

# Cabinet



## Minutes of meeting held on Tuesday, 13 December 2016 at 6.00 pm

Present:-

Councillors **David Tutt** (Chairman and Leader of the Council), **Gill Mattock** (Deputy Chairman and Deputy Leader of the Council), **Margaret Bannister**, **Alan Shuttleworth**, **Troy Tester** and **Steve Wallis**.

### 49 Minutes of the meeting held on 9 November 2016.

The minutes of the meeting held on 9 November 2016 were submitted and approved and the chairman was authorised to sign them as a correct record.

### 50 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.

Councillor Tutt declared personal (and non-prejudicial interest) in matters relating to minute 56 (housing investment company - joint working arrangements) as he was a council appointed non-executive director of Eastbourne Housing Investment Co. Ltd.

### 51 Sovereign Centre - proposals for improvement and future management.

51.1 The chairman reported upon representations that he had received from users of the Sovereign Centre. He gave an assurance that officers would organise further consultation with user groups and other interested parties on the design detail and in particular that of water based activities in the new centre.

51.2 Councillor Freebody addressed the cabinet and commended the proposal, acknowledging the viability of the business case and welcoming the promised further consultation. He questioned why cabinet had not been asked to consider other options for the renewal of the existing centre and spoke of the need to ensure that the new centre would have minimal impact on the neighbouring locality. The chairman replied saying it would not have been appropriate to bring this matter before cabinet at an earlier stage given the need to fully explore the viability of the different options and choice of location. Councillor Mattock referred to the prior involvement of the council's strategic property board (having cross-party membership) in receiving reports on the progress of this project and consideration of the different options.

51.3 Cabinet considered the report of the director of tourism and enterprise considering the business case for the construction of a new leisure centre to replace the Sovereign Centre and the future management of the new centre. The existing centre (opened in the 1970s with a large extension added in the 1980s) was let to the Eastbourne Leisure Trust (ELT) which had appointed Serco to operate the Centre. The lease and contracts would expire in April 2019.

51.4 In late 2015 the council commissioned FMG Consultants/GT Architects, to carry out a high-level review and business case development to test the options for the future of the centre. The review showed that both a refurbishment of the centre or, the construction of a new centre on the adjacent car park were viable. However, refurbishment was necessarily a compromise, would not completely address the operational issues caused by the layout of the building, was a higher risk than new build and would cause considerable disruption to the service during construction. Both ELT and Serco had expressed a preference for re-development. A new build option was therefore taken forward for detailed investigation. In order to test that a contract with a new operator could fund the revenue costs of constructing a new centre, it would be essential to run an operator procurement in parallel with taking forward the design and procurement of any new building.

51.5 A project team of officers drawn from tourism, planning, property, legal and finance had worked with external consultants, architects and quantity surveyors to develop a cost effective scheme which met the requirements of the revenue business case. The brief to the design team was as follows:

- To create a high profile centre adjacent to the existing site which both served the needs of the town's growing population and provided a new destination, to build on our already ambitious plans for the town's economic regeneration.
- The centre to be of a robust design, with a minimum 40 year life, which recognised the marine environment it was located within and the heavy footfall it would attract.
- The design of the centre should optimise the use of internal space to drive the highest possible commercial returns per m<sup>2</sup>.
- To integrate into the design where possible links with the seafront promenade to reinforce the council's strategy for improving the visitor offer east of the Pier.

51.6 The report outlined the range of facilities the new centre would be expected to offer and key factors influencing design and location. The report was accompanied by plans showing an initial draft design and layout of the proposed new centre. The project team would be undertaking further work to refine aspects of the design and layout in the light of market testing of certain optional items and the outcome of further stakeholder and statutory consultations. The timetable for the construction of the new centre had the following key milestones:

- Completion of stage 3 design for planning application – April 2017.
- Planning approval – October 2017.

- Procurement of construction contractor – May 2017 – December 2017.
- Construction – December 2017 –September 2019.
- Demolition of existing centre - Oct 2019 – March 2020.

These dates were dependent on an immediate start on the next phase of work immediately following the cabinet decision, prompt input and decision making by all statutory bodies and a successful contractor procurement process.

51.7 The replacement of the existing skate park adjacent to the Sovereign Centre was an outstanding issue. It was estimated that this would cost £200,000. Construction would take place in 2017/18.

51.8 The project team had considered a range of options for the future management of the council's leisure centres. They had also worked with an officer of Lewes DC to consider whether there were any opportunities for a shared approach. All the leisure centres in Lewes were currently managed by a not for profit trust (Wave Leisure). The contract for this was due to end in April 2021. The project team recommend that a tendering exercise for the Sovereign Centre be started immediately after the council's decision on whether to replace the Sovereign Centre. Further investigation of the options to manage Motcombe Pool, the council's dry side centres and the centres owned/operated by Lewes DC could then take place in the period January to March 2017.

51.9 At present external consultation had been limited to the board of ELT, 5 major national/regional leisure operators and certain user groups (Eastbourne Swimming Club, Sama Organisation, Eastbourne Voluntary Lifeguards, Eastbourne College, Jurgen Matthes and the Young at Heart Club). All would be sent a newsletter setting out the aspirations and timetable for the new development and commitment to keep the existing pool open until 2019. ELT had made a positive and strongly argued response to the council's consultation and the points made by ELT were set out in full in the report together with the project team's response.

51.10 The objective for the initial business case was for the service to break-even under any new contracting arrangements. The estimated capital cost of the scheme was £24.48 million inclusive of professional fees, surveys, equipment and other costs and the provision of a replacement skate-park. The initial business case projected that the long term annual revenue cost of the new centre would be £12,000 per annum. This was based on a payment by an operator being sufficient to cover an estimated debt cost of £1.2 million per annum. This assumed interest at a rate of 4% (the current PWLB rates were between 2.5% and 3% depending on the term). By comparison, the annual net cost to the council of the existing centre was some £340,000. Whilst no proposals had been made nor allowance made for the potential redevelopment of the current Sovereign Centre site, there was clearly a value attached to a site of some 1.8 hectares which would become free in early 2020.

51.11 In conclusion, the report indicated that the development of a new leisure centre adjacent to the Sovereign site would address the weaknesses in design of the current centre; spend capital on a new building with a 40 year life rather than addressing maintenance issue on a building dating from the 1970/80s; provide additional facilities which would extend the leisure offer to both residents and visitors; and provide a building which was attractive to commercial operators and so able to fund the revenue costs of the capital investment. Procurement of a new operator by late 2017 would ensure that the business case had been market tested and that the operator could contribute to the final design of the new centre.

**51.12 Resolved (key decision):** (1) That the construction of a new leisure centre adjacent to the Sovereign Centre be approved.

(2) That full council be recommended to include £24.48m in the capital programme to fund the construction of the new centre and replacement of the adjacent skatepark.

(3) That the proposed procurement of a new operator for the new centre be approved.

(4) That the commencement of the public procurement processes referred to in the report to deliver the new centre and a new operator be approved.

(5) That the director of tourism and enterprise in consultation with the lead cabinet members for tourism and enterprise and finance, the chief finance officer and the lawyer to the council be given delegated authority to work on 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: Such delegation to include approval to allowing exceptions to the council's contract procedure rules should that be necessary.

(6) That officers be instructed to investigate options for the joint management of Motcombe Pool and the dry side centres together with the centres owned and/or operated by Lewes District Council.

*(Note: Councillor Tester was not present for this item of business)*

## **52 Corporate performance, quarter 2, 2016/17.**

52.1 Councillor Freebody addressed the cabinet. He restated his view, made at a previous meeting of the cabinet, that the 66% progress figure shown for the Sovereign Harbour community centre project was misleading, given that a start had yet to be made on site. He commended the council for putting action plans in place to mitigate the impact of increasing levels of homelessness. He questioned why the performance figures for telephone answering and call abandonment had not improved. The chairman said he believed that the government's welfare and housing policies were contributing to the worsening problem of homelessness and that he would welcome Councillor Freebody's

support in asking the local member of parliament to seek changes in government policy. He acknowledged the issue around telephone call performance, drew attention to the recruitment of additional staff and commented that a large majority of calls were dealt with at first point of contact.

52.2 Cabinet considered the report of the chief executive and chief finance officer 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 2016/17. Appendix 1 gave detailed information on non-financial performance indicators and highlighted those giving cause for concern. Councillor Mattock highlighted the figure of 689 dwelling units where planning permission had been granted but development had yet to commence. She said that there was a need nationally for pressure to be placed on developers to build. Councillor Shuttleworth referred to current housing initiatives including the contribution being made through the activities of the council's Eastbourne Housing Investment Company, the joint bid to government by Sussex councils for homeless prevention funding and the rough sleepers' initiative. He echoed the chairman's call for a change in government policy to address homelessness.

52.3 General fund performance for the year to September showed a variance of £122,000 on net expenditure which was a movement of £173,000 compared to the position reported at the end of the first quarter in June. Service expenditure had a variance of £22,000 mainly as a result of:-

- Municipal Mutual Insurance scheme of arrangement levy £47,000.
- Bed and breakfast accommodation £40,000.
- Airbourne £66,000.
- Customer First savings (£74,000).
- Catering increase in net income (£50,000).

The contingency fund currently stood at £125,800; which was available to fund inflationary increases and any future unforeseen one-off areas of expenditure during the year. This might however be required to fund any under-achievement in the joint transformation programme savings target for the year if financial benefits from the programme were delayed. The projected outturn showed a variance of £296,000. This was within 2% of the net budget and was within an acceptable tolerance level. However management continued to manage this position to ensure that this final outturn position was maintained. Approval was sought for transfer of £8,000 from reserves for Hampden Park sports centre court resurfacing in required in 2016/17.

52.4 Housing revenue account performance was currently above target by £115,000; this was mainly due to the new properties let at affordable rents not included in the budget (£37,000), a reduction required for the provision for bad debts (£54,000), and the slow take up of the under occupation scheme (£33,000). Other small variances were being carefully monitored.

52.5 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 2017/18 year where appropriate. The capital programme had been amended from that approved by cabinet in September to reflect new approved schemes, re-profiling of acquisition of land and buildings and removal of Princes Park which had now been included in the coastal communities schemes.

52.6 Council tax collection was currently showing a £977,000 surplus, a variance of 1.25%. 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. The business rates deficit of £433,000 was as a result of the number of outstanding business rate for outstanding appeals. The total number of appeals outstanding as at 30 September 2016 was 291 with a total rateable value of £23.5m. The deficit represented 1.66% of the total debit for the year.

52.7 The detailed mid-year review report had been submitted to the council's audit and governance committee on 30 November 2016 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.

**52.8 Resolved (key decision):** (1) That performance against national and local performance indicators and actions from the 2016-20 corporate plan be agreed.

(2) That the general fund, housing revenue account and collection fund financial performance for the quarter ended September 2016, as set out in sections 3, 4 and 6 of the report, be agreed.

(3) That the transfer from earmarked reserve, as set out in paragraph 3.5 of the report, be approved.

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

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

## **53 Council budget 2017/18 - draft budget proposals.**

53.1 Councillor Freebody addressed the cabinet and asked whether the proposed 2017/18 budgeted costs for software and levy administration costs to support the proposed business improvement district would be recoverable and funded in due course through the levy receipts.

53.2 Cabinet considered the report of the chief finance officer summarising the main elements of the emerging 2017/18 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). Cabinet was asked to give initial responses to the consultations at this meeting and finally on 8 February 2016 in order to recommend a final budget and additions to the existing capital programme for 2017/18 to the council on 22 February 2016.

53.3 The council's medium term financial strategy (MTFS), agreed in July 2016, modelled the overall reduction in government support by 30% to 40% over the life of the current parliament (2016/20). The incoming government's 'stability budget' in July appeared to confirm this projection, subject to the comprehensive spending review taking place this autumn covering the period to 2020. At the time of writing the report neither the chancellor's 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. Whilst the Council has elected to a fixed settlement for the period to 2020 DCLG had yet to announce figures for:-

- 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).

53.4 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.

53.5 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 £6m 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 3 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 £3m over the current plan to 2020.

53.6 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.

53.7 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 2016/17 level.
- Integrate fully the service and financial planning process with the main change programmes under joint transformation programme.
- Deal with unavoidable growth in service demands.
- Maintain front line services to the public.
- Make further recurring savings of £3m 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 a strategic change fund to finance the transformation 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.

53.8 The final settlement in respect of revenue support grant (RSG) and retained business rates for 2017/18 were not yet known, together with numerous other grant announcements not yet made. The following assumptions were made in the draft budget:-

<b>Year</b>	<b>2017/18</b>
	<b>£m</b>
RSG	(0.9)
Retained business rates/section 31 grants	(4.9)
Other grants	(0.3)
New homes bonus	(1.0)
Council tax	(8.1)
<b>Total</b>	<b>(15.2)</b>



53.9 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 £1.140m (7% of net spend) (shown in appendix 1 to the report). These were categorised as:-

	<u>£m</u>
Efficiency savings	(0.495)
Increases in income	(0.645)
Total	<u>(1.140)</u>

A total of £0.653m of service growth was proposed categorised as follows (as shown in appendix 2 to the report):-

	<u>£m</u>
Corporate inflation	0.320
Other growth	<u>0.261</u>
Total	<u>0.581</u>

53.10 The draft budget assumed a rise in council tax for 2017/18 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). The requirement to hold a referendum might apply if any proposed tax rise were 2% or greater (the government might announce cap on council tax rises as part of settlement) or £5 per annum.

53.11 The proposal also included £0.497m of non-recurring service investment to be financed directly from general reserves as well as £0.646m to be financed from the Devonshire Park reserve (as shown in appendix 2 to the report).

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

	<u>Proposal</u> <u>£m</u>
Base budget 2016/17	15.8
Growth (outlined in para. 4.3 of report)	0.6
Savings (outlined in para. 4.2 of report)	(1.1)
Net budget requirement:	<u>15.3</u>
Funded by:	
Government grants/retained rates	(7.1)
Council tax (band D £224.19)	<u>(8.1)</u>
Total resources:	<u>(15.2)</u>

53.13 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.

53.14 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 2017/18 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.

**53.15 Resolved: (key decision):** (1) That the draft budget proposals be agreed for consultation.

(2) That the approach to dealing with changes in the expected resources available for the 2017/18 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 2017/18 to make a band D charge £232.92 for council services.

(4) To note that there are a lot of announcements yet to be finalised by government and that currently the proposed budget is showing a gap of £91,000 between the resources available and the draft budget.

(5) That the strategy to close the gap, as shown in paragraph 5.3. of the report, be agreed.

(6) That the leader of the council write to the local member of parliament seeking her support in opposing any move by government to transfer the benefit of the new homes bonus from district to county councils.

54.1 Cabinet considered the report of the deputy chief executive. 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. The council tax base for Eastbourne was calculated by multiplying the 'relevant amount' by the 'collection rate'.

54.2 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. For 2017/18 this totalled 34,793.5 equivalent properties. (The relevant amount had increased by 237 (0.68%) band D equivalent dwellings from 2016/17. This reflected expected growth in the number of taxable properties of 80 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 244.)

54.3 The collection rate was the council's estimate of the proportion of the overall council tax collectable for 2017/18 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 97.25% should be adjusted upwards to 97.5% going forwards. Taking the relevant amount of 34,793.5 and applying a collection rate of 97.5% produced a council tax base for 2017/18 of 33,923.7.

54.5 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 2017/18 financial year must be approved by 31 January 2017. The report described how the net rate income for 2017/18 would be calculated.

54.6 Currently the business rates were based on the valuation list produced in 2010; this list was now in the process of being updated and new valuations would be effective from 1 April 2017. Along with the revaluation the process for making appeals had been changed; this was intended to stop speculative appeals and speed up the process. Once all the facts had been checked as being correct, the ratepayer would have the responsibility to provide evidence as to why the rateable value should be changed. It was unknown at this time how many appeals would be received. The council still had a number of appeals outstanding from the current list, which would be carried forward until settled. The provision for appeals would need to cover both existing and new appeals.

54.7 The actual 'NNDR1' form for 2017/18 had not yet been received and until all the unknown issues mentioned above were resolved it was not possible to model the amount of expected business rate income for 2017/18. However on the assumption that income levels would be the same an indicative figure for net business rates yield of £35.6m could be expected. 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).

54.8 The amount of business rates income payable to the general fund was calculated by deducting tariff and levy payments from the amount of the local share of net business rate yield. The system of tariff or top up payment was to redress the balance of business rate income nationally to ensure that no local authority was worse off as a result of its business rates at the outset of the rates retention scheme in 2013. The levy rate allowed authorities to retain their growth in an equivalent proportion to its baseline revenue. The levy had been set at 50% of the growth business rates income over the baseline allowance set by government.

54.9 The Department for Communities and Local Government was proposing, through adjustments to the tariff/top up, to counteract the changes to the rateable value and the multiplier, to make it revenue neutral for local authorities. This authority currently made a tariff payment. Given the uncertainty about the amount of business rate yield and the tariff payment it was not possible at this time to calculate the amount that would be credited to the general fund. These figures would be confirmed once the final NNDR1 had been completed in January and the government grant settlement figures received later this month.

54.10 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 £2,120m (down £174,000 from the original NNDR1 figures supplied in January). Eastbourne's share of the pool was expected to be £180,000.

54.11 As at 31 March 2016 the collection fund showed deficit of £206,003 (£1,403,477 council tax surplus and £1,609,480 business rates deficit). £352,606 was being recovered across council tax and business rates preceptors during 2016/17, leaving a balance of £146,607 to be distributed in 2017/18. The council had to estimate the overall surplus/deficit at 31 March 2017 and inform the precepting authorities in January 2017 of this estimate in order that the amount was included in the 2017/18 precept figures. Current monitoring figures indicated a surplus by 31 March 2017 of £976,687 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.

54.12 The calculation on the business rate income element of the collection fund currently indicated a deficit balance of £433,324 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.

**54.13 Resolved (key decision):** (1) That a provisional council tax base of 33,923.7 for 2017/18.

(2) To note the indicative retained business rates income of for 2017/18, as set out in the report.

(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.

## 55 Active Eastbourne strategy.

55.1 Cabinet considered the report of the director of tourism and enterprise. The draft 'Active Eastbourne Strategy' had been developed by Sport Eastbourne and its partners including East Sussex County Council and Active Sussex to set out the aims and priorities for activities in Eastbourne. An initial consultation event had been held at the end of May 2016 to discuss the strategy and key priorities. Representatives of leisure trusts, sports clubs and voluntary organisations discussed the priorities and potential areas for action. The draft strategy had 4 objectives:-

- To support inactive people to be more active.
- To encourage people to stay active.
- To promote volunteering, training and professional development.
- To improve local facilities and amenities.

55.2 It was proposed that an Active Eastbourne Partnership be established to take forward delivery of the strategy. An Active Eastbourne network would also meet from time to time to share ideas, information and resources. The strategy would be a conduit for applying for funds through various funding streams.

55.3 The draft strategy would be sent to those who attended the consultation event in May to seek their feedback. Key stakeholders, including the University of Brighton, local sports clubs, leisure trusts and voluntary organisations would be contacted for their views. The draft strategy would also be published on the council's website for comment and feedback from the public. A copy of the draft strategy was appended to the report.

**55.4 Resolved (key decision):** (1) That the draft Active Eastbourne Strategy be published for consultation.

(2) That the director of tourism and enterprise in consultation with the lead cabinet member for tourism and enterprise be given delegated authority to approve amendments to the strategy, subject to final consultation.

## 56 Housing investment company - joint working arrangements.

56.1 Cabinet considered the report of the director of service delivery seeking approval for the development of a new joint housing and regeneration investment company with Lewes District Council (LDC). The government had recently introduced a series of measures which would reduce income, and restrict the council's housing revenue account (HRA) of its ability to afford the interest and principal repayments associated with additional borrowing to fund new homes for rent or shared ownership. As a result, councils were considering how to bring forward new homes and invest in ways that did not impact adversely on the HRA. The council also recognised that there was a role to play in taking up opportunities for commercial development where this might have a regenerative effect and/or assist the council in meeting strategic housing priorities.

56.2 Establishing a joint LDC/EBC (Eastbourne Borough Council) housing investment company (HIC) would simplify the sharing of necessary officer skills in managing future projects, allow the councils to choose to share risk on larger ventures and provide a stronger financial platform for activities in new commercial areas. The HIC would be wholly owned by the councils and any investment decisions would require EBC and/or LDC lending approval before development or purchase began, subject to appraisal, therefore the council would only approve schemes it was willing to support.

56.3 It was proposed that the new HIC would run alongside and separate to the existing EBC owned Eastbourne Housing Investment Company Limited (EHICL). The council would consider investment routes and the best vehicle to take forward schemes as part of the viability process. The new HIC would be supported by the housing and economic development partnership (HEDP) officer team (a joint initiative between EBC and Eastbourne Homes Limited) which provided development expertise that had already delivered over 100 affordable homes in Eastbourne.

56.4 Details of risk management, costs and legal implications were given in the report.

**56.5 Resolved (key decision):** (1) That the director of service delivery and the assistant director of legal and democratic services, in consultation with the lead cabinet member for housing and their counterpart at Lewes District Council be given delegated authority to undertake work to set up a joint Lewes District Council/Eastbourne Borough Council wholly owned housing investment company (HIC).

(2) That the director of service delivery be authorised to procure specialist advice as necessary up to a value of £30,000, this being the estimated cost of advice on setting up the joint HIC together with costs of developing the business case and investment proposals.

(3) That any investment proposals to be reported back to cabinet for approval.

**57 Bridgemere Centre.**

57.1 Cabinet considered the report of the director of service delivery seeking approval for allocation of £20,000 capital funding for the Bridgemere Centre to facilitate community ownership of the centre on a sustainable basis.

57.2 The Bridgemere Centre was built in the mid-1980s with support from the council. The centre is located on Environment Agency land in Bridgemere Road and offered local residents a wide range of services including a breakfast and after school club, a parent and toddler group, 'Bridgebuilders' activities for adults with learning disabilities, activities for teenagers, and an indoor bowls club. Following the collapse of the original community association, the local community church took on the management of the building in the late 1990s.

57.3 Since taking on the lease of the building, the Bridgemere Centre Ltd. faced increases in rent imposed by successors to Southern Water, currently the Environment Agency, from £1,500 to £9,500. The centre trustees had found it increasingly difficult to generate the income required to pay this level of rent and had been negotiating with the Environment Agency to purchase the freehold of the property. This offered a more sustainable future for the centre. They had succeeded in agreeing a reduced purchase price of £95,000 for the freehold of the site and building.

57.4 The centre trustees had secured a grant of £20,000 and loans from the community church of £45,000 and £10,000 from an individual supporter towards the purchase price and legal costs. They had approached the council asking for a grant or loan of £20,000 to make up the shortfall.

57.5 It was proposed that a sum of £20,000 be offered as a one-off grant to the Bridgemere Centre Ltd. to enable them to purchase the freehold subject to the certain conditions as set out in the report. These primarily related to ensuring continued use of the building as a community centre. The purchase of the freehold should allow the Bridgemere Centre Ltd. to run the centre on a sustainable financial footing in the future and would remove the need to continue supporting the centre with grants, freeing up an average of £3,000 a year, thereby covering the costs of this investment within 7 years.

**57.6 Resolved (key decision):** That the use of £20,000 capital funding to facilitate community ownership of a community centre on a sustainable basis be approved.

**58 Disabled facilities grants: Enabling disabled people to live independently.**

58.1 Councillor Freebody addressed the cabinet welcoming the extra grant funding and highlighting the benefit of helping people to remain in their own homes.

58.2 Cabinet considered the report of the director of service delivery proposing changes to the council's approach to funding disabled facilities and adaptations in the light of recent government changes to the funding arrangements and an increase in the monies made available. Nationally funding was set to double in the period 2015 to 2020. In Eastbourne this increased the disabled facilities grant (DFG) budget from £769,450 in 2015/16 to £1.2 million in 2016/17 with expectations that this level of funding would, at a minimum, be maintained for the next 3 years. Since the increase in DFG budget the demand for the existing service had not increased and with the removal of ring fencing there was a greater opportunity to make best use of surpluses within the fund by 'top-slicing' an amount to use at the council's discretion, supporting innovative projects in the town to improve the lives of our disabled residents.

58.3 To supplement the existing programme of 'mandatory' DFGs it was proposed to establish a discretionary fund in partnership with the East Sussex Better Together programme (a joint initiative between East Sussex County Council and the clinical commissioning groups to transform health and social care services in East Sussex over the next 3 years with a combined budget of £850m.). Funding of £600,000 from the DFG budget for this discretionary fund was proposed, made up as follows:-

- Fast track minor adaptations - £100,000.
- Discretionary grant for new developments and home relocation - £250,000.
- Discretionary grant for capital improvements of existing care facilities - £200,000.
- Project co-ordinator support - £50,000 incl. on costs.

Should any project exceed or be below expected demand, funding would be reallocated in the programme up to the £600,000 limit.

58.4 Aims included reducing delays in hospital discharge arrangements by allowing fast tracking the provision of such items as stair-lifts and specialist toilets; help in moving home when it was not reasonable or practicable to adapt the existing home to fully meet a person's needs; allowing for disabled needs to be met by developers when building new homes; and assistance to care home owners to convert a proportion of their homes into a space that could facilitate nursing care.

58.5 The amount needed to cover the council's requirement to deliver 'mandatory' DFG's was forecast to be £600,000 for 2016/17 based on previous years demand. It was considered that was enough DFG funding left to cover the cost of this project in 2016/17 and 2017/18. However, should there be a change in funding from central government the project would be reviewed.

**58.6 Resolved (key decision):** (1) That the following changes to the existing private housing policy and use of disabled facilities grant funding be approved:

- Introduction of a discretionary grant element which will allow the introduction of a fast track adaptations approach in line with best



practice from the National Audit Office, DCLG and Department of Health (DOH).

- Enhanced delivery of adaptations in the development of new housing, housing investment and care facilities in the town.

(2) That the director of service delivery be granted delegated authority to take any and all steps necessary for, and incidental to, the implementation and management of the changes approved above.

## **59 East Sussex building control partnership.**

59.1 Cabinet considered the report of the director of service delivery proposing a further agreement with the East Sussex Building Control Partnership for 5 years. The council had entered into a 5-year agreement with Wealden District Council to deliver building control services, via the East Sussex Building Control Service (ESBCP). The agreement was due to terminate on 31 March 2017. Under the arrangement, Wealden District Council took the lead on management and employment issues. The service had performed well and there were no concerns about Wealden's ability to deliver it.

59.2 Rother District Council and Hastings Borough Council had had a partnership agreement in place which would end in March 2017. Due to a vacancy, the manager of the ESBCP had managed that partnership as well for some months. Therefore, it was a logical step for both Hastings Borough Council and Rother District Council to consider joining the ESBCP. Given the joint transformation project, Lewes District Council was also considering joining the ESBCP so that both Eastbourne's and Lewes's building control services would be fully integrated.

59.3 An extended partnership board would be created, with representation from each council who would have one vote each. The current proposal was that Wealden as host would have a casting vote. Each authority would be represented by their portfolio cabinet member, but in their absence, the lead officer for that authority could deputise and represent the authority's interests (at present both the portfolio holder and lead officer had a vote). The Board would meet on a twice yearly basis.

59.4 Wealden District Council had previously advised of their intention to explore alternative methods of service delivery, and if this was approved by the new board, then during the 5-year agreement, a business case would be forthcoming to consider a local authority trading company. At the appropriate time, and if this issue was pursued, a further report would be brought to cabinet for consideration.

59.5 A staff restructure would be required. The current establishment across the 5 authorities was 30.3 FTEs, and the proposal for the new structure was 28.7 FTEs. However due to the current vacancy level and on-going turnover of staff, Wealden had assured the incoming partners that there would be no staff redundancies. Eastbourne's share of the

management fee would be £68,000 per annum, a reduction of £4,000 over the current fee.

**59.6 Resolved (key decision):** (1) That the new agreement for the East Sussex Building Control Partnership for five years be approved.

(2) That the director of service delivery in consultation with the assistant director for legal and democratic services, be given delegated authority to negotiate and finalise the agreement.

## **60 Land and property acquisitions and investment.**

60.1 Cabinet considered the report of the director regeneration and planning proposing a property acquisition and investment strategy (PAIS) for adoption by the council. In line with the council's commitment to achieve a sustainable asset base, it was continually reviewing its portfolio to maximise the yield from its assets as well as exploring investment opportunities to secure future revenue opportunities for the council. The council's medium term financial strategy target for new income generation by 2020 is £1m. Management of the council's property assets would go part-way to meeting that target, but it was clear that a step-change was needed by way of property acquisitions to generate new revenue opportunities.

60.2 At a time when interest rates were at an historic low, borrowing for investment would appear to be prudent, as long as the investment was profitable; fitted within the framework of the council's social and corporate goals; was subject to proper risk management; and the investment strategy was balanced by prudence and transparency. To reduce any risks the PAIS would incorporate a number of principles:-

- That the yield from the investment should achieve a return to the council at a specific % above the cost of capital borrowing, and after servicing the purchase costs, to be agreed on a case by case basis by the council's section 151 officer.
- Due diligence checks are to be carried out on each acquisition to include the analysis of:
  - (a) The minimum length of the unexpired lease terms.
  - (b) Tenant covenant strength and credit checks.
  - (c) Asset maintenance liability and building condition.
  - (d) Legal encumbrances, including 3rd party rights and covenants.
  - (e) Planning and/or regeneration potential.
- That investment risk is spread over a range of property assets to include:
  - (a) Retail – risks to be mitigated by selecting schemes in the right locations.
  - (b) Commercial, with opportunities for conversion, or part-conversion to residential.
  - (c) Industrial – risks to be mitigated by selecting schemes in good locations and where future capital investment costs are identified.

- The asset base is to be balanced with the overall aim to achieve 70% of assets held as a long-term investment and 30% trading for profit.

60.3 The council had been presented with a number of potential acquisitions. Some of these opportunities were on the open market, but others might be secured by private negotiation. An addendum to this report had been circulated in the confidential part of the agenda setting out the current opportunities. The opportunities were not inter-dependent and might not all come to fruition. Should all of the opportunities be worth pursuing, the effect on successful completion could mean a net positive variation to the revenue budget of up to £2m per annum commencing 2017/2018. A decision to proceed with any of these potential acquisitions would only be made by the director in accordance with the delegation set out in resolution (4) below and subject to compliance with the PAIS and completion of due diligence checks.

60.4 To provide surety over long term finance costs, at the detailed due diligence stage, the council would explore other options for borrowing in line with the treasury management strategy to include new forms of institutional funding. It was unlikely that these would be required, but would however provide important background to the councils' mid to long term capital financing requirements and ensure the council had a clear benchmark in making treasury management related decisions. The Council could utilise capital receipts of prudential borrowing to finance its capital programme and therefore investments had to be affordable and risk managed. Any borrowing required would be managed within the council's treasury management strategy approved by council annually.

**60.5 Resolved (key decision):** (1) That the proposed property acquisition and investment strategy (PAIS) be adopted for inclusion in the Council's asset management plan.

(2) That up to £30,000,000 within the Council's capital programme be set aside for the acquisition of land and property that meets the objectives of the PAIS.

(3) That up to £100,000 from the economic regeneration reserve be set aside to undertake due diligence work (to include surveys, legal, and other professional fees) relating to property acquisition, in the event that the expenditure cannot be capitalised.

(4) That the director of regeneration and planning, in consultation with the lead cabinet member for corporate and strategic services, the strategic property board and the council's section 151 officer, be given delegated authority to negotiate and finalise land and property acquisitions.

*Notes: (1) The confidential addendum to this report remains confidential. (2) 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).*

**61 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 in minute 60 above and 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.)*

**62 Redundancy and redeployment policy - update.**

62.1 Cabinet noted that one employee was 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 the joint transformation programme.

*Notes: (1) The full minute of the above item is set out in the confidential section of these minutes. The report remains confidential.*

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

**63 Housing and economic development partnership - Improvement programme.**

63.1 Cabinet agreed proposals for the fit-out and letting of Princes Park café to the University of Brighton.

*Notes: (1) The full minute of the above item is set out in the confidential section of these minutes. The report remains confidential.*

*(2) 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 7.25 pm

**Councillor David Tutt**  
**Chairman**