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12 July 2023

Dear Members

Scrutiny Committee - 10 July 2023

I am now able to enclose, for consideration, the following reports/appendices at the above meeting that were unavailable when the agenda was printed.

- | Item No | Item |
|----------------|--|
| 10 | <u>Revenue and Capital Outturn - 2022-2023 (Pages 3 - 22)</u> |
| 11 | <u>Stability and Growth Programme (Pages 23 - 30)</u> |

Yours sincerely

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Agenda Item 10

Report to:	Scrutiny Committee
Date:	10 July 2023
Title:	Provisional Revenue and Capital Outturn 2022/23
Report of:	Homira Javadi, Director of Finance and Performance (Chief Finance Officer)
Cabinet Member:	Councillor Robin Maxted, Cabinet Member for Finance and Resources
Ward(s):	All
Purpose of report:	To update Members on the provisional outturn for 2022/23
Decision type:	Key
Officer recommendations to the Scrutiny Committee:	The Scrutiny Committee is asked to note the report.
Officer recommendations to the Cabinet:	(1) Note and approve the revenue and capital provisional outturn for 2022/23 subject to final accounting adjustments; (2) Note and approve the housing revenue account provisional outturn for 2022/23 subject to final accounting adjustments; and (3) To give delegated authority to Cabinet member for finance and resources in consultation with chief finance officer to make final accounting adjustments.
Reasons for recommendations:	To enable Cabinet members to consider specific aspects of the Council's financial performance for 2022/23
Contact Officer(s):	Name: Homira Javadi Post title: Director of Finance and Performance (Chief Finance Officer) E-mail: homira.javadi@lewes-eastbourne.gov.uk Telephone number: 01323 415512

1 Introduction

- 1.1 All local authorities have a legal duty to produce annual accounts, in support of openness and accountability. At the time of writing, the Statement of Accounts were still to be completed and signed off by the Chief Finance Officer. This is therefore a

provisional outturn position and is subject to the accounts being finalised and subsequently audited.

- 1.2 This report provides information and analysis on the Council's financial performance and use of resources in the 2022/23 financial year in comparison to the revised budget set by Council in February 2023. This report precedes the production of the Council's formal Statement of Accounts and although it is not expected that any further material adjustments will be needed that will alter the final outturn position, it is possible that this could be the case.
- 1.3 As is the case with every year-end report there are a number of changes that result as balance sheet activities are reviewed and finalised, and although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is given, and accounting regulations drive some of the final movements reported.
- 1.4 The challenges facing local residents as a result of the cost-of-living crisis are very real. This report highlights some of the key movements and variations against a backdrop where Local authorities across the country are not immune to the national financial pressures while facing increasing demand and increasing cost pressures. It also provides an opportunity to reassess and if possible, make provisions for any emerging risks in 2023/24.

2 General Fund – Revenue

- 2.1 The provisional outturn for Eastbourne Borough Council is an overall adverse variation of £14k (subject to external audit and final accounts adjustments), as summarised in table 1 below. This shows we are still largely managing the increased cost of housing needs, energy costs, inflationary pressures and economic downturn. Some of the one-off provisions set aside in the last financial year are incorporated into the revised budget which have contributed to this position.

Summary Table 1:

Table 1: Summary of Provisional Out-turn 2022-23	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Corporate Services	4,693,467	5,115,121	421,654
Service Delivery	8,732,350	10,361,321	1,628,971
Regeneration and Planning	(98,355)	821,362	919,717
Tourism and Culture	2,732,502	2,414,733	(317,770)
Net Cost of Services	16,059,964	18,712,536	2,652,572
Other Operating Income & Expenditure	237,450	249,393	11,943
Capital Financing	2,203,400	601,291	(1,602,109)
Net Budget	18,500,814	19,563,220	1,062,406
Transfer from Reserves	(1,602,622)	(1,803,466)	(200,844)
Revenue Grant Fund	0	(909,000)	(909,000)
Cultural Development Fund	0	(455,000)	(455,000)
Government Grants	(1,465,150)	(1,406,569)	58,581
Business Rates	(5,419,100)	(5,764,808)	(345,708)
Council Tax	(9,221,300)	(9,210,004)	11,296
Better Care Fund	(792,642)	0	792,642
Total Financing	(18,500,814)	(19,548,847)	(1,048,033)
Over/ (under) budget	(0)	14,372	14,372

Eastbourne Borough Council Provisional Outturn 2022-23 £14k (subject to final accounts adjustments)

The key highlights are as follows:

- Net overall position is an adverse variation of £14k which is proposed to be funded from general fund balances;
- Net cost of services reflects net additional cost pressures of £2,652k mainly due to increased housing needs £1,618k, inflationary energy costs of £639k, other supplies and staffing costs £395k.
- These are offset mainly by planned and additional use of set aside earmarked reserves, grants and funds (£1,565k), contingency (£250k), higher than expected interest income (£350k), savings on interest payments (£642k) and savings on (MRP) Minimum Revenue Provision (£611k); and
- Delivery of savings built into the budget.

2.2 Key variances are set out in the following tables:

2.3 **Corporate Services**

Corporate Services	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Corporate Management Team	77,939	104,040	26,101
Business Planning and Performance	510,345	569,252	58,907
Financial Services	893,747	898,054	4,307
Corporate Finance	650,669	670,862	20,193
Human Resources	379,690	477,683	97,992
Business Transformation	1,328,254	1,452,919	124,665
Legal and Local Democracy	938,572	966,556	27,983
Local Land Charges	(85,750)	(24,244)	61,506
Corporate Services	4,693,467	5,115,121	421,654

Corporate Management net adverse variation of £26k

This is mainly due to additional inflationary costs.

Business Planning and Performance net adverse variation of £59k

Additional cost of service relating to procurement activities – off set by procurement savings elsewhere within the services.

Financial Services & Corporate Finance net adverse variation of £24k

Partly due to higher cost of interim staffing offset by use of vacancy savings . Other higher than planned Corporate Finance costs relating to bank and brokerage of £50k, insurance premium costs of £68k and additional provision for debts £59k were also contributing factors. These are offset by reduced requirements on unfunded pensions contributions (£32k) and use of corporate contingency .

Human Resources net adverse variation of £98k

This is due to increased costs relating to the new occupational health contract £32k and provision of corporate training of £79k. These are partly offset by staffing savings of (£13k).

Business Transformation net adverse variation of £125k

Additional charge of £100k to revenue due to business transformation expenditure not qualifying for capitalisation and additional cost of I.T. licences of £92k offset by savings in staffing costs (£67k).

Legal and Local Democracy net adverse variation of £28k

This variation is mainly due to additional staffing costs.

Local Land Charges net adverse variation of £62k

This adverse variation is mainly due to land charges staffing costs and licensing fees.

2.4 **Service Delivery**

Service Delivery	Revised Budget 2022-23 £	Actuals £	Provisional Outturn Variation 2022-23 £
Director of Service Delivery	295,214	308,080	12,866
Customer First Retention Team	1,032,309	1,963,193	930,884
Neighbourhood First	2,078,103	2,219,229	141,126
Environment First	4,426,483	4,282,864	(143,619)
Homes First	900,241	1,587,954	687,714
Internal Transfers			
Service Delivery	8,732,350	10,361,321	1,628,971

The key areas of overspends are driven increased demand for services relating to cost of placements for homeless, additional staffing costs and other pressures details of which are shown below. Please note that some of these costs are met by earmarked reserves and/or grant income.

Customer First Retention Team and Homes First net adverse variation of £1,618k

- Rising volumes in the number of statutory & rough sleeper placements, impact on housing benefit payments and ineligible housing costs £842k
- Agency costs to backfill customer first team and housing needs team vacancies and welfare reform funded in part by grant reserves £574k and taxi licencing staff costs to be met from taxi trading account £25k.
- Reduced Income: bereavement £105k, backlog in HMO Licence renewals £30k and council tax arrears summons £16k.
- Cost of financing housing loan debt £67k, compensation & legal costs for complaints £30k and wellbeing service met by grant reserves £75k.
- A timing difference on better care fund which is expected to be received in 2023/24 £404k, one contribution to Eastbourne Homes Investment Company

(EHIC) to finance housing need pressures £150k, offset by grant funding of (£700k).

Neighbourhood First net adverse variation of £141k

- Town Hall and College Road additional staffing for office cleaning contract budgets £185k although efficiencies had been achieved in the regeneration and planning budget and further efficiencies will be delivered through the Neighbourhood First operations team, the need for increased security in the Town Hall due to increased customer contact and the need to protect staff and visitors, increased repairs and facilities maintenance £144k and shortfall in Town Hall room hire income £80k.
- Managing Ash die back & Cliff Watch safety patrol service at Beachy Head £111k offset by underspends on seasonal Parks & Gardens works (£91k) and underspend on replacement of Dog Litter Bins (£44k).
- Additional income received: Car Parking and Fixed Penalty Notice income (£138k), Lawn Tennis Association contributions towards Devonshire Park Grounds Maintenance (£60k) and Asylum Dispersal grant contribution towards Community activities (£46k).

Environment First net positive variation of (£144k)

- Tipping away income contributions from ESCC including prior year (£90k), underspends on SEESL management fee (£79k) offset by legal fees and shortfall in bulky waste income £25k.

2.5 Regeneration and Planning

Regeneration and Planning	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Director of Regeneration & Planning	42,229	49,291	7,061
LDC EHL Rechargeable Salaries	0	0	0
Head of Commercial Business and Property	43,441	51,955	8,514
Planning	613,031	848,888	235,856
Estates and Property	(1,097,282)	(458,252)	639,030
Housing Delivery	78,375	110,004	31,630
Regeneration	221,850	219,477	(2,373)
Regeneration and Planning	(98,355)	821,363	919,717

Regeneration and Planning has significant pressures within its service delivery, mainly due to the economic climate and high inflation levels, particularly on energy costs.

Planning net adverse variation of £236k

This relates mainly to additional consultancy costs for Local Plan 2 £132k, planning appeal costs £40k and staffing costs £64k.

Please note this is after the planned use of reserves of £204k.

Estates and Property net adverse variation of £639k

This is mainly due to Corporate landlord increased energy costs £639k, reduced rental income £248k and one-off rent refund to B&Q £387k. These are offset by reduced repairs and maintenance costs of (£68k), increased recharges to sovereign centre for relevant energy costs (£371k) and a contribution from reserves towards energy costs (£250k).

Farms and Lands letting £54k pressure includes reduced lettings income and increased maintenance costs.

Housing Delivery adverse variation of £32k due to costs not eligible for capitalisation.

2.6 **Tourism and Culture**

Tourism and Culture	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Towner	420,400	427,737	7,337
Tourism and Culture	940,217	1,184,923	244,706
Events	226,296	232,736	6,440
Theatres	408,633	248,376	(160,257)
Sports Delivery	679,619	303,410	(376,209)
Seafront	57,337	17,550	(39,787)
Internal Transfers			
Tourism and Culture	2,732,502	2,414,733	(317,770)

The overall net position after the planned use of £633,622 reserves is a favourable variation of £318k. Please note only the required reserves are drawn down.

Tourism and Culture net adverse variation of £245k

This pressure predominantly relates to unachieved catering income for Golf £179k, Theatres £139k, The Stage Door £99k and Cafes £49k. This is magnified by the

closure of the Pavilion £61k and Bandstand £58k for a substantial period during the year. However, this is partially offset from underspends in staffing costs (£39k).

This is partially funded by a contribution from reserves of (£301k)

Theatres net favourable variation of (£160k)

Theatres adverse variation of £172k mainly due to cleaning and staffing costs being higher than budgeted £146k, ticket sales less than anticipated resulting in overall reduced income of £26k (Congress Theatre favourable £160k, Devonshire Park Theatre adverse £186k).

These are offset by a contribution from reserve of (£332k).

Sports Delivery net favourable variation of (£376k)

This is mainly due to the Sovereign Centre attracting higher than anticipated monthly memberships (additional 2,500) resulting in additional income of (£922k), offset by £371k energy costs and other operational costs including staffing to deliver the increased demand £175k.

Seafront net favourable variation of (£40k)

This is mainly due to Beach Huts experiencing exceptional demand resulting in higher than planned rental income.

2.7 Other Operating Income, Capital Financing, Reserve movements and Funding

Other Operating Income, Capital Financing & Financing including Reserve movements	Revised Budget 2022-23	Actuals	Provisional Outturn Variation 2022-23
	£	£	£
Contingencies	0	0	0
Precepts and Levies	237,450	249,393	11,943
Other Operating Income & Expenditure	237,450	249,393	11,943
Capital Financing	2,203,400	601,291	(1,602,109)
Transfers to / (from) Reserves	(1,602,622)	(1,803,466)	(200,844)
Revenue Grant Fund	0	(909,000)	(909,000)
Cultural Development Fund	0	(455,000)	(455,000)
Government Grants	(1,465,150)	(1,406,569)	58,581
Business Rates	(5,419,100)	(5,764,808)	(345,708)
Council Tax	(9,221,300)	(9,210,004)	11,296
Better Care Fund	(792,642)	0	792,642
Total Financing	(18,500,814)	(19,548,847)	(1,048,033)

The contingency of £250k has been transferred to corporate services to meet additional cost pressures (refer to section 2 above).

Capital financing and Interest (£1,602k) due to additional (£350k) interest income received on investments, savings on interest payment (£642k) and savings on minimum revenue provision of (£611k).

Contributions from reserves (£200k) mainly due to financing emergency cost of living payments.

Revenue grant fund (£909k) to cover increased energy costs, local plan and better care fund timing differences.

Cultural Development Fund (£455k) to cover pressures in Tourism and Culture.

Net £516k funding (government grants, business rates, council tax, better care fund) mainly due to a timing difference on the better care fund conversion, which is expected in 2023/24, offset by additional business rates income (£346k).

3 Housing Revenue Account (HRA)

3.1 A full review of the 30-year Business Plan, which provided a comprehensive assessment of the overall position for the current and future years, was completed during the year. This resulted in the uplift of the original budget by £353k to a revised budget of £3,446k, funded from working balances to offset the pressures affecting the service. This was reported to Members as part of the quarter 3 2022/23 financial performance.

3.2 Net expenditure of £2,171k has been incurred compared to the revised budget of £3,446k, resulting in a favourable variation of £1,275k as summarised in the table below. This is mainly due to increased costs relating to EHL inflation and backlog repair costs, offset by savings on supervision and management and reduced depreciation charges. A slippage in capital projects has reduced the revenue contribution to finance capital expenditure in the current financial year. However, it should be noted that this funding will be required once the projects are completed in future years.

Further detail can be found in **Appendix A**

HRA Summary	Original Budget	Revised Budget	Provisional Outturn	Provisional Outturn Variation
	£000's	£000's	£000's	£000's
Income	(16,355)	(16,311)	(16,359)	(48)
Expenditure	14,797	15,414	15,518	104
Capital Financing	1,717	1,616	1,593	(23)

Contribution to Capital Expenditure	2,934	2,727	1,419	(1,308)
Total	3,093	3,446	2,171	(1,275)

4 Capital Programme Outturn

4.1 The original capital programme set in February 2022 totalled £35.48m (including £17.27m General Fund (GF) schemes and £18.21m Housing Revenue Account (HRA) schemes). The 2022/23 capital programme was revised during the year due to the re-phasing of schemes, approvals for new schemes and the deletion of schemes no longer progressing from the programme, as reported in the quarterly monitoring. The 2022/23 programme was revised to a budget of £24.43m (GF £11.44m and HRA of £12.99m)

4.2 The table below summarises the capital outturn position and the proposed financing. Details of the individual capital schemes/projects are included in **Appendix B**.

HRA CAPITAL PROGRAMME	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variance to Budget
	£'000	£'000	£'000	£'000
Acquisition and Construction of Dwellings	11,784	7,723	7,463	(260)
Improvements to Stock	5,816	4,816	4,852	36
Adaptations	450	450	534	84
Sustainability Pilot	160	-	-	-
Total HRA Expenditure	18,210	12,989	12,849	(140)

GENERAL FUND CAPITAL PROGRAMME	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variance to Budget
	£'000	£'000	£'000	£'000
General Fund Housing	1,200	1,856	823	(1,033)
Loans to Housing Companies	1,460	1,638	1,033	(605)
Community Services	945	1,322	932	(390)
Tourism & Leisure	150	198	248	50
Corporate & Core Services	935	1,443	761	(682)
Regeneration	8,817	2,431	1,458	(973)
Asset Management	3,765	2,554	1,600	(954)
Total General Fund Expenditure	17,272	11,442	6,855	(4,587)

Total Capital Programme	35,482	24,431	19,704	(4,727)
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GF Financing				
Capital Receipts	606	1,354	696	(658)
Grants & Contributions	7,717	4,790	2,701	(2,089)

Revenue Contribution	667	-	-	-
Unfinanced/Borrowing	8,282	5,298	3,458	(1,840)
Total GF Financing	17,272	11,442	6,855	(4,587)

- 4.3 The actual capital outturn for 2022/23 is £19.704m which represents 81% delivery compared to the revised budget (£24.431m) and a 56% delivery compared to the original programme (£35.482m). A significant variance to the outturn can be attributed to a range of factors both internal such as capacity and external such as pandemic, supply issues, planning, and other environmental factors with the changes documented in the regular cabinet monitoring reports presented during the year.
- 4.4 The Council has enhanced its capital governance, reporting and scheme delivery approach through establishing a Capital Programme Oversight Board (CPOB) with the objective to provide strategic direction, oversight and corporate assurance for the Council.
- 4.5 The largest general fund underspends for the year are under Housing of £1.03m due mainly to a low spend on Disabled Facility Grants and also £0.85m under Regeneration for the Levelling Up Fund. The Levelling Up Fund is central to the Government's ambition to invest in high value local infrastructure and building stronger and more resilient local economies and communities. The Council applied for funding in Round One and £19.85m in total was awarded to Black Robin Farm, Towner Centenary Project and Victoria Place Pedestrianisation.
- 4.6 At the end of the financial year the net underspend is requested to be reprofiled by scheme into future years. The allocation of the net underspend, and its reprofiling to future financial years, will be subject to a review by the Capital Programme Oversight Board to ensure that it is reprofiled realistically based on the scheme's delivery timeframe. The HRA net underspend will be reviewed against the annual 30-year Business Plan. The outcome of this work will be incorporated into the future quarterly monitoring reports to Cabinet.

5 Collection Fund

- 5.1 The Collection Fund records all the income from Council Tax and Business Rates and how this is allocated to precepting authorities. The Collection fund for the year is as follows:

	Council Tax £'000	Business Rates £'000
Actual Balance 1 April 2022 - (Surplus) / Deficit	(890)	12,450
(Recovery) / Distribution of Prior Year Deficit or Surplus	908	(9,952)
Total Collectable Income for year*	(78,602)	(32,449)
Hardship Funding	(265)	-

Payments to Preceptors	76,440	34,202
Write offs, provisions for bad debts and appeals	1,162	2,194
Actual Balance 31 March 2023 – (Surplus) / Deficit	(1,247)	6,445
Allocated to:		
Central Government	-	3,222
East Sussex County Council	(915)	580
Eastbourne Borough Council	(147)	2,578
Sussex Police & Crime Commissioner	(129)	-
East Sussex Fire Authority	(56)	65
Total	(1,247)	6,445

* This represents the latest total amount of income due for the year and allows for changes as a result of discounts, exemptions and reliefs, as well as changes in the Council Tax base and Business Rate yield.

- 5.2 Government regulations determine how payments to preceptors and the recovery or distribution of a prior year deficit or surplus are allocated.
- 5.3 Council Tax has an actual surplus for the year of £1.247m at Q4 March (forecast £1.029m at Q3 December). The Council's share of the actual surplus is £0.147m (£0.121m at Q3). With the cost of living crisis and the threat of recession, bad debt provisions have been reviewed and increased at Q4.
- 5.4 Business Rates has ended the year with a deficit of £6.445m at Q4 March. The increase in the deficit is a result of the appeals provision being increased from £0.5m to £1.4m at Q4. The Council's share of the deficit is £2.578m. Section 31 grant was received as compensation for some of the additional reliefs awarded by central government which had an impact on collectable income.
- 5.5 The estimated year end positions for Council Tax and Business Rates, used for 2023/24 budget setting, were formalised and agreed in January 2023.

6 Reserves

- 6.1 The table below summarises the position on reserves. Please note these are at a point in time and maybe subject to change.

Further detail can be found in **Appendix C**

	Opening Balance		Provisional Closing Balance
	01/04/2022	Movement	31/03/2023
	£'000	£'000	£'000
Total General Fund Earmarked Reserves	(8,792)	2,958	(5,834)
s31 Grant Business Rates	(4,530)	4,530	-
*General Fund Balances	(3,998)	14	(3,984)
Total HRA Earmarked Reserves	(3,172)	(15)	(3,187)
*HRA Balances	(4,884)	2,171	(2,713)
*Subject to final accounts adjustments			

6.2 It is recommended that the provisional outturn position on general fund (adverse 14k) be transferred to general fund balances as shown in the closing balance.

7 Treasury Management

In accordance with legislation and codes of practice the council is required to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2022/23. The Treasury Management Annual Report 2022/23 is being considered as a separate report on this agenda.

8 Legal implications

There are no legal implications arising directly from this report.

9 Risk management implications

There are no risk management implications arising directly from this report.

10 Equality analysis

This Finance update is a routine report for which detailed Equality Analysis is not required to be undertaken. The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports.

11 Environmental sustainability implications

There are no environmental sustainability implications arising directly from this report.

12 Appendices

- Appendix A HRA provisional outturn
- Appendix B Provisional capital expenditure and financing statement

- Appendix C Reserves

13 Background papers

None

EBC Housing Revenue Account Provisional Outturn 2022/23

	Original Budget	Revised Budget	Actuals 2022/23	Provisional Outturn Variance
	£000's	£000's	£000's	£000's
INCOME				
Gross Rents	(15,268)	(14,993)	(14,984)	9
Charges for Services	(1,087)	(1,318)	(1,375)	(57)
GROSS INCOME	(16,355)	(16,311)	(16,359)	(48)
EXPENDITURE				
Management Fee	8,077	8,133	8,712	579
Supervision and Management	1,930	1,817	1,564	(253)
Provision for Doubtful Debts	212	137	132	(5)
Depreciation	4,548	5,312	5,081	(231)
Debt Management Costs		15	29	14
GROSS EXPENDITURE	14,767	15,414	15,518	104
NET COST OF HRA SERVICES	(1,588)	(897)	(841)	56
Loan Charges - Interest	1,720	1,653	1,698	45
Interest Receivable	(3)	(37)	(105)	(68)
NET OPERATING SURPLUS	129	719	752	33
Contribution to Capital Expenditure	2,934	2,727	1,419	(1,308)
Contingency	30	0	0	0
HRA (SURPLUS) / DEFICIT	3,093	3,446	2,171	(1,275)

HOUSING REVENUE ACCOUNT WORKING BALANCE	Original Budget	Revised Budget	Projected Outturn
Working Balance at 1 April	(4,884)	(4,884)	(4,884)
(Surplus) or Deficit for the year	3,093	3,446	2,171
Working Balance at 31 March	(1,791)	(1,438)	(2,713)

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				APPENDIX B
Scheme	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variance to Revised Budget
	£	£	£	£
HOUSING REVENUE ACCOUNT				
Major Works	5,816,000	4,816,000	4,852,129	36,129
Sustainability Initiatives Pilot	160,000	-	-	-
Disabled Adaptations	450,000	450,000	533,990	83,990
New Build	8,419,000	6,012,400	6,056,456	44,056
Acquisitions General	3,365,000	1,711,000	1,407,000	(304,000)
Total HRA	18,210,000	12,989,400	12,849,575	(139,826)
General Fund Housing				
Disabled Facilities Grants	1,200,000	1,855,792	823,322	(1,032,470)
BEST Grant (housing initiatives)	-	14,732	(294)	(15,026)
Total General Fund Housing	1,200,000	1,870,524	823,028	(1,047,496)
Other Housing				
EHIC - Loans	492,400	62,400	36,000	(26,400)
AH - 183 Langney Rd	468,000	710,800	599,000	(111,800)
AH - Loan Victoria Mansion	500,000	864,500	397,833	(466,667)
Total Other Housing	1,460,400	1,637,700	1,032,833	(604,867)
COMMUNITY SERVICES				
Coast Defences Beach Management	300,000	595,000	547,949	(47,051)
Cycling Strategy	40,600	-	-	-
Refurbishment of Public Facilities	50,000	-	-	-
Langney Cemetery - Road Improvements	30,000	-	-	-
Ocklynge Cemetery - Road Improvements	15,000	-	-	-
Crematorium - Improvements	172,500	140,540	175,622	35,082
Changing Places	-	77,000	85,919	8,919
SEESL Loan	73,100	254,100	-	(254,100)
5 Fleet Vans	65,600	65,600	-	(65,600)
Waste & Recycling Equipment	197,770	174,046	121,512	(52,534)
Total Community Services	944,570	1,306,286	931,002	(375,284)
TOURISM & LEISURE				
Sovereign Centre	150,000	198,408	248,262	49,853
Total Tourism & Leisure	150,000	198,408	248,262	49,853
CORPORATE SERVICES				
IT - Block Allocation	150,000	233,542	220,335	(13,207)
Contingency	250,000	230,000	-	(230,000)
Recovery & Stabilisation	435,000	959,354	512,008	(447,346)
JTP Finance Transformation	100,000	-	25,205	25,205
Sculpture	-	20,500	3,000	(17,500)
Total Corporate Services	935,000	1,443,396	760,549	(682,848)
REGENERATION				
Black Robin Farm	3,779,887	847,137	476,605	(370,533)
Towner Centenary Project	673,881	429,381	366,293	(63,088)
Victoria Place Pedestrianisation	1,917,177	716,262	300,740	(415,522)
Shinewater	-	80,000	-	(80,000)
Retail Refurbishment	2,446,268	343,785	314,194	(29,591)
UK Shared Prosperity Fund	-	14,820	-	(14,820)
Total Regeneration	8,817,213	2,431,385	1,457,831	(973,554)
Asset Management				
Devonshire Park Redevelopment Project	-	-	5,402	5,402
Winter Garden	1,500,000	101,282	109,574	8,292
Dev Park Theatre (H&S)	-	82,779	54,115	(28,665)
Victoria Mansions Commercial	-	70,902	71,402	500

Scheme	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variance to Revised Budget
Congress Theatre Roof	275,000	300,000	145,945	(154,055)
Bandstand & Promenade Renovations	750,000	771,015	647,674	(123,341)
EDGC Improvements (Workshop)	-	25,000	33,060	8,060
Seafront Lighting	200,000	304,592	231,219	(73,373)
Leisure Estate	249,550	249,550	-	(249,550)
Food Street	-	41,198	65,500	24,301
Asset Value Improvement Fund	300,000	-	-	-
Redoubt - new mains supply for café and Fort	50,000	50,000	-	(50,000)
Town Hall	50,000	50,000	32,239	(17,761)
The Point Improvements	30,000	30,000	13,057	(16,943)
Stage Door - fire upgrade	20,000	20,000	22,649	2,649
ILTC - Improvements	-	64,369	7,073	(57,295)
Towner Improvements	150,000	148,800	120,935	(27,865)
Fort Fun	40,000	40,000	27,869	(12,131)
1 Grove Road	50,000	50,000	-	(50,000)
Beachy Head PC Roof	-	12,000	12,804	804
Asset Management - Block Allocation	100,000	142,436	-	(142,436)
Total Asset Management	3,764,550	2,553,923	1,600,518	(953,405)
Total General Fund	17,271,733	11,441,622	6,854,023	(4,587,599)
Total HRA and GF	35,481,733	24,431,022	19,703,597	(4,727,425)

Reserves

		Opening Balance 01/04/2022 £'000	Movement £'000	Provisional Closing Balance 31/03/2023 £'000
	GF Earmarked Reserves			
z10112	General Earmarked	(16)	16	-
z10125	Strategic Change	(281)	280	(1)
z10127	Capital Programme	(336)	-	(336)
z10128	Revenue Grants	(1,493)	909	(584)
z10130	Regeneration	(12)	-	(12)
z10135	ICE Reserve Account Contribution	(2,070)	(50)	(2,120)
z10136	Commercial	(666)	(50)	(716)
z10142	SHEP GF Properties Major Works	(1)	-	(1)
z10137	Business Rates Equalisation	-	-	-
z10143	Cost of Living Emergency Response	(250)	136	(114)
z10144	Inflation	(200)	-	(200)
z10145	Fuel and Energy Costs	(150)	150	-
z10146	Arrears and Bad Debt	(400)	-	(400)
z10147	Cultural Development	(756)	455	(301)
z10148	Financial Resilience	(2,161)	1,112	(1,049)
	Total General Fund Earmarked Reserves	(8,792)	2,958	(5,834)
z10138	s31 Grant Business Rates	(4,530)	4,530	-
z10190	*General Fund Balances	(3,998)	14	(3,984)
	HRA			
z10129	HRA Leaseholders Major Works	(643)	(15)	(658)
z10141	Riverbourne House Leaseholders	-	-	-
z10181	Housing Regeneration and Investment	(2,529)	-	(2,529)
	Total HRA Earmarked Reserves	(3,172)	(15)	(3,187)
z10180	*HRA Balances	(4,884)	2,171	(2,713)
	*Subject to final accounts adjustments			

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Report to:	Scrutiny Committee
Date:	10 July 2023
Title:	Stability and Growth Programme
Report of:	Robert Cottrill, Chief Executive
Cabinet member:	Councillor Stephen Holt, Leader of the Council and Chair of Cabinet (Community Strategy, Local Strategic Partnership, the Corporate Plan, Performance and Staff)
Ward(s):	All
Purpose of report:	To inform cabinet of the Stability and Growth programme, which replaces the previous Recovery and Stabilisation programme in driving improvement and efficiency within the council.
Decision type:	Key
Officer recommendations to the Scrutiny Committee:	The Scrutiny Committee is recommended to note the report.
Officer recommendations to the Cabinet:	(1) Cabinet is recommended to note the report; (2) To delegate authority to the Chief Executive and Director of Tourism, Culture and Organisational Development, in consultation with the Leader and Portfolio Holder, to progress alternative governance arrangements at the Devonshire Park Quarter complex and to conclude the most appropriate option once a full business case is understood, including the approval and implementation of all processes and procedures, negotiation of, and authorising the execution of, all necessary documentation, and; (3) To approve a waiver of the Council's Contract Procedure Rules (CPRs) to allow the direct selection of an operator at the Devonshire Park Quarter, if that is concluded to be the most appropriate option, for the reasons as set out in the report.

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

Contact Officer(s): **Name: Jo Harper**
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1 Introduction

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

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

2 Achievements to date

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

Digital projects

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

2.3 *Updating Existing Technology*

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

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

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

2.4 *Exploitation of New Technology*

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

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

Service reshaping

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

Assets

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

Assurance review

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

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

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

3 Plans for the new Stability and Growth Programme

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

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

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

Stability

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

Enabling and Growth

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

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

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

4 Corporate plan and council policies

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

5 Financial appraisal

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

6 Legal implications

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

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

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7 Risk management implications

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

8 Equality analysis

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

9 Environmental sustainability implications

9.1 The proposals in this report do not adversely impact on the council's long-term carbon reduction aims, as set out in the EBC Climate Emergency Strategy.

10 Background papers

None

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