants, which would be funded by the sale of council housing high value assets as noted above. All of these proposed changes would have an impact on the 30 year business plan, in particular the change to the rent policy. The business plan had therefore been re-modelled and a revised business plan produced. Early calculations indicated a reduction in rental income of £560,000 over the 4 years to 2020. Other factors impacting on the sustainability of the business plan included a reduction in EHL's management fee of £100,000; further potential efficiencies from collaborative working with neighbouring councils; the potential for an increase in right to buy sales as a consequence of pay to stay; changes in inflation and interest rates and impact on refinancing costs; and the cumulative impact of pressures upon public sector partners increasing demand for support to complex high need groups.

46.4 When making the self-financing settlement the government set a debt cap for each authority for the maximum amount of borrowing the HRA was allowed. The debt cap originally was set at £42.9m and since then an additional £0.3m borrowing approval had been received. The total HRA borrowing at 1 April 2012 was £36.7m giving head room of £6.5m for future borrowing. Once the current capital programme for the new build and empty homes programmes had been completed this head room would have been fully utilised and no further borrowing would be available to the HRA. The capital programme would therefore be limited to the major works programme of around £4.4m annually funded from the major repairs reserves for work on maintaining the existing stock, and a small sum for new stock funded from the element of the right to buy receipts set aside for replacement stock.

46.5 The council and EHL were working to fully understand the long term implications of the proposed changes and at this time there were still significant detail to be released on how the proposals would work in practice and be funded. The council and EHL would take the outcome of the financial impact and sustainability of the HRA business plan into account when setting the annual management fee for EHL, HRA budget and capital programme.

46.6 Resolved (key decision): (1) That the content of the report and work being undertaken to set a sustainable housing revenue account business plan be noted.

(2) That the senior head of community, in consultation with the lead cabinet member for community, respond to the government by outlining the long term implications of the proposed changes.

47 Devonshire Park project (KD).

47.1 Councillors Jenkins and Freebody addressed the cabinet. Councillor Jenkins praised the project but asked about the impact on the council's total debt if all costs were funded by the council. Councillor Freebody indicated his group's support, acknowledged the strong business case for the project and endorsed the desire for external funding sources.

47.2 Cabinet considered the report of the senior head of regeneration, planning and assets seeking further decisions to advance this project. Cabinet on 18 March 2015, after consideration of the business case, had given approval to the scheme and agreed the necessary funding to proceed with RIBA stage 3 design and submission of the planning application. This was followed on 21 October when approval was given for funds to undertake RIBA stage 4 design works in advance of final scheme and funding authorisation.

47.3 The report detailed the council's vision and objectives underpinning the scheme and outlined the financial and economic benefits of investment. In developing and costing the scheme a process of prioritisation had been undertaken to achieve an affordable scheme and at the same time meet the council's objectives. The current estimate of cost for the scheme was c.£50m (against the forecast estimate of £40 - £42m at RIBA stage 2) as a result of additions and variations to the scheme design. A subsequent 'value engineering' exercise had reduced the scheme cost total to c.£44m. through a mixture of re-design, omission of non-essential elements and use of alternative funding sources for certain items. The £44m budget now required to deliver the scheme was in addition to funding previously approved to achieve RIBA stage 2 (£950,000) and stages 3 and 4 (£1,925,000).

47.4 The report noted that there were 3 listed buildings on the site (Congress Theatre, Winter Gardens and Devonshire Park Theatre). These buildings had long term defects which would require sympathetic restoration intervention requiring Historic England approval and listed building consent. Following a period of negotiation and amendments to the scheme, Historic England had indicated support for the scheme subject to conditions regarding design details and materials. These were included in the planning and listed building consent granted by the council's planning committee on 24 November.

47.5 A key stakeholder in the in the project was the Lawn Tennis Association (LTA). The project would deliver significant improvements to the tennis court layout to accommodate increased court sizes and a new show court. The LTA was also be keen to see significant improvements to the player facilities which they would contribute to.

47.6 The buildings, in particular the theatres, as currently arranged, presented significant challenges for disabled access. The approved design had successfully addressed these challenges and included a controlled access drop of point within the plaza.

47.7 The first construction phase of the project was scheduled to begin in summer 2016 and the overall project was programmed to complete in early 2020. During this period it would be necessary to close the Congress Theatre for 14 months, of which the last 6 months would overlap with the closure of the Winter Gardens. The construction procurement process would explore how the Winter Gardens could operate with a series of partial closures. A temporary modular kitchen would be located at the rear of the Winter Gardens as the current kitchen would be demolished at an early stage of the project. The works would have an impact on both the conference and show programmes and plans were being developed to address this and notify hirers. The Devonshire Park Theatre programme should not be affected and the Aegon Tennis tournament would continue throughout the construction phase and no other significant business interruptions were foreseen.

47.8 Details of scheme phasing, procurement, risk management, legal implications (including consideration of 'state aid' legislation and equalities were given in the report. Existing governance arrangements would remain in place. A summary of consultations undertaken to date was given in the report. In addition the council's scrutiny committee had reviewed the economic case for the investment at their meeting on 7 September 2015.

47.9 Capita Asset Services Ltd. Had been appointed to provide advice on the robustness of the business case, potential funding options and affordability. A final report was expected in the new year. Overall the scheme would cost the council in the order of £44m if all allowances for inflation and contingency were exhausted. In summary the implications for the councils finances were:
£1m of revenue to fund business interruption (set aside in March 2015).

1. Use of £12m - £20m of future capital receipts.
2. Use of the ongoing surplus created by the improved business following scheme completion to part finance the capital investment.
3. That the council plan recurring growth of £500,000 per annum in its capital financing (revenue) budget in the period 2016-2020 depending on 2 an 3 above and its overall capital programme.

The report also noted efforts made to secure outside funding focussing on the Heritage Lottery Fund, Arts Council England and the Local Economic Partnership. To date no funding commitments had been made, however discussions would continue.

47.10 Resolved (key decision): (1) That full council, at their meeting on 17 February 2016 and as part of their consideration of the 2016/17 budget, be recommended to approve the addition of £44m to the capital programme to complete the scheme, subject to final due diligence.

(2) That support for the Devonshire Park redevelopment scheme as presented in the report be confirmed.

(3) That officers be instructed to continue to seek external funding sources.

(4) That the appointment of the existing multi-disciplinary design team to complete the scheme be confirmed.

(5) That approval is given to the commencement of the public procurement processes referred to in this report to deliver the project and delegate the detailed development, management and approval of the public procurement processes to be followed and of all the procurement documentation required to deliver the project to the senior head of regeneration, planning and assets in consultation with the chief finance officer, the lawyer to the council, lead cabinet member and opposition spokesperson; such delegation to include approval to allowing exceptions to the council's contract procedure rules should that become necessary.

(6) That delegated authority to appoint all the contractors necessary to deliver the project be given to the senior head of regeneration, planning and assets in consultation with the chief finance officer, the lawyer to the council, lead cabinet member and opposition spokesperson.

48 * Contract rules and procurements (BPF).

48.1 Cabinet considered the report of the senior head of projects, performance and technology seeking approval of revised contract procedure rules and to agree approaches to two key procurements. Local authority procurement was an evolving area which was subject to scrutiny and challenge. The current rules were approved in 2009 and now needed to be fully revised to ensure they reflected current law, best practice and the environment in which the council was now operating.

48.2 The 3 key reasons for revising the rules were:

- To reflect the Public Contract Regulations 2015, in force earlier this year.
- To achieve a standard set of rules for Eastbourne Borough Council, Lewes District Council and Eastbourne Homes Ltd.
- To enable a modern and responsive approach to procuring works, supplies and services.

48.3 The full revised rules were appended to the report. Key changes included:

- Simplification and standardisation of the contract value thresholds that determined the approach taken to procurement; with a higher threshold for low value procurements for which no specified number of quotes was required and provisions to ensure accountability for any direct awards of lower value contracts.
- Updating the rules around advertising contracts to reflect the requirements of PCR 2015. These were outlined in section 7 of the rules.
- A 'digital by default' approach to tendering, meaning that tenders would be advertised online and responses would be submitted via an electronic tendering system, thus removing the outdated need for hard copies to be submitted and recorded in a tender opening book.

- Clear rules stating that disposal of land via sale or lease must only happen after auction, invitation of tenders or expressions of interest following public advertisement, in at least one newspaper circulating in the district, unless specifically authorised by cabinet.

The council's monitoring officer and the audit and governance committee (at their meeting on 2 December 2015) had both considered the revised rules and had recommended approval.

48.4 The report then considered the approach to two particular procurements. First, energy procurement, as existing gas and electricity contracts were due to end in 2016. A review had been undertaken which had recommended choosing East Sussex County Council (ESCC) for reasons of cost and the provision of additional useful services. The estimated total cost of the contract was £65,000, so it was comfortably under the OJEU thresholds and therefore within cabinet's authority to authorise a direct appointment. Second, in respect of software to operate the community infrastructure levy (CIL) (which was a planning charge, introduced by the Planning Act 2008 as a tool for local authorities to help deliver infrastructure to support the development of their area). It was important that CIL funds were properly administered to ensure they were used for the agreed purpose and were clearly auditable. It was also proposed that this facility be shared with Lewes District Council who had already agreed to purchase CIL software linked to their existing planning case management system. Given the intention to enter into a shared service, and the lack of a product from the council's supplier, an exception to contract rules was recommended in order to appoint Exacom Systems to provide the council with CIL/s.106 software. The estimated contract value was £45,000 so it was comfortably under the OJEU thresholds and therefore within cabinet's authority to authorise a direct appointment.

48.5 * Resolved (budget and policy framework): (1) That full council be recommended to approve the new contract procedure rules.

48.6 Resolved (key decision): (2) That an exception to the existing contract procedure rules be authorised in order to appoint East Sussex County Council directly to procure the council's energy supply and manage the council's energy services.

(3) That an exception to the existing contract procedure rules be authorised to procure the same software solution as Lewes District Council to manage community infrastructure levy payments as part of a shared service.

49 Employment land local plan (KD).

49.1 Cabinet considered the report of the senior head of regeneration, planning and assets. The requirement for an employment land local plan (ELLP) arose from an inspector's ruling in relation to the council's core strategy local plan which had been considered at a public inquiry in 2012. The plan would guide job growth and economic development in

Eastbourne up to 2027 by identifying an appropriate supply of land for future employment development.

49.2 A proposed submission ELLP had been approved by cabinet on 10 December 2014 for the purposes of an 8-week consultation on issues of soundness. Nineteen representations, including significant representations from Sovereign Harbour Limited (SHL), had been received and had resulted in some changes being made to the plan and supporting documents. A schedule of changes made to the plan was provided in an appendix to the report. As a result a revised proposed submission ELLP now needed to be published to allow for representations to be made on issues of soundness before it could be submitted for examination.

49.3 The strategy contained within the plan to deliver the employment floor-space required proposed:

- 20,000 sq.m. of industrial and warehouse floor-space through the intensification of the existing industrial estate.
- 3,000 sq.m. of office floor-space in the town centre.
- 20,000 sq.m. of office and light industry floor-space at Sovereign Harbour.

49.4 Resolved (key decision): (1) That the revised proposed submission employment land local plan be approved for publication for a 6-week period to receive representations on issues of soundness.

(2) That the senior head of regeneration, planning and assets be given delegated authority, in consultation with the lead cabinet member, to make minor amendments before the commencement of the representation period.

(3) That following the end of the representation period, the senior head of regeneration, planning and assets be given delegated authority, in consultation with the council's local plan steering group, to submit the employment land local plan to the secretary of state for public examination.

(4) That the senior head of regeneration, planning and assets be given delegated authority, in consultation with the lead cabinet member to authorise public consultation on proposed modifications as a result of the examination, if necessary.

50 Review of safeguarding children and vulnerable adult policy (KDGE).

50.1 Councillor Freebody addressed the cabinet commenting on the need to amend appendix E to the proposed policy (allegations against staff and councillors) so as to clarify the arrangements to be adopted in the case of allegations against a councillor.

50.2 Cabinet considered the report of the senior head of community seeking agreement to proposed revisions to the council's safeguarding children and vulnerable adult policy. A review of the council's policy and procedures had been carried out to ensure that these complied fully with the latest legislation and guidance. Reference had also been made to the current Lewes District Council safeguarding policy to ensure this aligned as closely as possible. A revised policy was appended to the report.

50.3 A key amendment to the policy was the introduction of the role of safeguarding contacts. It is proposed that a minimum of five team leaders, service managers or specialist advisors were nominated to play a lead and supportive role in the identification, recording and reporting of safeguarding concerns. Details of other amendments were summarised in the report. The East Sussex Local Safeguarding and Children's Board and the East Sussex Safeguarding Adults Board would be consulted. Lewes District Council and Eastbourne Homes ltd. would also be asked for their views.

50.4 Resolved (key decision): (1) That the recently undertaken review of the council's safeguarding children and vulnerable adult policy be noted.

(2) That the senior head of community be given delegated authority, in consultation with the lead cabinet member, to approve amendments to the policy (including amendments to appendix E as noted above), subject to consultation with the local safeguarding and children's board and the safeguarding adults board.

51 * Gambling policy (statement of principles) 2016-2019 (BPF).

51.1 Cabinet considered the report of the senior specialist adviser. The Gambling Act 2005 required the council's policy to be reviewed at least every 3 years. As the licensing authority, the council was responsible for issuing premises licences for casinos, bingo premises, adult gaming centres, family entertainment centres and betting premises as well as licensing all types of gaming machines and certain types of lottery. The required objectives for the council's policy were:

- Preventing gambling from being a source of crime or disorder, being associated with crime and disorder or being used to support crime.
- Ensuring that gambling is conducted in a fair and open way.
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.

51.2 Details of consultations undertaken and responses received were given in the report. A small number of changes were made to the existing policy. In summary the amendments changed grammatical errors required to provide greater clarification and included an allowance in several paragraphs, for future legislative amendments or guidance from the Gambling Commission. The council's licensing act committee had been consulted upon and had agreed the revised policy at their meeting on 5 October 2015.

51.3 * Resolved (budget and policy framework): That full council be recommended to approve the Council's Gambling Policy (Statement of Principles) 2016 – 2019 which will form the council's approach to gambling matters under the Gambling Act 2005 for the next three years, unless reviewed in the interim.

52 Review of policies: (1) Street trading; (2) Sex establishments. (KD).

52.1 Cabinet considered the report of the senior specialist adviser seeking approval to updated policies in respect of street trading and the control of sex establishments in Eastbourne.

52.2 The council currently regulated street trading under the provisions of Schedule 4 of the Local Government (Miscellaneous Provisions) Act 1982. This permitted the council, among other things, to designate streets as "consent streets" or "prohibited streets" for trading purposes. A key objective was to increase the vibrancy and vitality of the town, in particular the town centre. (The policy did not cover pedlars certificates, which were issued by Sussex Police to individuals to sell their goods from a mobile unit, moving from location to location.).

52.3 The council regulated sex establishments such as lap dancing clubs and other places of sexual entertainment under the provisions of the Policing and Crime Act 2009, and schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982.

52.4 Consultation took place between 1 July and 24 September 2015. No feedback was received to either consultation. The council's general licensing committee agreed the policies at their meeting on 5 October 2015.

52.5 Resolved (key decision): (1) That the street trading policy be approved.

(2) That the sex establishment and encounter policy be approved.

53 Exclusion of the public.

Resolved: That the public be excluded from the remainder of the meeting as otherwise there was a likelihood of disclosure to them of exempt information as defined in schedule 12A of the Local Government Act 1972. The relevant paragraphs of schedule 12A and descriptions of the exempt information are shown beneath the items below. *(The requisite notice having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)*

54 Community grants - Major and housing grants 2016/17 to 2018/19 (KD).

54.1 Cabinet considered the report of the senior head of community seeking approval to the allocation of major and housing grants for the 3-

years 2016/17 to 2018/19. The community grants programme was split between major grants and housing grants which were awarded for a three year period and small grants of up to a maximum of £10,000 which were awarded for one year only. These grants were awarded in line with the council's community grants policy which was last reviewed and updated by cabinet on 8 July 2015.

54.2 The cabinet agreed that major grants of £203,000 be awarded to address the following priorities:

- Advice and financial inclusion services.
- Youth engagement and activities.
- Services to homeless people.
- Support for voluntary and community organisations.

In addition, housing grants of £56,500 would be allocated to services aimed at preventing homelessness.

54.3 Ten eligible expressions of interest were received from voluntary and community organisations. Applications totalling £376,879 were subsequently received and assessed by the council's grants task group who recommend that grants be awarded as follows:

Advice and financial inclusion services
- Eastbourne CAB - £115,000
- Shinewater Shaftesbury Centre - £4,000

Youth engagement and activities
- Eastbourne and Wealden YMCA - £40,000

Services to homeless people
- Salvation Army - £30,000

Support for Voluntary and Community Organisations
- 3VA - £14,000

Housing advice/homelessness prevention
- BHT Eastbourne Advice - £56,500

54.4 It was not possible to fund all of those applying or to offer the full amount requested. A number of the organisations currently receiving major grants had applied for an increase in funding. However, this could not be offered within the £259,500 budget available. The recommendations set out above maintained the current level of funding for those organisations which applied which were currently in receipt of major grants in recognition of their valuable services. The recommended increase to the Salvation Army reflected their financial need to be able to continue delivering their service, the high quality of service provided and impact on the wider community and the increasing need for this service. The award of £4,000 recommended for Shinewater Shaftesbury Centre was to help maintain this service and provide match funding to help the organisation lever in grants from other sources.

54.5 Resolved (key decision): That major and housing grants be awarded in accordance with the recommendations of the grants task group as listed above.

(Note: This minute was made public following notification to the grant recipients.)

55 Summary of confidential proceedings.

(Note: The full minutes of the under-mentioned items are set out in the confidential section of these minutes. The reports remain confidential.)

(a) Redundancy and redeployment policy - activity update.

Cabinet noted that 2 employees were currently subject to the procedure at present. They noted the actions taken to manage implications of change for displaced individuals through support, redeployment and assistance with self-marketing under the redundancy and redeployment procedure and the use of the procedure in managing the change resulting from implementation of phase 2 of Future Model.

Exempt information reasons 1 and 2 – Information relating to an individual or likely to reveal the identity of an individual.

(b) Corporate assets - investment (KD).

Cabinet agreed the acquisition of the property based on terms set out in the report subject to agreement of terms and all due diligence. The senior head of regeneration, planning and assets was given delegated authority, in consultation with the lead cabinet member, to acquire the property either as a pure asset or as part of an asset holding vehicle. The decision was in line with the council's corporate plan and medium term financial strategy (MTFS). The acquisition would enable the council to ensure the long term future of an important asset and further investment and development of the site would deliver regeneration and community benefits and potentially homes. Confidentiality was required at this early stage to protect the Council's interests in future negotiations and allow for the formulation of a communications strategy to engage with relevant stakeholders.

Exempt information reasons: 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information) and 5 (information in respect of which a claim to legal professional privilege could be maintained in legal proceedings).

The meeting closed at 7.56 pm

Councillor Gill Mattock
Deputy chairman