

# Full Council

## 20 September 2021



Lewes District Council

### Time and venue:

6.00 pm in The Sports Hall, Lewes Leisure Centre, Mountfield Road, Lewes, BN7 2XG

### Membership:

**Councillor Christine Brett (Chair); Councillors Adrian Ross (Vice-Chair) Sam Adeniji, Graham Amy, Robert Banks, Nancy Bikson, Matthew Bird, Liz Boorman, Roy Burman, Julie Carr, Roy Clay, Chris Collier, Phil Davis, Sharon Davy, Johnny Denis, Lynda Duhigg, Stephen Gauntlett, Tom Jones, Isabelle Linington, Jim Lord, Sylvia Lord, James MacCleary, Sean MacLeod, Imogen Makepeace, Milly Manley, Ron Maskell, William Meyer, Joe Miller, Zoe Nicholson, Emily O'Brien, Laurence O'Connor, Ruth O'Keeffe, Nicola Papanicolaou, Julian Peterson, Keira Rigden, Christine Robinson, Geoff Rutland, Richard Turner, Steve Saunders, Christoph von Kurthy and Linda Wallraven**

Quorum: 11

*Published: Friday, 10 September 2021*

## Agenda

### 1 Minutes of the meeting held on 15 July 2021 (Pages 5 - 12)

To confirm and sign the minutes of the meeting of the Council dated 15 July 2021.

### 2 Apologies for absence

### 3 Declarations of interest

Disclosure by councillors of personal interests in matters on the agenda, the nature of any interest and whether the councillor regards the interest as prejudicial under the terms of the Code of Conduct.

### 4 Announcements

To receive any announcements from the Chair of the Council, Leader of the Council, Members of the Cabinet or the Chief Executive. A list of the Chair of the Council's engagements since the previous meeting will be circulated ahead of the meeting.

### 5 Urgent items

Items not on the agenda which the Chair of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances as defined in Section 100B(4)(b) of the Local Government Act 1972.

## **6 Questions from members of the public**

To deal with questions which members of the public may wish to put to members of the Cabinet in accordance with Council Procedure Rule 11 (if any).

## **7 Petitions**

To receive petitions from councillors or members of the public in accordance with Council Procedure Rule 13 (if any).

## **8 Urgent decisions taken by the Cabinet or Cabinet members (Pages 13 - 16)**

In accordance with Policy and Performance Advisory Committee Procedure Rule 17, to receive details of any urgent decisions taken by the Cabinet or Cabinet members since the previous meeting.

Copies of the public decision-notices of two decisions by the Leader of the Council are attached to this agenda relating to:

- [Wave Leisure Trust Ltd](#) – 23 July 2021
- [Newhaven Town Deal](#) – 26 July 2021

## **9 Recommendations from Cabinet**

### **(a) Treasury management annual report 2020/21 and latest treasury management monitoring (Pages 17 - 50)**

To consider the report of Councillor Nicholson on behalf of the Cabinet held on 8 July 2021.

## **10 Notices of motion.**

### **(a) Motion to end "Fire and Rehire" (Pages 51 - 52)**

To consider a notice of motion which has been received from Councillor Collier.

### **(b) Motion on Water Pollution (Pages 53 - 54)**

To consider a notice of motion which has been received from Councillor Bird.

## **11 Written questions from Councillors**

To deal with written questions which councillors may wish to put to the Chair of the Council, a Lead Councillor on the Cabinet or the Chair of any committee or sub-committee in accordance with Council Procedure Rule 12 (if any).

## **12 Questions to the Leader of the Council**

To deal with questions (if any) which councillors may wish to put to the Leader of the Council. It will be at the Leader's discretion to re-direct questions to relevant Members of the Cabinet. A councillor wishing to raise a question must notify the Chair of the Council of the text of the question prior to the commencement of the

meeting. (NB This item is limited to a maximum of 5 questions, with no more than 1 question being asked per councillor. If a question requires a detailed or technical response, the Leader may decide that a written response is more appropriate).

**13 Ward issues**

To deal with ward issues which councillors wish to raise (if any).

**14 Reporting back on meetings of outside bodies (Pages 55 - 60)**

To receive any reports from the Council's representatives who serve on outside bodies in respect of meetings they have attended.

**15 Date of Next meeting**

The next meeting is scheduled for 6 pm on 22 November 2021.

## Information for the public

**Accessibility:**

Please note that the venue for this meeting is wheelchair accessible and has an induction loop to help people who are hearing impaired. This agenda and accompanying reports are published on the Council's website in PDF format which means you can use the "read out loud" facility of Adobe Acrobat Reader.

**Filming/Recording:**

This meeting may be filmed, recorded or broadcast by any person or organisation. Anyone wishing to film or record must notify the Chair prior to the start of the meeting. Members of the public attending the meeting are deemed to have consented to be filmed or recorded, as liability for this is not within the Council's control.

**Public participation:**

Please contact Democratic Services (see end of agenda) for the relevant deadlines for registering to speak on a matter which is listed on the agenda if applicable.

## Information for councillors

**Disclosure of interests:**

Members should declare their interest in a matter at the beginning of the meeting.

In the case of a disclosable pecuniary interest (DPI), if the interest is not registered (nor the subject of a pending notification) details of the nature of the interest must be reported to the meeting by the member and subsequently notified in writing to the Monitoring Officer within 28 days.

If a member has a DPI or other prejudicial interest he/she must leave the room when the matter is being considered (unless he/she has obtained a dispensation).

**Councillor right of address:**

A member of the Council may ask the Chair of a committee or sub-committee a question on any matter in relation to which the Council has powers or duties or which affect the District and which falls within the terms of reference of that Committee or Sub-Committee.

A member must give notice of the question to the Head of Democratic Services in writing or by electronic mail no later than close of business on the fourth working day before the meeting at which the question is to be asked.

**Other participation:**

Please contact Democratic Services (see end of agenda) for the relevant deadlines for registering to speak on a matter which is listed on the agenda if applicable.

## Democratic Services

For any further queries regarding this agenda or notification of apologies please contact Democratic Services.

**Email:** [committees@lewes-eastbourne.gov.uk](mailto:committees@lewes-eastbourne.gov.uk)

**Telephone:** 01323 410000

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## Full Council

**Minutes of meeting held in The Sports Hall, Lewes Leisure Centre, Mountfield Road, Lewes, BN7 2XG on 15 July 2021 at 6.00 pm.**

### **Present:**

Councillor Christine Brett (Chair).

Councillors Adrian Ross (Vice-Chair), Sam Adeniji, Graham Amy, Robert Banks, Nancy Bikson, Matthew Bird, Liz Boorman, Roy Burman, Julie Carr, Roy Clay, Chris Collier, Phil Davis, Sharon Davy, Johnny Denis, Lynda Duhigg, Stephen Gauntlett, Tom Jones, Isabelle Linington, Jim Lord, Sylvia Lord, James MacCleary, Imogen Makepeace, Milly Manley, Ron Maskell, William Meyer, Zoe Nicholson, Emily O'Brien, Laurence O'Connor, Ruth O'Keeffe, Nicola Papanicolaou, Keira Rigden, Christine Robinson, Richard Turner, Steve Saunders, Christoph von Kurthy and Linda Wallraven.

### **Officers in attendance:**

Robert Cottrill (Chief Executive), Oliver Dixon (Head of Legal Services), Sarah Lawrence (Senior Committee Officer) and Simon Russell (Head of Democratic Services).

### **16 Minutes of the meeting held on 27 May 2021**

**Resolved** – That the minutes of the meeting held on 27 May 2021 be confirmed and signed as a correct record.

### **17 Apologies for absence**

Apologies for absence had been received from Councillors Macleod, Miller, Peterson and Rutland.

### **18 Declarations of interest**

Councillor Banks declared a personal interest in agenda item 10(a) – Motion on Planning Reform, as an employee of the LGA whose figures he intended to quote in his speech in support of the motion. He remained in the meeting and took a full part in the discussion and vote.

Councillor O'Keeffe declared a personal interest in item 10(c) – Motion on Disability Access, as she has a son with a disability. She remained in the meeting and took a full part in the discussion and vote.

### **19 Announcements**

1. The Chair advised that a list of her engagements as Chair of the Council since the last meeting were set out in the agenda, and these were noted.

2. Councillor MacCleary (Cabinet Member for Regeneration and Prosperity) advised that the Council had received a Town Deal award offer from the Government worth up to £19.3million, to deliver the 'This is Newhaven' Town Investment Plan. The Council would provide detailed business cases against each of the strategic programmes in the plan to draw down funding for each element. Councillor MacCleary praised the contribution of all partners, the work of the Chair of the Town Deal (Chris Ketley) and Peter Sharp (Head of Regeneration) and his team.

## **20 Urgent items**

The Council was asked to consider the item 'Member Attendance' as an urgent item, which had been circulated to the members.

## **21 Member Attendance**

The Chair advised that Councillor Peterson had been unwell for a while and was hoping to return to meetings soon, but in case this was not immediately possible she moved and Councillor Burman seconded a recommendation to approve his absence beyond 6 months.

**Resolved** – To approve the absence of Councillor Peterson from attendance at any Full Council, committee or sub-committee meeting of Lewes District Council pursuant to Section 85(1) of the Local Government Act 1972, due to his current ill health, for a six month period commencing on 7 September 2021, in the event that such an extension is required.

## **22 Questions from members of the public**

No questions had been received from members of the public.

## **23 Petitions**

No petitions had been received.

## **24 Election of the Leader of the Council, in accordance with Council Procedure Rules**

The election of Leader of the Council had been triggered by Councillor MacCleary notifying to the Chief Executive his resignation as Leader of the Council with effect from 4 pm on 15 July 2021.

Two nominations were received during the meeting for the position of Leader:

Councillor Nicholson, proposed by Councillor MacCleary and seconded by Councillor Robinson.

Councillor Linington, proposed by Councillor Boorman and seconded by Councillor Davy.

The nominations were then put to the vote, with 20 votes for Councillor Nicholson and 16 votes for Councillor Linington, with one abstention.

In accepting her election as Leader, Councillor Nicholson thanked Councillor MacCleary for his excellent leadership over the last year, and advised that she would retain the portfolio for finance and her Cabinet would be unchanged as follows:

Councillor James MacCleary – Deputy Leader and portfolio holder for regeneration and prosperity  
Councillor Emily O'Brien - Portfolio holder for planning and infrastructure  
Councillor Julie Carr - Portfolio holder for recycling, waste and open spaces  
Councillor Matthew Bird - Portfolio holder for sustainability  
Councillor William Meyer - Portfolio holder for housing  
Councillor Johnny Denis - Portfolio holder for communities and customers  
Councillor Ruth O'Keeffe - Portfolio holder for tourism and devolution  
Councillor Chris Collier - Portfolio holder for performance and people

**RESOLVED** – That Councillor Nicholson be elected as the Leader of the Council and her Cabinet appointments be noted.

## **25 Urgent decisions taken by the Cabinet or Cabinet members**

There were no urgent decisions.

## **26 Notices of motion.**

### **26a Motion 1 - Planning Reform**

Councillor Nicholson moved and Councillor Banks seconded a motion to call on the Government to put both the climate and biodiversity emergencies at the heart of planning reform.

Councillor Davy moved and Councillor Burman seconded an amendment to add a point 4 to the letter to Government to 'Retain and strengthen our Town and Parish adopted Neighbourhood Plans'. This was agreed by Councillor Nicholson and Councillor Banks and incorporated into the motion.

In addition, it was requested that Councillor O'Brien provide all Councillors with a copy of her letter to Government should the motion be approved and this was agreed.

The motion was debated and was supported from across the Council.

The motion as amended was put to the vote and declared carried.

#### **Resolved:**

1. This Council resolves to ask the Government to:

- 1) Use the opportunity of planning reform to introduce an approach that puts the climate and biodiversity emergencies at the heart, that works with not against the Environment Bill, and which retains local control.
- 2) Remove the system of housing targets.
- 3) Remove the punitive housing delivery test.
- 4) Retain and strengthen our Town and Parish adopted Neighbourhood Plans.

That the Cabinet Member for Planning and Infrastructure be requested to write to Robert Jenrick MP, Secretary of State for MHCLG, setting out these requests, and to the two local MPs, asking them to support these requests and champion them on our behalf in parliament.

2. That a copy of the letter to Government be sent to all Councillors.

## **26b Motion 2 - Healthy Homes and Places**

Councillor O'Brien and Councillor O'Connor seconded a motion supporting the implementation of Healthy Homes and Places principles, which had been promoted by the Town and Country Planning Association. A section of the original motion in relation to writing to the Government had been omitted from the agenda version of the motion, but was included in a copy of the proposed motion tabled at the meeting.

It was asked if a copy of the letter to the Government could be provided to Councillors and this was agreed. Assurance was sought that the Council would apply these principles to its own house building and would support the provision of green space alongside developments, and Councillor O'Brien confirmed that it was the intention of the motion that the principles should apply to the Council.

The motion was debated and was supported from across the Council.

The motion, as tabled, was put to the vote and declared carried.

### **Resolved:**

1. This Council resolves to:
  - Strive to ensure that the principles of Healthy Homes and Places are met, in order to create the highest quality places for residents which will be a fitting legacy for future generations;
  - Review related policies, processes and procedures as part of current Local Plan review, and develop and adopt new policies, to ensure that all new development is in line with the Healthy Homes and Places Principles;
  - Make the Healthy Homes and Places principles an integral part of

Council decision making on housing and planning; and

- Ensure the next review of the corporate plan includes healthy homes and places as a priority.
2. This Council also calls on the Government (via a letter from the Leader of the Council) to:
- Return full powers of permitted development conversion of buildings to resident use to local councils.
  - Support the Healthy Homes Bill being promoted by Baron Nigel Crisp.
3. That a copy of the letter to Government be sent to all Councillors.

### **26c Motion 3 - Disability Access**

A Disability Access motion had been put forward by Councillor Macleod, who was unwell and absent this evening. In his absence, Councillor Denis moved and Councillor O’Keeffe seconded the motion to support improved access for disabled residents within the District.

Some concern was expressed in relation to the section of the motion relating to asking East Sussex County Council to stop issuing licenses for A-boards, on the basis of the potential effect on local businesses, and that there were instances they could be safely accommodated.

Councillor Manley moved and Councillor Saunders seconded an amendment that the County Council be asked to not licence any more A-boards ‘unless there was sufficient space for a wheelchair, mobility scooter or pushchair’. This amendment was not accepted by Councillor Denis and Councillor O’Keeffe and was withdrawn. Instead Councillor Denis amended the motion with the agreement of Councillor O’Keeffe to state that the County Council be requested to ‘effectively manage new A-board permissions’.

A suggestion was made that the point related to Civil Parking Enforcement be removed as these powers had already been adopted. However, Councillor Denis wished to see this retained in the motion to encourage their use in all appropriate areas across the District and this was accepted.

The motion, as amended, was put to the vote and declared carried.

#### **Resolved:**

- 1) To offer information to businesses about the 2010 Equality Act, and how they can adapt their business to be more disability friendly.
- 2) To investigate how it can work with Town and Parish Councils and the County Council to better grit town and village footpaths on key routes so that everyone can safely access their local amenities.
- 3) To investigate how it can work with travel companies to provide better

access to public transport especially in rural areas where often buses are not frequent and often finish early.

- 4) To include accessible play equipment in all new play areas and as part of play area refurbishments, wherever possible.
- 5) To be mindful of disability access in the design of any new public space.
- 6) To ask the Cabinet Member for Communities and Customers to write to East Sussex County Council:
  - To request that it works with councillors and officers from all councils on how they can make their villages and towns more disability friendly including by providing more dropped kerbs and tactile crossings.
  - To request that it effectively manages new A-board permissions, to help reduce and restrict pavement clutter.
  - To ask that it use powers granted by Central Government to tackle pavement parking as Civil Parking Enforcement.
- 7) To ask the Cabinet Member for Communities and Customers to write to Network Rail and our rail network partners to bring forward plans to make our stations fully accessible.

## **27 Written questions from Councillors**

No written questions had been received from Councillors.

## **28 Questions to the Leader of the Council**

No verbal questions were put to the Leader of the Council.

## **29 Ward issues**

There were no ward issues raised for this meeting.

## **30 Reporting back on meetings of outside bodies**

The following reports had been received on outside bodies set out in the agenda and were noted:

- East Sussex Health Overview and Scrutiny Committee – Councillor Gauntlett
- SDNP Authority AGM – Councillor Meyer
- SDNP Authority meetings on transfer of Seven Sisters Country Park – Councillor Meyer
- Impact Seaford – Councillor Brett
- Seaford Head Nature Reserve Committee – Councillor Brett
- Mental Health Champion – Councillor Macleod
- 3VA – Councillor Cllr Macleod

## **31 Date of Next Meeting**

It was noted that the next meeting of the Full Council was scheduled to take

place at 6 pm on Monday 20 September 2021.

The meeting ended at 7.22 pm

Councillor Christine Brett (Chair)

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## Executive decision taken by Leader/Cabinet portfolio holder

***Decision taken by:***

Cllr Zoe Nicholson, Leader of Lewes District Council

***Date of decision:***

23rd July 2021

***Subject of report:***

Wave Leisure Trust Ltd

***Exempt matter (if any as given under Schedule 12A of the Local Government Act 1972):***

The decision was taken on the basis of exempt information as defined in Schedule 12A of the Local Government Act 1972.

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information.

***Key decision?:***

Yes

***Open summary of decision made:***

The decision was in respect of exempt business matters relating to Wave Leisure Trust Ltd.

In accordance with section 17 of the Council's Policy and Performance Advisory Committee Procedure Rules, the call-in procedure shall not apply to this decision given its urgency. A decision is urgent if, in the view of the decision maker, any delay

likely to be caused by the call-in process would, for example, seriously prejudice the Council's or the public's interests.

In accordance with this section, it is the opinion of the decision maker that this decision is an urgent one and therefore exempt from call-in.

***Reason(s) for decision:***

The decision was made in the exempt commercial interests of the Council as well as the interests of the community in having access to the leisure services provided by Wave Leisure Trust Ltd.

***Alternative options considered:***

The alternative of proceeding otherwise than as decided was considered to be far less beneficial.

***Was an executive councillor(s) consulted before decision was taken? If so, what was the result of this consultation?***

Councillor Ruth O'Keeffe was consulted on 16.07.21 and she supported the proposed decision. The Chair of Policy and Performance Advisory Committee was also informed of the proposal in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

***Does the proposal involve any unplanned expenditure? If so, please confirm that you have consulted with the Chief Finance officer and include the date of consultation***

No

Date of consultation:.....N/A.....

***Signed:***

Councillor Zoe Nicholson, Leader of the Council

***Leader***

# Executive decision taken by Leader/Cabinet portfolio holder



***Decision taken by:***

Cllr Zoe Nicholson, Leader, LDC

***Date of decision:***

26 July 2021

***Subject of report:***

This is Newhaven – the Newhaven Town Deal

***Exempt matter (if any as given under Schedule 12A of the Local Government Act 1972):***

No

***Key decision:***

No

***Open summary of decision made:***

(1) To note the Town Deal offer of £19.3million from Government.

(2) To delegate authority to the Chief Executive to agree, on behalf of Lewes District Council, the Heads of Terms with Government, as set out in Appendix 1, to enable the Newhaven Town Deal to be progressed.

In accordance with section 17 of the Council's Policy and Performance Advisory Committee Procedure Rules, the call-in procedure shall not apply to this decision given its urgency. A decision is urgent if, in the view of the decision maker, any delay likely to be caused by the call-in process would, for example, seriously prejudice the Council's or the public's interests.

In accordance with this section, it is the opinion of the decision maker that this decision is an urgent one and therefore exempt from call-in.

**Reason(s) for decision:**

- (1) The Council has received a provisional offer of £19.3million for the Newhaven Town Deal.
- (2) The Council must agree Heads of Terms for the Town Deal before 5 August 2021 to enable the bid to progress to the next stage.
- (3) Newhaven remains a regeneration priority for the Council, building upon Enterprise Zone designation and investment from a range of partners, and the formation of the Newhaven Town Deal Board.

**Alternative options considered:**

N/A – the projects included within the Town Investment Plan have been agreed through a process undertaken with the Newhaven Town Deal Board, comprising a range of stakeholders.

**Was an executive councillor(s) consulted before decision was taken? If so, what was the result of this consultation?**

Yes, Cllr MacCleary has been consulted and is in agreement with the recommendations contained within this report.

**Does the proposal involve any unplanned expenditure? If so, please confirm that you have consulted with the Chief Finance officer and include the date of consultation**

No.

Date of consultation: N/A

**Signed:**

Councillor Zoe Nicholson, Leader of the Council

**Leader**



## Lewes District Council

<b>Meeting:</b>	<b>Council</b>
<b>Date:</b>	<b>20 September 2021</b>
<b>Subject:</b>	<b>Treasury management annual report 2020/21 and latest TM monitoring</b>
<b>Report of:</b>	<b>Councillor Nicholson on behalf of the Cabinet</b>

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The Council is asked to consider the minute and resolution of the Cabinet meeting held on **8 July 2021** as set out below.

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### **The Council is recommended to:-**

- (1) Agree the Annual Treasury Management report for 2020/21 (attached as Appendix 2).**
  - (2) Approve the 2020/21 Prudential and Treasury Indicators included in the report (attached as Appendix 1).**
  - (3) Note that the Treasury Management activities for the period starting from 1 March to 31 March 2021 has been in accordance with the approved Treasury Strategies for that period.**
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### **Minute extract Cabinet – 8 July 2021.**

The Cabinet considered the report of the Chief Finance Officer, presenting the Annual Treasury Management Report for 2020/21 and the latest monitoring report.

Policy and Performance Advisory Committee (PPAC), held on 30 June 2021, considered the report and were supportive of the officer recommendations in full. Councillor Miller, Chair of PPAC, was in attendance to present PPAC's discussion.

### **Recommend to Full Council (Budget and policy framework):**

- (1) To agree the Annual Treasury Management report for 2020/21.**
- (2) To approve the 2020/21 Prudential and Treasury Indicators included in the report.**

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(3) To note that the Treasury Management activities for the period starting from 1 March to 31 March 2021 has been in accordance with the approved Treasury Strategies for that period.

**Reason for decisions:**

Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this has to be reported to Full Council.

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**Appendices:**

**Appendix 1** – Treasury management annual report 2020/21 and latest TM monitoring, report to Cabinet of 8 July 2021

**Appendix 2** – Appendix to Cabinet report, Annual Treasury Management report for 2020/21

For further information contact Democratic Services:

Tel. (01273) 471600.

E-mail: [committees@lewes-eastbourne.gov.uk](mailto:committees@lewes-eastbourne.gov.uk)

A copy of the report may be downloaded on the Council's website by following the link below and is available on the modern.gov app:

<https://democracy.lewes-eastbourne.gov.uk/mgGeneric.aspx?MD=CommitteesLanding&bcr=1>

<b>Report To:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>8 July 2021</b>
<b>Report Title:</b>	<b>Treasury management annual report 2020/21 and latest TM monitoring</b>
<b>Report of:</b>	<b>Homira Javadi, Chief Finance Officer</b>
<b>Cabinet member:</b>	<b>Councillor Zoe Nicholson, Deputy Leader of the Council and Cabinet Member for Finance and Assets</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To present the Annual Treasury Management Report for 2020/21 and the latest Monitoring Report</b>
<b>Decision type</b>	<b>Budget and Policy Framework</b>
<b>Officer Recommendations:</b>	<b>To recommend to Full Council:</b>
	<b>(1) Agree the Annual Treasury Management report for 2020/21.</b>
	<b>(2) Approve the 2020/21 Prudential and Treasury Indicators included in the report.</b>
	<b>(3) Note that the Treasury Management activities for the period starting from 1 March to 31 March 2021 has been in accordance with the approved Treasury Strategies for that period.</b>
<b>Reasons for recommendations:</b>	<b>Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this has to be reported to Full Council.</b>
<b>Contact Officer(s)-</b>	<b>Name: Ola Owolabi Post title: Deputy Chief Finance Officer E-mail: <a href="mailto:ola.owolabi@lewes-eastbourne.gov.uk">ola.owolabi@lewes-eastbourne.gov.uk</a> Telephone number: 01273 485083</b>

## **1 Introduction**

- 1.1 The Council is required, under the Local Government Act 2003, to produce an annual review of Treasury Management activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

- 1.2 During 2020/21, the Full Council received the annual Treasury Management Strategy Statement (TMSS), whilst Cabinet were presented with the 2020/21 Treasury Management Update Report in relation to the sources and methods of borrowing and approved organisations for lending temporarily surplus funds.
- 1.3 The regulatory environment places responsibility on Members for the review and scrutiny of TM policy and activities. This report is therefore important, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members. This report will be considered by the Audit and Standards Committee at their 12 July 2021 meeting.

## **2 Treasury Management 2020/21**

- 2.1 Treasury Management is an integral part of the Council's overall finances and the performance of this area is very important. Whilst individual years obviously matter, performance is best viewed on a medium/long term basis. The action taken in respect of the debt portfolio in recent years has been extremely beneficial and has resulted in savings. Short term gains might, on occasions, be sacrificed for longer term certainty and stability.
- 2.2 The criteria for lending to Banks are derived from the list of approved counter parties provided by the Council's Treasury Management advisors, Link Asset Services. The list is amended to reduce the risk to the Council by removing the lowest rated counterparties and reducing the maximum loan duration.
- 2.3 During the year some outstanding other authorities' loans were repaid on time with the interest due. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic which caused the Monetary Policy Committee to cut Bank Rate in March 2020, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy.
- 2.4 The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with significant amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied significant amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.
- 2.5 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

- 2.6 On the debt portfolio, no new loans were taken and external debt is around £56.673m. The MTFS 2020-21 capital programme includes a funding requirement of £88.9m to be funded from borrowing. However, due to the strength of the Council's balance sheet, it is expected to be possible to use internal balances to fund this on a temporary basis instead of raising new loans.
- 2.7 The loan portfolio has produced a level of performance in the period in which performance figures have been calculated. Adding significant value in a period of extremely low interest rates is very difficult. Given that interest rates are unlikely to rise for the next two years, low levels of returns are likely to continue and the cost of getting investment decisions wrong is unlikely to be significant. The overall position as at 31 March 2021 are detailed within the attached **Appendix A**.

### 3 Latest Treasury Management Activity

- 3.1 The timetable for reporting Treasury Management activity in 2020/21 and 2021/22 are shown in the table below. This takes into account the timescale for the publication of each Committee agenda and is on the basis that it is preferable to report on activity for complete months. Any extraordinary activity taking place between the close of the reporting period and the date of the Audit and Standards Committee meeting will be reported verbally at that meeting.

Meeting date	Reporting period for transactions
26 July 2021	2020/21 Annual Report (incl. 1 March to 31 March 2021)
14 September 2021	1 April to 30 July 2021
16 November 2021	1 August to 31 October 2021
18 January 2022	1 November to 31 December 2021
8 March 2022	1 January to 28 February 2022

### 3.2 Fixed Term Deposits pending maturity.

The following table shows the fixed term deposits held at 31 March 2021 and identifies the long-term credit rating of counterparties at the date of investment. It is important to note that credit ratings are only one of the criteria that are taken into account when determining whether a potential counterparty is suitable. All the deposits met the necessary criteria the minimum rating required for deposits made after 1 April 2018 is long term A- (Fitch).

Ref	Counterparty	Date From	Date To	Days	Principal £	Int Rate %	Long-term Rating
249231	Surrey County Council	08 Mar 21	08 Apr 21	31	5,000,000	0.05	*

\*UK Government body and therefore not subject to credit rating

### 3.3 Fixed Term Deposits which have matured in the reporting period.

The table below shows the fixed term deposits which have matured since 1 March 2021, in maturity date order. It is important to note that the table includes sums reinvested and that in total the Council's investments have not increased by £5m over this period.

Ref	Counterparty	Date From	Date To	Days	Principal £	Int. Rate %	Long-term rating
249221	Kirklees Council	17 Feb 21	26 Mar 21	37	5,000,000	0.01%	*
	<b>Total</b>				5,000,000		
	*UK Government body and therefore not subject to credit rating						

At no stage did the total amount held by any counterparty exceed the approved limit set out in the Investment Strategy. The average rate of interest earned on deposits held in the period 1 March and 31 March 2021 was 0.07%, below the average bank base rate for the period of 0.10%.

### 3.4 Use of Deposit accounts

In addition to the fixed term deposits, the Council has made use of the following interest bearing accounts in the period covered by this report, with the average amount held being £2.611m generating interest of approximately £0.3k.

	Balance at 31 March '21 £'000	Average balance £'000	Current interest rate %
Santander Business Reserve Account	£5,000	4,774	0.08
Lloyds Bank Corporate Account	£1,551	2,032	0.00
Lloyds Bank Call Account	£3,010	1,026	0.01

### 3.5 Use of Money Market Funds

Details of the amounts held in the two Money Market Fund (MMF) accounts used by the Council are shown below. The approved Investment Strategy allows a maximum investment of £10m in each fund, and at no time was this limit exceeded.

	Balance at 31 March '21 £'000	Average balance £'000	Average return %
Goldman Sachs Sterling Liquid Reserves Fund	£0,000	1,516	0.00
Deutsche Managed Sterling Fund	£0,010	1,807	0.00

### 3.6 Treasury Bills (T-Bills)

There were no Treasury Bills held at 31 March 2021, and there was no activity in the period.

### 3.7 Secured Investments

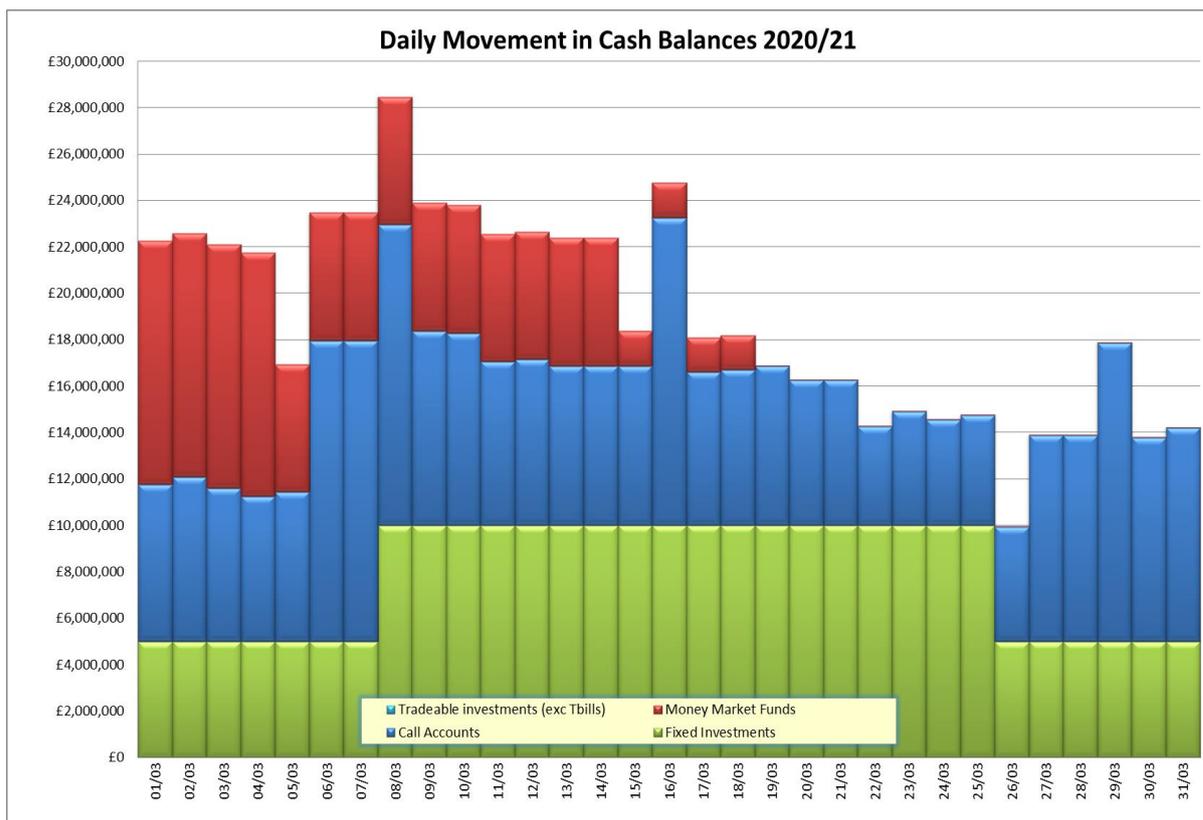
There were no Secured Investments at 31 March 2021.

### 3.8 Tradeable Investments

There were no Tradeable Investments at 31 March 2021, and there was no activity in the period.

### 3.9 Overall investment position

The chart below summarises the Council’s investment position over the period 1 March to 31 March 2021. It shows the total sums invested each day as Fixed Term deposits, Treasury Bills, amounts held in Deposit accounts, Money Market Funds and Tradeable Investments.



### 3.10 Borrowing

The current account with Lloyds Bank remained in credit throughout the period. No temporary borrowing for cash-flow management purposes took place. There has been no change in the total value of the Council’s long term borrowing in the reporting period, which remains at £56.673m.

## 4. Compliance with Treasury and Prudential Limits

4.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council’s approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

4.2 As at 31 March 2021, the Council has operated within the treasury limits and Prudential Indicators set out in the Council’s Treasury Management Strategy Statement and in compliance with the Council’s Treasury Management Practices.

Treasury Prudential Indicators	2020/21 Estimate	2020/21 Actual	RAG Status
Authorised limit for external debt (CS 4.2.4)	£132.0m	£132.0m	
Operational boundary for external debt (CS 4.2.4)	£122.0m	£122.0m	
Gross external debt (CS 4.2.2)	£88.9m	£56.7m	
Capital Financing Requirement (GF & HRA)	£113.8m	£88.9m	
Debt vs CFR under/(over) borrowing	£24.9m	£32.2m	
<i>Investments</i>			
Investment returns expectations	0.65	0.07	
Upper limit for principal sums invested for longer than 365 days			
<i>Maturity structure of fixed rate borrowing - upper limits:</i>			
Under 12 months	75%	75%	
12 months to 2 years	75%	75%	
2 years to 5 years	75%	75%	
5 years to 10 years	100%	100%	
10 years and above	100%	100%	
Capital expenditure (CS 2.1.4)	£44.6m	£14.4m	
<i>Ratio of financing costs to net revenue stream (CS 8.1.1):</i>			
Proportion of Financing Costs to Net Revenue Stream (General Fund)	3.94%	3.90%	
Proportion of Financing Costs to Net Revenue Stream (HRA)	11.03%	10.33%	

Key: CS – 2020/21 Capital Strategy Appendix 1

## 5. Non-treasury investments

- 5.1 At its previous meeting, the Committee requested that information should be included in this report about the Council's 'non-treasury' investment activity e.g. loans to Council-owned companies or the purchase of property assets for the purpose of income generation.
- 5.2 Lewes Housing Investment Company

5.2.1 Lewes Housing Investment Company (LHIC) is a wholly owned subsidiary of the Council. Incorporated in July 2017, LHIC was established to acquire, improve, and let residential property at market rents. A capital allocation of £2.5m was approved as potential commercial loan funding to facilitate property purchases. At 31 March 2021, a total of £1,065 has been

drawn down. The balance has been rolled forward into 2021/22. There have been no transactions during the period 1 April 2021 to 30 June 2021.

### **5.3 Aspiration Homes LLP**

5.3.1 Aspiration Homes LLP (AH) is a limited liability Partnership owned equally by Lewes District Council and Eastbourne Borough Council. Incorporated in June 2017, AH was established for the purpose of developing housing to be let at affordable rent. A capital allocation of £17.5m was approved as potential commercial loan funding to AH to facilitate property purchases. At 31 March 2021, a total of £912,910 (net of grant) has been drawn down for the purchase of Gray's School, Newhaven. There has been a further drawdown of £789,016 during the period 1 April 2021 to 30 June 2021, making a total drawdown of £1,701,926. The balance has been rolled forward into 2021/22.

5.3.2 A working Capital facility loan of £100,000 has been agreed, at an interest rate of 2% above Base Rate. As at 31 March 2021, £20,000 of the working Capital facility loan had been drawn down. There have been no transactions during the period 1 April 2021 to 30 June 2021.

## **6. Annual Treasury Management Report**

- 6.1 As well as reviewing details of Treasury transactions during the course of the year, the Audit and Standards Committee is required to review a formal summary report after the year-end before it is considered by Council in accordance with best practice and guidance issued by the Chartered Institute of Public Finance and Accountancy.
- 6.2 The Annual Report is attached at Appendix 1. It should be noted that this report has been drafted prior to the final audit of the Council's accounts and, as a result, some minor changes may be necessary. If so, the changes will be reported verbally at the meeting.

## **7. Coronavirus Impact**

- 7.1 The full extent of the impact from Coronavirus continue to be assessed and analysed. However, the immediate risk to the financial markets coupled with additional burdens on Council spending and uncertainty over funding have increased the need to manage larger cash balances. The projection of gradual rises in interest rates that formed the Bank of England Monetary Policy Committee's guidance at the start of the period eased through the year.
- 7.2 As the Council's borrowing rates are directly linked to market expectations this gives rise to the potential that our borrowing rates will remain close to all-time lows for some time. With the Council's Capital Programme and re-financing commitments over the next few years, our ability to secure good value in our borrowing has significant implications for the spending plans of Council as a whole.

## **8. Climate change and environmental implications**

8.1 Treasury management is a Council-wide function and its climate change, environmental and sustainability implications are the same as for the Council itself. The Council and its Treasury Management Advisors have regard to the environmental activities of its Counterparties (where reported) but: -

- Prioritises Security, Liquidity and Yield.
- Recognises that as large global institutions, our high-quality counterparties operate across the full range of marketplaces in which they are legally able to, and as a result climate change considerations are an increasingly important and heavily-scrutinised part of their overall business.
- Excluding any one counterparty will likely mean others will similarly have to be avoided and thus impact the Council's capacity to mitigate risk through diversification.

### **2021/22 Environmental, Social and Governance (ESG) – updates.**

8.2 The Cabinet at its meeting on 4 February 2021 approved the 2021/22 Treasury Management and Investment Strategy, which include Non-Specified investments in Green Energy Bonds and/or other ESG products that met the Council's internal and external due diligence criteria. Following this meeting, the Council external treasury management advisors (Link Asset Services) has been requested to conduct a review looking into what potential investment options would be available to the Council that would fulfil the Council's objective of supporting climate related activities including investing with regard to Environmental, Social and Governance concerns (ESG).

8.3 In terms of typical local authority investments, there is not a wide range of products in this area at the moment, although we expect to see more banks and funds providing specific products over the coming years. As this area continues to develop and become more prominent the council will continue to monitor it and make best use of ESG opportunities when they become available within the parameters of the Council's counterparty criteria and the requirement of the MHCLG Investment Guidance to prioritise security, liquidity before yield in that order of importance.

## **9 Financial Implications**

9.1 All relevant implications are referred to in the above paragraphs.

## **10. Risk Management Implications**

10.1 The risk management implication associated with this activity is explained in the approved Treasury Management Strategy. No additional implications have arisen during the period covered by this report.

## **11 Equality Screening**

11.1 This is a routine report for which detailed Equality Analysis is not required to be undertaken.

**12 Legal Implications**

12.1 None arising from this report.

**13 Appendices**

13.1 Appendix A: Annual Treasury Management Report 2020/21

**14. Background Papers**

14.1 Treasury Management Strategy Statements 2020/21

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**Lewes District Council  
Annual Treasury Management Report 2020/21**

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## 1. Background

- 1.1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury management report. The report must review treasury management activities and set out the final position of the Council's Treasury Prudential Indicators. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 1.2 The Council defines its Treasury Management activities as:
- “the management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 1.3 The Council agreed its Treasury Management Strategy Statement and Investment Strategy 2020/21 to 2022/23 at its meeting in February 2020. The Council has substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remain central to the Council's treasury management strategy.
- 1.4 The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments.

## 2. Overall Summary of Activity 2020/21

- 2.1 The table below lists the key elements of the 2020/21 Strategy and records actual performance against each one of them.

Key Element	Target in Strategy	Actual Performance	
<b>Borrowing</b>			
Underlying need to borrow (CFR) at year end	£88.300 million	£89.931 million	-
Internal borrowing at year end	£31.627 million	£33.258 million	-
New external long-term borrowing in year	None anticipated	None undertaken	✓
Debt rescheduling in year	Review options but not anticipated	Options kept under review, none undertaken	✓
Interest payments on external borrowing	£1.7 million	£1.78 million	✓
<b>Investments</b>			
Minimum counterparty credit ratings for unsecured investments	Long-term BBB+- (does not apply to Government and other local authorities which have the highest ratings)	At least Long-term A	✓
Interest receipts from external investments	£0.100m	£0.012 m	✓

Key Element	Target in Strategy	Actual Performance	
<b>Appointment of Investment Consultants</b>			
Independent Treasury Adviser to be retained	Link Treasury Services Limited retained as Treasury Adviser	Link Treasury Services Limited retained as Treasury Adviser	✓
<b>Reporting and Training</b>			
Reports to be made to Audit and Standards Committee and Cabinet	Every regular meeting	Every regular meeting.	✓
Briefing sessions for Councillors and Staff	Treasury Adviser to provide	Staff training 21 October 2020	✓

2.2 The remainder of this report explores each of the key elements in more depth. Appendix A gives details of the final position on each of the Prudential Indicators, and Appendix B explores the Economic Background to the year's activity. A glossary appears at the end of the document to explain technical terms which could not be avoided when writing this report.

### 3. Detailed Analysis – Borrowing

3.1 During 2020/21, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.

3.2 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

3.3 The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

3.4 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Chief Finance Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an

increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

- 3.5 In accounting terms, the underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) while usable reserves and working capital are the underlying resources available for investment.
- 3.6 The CFR is, in simple terms, the amount of capital expenditure which has been incurred by the Council but which has not yet been paid for (by using, for example, grants, capital receipts, reserves or revenue income) and in the meantime is covered by internal or external borrowing. 'External borrowing' is where loans are raised from the Public Works Loans Board (PWLB) or banks. Alternatively, it is possible to 'internally borrow' the significant levels of cash which has been set aside in Balances and Reserves and which would otherwise need to be invested with banks or other counterparties.
- 3.7 As noted above, the level of CFR increases each year by the amount of unfinanced capital expenditure and is reduced by the amount that the Council sets aside for the repayment of borrowing. The original CFR projection for 2020/21, the revised position reported at the time of producing the Treasury Strategy 2021/22 (February 2021) and the final position for the year are shown in the table below. The variation between the revised and final position reflects the changing profile of capital spend across financial years, particularly allocations in the capital programme in respect of facilitating loans to Lewes Housing investment Company, and Aspiration Homes LLP.

	2020/21 Original £m	2020/21 Revised £m	2020/21 Outturn £m
Opening CFR	87.000	84.600	85.423
Capital expenditure in year	44.600	22.700	14.429
Less financed	(17.500)	(18.500)	(9.345)
Less amount set aside for debt repayment	(0.300)	(0.500)	(0.576)
<b>Closing CFR</b>	<b>113.800</b>	<b>88.300</b>	<b>89.931</b>

- 3.8 The overall CFR can be split between the General Fund and the Housing Revenue Account as follows:

CFR Component	2020/21 Revised £m	2020/21 Outturn £m
General Fund	21.000	18.382
Housing Revenue Account	67.300	71.549
<b>Total</b>	<b>88.300</b>	<b>89.931</b>

3.9 The following table compares the CFR with the amount that the Council holds in balances and reserves as well as working capital (day to day cash movements as well as grants, developer contributions and capital receipts held, pending their use).

3.10 The Council's long-term loan portfolio at 31 March 2021 was:

Lender	Interest	Amount £m	Rate %	Maturity
PWLB	Fixed	4.000	2.70	01-03-2024
PWLB	Fixed	5.000	3.30	01-03-2032
PWLB	Fixed	2.000	3.05	01-09-2027
PWLB	Fixed	2.000	2.76	01-09-2024
PWLB	Fixed	4.000	2.97	01-09-2026
PWLB	Fixed	5.000	3.28	01-09-2031
PWLB	Fixed	4.000	2.63	01-09-2023
PWLB	Fixed	5.000	3.44	01-03-2037
PWLB	Fixed	6.673	3.50	01-03-2042
PWLB	Fixed	5.000	3.43	01-09-2036
PWLB	Variable	5.000	0.23	28-03-2022
PWLB	Fixed	4.000	3.01	01-03-2027
	<b>Sub-total</b>	<b>51.673</b>		
Barclays	Fixed	5.000	4.50	06-04-2054
	<b>Sub-total</b>	<b>5.000</b>		
	<b>Total</b>	<b>56.673</b>		

3.11 The Council's objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

3.12 In the table above the Barclays loan was taken out in April 2004 with a term of 50 years. In June 2016, the bank decided to permanently waive its contractual right to vary the interest rate on this loan, which was effectively fixed at the rate of interest applicable at that time, 4.5%.

3.13 Total interest paid on external long-term borrowing in the year was £1.78m, which was consistent with the revised budget for the year. No new long-term borrowing was undertaken. The Council remained eligible to access the Government's 'Certainty Rate' allowing the Council to borrow, had it been appropriate to do so, at a reduction of 0.2% on the Standard Rate.

3.14 Through the year, officers, supported by Link Treasury Services Limited, monitored opportunities for the rescheduling of external loans and the possibility of repayment utilising cash balances that would otherwise be invested. No beneficial rescheduling opportunities were identified, and the loan portfolio remained unchanged through the year.

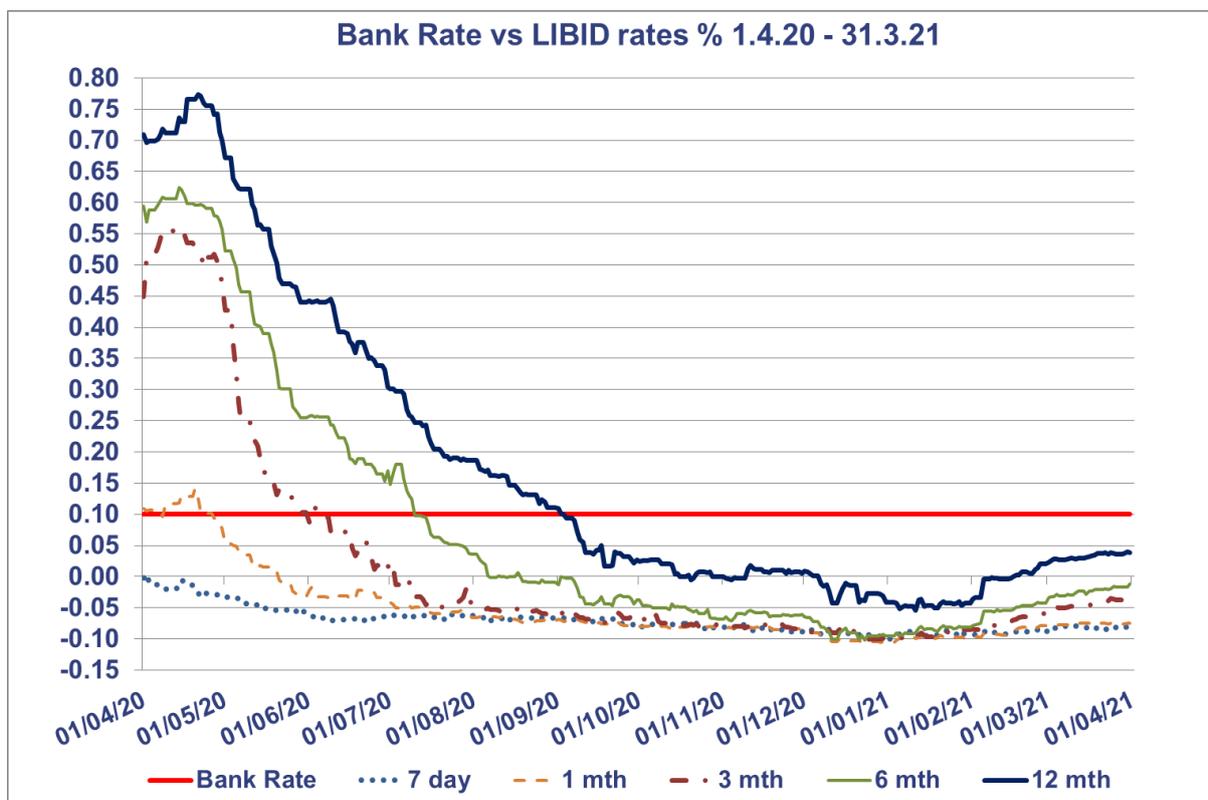
3.15 As determined by the Council, two separate Loans Pools operated in 2020/21, for the General Fund and HRA, respectively. At 31 March 2021 the balance on internal loans from the General Fund to the Housing Revenue Account (HRA) was £14.876m, an increase of £4.202m compared with the previous year, which comprised new lending as funding for the construction of new homes. Interest was charged on internal borrowing at 2.09% (equivalent to a one-year maturity loan from the PWLB at the start of the financial year).

3.16 No temporary borrowing was undertaken during the course of the financial year and consequently, there were no temporary loans outstanding at 31 March 2021.

#### 4. Detailed Analysis - Investments

4.1 In a relatively short period since the onset of the COVID-19 pandemic, the global economic fallout was sharp and large. Market reaction was extreme with large falls in equities, corporate bond markets and, to some extent, real estate echoing lockdown-induced paralysis and the uncharted challenges for governments, businesses, and individuals.

4.2 Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic bursting onto the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. Investment strategy and control of interest rate risk



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
<b>High</b>	0.10	0.00	0.14	0.56	0.62	0.77
<b>High Date</b>	01/04/2020	02/04/2020	20/04/2020	08/04/2020	14/04/2020	21/04/2020
<b>Low</b>	0.10	-0.10	-0.11	-0.10	-0.10	-0.05
<b>Low Date</b>	01/04/2020	31/12/2020	29/12/2020	23/12/2020	21/12/2020	11/01/2021
<b>Average</b>	0.10	-0.07	-0.05	0.01	0.07	0.17
<b>Spread</b>	0.00	0.10	0.25	0.66	0.73	0.83

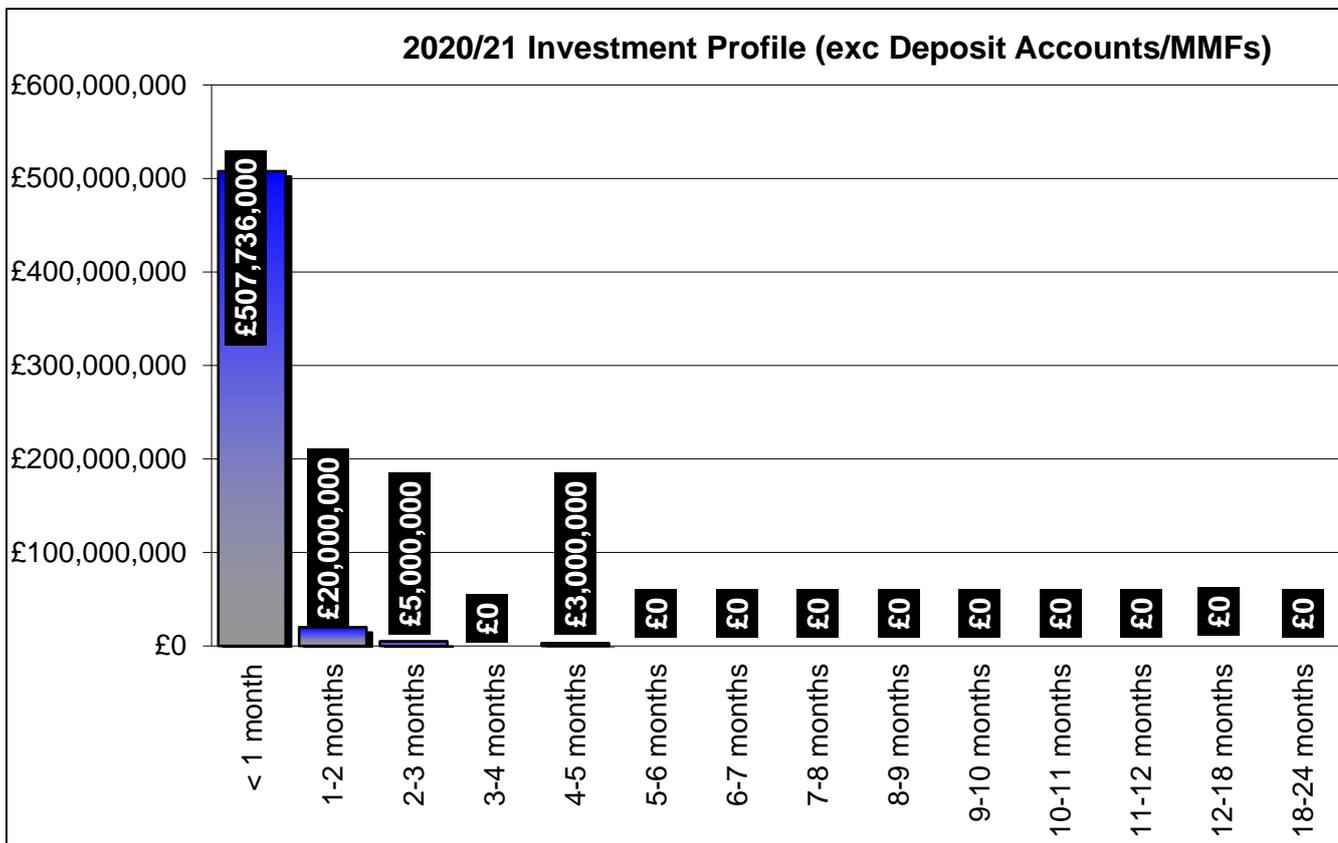
- 4.3 The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.
- 4.4 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
- 4.5 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.
- 4.6 The Council held an average of £27.2m as cash during the year. This comprised working cash balances, capital receipts, earmarked reserves and developer contributions held pending their use.
- 4.7 The Council's general policy objective is to invest its surplus funds prudently. Throughout 2020/21, the Council's investment priorities continued to be:
- Highest priority** - Security of the invested capital;  
**Followed by** - Liquidity of the invested capital;  
**Finally** - An optimum yield commensurate with security and liquidity.
- 4.8 All of the Council's investments were managed in-house. Security of capital was maintained by following the counterparty policy set out in the Investment Strategy for 2020/21. Investments made during the year included:
- Fixed Term Deposits with the Debt Management Office (DMO) (a total of £507.7 million – 36 occasions);
  - Fixed Term Deposits with other Local Authorities (a total of £28 million – 6 occasions);
  - Fixed Term Deposits with UK Banks and Building Societies (none);
  - Investments in Money Market Funds (MMFs) (average daily balance held in year £8.38 million);
  - United Kingdom Treasury Bills (none);
  - Tradable Investments - Floating Rate Notes, Certificates of Deposit, Bonds (none);
  - Deposit accounts with UK Banks (average daily balance held in year £6.68 million);

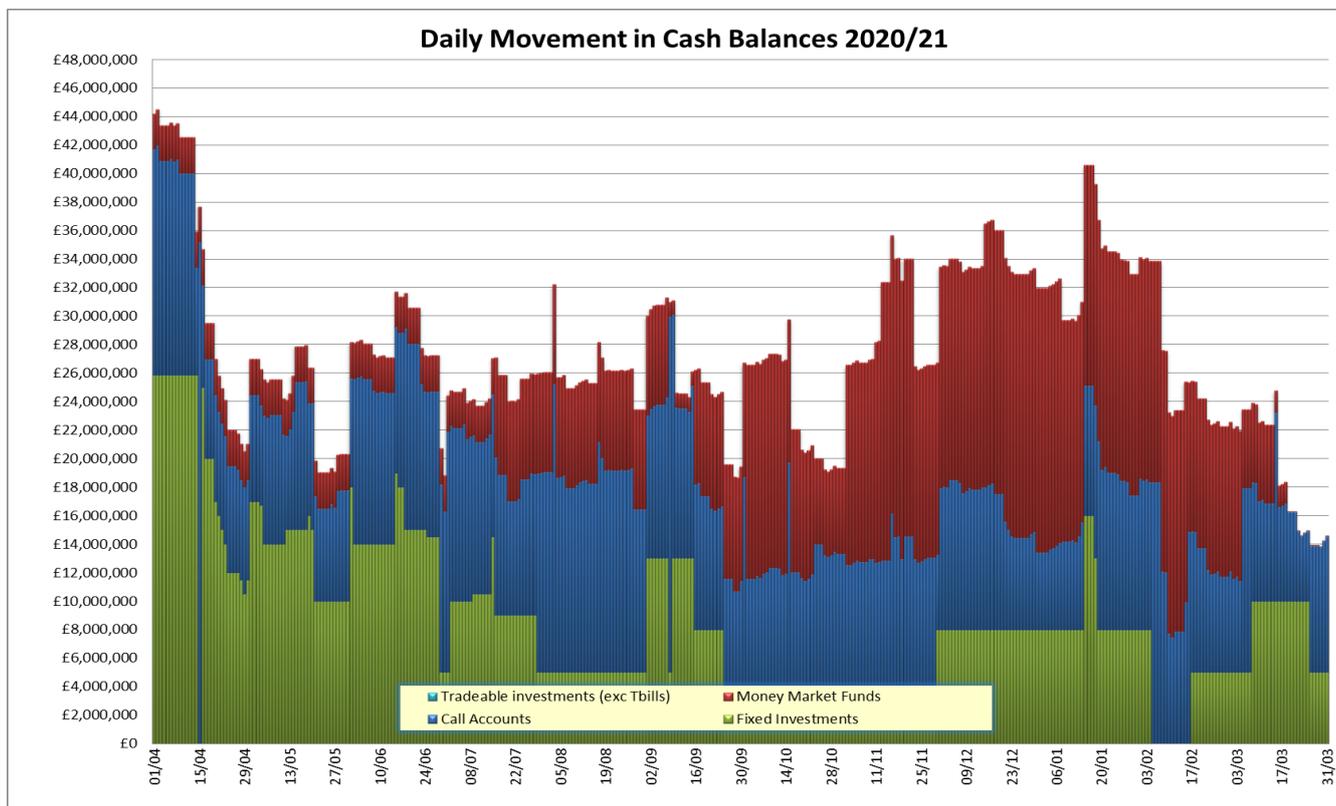
- Deposit accounts with UK Building Societies (none);
- Overnight deposits with the Council's banker, Lloyds Bank (average daily balance held in year £3.41 million).

4.9 Counterparty credit quality was assessed and monitored with reference to credit ratings (a minimum long-term counterparty rating of BBB+ across all three rating agencies Fitch, Standard and Poor's, and Moody's applied); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price.

4.10 In keeping with Government guidance on investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds (MMF), overnight deposits and deposit accounts, the average daily balance held being £18.47 million.

4.11 A full list of investments (excluding deposit account or MMF transactions) made or maturing in the year is given at Appendix C. All investments were made with UK institutions, and no new deposits were made for periods in excess of one year. The first chart below gives an analysis of aggregate fixed term deposits by duration. The second chart shows how the total amount invested varied from day to day over the course of the year, from a low of £13.79m to a high of £44.49m. The movement largely reflects the cycle of grant, council tax and business rate receipts and precept payments made.





4.12 The income return generated from investments in the year was £0.012 million, below the total budget for investment income of £0.100 million. This position arose as a result of the requirement to re-profile major projects within the approved capital programme, ensuring an increase in the short-term availability of additional cash for investment.

4.13 The average rate of return from investments at the end of each quarter in 2020/21 is shown in the table below, along with comparative benchmark information, the 7-day LIBID rate.

Average rate of investments in:	Lewes District Council	7-day LIBID
Quarter 1 ending 30 June 2020	0.19%	-0.04%
Quarter 2 ending 30 September 2020	0.10%	-0.07%
Quarter 3 ending 31 December 2020	0.08%	-0.08%
Quarter 4 ending 31 March 2021	0.02%	-0.09%
Whole year 2020/21	0.10%	-0.07%

## 5. Compliance with Prudential Indicators

5.1 The Council can confirm that it has complied with its Prudential Indicators for 2020/21. A detailed review of each of the Prudential Indicators is at Appendix A.

## 6. Investment Consultants

6.1 The Council has recently appointed Link Treasury Services Limited as its Treasury Adviser for an initial two-year term expiring on 30 May 2023, with the Council having the option to extend, if required. The Link Treasury Services has been appointed to support both the Lewes District Council and Eastbourne Borough Council, given that a shared finance team (with treasury management responsibility) has been established.

## 7. Reporting and Training

- 7.1 The Chief Finance Officer reported the details of treasury management activity to each regular meeting of the Audit and Standards Committee and Cabinet held in 2020/21. A mid-term summary report was issued in November 2020.
- 7.2 The training needs of the Council's treasury management staff were reviewed as part of the annual corporate staff appraisal/training needs assessment process for all Council employees. Members of staff attended, where appropriate, Links workshops alongside colleagues from other local authorities during 2020/21. In 2020/21, Link Asset Services continue to meet with Council officers to explain developments within the sector, as well as review the Council's own investment and debt portfolios.
- 7.3 The Treasury Strategy had anticipated that Link's would hold a local briefing session for all councillors tasked with treasury management responsibility, including scrutiny of the treasury management function. The TM briefing session took place in 21<sup>st</sup> October 2020.

## 8. Other

- 8.1 CIPFA consultations: In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.
- 8.2 In the Prudential Code the key area being addressed is the statement that "local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed". Other proposed changes include the sustainability of capital expenditure in accordance with an authority's corporate objectives, i.e., recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the "gross debt and the CFR" with the liability benchmark as a graphical prudential indicator.
- 8.3 Proposed changes to the Treasury Management Code include requiring job specifications and "knowledge and skills" schedules for treasury management roles to be included in the Treasury Management Practices document and formally reviewed, a specific treasury management committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.
- 8.4 **IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard has been delayed for a further year until 2022/23.

## Appendix A – Prudential Indicators 2020/21

### 1. Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. Some of the Prudential Indicators relate directly to the Council's Capital Programme. These Indicators are also included below for completeness of reporting.

### 2. Net Borrowing and the Capital Financing Requirement

- 2.1 This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
- 2.2 The Chief Finance Officer reports that the Council has had no difficulty meeting this requirement in 2020/21, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans, and the proposals in the budget for 2021/22.

### 3. Estimates of Capital Expenditure (direct link to Capital Programme)

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

No.	Capital Expenditure	2020/21 Original £m	2020/21 Revised £m	2020/21 Actual £m
1a	Non-HRA	15.467	16.525	9.746
1b	HRA	29.108	50.150	4.683
	<b>Total</b>	<b>44.575</b>	<b>66.675</b>	<b>14.429</b>

### 4. Ratio of Financing Costs to Net Revenue Stream (direct link to Capital Programme)

- 4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.
- 4.2 The ratio is based on costs net of investment income. Where investment income exceeds interest payments, the indicator is negative.

No.	Ratio of Financing Costs to Net Revenue Stream	2020/21 Original %	2020/21 Revised %	2020/21 Actual %
2a	Non-HRA	2.2	3.94	3.90
2b	HRA	11.1	11.03	10.33

## 5. Capital Financing Requirement

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. The amounts shown are as at 31 March.

No	Capital Financing Requirement	2020/21 Original £m	2020/21 Revised £m	2020/21 Actual £m
3a	Non-HRA	45.500	21.000	18.382
3b	HRA	68.300	67.300	71.549
	<b>Total CFR</b>	<b>113.800</b>	<b>88.300</b>	<b>89.931</b>

5.2 The year-on-year change in the CFR is set out below.

Capital Financing Requirement	2020/21 Original £m	2020/21 Revised £m	2020/21 Actual £m
<b>Balance B/F</b>	87.000	84.600	85.423
Capital expenditure financed from borrowing	27.100	4.200	5.084
Revenue provision for Debt Redemption.	(0.300)	(0.500)	(0.576)
<b>Balance C/F</b>	<b>113.800</b>	<b>88.300</b>	<b>89.931</b>

## 6. Actual External Debt

This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. The Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit (see 8 below).

No.	Actual External Debt as at 31/03/21	Revised £m	Actual £m
4a	Borrowing	61.673	56.673
4b	Other Long-term Liabilities	0.600	0.600
<b>4c</b>	<b>Total</b>	<b>62.273</b>	<b>57.273</b>

## 7. Incremental Impact of Capital Investment Decisions Stream (direct link to Capital Programme)

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved Capital Programme with an equivalent calculation of the revenue budget requirement arising from the proposed Capital Programme.

No.	Incremental Impact of Capital Investment Decisions	2020/21 Original £m	2020/21 Revised £m	2020/21 Actual £m
5a	Increase in Band D Council Tax	64.74	45.10	20.40
5b	Increase in Average Weekly Housing Rents	0.78	0.17	1.98

The increase in Band D council tax/average weekly rents reflects the funding of the capital programme: for example, new borrowing increases interest payable, and funding from reserves utilises resources which could have otherwise been used to fund revenue expenditure. The actual indicators are less than the revised as a result of significant capital projects being deferred from 2020/21 into 2021/22.

## 8. Authorised Limit and Operational Boundary for External Debt

- 8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.
- 8.2 The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long- and short-term borrowing, overdrawn bank balances and long-term liabilities). This Prudential Indicator separately identifies borrowing from other long-term liabilities such as finance leases.
- 8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst-case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). The 2020/21 Actual values shown below are the maximum levels of borrowing, including temporary borrowing, experienced at any time during the year.

No.	Authorised Limit for External Debt	2020/21 Original £m	2020/21 Actual £m
6a	Borrowing	131.600	56.673
6b	Other Long-term Liabilities	0.400	0.600
<b>6c</b>	<b>Total</b>	<b>132.000</b>	<b>57.273</b>

- 8.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst-case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Chief Finance Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet. The 2020/21 Actual values shown below are the maximum levels of borrowing, including temporary borrowing, experienced at any time during the year.

No.	Operational Boundary for External Debt	2020/21 Original £m	2020/21 Actual £m
7a	Borrowing	121.300	56.673
7b	Other Long-term Liabilities	0.400	0.600
7c	<b>Total</b>	<b>121.700</b>	<b>57.273</b>

## 9. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council has adopted best practice.

No.	Adoption of the CIPFA Code of Practice in Treasury Management
8	The Council approved the adoption of the CIPFA Treasury Management Code in 2002. Following revisions to the Code published in December 2009, reconfirmed its adoption of the Code in February 2010.

## 10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums i.e. fixed rate debt net of fixed rate investments.

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget.

No.		2020/21 Original £m	2020/21 Revised £m	2020/21 Actual £m
9	<b>Upper Limit for Fixed Interest Rate Exposure</b>	100.0	100.0	100.0
10	<b>Upper Limit for Variable Interest Rate Exposure</b>	(25)	(25.0)	(25.0)

10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's Treasury Management Strategy.

10.4 Because the Council's investments are substantially in excess of its variable rate borrowing, the Upper Limit for Variable Interest Rate exposure is shown as a negative figure.

## 11. Maturity Structure of Fixed Rate borrowing

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No.	Maturity structure of fixed rate borrowing	Lower Limit %	Upper Limit %	Actual %
11a	under 12 months	0	75	8
11b	12 months and within 24 months	0	75	0
11c	24 months and within 5 years	0	75	18
11d	5 years and within 10 years	0	75	18
11e	10 years and above	0	75	56

## 12. Upper Limit for total principal sums invested over 364 days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested. No investments of more than 364 days were made during 2020/21.

No.	Upper Limit for total principal sums invested over 364 days	2020/21 Original £m	2020/21 Revised £m	2020/21 Actual £m
12	Upper limit	2	2	2

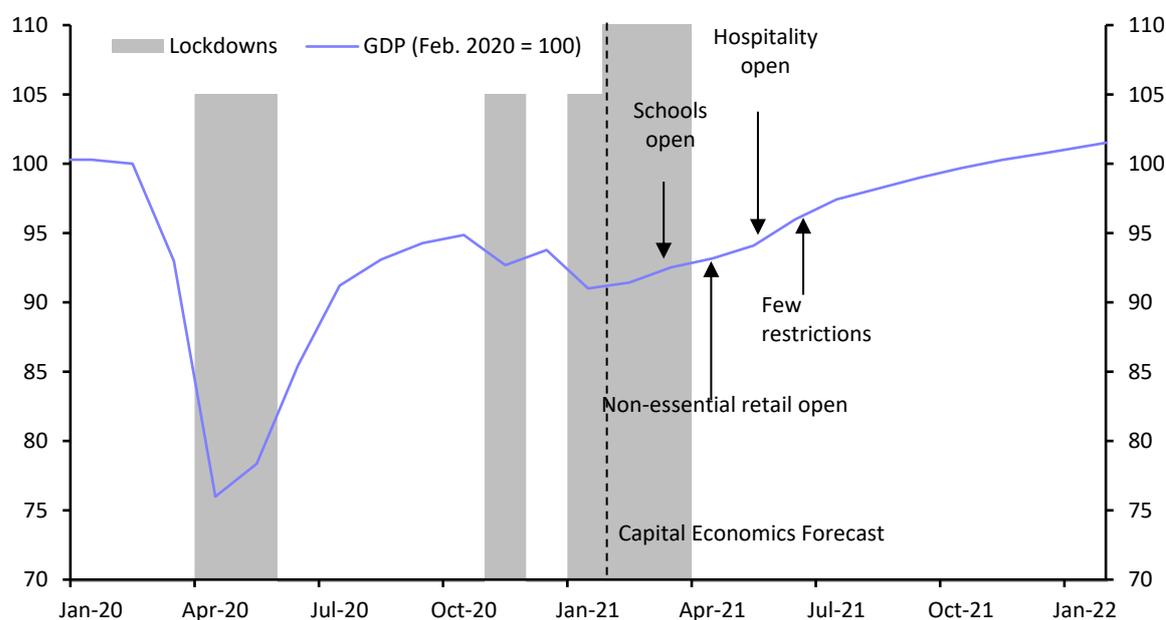
## 13. HRA Limit on Indebtedness

The indicator is associated with self-financing for housing. It indicates the residual capacity to borrow for housing purposes, while remaining within the overall HRA 'Debt Cap' specified by the Government. The Government has removed the 'debt cap' and the Council has retained the indicator 2020/21 for reporting to show the position if the 'debt cap' had remained in place.

No	Capital Financing Requirement	2020/21 Original £m	2020/21 Revised £m	2020/21 Actual £m
13a	HRA CFR	68.300	67.300	71.549
13b	HRA Debt Cap	75.248	75.248	75.248
	<b>Difference</b>	<b>6.948</b>	<b>7.948</b>	<b>3.699</b>

## Appendix B – The Economy and Interest Rates by Link Treasury Services Limited

**UK. Coronavirus.** The financial year 2020/21 will go down in history as being the year of the pandemic. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage but by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three month lockdown so much less damage than was caused than in the first one. The advent of vaccines starting in November 2020, were a game changer. The way in which the UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy. In addition, the household saving rate has been exceptionally high since the first lockdown in March 2020 and so there is plenty of pent-up demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels as soon as they reopen. It is therefore expected that the UK economy could recover its pre-pandemic level of economic activity during quarter 1 of 2022.



Both the Government and the Bank of England took rapid action in March 2020 at the height of the crisis to provide support to financial markets to ensure their proper functioning, and to support the economy and to protect jobs.

The Monetary Policy Committee cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing QE (purchase of gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields). The MPC increased then QE by £100bn in June and by £150bn in November to a total of £895bn. While Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

**Average inflation targeting.** This was the major change adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. This sets a high bar for raising Bank Rate and no increase is expected by March 2024, and possibly for as long as five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short-lived factor and so not a concern to the MPC.

**Government support.** The Chancellor has implemented repeated rounds of support to businesses by way of cheap loans and other measures and has protected jobs by paying for workers to be placed on furlough. This support has come at a huge cost in terms of the Government's budget deficit ballooning in 20/21 and 21/22 so that the Debt to GDP ratio reaches around 100%. The Budget on 3rd March 2021 increased fiscal support to the economy and employment during 2021 and 2022 followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the government's finances to a balanced budget on a current expenditure and income basis in 2025/26. This will stop the Debt to GDP ratio rising further from 100%. An area of concern, though, is that the government's debt is now twice as sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low e.g. by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and / or by amending the Bank's policy mandate to allow for a higher target for inflation.

**BREXIT.** The final agreement on 24th December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. There was much disruption to trade in January as form filling has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.

**EU.** Both the roll out and take up of vaccines has been disappointingly slow in the EU in 2021, at a time when many countries are experiencing a sharp rise in cases which are threatening to overwhelm hospitals in some major countries; this has led to renewed severe restrictions or lockdowns during March. This will inevitably put back economic recovery after the economy had staged a rapid rebound from the first lockdowns in Q3 of 2020 but contracted slightly in Q4 to end 2020 only 4.9% below its pre-pandemic level. Recovery will now be delayed until Q3 of 2021 and a return to pre-pandemic levels is expected in the second half of 2022.

Inflation was well under 2% during 2020/21. The ECB did not cut its main rate of -0.5% further into negative territory during 2020/21. It embarked on a major expansion of its QE operations (PEPP) in March 2020 and added further to that in its December 2020 meeting when it also greatly expanded its programme of providing cheap loans to banks. The total PEPP scheme of €1,850bn is providing protection to the sovereign bond yields of weaker countries like Italy. There is, therefore, unlikely to be a euro crisis while the ECB is able to maintain this level of support.

**World growth.** World growth was in recession in 2020. Inflation is unlikely to be a problem in most countries for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

**Central banks' monetary policy.** During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

## Appendix C – List of Investments made and/or maturing in 2020/21

Counterparty	Principal £	From / To		Interest/Return £
<b>Term Deposits</b>				
Debt Management Office	25,884,000	01/04/2020	02/04/2020	42.55
Debt Management Office	25,884,000	02/04/2020	09/04/2020	496.41
Debt Management Office	25,884,000	09/04/2020	14/04/2020	212.75
Debt Management Office	25,884,000	14/04/2020	15/04/2020	42.55
Debt Management Office	25,000,000	16/04/2020	17/04/2020	27.40
Debt Management Office	20,000,000	17/04/2020	20/04/2020	65.75
Debt Management Office	17,000,000	20/04/2020	21/04/2020	18.63
Debt Management Office	16,000,000	21/04/2020	22/04/2020	17.53
Debt Management Office	15,000,000	22/04/2020	23/04/2020	16.44
Debt Management Office	14,000,000	23/04/2020	24/04/2020	15.34
Debt Management Office	12,000,000	24/04/2020	27/04/2020	39.45
Debt Management Office	12,000,000	27/04/2020	28/04/2020	13.15
Debt Management Office	11,500,000	28/04/2020	29/04/2020	12.60
Debt Management Office	10,500,000	29/04/2020	30/04/2020	11.51
Debt Management Office	11,500,000	30/04/2020	01/05/2020	12.60
Debt Management Office	17,000,000	01/05/2020	04/05/2020	55.89
Debt Management Office	16,700,000	04/05/2020	05/05/2020	18.30
Debt Management Office	14,000,000	05/05/2020	12/05/2020	107.40
Debt Management Office	15,000,000	12/05/2020	19/05/2020	115.07
Debt Management Office	16,000,000	19/05/2020	20/05/2020	17.53
Debt Management Office	15,000,000	20/05/2020	21/05/2020	16.44
Debt Management Office	10,000,000	21/05/2020	28/05/2020	76.71
Debt Management Office	10,000,000	28/05/2020	02/06/2020	27.40
Debt Management Office	8,000,000	01/06/2020	02/06/2020	8.77
Debt Management Office	14,000,000	02/06/2020	16/06/2020	107.40
Debt Management Office	5,000,000	15/06/2020	16/06/2020	2.74
Debt Management Office	18,000,000	16/06/2020	17/06/2020	4.93
Debt Management Office	18,000,000	17/06/2020	18/06/2020	4.93
Debt Management Office	15,000,000	18/06/2020	25/06/2020	28.77
Merthyr Tydfil	5,000,000	25/06/2020	25/08/2020	1,420.55
Debt Management Office	9,500,000	25/06/2020	29/06/2020	10.41
Debt Management Office	5,000,000	02/07/2020	09/07/2020	9.59
Debt Management Office	5,500,000	09/07/2020	16/07/2020	10.55
Debt Management Office	4,000,000	15/07/2020	29/07/2020	15.34
Merthyr Tydfil	5,000,000	25/08/2020	25/09/2020	339.73
Debt Management Office	8,000,000	01/09/2020	08/09/2020	15.34
Debt Management Office	8,000,000	09/09/2020	16/09/2020	£15.34
Telford and Wrekin Council	3,000,000	16/09/2020	18/01/2021	815.34
RB Maidenhead & Windsor	5,000,000	30/11/2020	19/01/2021	205.48
Debt Management Office	8,000,000	15/01/2021	05/02/2021	46.03
Kirklees Council	5,000,000	17/02/2021	26/03/2021	50.68
Surrey County Council	5,000,000	08/03/2021	08/04/2021	212.33

## Glossary of Terms

<i>Affordable Borrowing Limit</i>	Each local authority is required by statute to determine and keep under review how much money it can afford to borrow. The Prudential Code (see below) sets out how affordability is to be measured.
<i>Base Rate</i>	The main interest rate in the economy set by the Bank of England, upon which other rates are based.
<i>Bonds</i>	Debt instruments issued by government, multinational companies, banks, and multilateral development banks. Interest is paid by the issuer to the bond holder at regular pre-agreed periods. The repayment date of the principal is also set at the outset.
<i>Capital Expenditure</i>	Spending on the purchase, major repair, or improvement of assets e.g. buildings and vehicles.
<i>Capital Financing Requirement (CFR)</i>	Calculated in accordance with government regulations, the CFR represents the amount of Capital Expenditure that it has incurred over the years and which has not yet been funded from capital receipts, grants, or other forms of income. It represents the Council's underlying need to borrow.
<i>Chartered Institute of Public Finance and Accountancy (CIPFA)</i>	CIPFA is one of the leading professional accountancy bodies in the UK and the only one that specialises in the public services. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. Uniquely among the professional accountancy bodies in the UK, CIPFA has responsibility for setting accounting standards for a significant part of the economy, namely local government.
<i>Counterparty</i>	Organisation with which the Council makes an investment.
<i>Credit Default Swaps</i>	CDS are a financial instrument for swapping the risk of debt default and are effectively an insurance premium. Local authorities do not trade in CDS but trends in CDS prices can be monitored as an indicator of relative confidence about the credit risk of counterparties.
<i>Credit Rating</i>	A credit rating is an independent assessment of the credit quality of an institution made by an organisation known as a rating agency. The rating agencies take many factors into consideration when forming their view of the likelihood that an institution will default on their obligations, including the institution's willingness and ability to repay. The ratings awarded typically cover the short-term outlook, the long-term outlook, as well as an assessment of the extent to which the parent company or the state will honour any obligations. At present the three main agencies providing credit rating services are Fitch Ratings, Moody's and Standard and Poor's
<i>Fixed Deposits</i>	Loans to institutions which are for a fixed period at a fixed rate of interest.
<i>Gilts</i>	These are issued by the UK government in order to finance public expenditure. Gilts are generally issued for set periods and pay a fixed rate of interest. During the life of the gilt it will be traded at price decided in the market.

<i>Housing Revenue Account (HRA)</i>	There is a statutory requirement for local authorities to account separately for expenditure incurred and income received in respect of the dwellings that they own and manage.
<i>Lenders' Option Borrower's Option (LOBO)</i>	A long-term loan with a fixed interest rate. On pre- determined dates (e.g. every five years) the lender can propose or impose a new fixed rate for the remaining term of the loan and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan.
<i>LIBID</i>	The rate of interest at which first-class banks in London will bid for deposit funds.
<i>Minimum Revenue Provision (MRP)</i>	The minimum amount which must be charged to an authority's revenue account each year and set aside as provision for the repayment of debt.
<i>Operational boundary</i>	This is the most likely, prudent view of the level of gross external indebtedness. A temporary breach of the operational boundary is not significant.
<i>Prudential Code/Prudential Indicators</i>	The level of capital expenditure by local authorities is not rationed by central government. Instead the level is set by local authorities, providing it is within the limits of affordability and prudence they set themselves. The Prudential Code sets out the indicators to be used and the factors to be taken into account when setting these limits.
<i>Public Works Loan Board (PWLb)</i>	A central government agency which provides long-term and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.
<i>Treasury Management Strategy Statement (TMSS)</i>	Approved each year, this document sets out the strategy that the Council will follow in respect of investments and financing both in the forthcoming financial year and the following two years.
<i>Treasury Bills (T-Bills)</i>	These are issued by the UK Government as part of the Debt Management Office's cash management operations. They do not pay interest but are issued at a discount and are redeemed at par. T-Bills have up to 12 months maturity when first issued.

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## **Motion to end “Fire and Rehire”**

To be proposed by: Cllr Collier    To be seconded by: Cllr Denis

### **Preamble:**

Thousands of workers across the country are affected in all industries, large and small, by the practice of “Fire and Rehire”.

Unreasonable employers use this tactic to force staff to accept lower wages, different hours or changes in working life. In many other countries this is against the law.

On 16 June 2021 Barry Gardiner's Private Member's Bill (Employment and Trade Union Rights (Dismissal and Re-engagement) Bill) was introduced in Parliament to outlaw this practice in the UK.

The Bill seeks to amend the law relating to workplace information and consultation, employment protection and trade union rights to provide safeguards for workers against dismissal and re-engagement on inferior terms and conditions, and for connected purposes.

### **Motion:**

Lewes District Council condemns the use of ‘Fire and Rehire’ by any employers in the Lewes District, and

- Calls upon the Members of Parliament representing Lewes District residents (Maria Caulfield MP (Lewes) and Lloyd Russell-Moyle MP (Brighton Kemptown), by way of a letter from the Cabinet Member for People and Performance, to support Barry Gardiner’s Private Member’s Bill and do all in their power to make this practice unlawful; and
- Reserves the right, in the event that the Employment and Trade Union Rights (Dismissal and Re-engagement) Bill is enacted, to exclude an organisation from participating in a Lewes District Council procurement procedure where (a) that organisation had committed an offence under that legislation, and (b) the exclusion was proportionate and justified in relation to the particular works, goods or services being procured.

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## **Motion to Southern Water to explain how it will safeguard the River Ouse, its tributaries and the coastal waters of Lewes District.**

To be proposed by: Cllr Bird      To be seconded by: Cllr O'Connor

### **Preamble**

Southern Water was fined a record £90 million for deliberately dumping billions of litres of raw sewage into the seas off Sussex, Hampshire and Kent in July 2021. Between 2010 and 2015 the company was responsible for 8,400 illegal discharges of raw sewage into some of our most ecological diverse and precious environments. Investigations are still being carried out for incidences that occurred after 2015.

In sentencing Southern Water, the Judge stated that the company was responsible for '*previous and persistent pollution of the environment*'. The harmful implications of these actions are massive for both the environment and people's health.

Local MPs including Lloyd Russell Moyle, Caroline Lucas and Maria Caulfield have been unanimous in their condemnation of Southern Water's actions and behaviour.

More generally the volume of sewage and run-off entering our waters means that the UK is ranked 25<sup>th</sup> out of 30 EU countries for coastal water quality and only 16% of waterways meet good ecological status.

Southern Water had previously had a £126m penalty imposed on it by Ofwat for failing to operate a number of wastewater treatments works properly, including by not making the necessary investment which led to equipment failures and spills of wastewater into the environment. This was the highest penalty ever imposed by Ofwat and yet despite this Southern Water still generated an operating profit of £138.8m in 2020/21. The new Chief Executive Ian McAulay has since been awarded a bonus of £550,000.

Raw sewage has been leaked into the Bevern, a major trout stream that runs across Plumpton. The Sussex Express has reported that sewage has been dumped upstream of Barcombe 78 times in 2020 and Southern Water refused to detail the location of its sewage outfalls to a local resident who wanted information on their locations.

Barcombe Mills has become popular for swimmers in recent years who routinely face stomach upsets and other health impacts due to the poor quality of the river water.

**The Ouse and Adur Rivers Trust** has provided information on recent pollution episodes on the Ouse.

*Using data collected from sewage discharge (overflow) reports from 2020 (the latest data) we can show that sewage overspills in Lewes District occurred a combined total of 612 times during 2020 lasting a total of 7,486 hours (311 days). The table below shows where these discharges occurred, how many times and for what length of time.*

Site	No. Occasions	Total No. Hours
Ham Lane, Lewes	189	3574
Barcombe	78	962
Court Road, Lewes	45	784
Neves Lane, Ringmer	57	727
Newhaven (Channel)	85	504
Cooksbridge	33	266
Kingston Hollow	37	212
Jackies Lane, Newick	36	207
Hazeldene Lane, Newick	18	74
Glynde North	11	53
Newhaven Main STW (River)	12	51
Newick WTW	8	51
Glynde South	3	21
<b>Total</b>	<b>612</b>	<b>7486</b>

*Of the 25 waterbodies on the River Ouse, 13 (52%) fail to reach the Good Ecological Status objectives of the Water Framework Directive as a result of either Poor or Moderate levels of phosphate.*

We are in the middle of a climate and ecological emergency and Southern Water's failure to reinvest in its infrastructure and ensure that it is resilient to climate change threatens us all. Just over 20 years ago in the floods of 2000 sewage backed up onto the streets. It is all too likely that similar extreme weather events will repeat this situation and more housing and development will only increase the potential for pollution episodes unless water infrastructure is radically upgraded.

## **Motion**

The Council resolves to:

**Request the Leader of the Council write to the Chief Executive of Southern Water and ask him to respond to the following questions:**

- 1. What measures are you taking to ensure there are no sewage discharges or other pollution incidents in those parts of the River Ouse, its tributaries and the coastal waters that lie within the area covered by Lewes District Council?**
- 2. What measures are you taking to ensure that sewage discharges do not take place in the area covered by Lewes District Council in extreme weather events such as those in the Lewes Floods of 2000?**
- 3. How much are you investing in infrastructure improvements in the area covered by Lewes District Council and what measures are you taking to ensure this infrastructure is climate resilient?**

## Outside Bodies – Reports from Councillors

The following updates have been received from Councillors since the last meeting in relation to the outside bodies to which they have been appointed by Full Council.

	Outside Body	Councillors	Update
1	Aspiration Homes	James MacCleary and Zoe Nicholson	<p><u>Date of Meeting: 26 February 2021:</u>  <b>Business discussed:</b> Strategy and Business Plan: 2021-2023.</p> <p><b>Decision:</b> To adopt the strategy and 2021-2023 business plan, subject to monitoring and review.</p> <p><u>Date of Meeting: 24 March 2021:</u>  <b>Business discussed:</b></p> <ul style="list-style-type: none"> <li>• Financial Performance for the period ending 31 December 2020.</li> <li>• 2021/22 Rent Increase</li> <li>• 2021/22 Draft Budget</li> <li>• Rent Arrears &amp; Tenancy Management, Q3, 2020/21</li> </ul> <p><b>Decision:</b> 2021 budget and rent increase approved.</p>
2	Greater Brighton Economic Board	Zoe Nicholson	<p><u>Date of meeting 27 April 2021:</u>  <b>Business discussed:</b></p> <ul style="list-style-type: none"> <li>• Hydrogen Sussex update.</li> <li>• Sustainable Recovery Plan Update.</li> <li>• Digital Action Plan.</li> <li>• Sussex Tourism and Culture Recovery Group Annual Report 2020/21 &amp; 2021/22 Operational Arrangements.</li> <li>• Investment Programme – Progress Update.</li> </ul> <p><b>Decisions:</b></p> <ul style="list-style-type: none"> <li>• The board supported and approved the funding for the core activities of Hydrogen Sussex.</li> <li>• The Board agreed that recovery actions to become BAU going forward.</li> <li>• The Board agreed the revised priorities and projects as outlined in the report.</li> <li>• Agreed to secure the budgetary contributions sought to fund the cost of running the Board and delivering its workplan in 2021/22.</li> </ul>

	Outside Body	Councillors	Update
			<p><u>Date of Meeting: 20 July 2021:</u>  <b>Business discussed:</b></p> <ul style="list-style-type: none"> <li>• Crawley Recovery Focus.</li> <li>• Greater Brighton Recovery – where next?</li> <li>• Coast to Capital Update.</li> <li>• Low Carbon Economy Blue/Green Print.</li> <li>• Creation of a Greater Brighton Retrofit Taskforce.</li> <li>• Greater Brighton Food Plan.</li> </ul> <p><b>Decisions:</b></p> <ul style="list-style-type: none"> <li>• The Board agreed to the development and production of a net-zero innovation led economy Investment Plan (blue/green print).</li> <li>• The Board expressed support of working together on a city region wide project, led by Lewes District Council and the University of Brighton, to find the best solutions in the decarbonisation of council owned housing stock.</li> <li>• The Board agreed to begin the scoping work for a Greater Brighton Food Plan focussed on building resilience and integrating innovations.</li> </ul>
3	Health and Wellbeing Board	<p>Zoe Nicholson</p> <p>(substituted by Cllr Johnny Denis in March)</p>	<p><u>Date of meeting: 2 March 2021:</u>  <b>Business discussed:</b></p> <ul style="list-style-type: none"> <li>• Health &amp; Social Care Programme - Update Report.</li> <li>• Outbreak Control Plan.</li> <li>• Strategic Outline Case for the Building for our Future Programme.</li> <li>• Better Care Fund Plans 2020/21.</li> <li>• Work programme.</li> </ul> <p><b>Decisions:</b></p> <ul style="list-style-type: none"> <li>• Outbreak Plan approved.</li> <li>• Outline Case for Future Programme strongly endorsed.</li> <li>• Better Care fund requirements noted and Fund Plans for 2021 approved.</li> <li>• Work Programme approved.</li> </ul> <p><u>Date of Meeting: 13 July 2021:</u>  <b>Business Discussed:</b></p> <ul style="list-style-type: none"> <li>• Social Care Programme – update.</li> <li>• Healthwatch Annual Report 2020-21.</li> </ul>

	Outside Body	Councillors	Update
			<ul style="list-style-type: none"> <li>• Health and Wellbeing inequalities of residents at Kendal Court, Newhaven and homeless people accommodated by Brighton and Hove City Council in temporary accommodation in East Sussex.</li> <li>• Improving Population Health - East Sussex Alcohol Strategy and Healthy Weight Partnership.</li> <li>• East Sussex Outbreak Control Plan.</li> <li>• Work programme.</li> </ul> <p><b>Note</b> - Councillor Adrian Ross been appointed as the new representative to the Board and will be attending the next meeting on 30 September.</p>
4	LGA People & Places Board - Lead Members Meeting	Emily O'Brien	<p><u>Date of meeting: 31/8/2021</u></p> <p><b>Business discussed:</b></p> <ul style="list-style-type: none"> <li>• Forward Plan for the Board (I was recently appointed Deputy Chair - NB this is not a role allocated by LDC Council but by LGA)</li> <li>• Devolution deals and economic recovery are key areas for the Board this year.</li> </ul> <p><b>Decisions made:</b> Agenda &amp; forward agreed to go to P&amp;P Board meeting.</p>
5	East Sussex Strategic Planning Group - Meeting with Minister Pincher on the emerging Local Plans in East Sussex	Emily O'Brien	<p><u>Date of meeting: 20/7/2021</u></p> <p><b>Business discussed:</b></p> <ul style="list-style-type: none"> <li>• Difficulties in delivering local plans amidst a target-based system based on undeliverable targets.</li> <li>• Experiences of local plan development.</li> <li>• Concerns around planning reform.</li> </ul> <p><b>Decisions made:</b></p> <ul style="list-style-type: none"> <li>• East Sussex authorities requested a follow up meeting.</li> <li>• Joint press with other East Sussex authorities stressing the need for the Government to look differently at housing target system.</li> </ul>
6.	Police and Crime Panel	Johnny Denis	Over the summer I was involved in the appointment of two independent members of the panel.

	Outside Body	Councillors	Update
			Cllr Christian Mitchell has been elected as Chair of the Panel
7	Equalities and Fairness Stakeholder Group	Johnny Denis	I Co-Chair this meeting, alternating with Cllr Whippy of Eastbourne Borough Council (EBC). These non-statutory meetings are continuing online. Accessibility audit reports are coming to the next meeting.
8	Community Safety Partnership	Johnny Denis	I Co-Chair this meeting, alternating with Cllr Whippy of EBC These non- statutory meetings are continuing online.
9	Wave Leisure Trust	Johnny Denis	Various meetings. Not yet confirmed as a Company director so not officially a Member.  Have attended 2 board meetings (held monthly) to discuss the recovery plan. Wave Leisure has received the recovery grant from the Government and re-opened a revitalised Newhaven Fort – also with the new bridge funded by LDC. I urge members to visit.
10	Wave Leisure Trust	Laurence O'Connor	<u>Date of meeting: 2 August 2021</u>  <b>Business discussed:</b> <ul style="list-style-type: none"> <li>• Participation and use levels - Confidence in use of facilities is returning with direct debits at 68% of pre-covid rates with a steady increase expected.</li> <li>• Finances - LDC have continued its support by providing a guarantee on a CBILS loan which was received in July and gives the Trust a solid platform to move forward. Memberships had increased 7% from April with participation overall up 467% since April.</li> <li>• LDC Trustees – Cllr Denis was approved as a second Councillor on the board</li> <li>• Staff training – As people returned following furlough everybody underwent a full training and update programme.</li> <li>• Seaford Head swimming pool – This opened again on the 6 September. All three Wave pools, Seahaven, Seaford and Lewes Leisure Centre are back up</li> </ul>

	Outside Body	Councillors	Update
			and running. I was particularly pleased to provide advice to a disabled resident recently who enquired about what was available. Each pool has disabled access with a pool hoist to assist in and out the pool, along with disabled changing rooms which include toilet and shower facilities with relaxaswim and therapeutic swim sessions available to all.
11	Impact Seaford	Christine Brett	<p><u>Date of meeting: 23 August 2021</u></p> <p><b>Main Business discussed:</b> Prime focus was final check of Economic Plan revision.</p> <p><b>Decisions made:</b> Some final alterations to Plan, various people tasked with sending in or acquiring suitable photos.</p> <p><b>LDC</b> Peter Sharp confirmed that update re future investment in Tourist Information Centre is on hold due to focus on restarting businesses after lockdown.</p> <p><b>Seaford Town Council</b> to be asked to source additional signage for the Crouch and Bowling Club which visitors cannot find.</p> <p><b>Seaford community partnership</b> to receive up to date position re: development of Dane Valley Project including proposed developers and use of the sites.</p> <p><b>Seaford Chamber of Commerce</b> There will be a new representative and Geri Ori was thanked for his service.</p> <p>Safeguarding policy still to be submitted.</p>
12	Upper Ouse Flood Protection and Water Retention Works Working Group	Matthew Bird	<p><u>Date of Meeting – 13 May 2021</u></p> <p>Met onsite at Chailey Common. The Group includes LDC, Sussex WT and the Ouse and Adur River Trust.</p> <p><b>Business discussed:</b></p> <ul style="list-style-type: none"> <li>The Group looked at examples of leaky dam constructions carried out by staff and volunteers which formed a part of</li> </ul>

	Outside Body	Councillors	Update
			<p>the natural flood management of the area and an example of a nature-based climate solution.</p> <ul style="list-style-type: none"> <li>• The Group heard a review of the last year from Ouse and Adur River Trust and Sussex Wildlife Trust/Sussex Flow Initiative and impact of Covid</li> <li>• Plans for this year includes further natural flood management initiatives at Meeching Valley, Cooksbridge, Wivelsfield (including Parish Council meeting feedback), East Chiltington, some wood Dams/tree planting, a Ringmer ponds project and community group and feasibility into a scheme at Cockshut near Lewes.</li> </ul>