

**Cabinet**  
**7 July 2022**



**Lewes District Council**

**Time and venue:**

**2.30 pm in the Ditchling and Telscombe Rooms at Southover House, Southover Road, Lewes, BN7 1AB**

**Membership:**

**Councillor Zoe Nicholson (Chair); Councillors James MacCleary (Vice-Chair) Matthew Bird, Julie Carr, Chris Collier, Johnny Denis, Stephen Gauntlett, William Meyer and Ruth O'Keeffe**

**Quorum: 4**

*Published: Wednesday, 29 June 2022*

## **Agenda**

**1 Minutes of the meeting held on 9 June 2022 (Pages 5 - 8)**

**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 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. A supplementary report will be circulated at the meeting to update the main reports with any late information.

**5 Public question time**

To deal with any questions received from members of the public in accordance with Council Procedure Rule 11 (if any).

**6 Written question from councillors**

To deal with written questions which councillors may wish to put to the Chair of the Cabinet in accordance with Council Procedure Rule 12 (if any).

## **7 Matters referred to the Cabinet**

Matters referred to the Cabinet (whether by the Policy and Performance Advisory Committee or by the Council) for reconsideration by the Cabinet in accordance with the provisions contained in the Policy and Performance Advisory Procedure Rules or the Budget and Policy Framework Procedure Rules set out in part 4 of the Council's Constitution.

None.

## **8 Cost of Living Crisis (Pages 9 - 14)**

Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet members: Councillors Zoe Nicholson and Matthew Bird

## **9 Portfolio progress and performance report quarter 4 - 2021-2022 (Pages 15 - 28)**

Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet member: Councillor Chris Collier

## **10 Provisional Revenue and Capital Outturn 2021/22 (Pages 29 - 42)**

Report of Chief Finance Officer  
Lead Cabinet member: Councillor Zoe Nicholson

## **11 Treasury Management Annual Report 2021/22 (Pages 43 - 68)**

Report of Chief Finance Officer  
Lead Cabinet member: Councillor Zoe Nicholson

## **12 Reimagining Newhaven - Project Update (Pages 69 - 76)**

Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet member: Councillor James MacCleary

## **13 Recommendations for Community Infrastructure Levy Spending (Pages 77 - 86)**

Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet member: Councillor Stephen Gauntlett

## **14 Methodology for collecting monitoring fees in connection with the compliance with S106 Legal Agreements (Pages 87 - 94)**

Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet member: Councillor Stephen Gauntlett

## **15 Revised Planning Pre-Application Charging Schedule (Pages 95 - 106)**

Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet member: Councillor Stephen Gauntlett

## Information for the public

### Accessibility:

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### 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.

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## Cabinet

**Minutes of meeting held in Ditchling and Telscombe Rooms at Southover House, Southover Road, Lewes, BN7 1AB on 9 June 2022 at 2.30 pm.**

**Present:**

Councillor Zoe Nicholson (Chair).

Councillors James MacCleary (Vice-Chair), Matthew Bird, Julie Carr, Chris Collier, Johnny Denis, Stephen Gauntlett, William Meyer and Ruth O'Keeffe.

**Officers in attendance:**

Robert Cottrill (Chief Executive), Ian Fitzpatrick (Deputy Chief Executive and Director of Regeneration and Planning), Tim Whelan (Director of Service Delivery), Becky Cooke (Assistant Director for Human Resources and Transformation), Jane Goodall (Environment Lead), Nigel Jones (LDC Service Manager), Ola Owolabi (Deputy Chief Finance Officer (Corporate Finance)), Simon Russell (Head of Democratic Services), Kate Slattery (Solicitor) and Sean Towey (Head of Environment First).

**Also in attendance:**

Councillor Liz Boorman (Chair of Policy and Performance Advisory Committee) and Councillor Isabelle Linington (Leader of the Opposition).

**1 Minutes of the meeting held on 24 March 2022**

The minutes of the meeting held on 24 March 2022 were submitted and approved and the Chair was authorised to sign them as a correct record.

**2 Apologies for absence**

An apology for absence was reported from visiting member, Councillor Julian Peterson.

**3 Declarations of interest**

None were declared.

**4 Housing development update**

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning, providing an update on the progress of the Council's housing delivery programme and achievements to date with the targets that had been set.

Thanks were conveyed to officers for their work in producing the report.

Policy and Performance Advisory Committee (PPAC), held on 31 May 2022

considered the report and were supportive of the officer recommendations in full. Councillor Boorman, Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion. Part of the discussion at the meeting was around the need for housing in other towns of the district.

Councillor Linington, Leader of the Opposition, also addressed the Cabinet, reiterating comments made at PPAC, and whilst welcoming more Council houses being built, questioned the locations of the houses in areas such as Plumpton and Chailey, with poor public transport links, therefore requiring access to a car and being less sustainable.

Councillor Meyer responded that the properties in Plumpton and Chailey were purchased at a favourable rate and represented an opportunist purchase at the time. The Cabinet would continue to explore opportunities to purchase properties in those areas of the district in need of council housing, whilst also continuing to build sustainable homes.

**Resolved (Non-key decision):**

(1) To note the progress of the Council's housing delivery programme as set out at Appendix 1 to the report.

(2) To support the progression of the initial phase of sites identified within the HRA from the internal Asset Review to be taken through the feasibility and due diligence processes, utilising existing budgets and delegations.

(3) To endorse the formation of an Affordable Housing Design Standard for all future Council housing developments within the district.

**Reason for decisions:**

To progress the development of new Council homes across the district, maximising brownfield sites to enable new housing affordable housing opportunities.

**5 Waste and recycling services - fleet replacement strategy**

The Cabinet considered the report of the Director of Service Delivery, introducing and seeking their approval for the replacement strategy for the waste and recycling fleet to circa 2035. This was against a backdrop of new and emerging technologies, alternative fuels and energy vectors, the council's ageing vehicles and net zero 2030 ambition.

Thanks were conveyed to officers and portfolio holders for their work in bringing the report together.

The Policy and Performance Advisory Committee (PPAC) at its meeting on 31 May 2022, made the following recommendation to Cabinet:

**To support the officer recommendations in the Cabinet report subject to the following additional recommendation being considered by the Cabinet:**

**(8) That an alternative option be considered in respect of food waste collection. This would be composed of two dedicated EV food waste vehicles to be used on routes with larger amounts of food waste and the fitting of food waste pods to general refuse collection vehicles to be used on the other routes.**

Councillor Boorman, Chair of Policy and Performance Advisory Committee, was in attendance to present PPAC's discussion. One of the concerns around the proposals set out in the report, was that the administration would be implementing weekly food waste collection and fortnightly waste collection. The Cabinet confirmed that there were no plans to move the waste collection to fortnightly and the reason for officer recommendations were set out in the report.

Councillor Linington, Leader of the Opposition also addressed the Cabinet and reiterated comments made at PPAC and supported their recommendation.

The Cabinet unanimously agreed to consider PPAC's recommendation, and this was reflected in the additional resolution below.

**Resolved (Key decision):**

(1) To replace six currently-hired recycling vehicles with second-hand vehicles from summer 2022.

(2) To re-purpose and upgrade the remaining refuse and recycling collection vehicle (RCV) fleet from April 2023, subject to approval by Full Council.

(3) To use renewable diesel as an alternative to regular diesel from April 2023, subject to due diligence.

(4) To procure a new electric vehicle fleet for food waste collections in 2023, subject to approval by Full Council.

(5) To install temporary chargers at the depot in 2023 until such time as charging infrastructure is in situ as part of the depot redevelopment.

(6) To procure an electric vehicle fleet for street cleansing fleet from 2025/26, subject to a further report to Cabinet and Full Council supported by a business case.

(7) To secure zero emission at tailpipe vehicles for the RCV fleet by 2030, to align with the council's net zero target, subject to a further report to Cabinet and Full Council supported by a business case.

(8) To consider the alternative option in respect of food waste collection, as

recommended by Policy and Performance Advisory Committee at its meeting on 31 May 2022. The Cabinet member for recycling, waste and open spaces would write to the Chair of Policy and Performance Advisory Committee, with the outcome of that consideration.

**Reason for decisions:**

Recommendations to Cabinet for waste and recycling vehicle procurement required from 2022/2023, to support ambitions for an ultra-low emission fleet by 2030.

The meeting ended at 3.07 pm

Councillor Zoe Nicholson (Chair)

# Agenda Item 8

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>7 July 2022</b>
<b>Title:</b>	<b>Cost of Living Crisis</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Zoe Nicholson, Leader of the Cabinet and Member for Finance and Assets and Councillor Matthew Bird, Cabinet Member for Sustainability</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To provide an update on measures already taken and to agree a range of measures to support local people struggling due to the cost of living crisis</b>
<b>Decision type:</b>	<b>Key</b>
<b>Officer recommendation(s):</b>	<b>(1) To note the initiatives undertaken to date to support those in need</b>  <b>(2) To approve that £200k be allocated from the newly created Cost of Living Support Earmarked Reserve, to establish a cost of living crisis fund along with officer time for its administration.</b>  <b>(3) To agree that the Deputy Chief Executive be given delegated authority to allocate the cost of living crisis fund in consultation with the Leader.</b>
<b>Reasons for recommendations:</b>	<b>To help support those worst affected by the cost of living crisis.</b>
<b>Contact Officer(s):</b>	<b>Name: Jo Harper</b> <b>Post title: Head of Business Planning and Performance</b> <b>E-mail: jo.harper@lewes-eastbourne.gov.uk</b> <b>Telephone number: 07925 893201</b>

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## **1 Introduction**

- 1.1 The UK is currently experiencing a range of major financial challenges which have come together to form a significant cost of living crisis for the country. The combination of increased fuel costs, food costs and inflation, coming as people are only just recovering from the challenges of Covid, is putting massive pressure particularly on those with low incomes.

1.2 This report sets out, alongside the range of initiatives that the council has already put in place to help tackle these challenges, a new fund that aims to further help and support those in most need. The council has already done a great deal to address the challenges people are facing. People not having enough money to feed themselves and their families has been an increasing problem in recent months. Fuel poverty is becoming an even more significant issue as energy and petrol costs, which have risen steeply, are set to increase even more dramatically as we head towards the Winter. Alongside this, inflation is having an impact on living costs generally with specific effects on the cost of food. Together these inter-related challenges have created a massive cost of living crisis which will have negative impacts for health, social cohesion and household finances.

## **2 Initiatives to help respond to the cost of living crisis**

2.1 The council has been quick to respond to the cost of living challenges which are facing its residents. In readiness for the new tax year the council previously agreed a council tax reduction scheme that includes 100% level reduction for those most in need. On top of this the council is administering the council tax energy rebate of £150 per household and has been successful in getting these rebates paid to local people very quickly. Unlike many other councils who have been slow to deliver this scheme, the council has (at the time of writing) already paid out £3 million so far to over 20,000 households.

2.2 To further assist those challenged by the current crisis the council is administering locally a fund from East Sussex County Council of £220,000. This forms part of the government's household support fund which enables those people who are eligible to apply for vouchers of £50 per adult, £30 per child and a £100 energy voucher.

2.3 On top of the above the council has earmarked £500,000 to support local households with £170,000 ring fenced for council tenants.

2.4 Recognising the real challenges that people are facing, the council is also working with anyone who does get into arrears with their council rent and council tax. Where this happens, the council will provide help and support, and in relevant cases people are able to apply for discretionary payments from the council to assist.

2.5 The council is in the process of working with other authorities within East Sussex under the banner of the Warm Home East Sussex scheme to deliver home retrofit grants. (allocated under the Green Homes Grant Local Authority Delivery (LAD) scheme 1A, 1B, and the current scheme LAD 3 and the Home Upgrade Grant (HUG)). This programme provides support and funding to help improve household fuel efficiency to residents. The council previously worked with the Greater Southeast Net Zero Hub to deliver a similar (LAD 2) scheme previously. There have been issues with the design and delivery of the schemes to-date and the council will continue to do all it can to work with central government and other bodies in delivering energy efficiency retrofit grants whenever these are

available and ensure that residents of Lewes District benefit as much as possible.

- 2.6 Alongside this, the council's quarterly magazine, District News, has now re-started after the necessary break during the Covid pandemic. This is delivered to every household in the district and is packed full of help and advice related to the cost of living crisis. Residents will find energy saving information, budgeting advice, foodbank information, signposts to free support in communities and affordable recipes all in the latest edition.
- 2.7 The Council has continued to support community sector organisations and groups such as Citizen's Advice, the Lewes District Food Partnership and Community Energy South to target and support fuel and food advice and support to those residents most in need.

### **3. Proposal - Cost of Living Crisis Fund**

- 3.1 The council has, as set out above, already responded in a variety of ways to help local people affected by the cost of living crisis. However, it is recommended that the Cabinet extend the level of Council assistance, on grounds of need and urgency. To this end it is proposed to establish a cost of living crisis fund to help support key local voluntary groups and organisations who are providing front line support to those in need.
- 3.2 To enable the cost of living crisis fund to be administered effectively, and to support enable local organisations in delivery, it is proposed that a dedicated part time, fixed term post be established, to cost no more than £50k. The postholder would work with local organisations to ensure they are equipped and enabled to respond quickly and appropriately to local needs. They would also work to ensure the council's response is both timely, but also considered and within a clear strategic framework. It will be important for the council to ensure funds are allocated with the long-term aim of reducing reliance on food banks, managing fuel poverty and helping tackle living cost issues.
- 3.3 The dedicated officer will also design and coordinate a strategic action plan that will detail steps and timelines around sustainable approaches to fuel and food poverty. This action plan will seek to address need with a view to supporting longer term solutions.
- 3.4 A fund of £200,000 is proposed to support this work. The first £50,000 of this is intended to be available immediately to enable our local food banks to respond to the current unprecedentedly high levels of need in the district. This first tranche will be paid quickly to the local food banks to enable them to provide active support in terms of food, and also with fuel, where they are equipped to do so.
- 3.5 The remaining funds will then be distributed through a simple £150,000 grants process in the autumn of this year, supported by the new post-holder. The Deputy Chief Executive will be given delegated authority to oversee the allocation of this fund in consultation with the Leader, along with other member bodies, such as the Grants Working Party, as appropriate. This will enable the

funds to be distributed with maximum speed and efficiency, within the framework set out in para 3.2.

- 3.6 As work to improve access to council services continues, it is proposed that a portion of the newly established fund be ringfenced to support residents who may be digitally excluded. This may be through a contribution to training and awareness programmes delivered through the local voluntary sector or services such as libraries.

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

- 4.1 The challenges facing local residents as a result of the cost of living crisis are very real and very urgent. The council cannot singlehandedly resolve these complex and national level issues. However, the proposals set out in this report can and will go some way to help alleviate some of the real hardship local people are facing.

#### **5 Corporate plan and council policies**

- 5.1 The Council's corporate plan places a central focus on helping the most vulnerable in our district. Although prepared before the cost of living crisis was being experienced, the council has always prioritised the most needy and continues to do so.

#### **6 Financial appraisal**

- 6.1 The draft out-turn position for 2021/22 has delivered more savings than the target and as a result the Council will be able to build upon its reserves and provide further resilience for future years. As part of the out-turn report it is requested to approve a transfer of £350,000 to a newly created Cost of Living Support earmarked reserve. The cost of living fund of £150,000 will be funded from this reserve in 2022/23.

#### **7 Legal implications**

- 7.1 Following Cabinet approval of the officer recommendations in this report, the persons authorised to manage and implement the cost of living crisis funding must perform those functions on a fair, open and consistent basis; and keep a record of their decision-making process, for audit and accountability purposes.

At the relevant time, the Council's legal team can advise on the need for contract or grant agreements, as applicable.

*Lawyer consulted 09.06.22*

*Legal ref: 011170-LDC-OD*

## **8 Risk management implications**

- 8.1 A key component of the council's corporate plan is to help the most vulnerable in the district. If the recommendations in this report are not adopted there is a risk that the council will fall short of delivering against this key strategic aim.

## **9 Equality analysis**

- 9.1 The cost of living crisis is likely to impact household budgets across the board, with utilities, food products and fuel increasing in price. Working-age people on low-incomes or squeezed budgets are likely to be impacted more as the year progresses, and older people particularly by increased heating costs in autumn and winter. Residents in rural locations who rely on oil to heat their homes will be subject to increased oil costs. People reliant on cars, including those in rural locations, could be impacted by increased running costs. Food items have already seen some price increases, and those with children may see an increase in their weekly food cost.

It is hoped these proposals will go some way towards mitigating the generally negative impacts brought by the cost of living crisis. The full Equality Analysis is available from the report author.

## **10 Environmental sustainability implications**

- 10.1 Although the primary consideration of this report is the alleviation of hardship. Where residents are in a position to reduce their fuel costs through energy efficiency measures in their home, the current pressures on fuel costs may have the incidental benefit of reducing use of fossil fuels which contribute to global warming.

## **11 Appendices**

None

## **12 Background papers**

None

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<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>7 July 2022</b>
<b>Title:</b>	<b>Portfolio progress and performance report 2021/22 - Quarter 4</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Chris Collier, Cabinet member for performance and people</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To consider the council's progress and performance in respect of service areas for the Fourth Quarter of the year (January-March 2022) as shown in Appendix 1</b>
<b>Decision type:</b>	<b>Non-key</b>
<b>Officer recommendation(s):</b>	<b>To note progress and performance for Quarter 4</b>
<b>Reasons for recommendations:</b>	<b>To enable Cabinet members to consider specific aspects of the council's progress and performance</b>
<b>Contact Officer(s):</b>	<b>Luke: Performance Lead Tel: 07525 351757 or email: luke.dreeling@lewes-eastbourne.gov.uk</b>

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## **1 Introduction**

- 1.1 The council has an annual cycle for the preparation, implementation and monitoring of its business plans and budgets. This cycle enables us regularly to review the council's work, and the targets it sets for performance, to ensure these continue to reflect customer needs and council aspirations.
- 1.2 It is important to monitor and assess progress and performance on a regular basis, to ensure the council continues to deliver priority outcomes and excellent services to its customers and communities.

## **2 Corporate Plan and council policies**

- 2.1 This report sets out the council's performance in the Fourth Quarter of 2021/22 against its aspirations as set out in the Corporate Plan 2020-24.

### **3 Recovery and Reset**

- 3.1 The council's Recovery and Reset programme – the activity to address the challenges of the new operational context in a sustainable way, and to respond to the changing needs and demands of the district's residents – continues to explore new ways to use council assets to the benefit of communities, residents and businesses, and to provide services to customers.

Services are systematically being reshaped to meet the changed needs of the council and its customers, and opportunities to make the best use of technology to deliver efficiencies continue to be implemented (the council's next generation chat bot - ELLIS - launched in early March and answered over 13,000 customer queries in its first 2 months of operation, 25% of which were answered out of hours).

### **4 Financial appraisal**

- 4.1 Project and performance monitoring and reporting arrangements are contained within existing estimates. Corporate performance information should also be considered alongside the council's financial update reports (also reported to Cabinet each Quarter) as there is a clear link between performance and budgets/resources.

### **5 Legal implications**

- 5.1 Comment from the Legal Services Team is not necessary for this routine monitoring report.

### **6 Risk management implications**

- 6.1 It is important that corporate performance is monitored regularly otherwise there is a risk that reductions in service levels, or projects falling behind schedule, are not addressed in a timely way.

### **7 Equality analysis**

- 7.1 The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant council reports or as part of programmed equality analysis.

### **8 Appendices**

- Appendix 1 – Portfolio Progress and Performance Report (Quarter 4 2021/22)
- Appendix 2 – Corporate Performance (Annual 2021/22)

## Lewes District Council Portfolio Progress and Performance Report Quarter 4 2021-2022 (January to March 2022)

- **Councillor Zoe Nicholson**, Leader of the Council, Chair of Cabinet and Cabinet member for finance and assets
- **Councillor James MacCleary**, Deputy Leader of the Council and Cabinet member for regeneration and prosperity
- **Councillor Matthew Bird**, Cabinet member for sustainability
- **Councillor Julie Carr**, Cabinet member for recycling, waste and open spaces
- **Councillor Chris Collier**, Cabinet member for performance and people
- **Councillor Johnny Denis**, Cabinet member for communities and customers
- **Councillor William Meyer**, Cabinet member for housing
- **Councillor Stephen Gauntlett**, Cabinet member for planning and infrastructure
- **Councillor Ruth O'Keeffe**, Cabinet member for tourism and devolution

Key			
	Performance that is at or above target		Performance that is below target
	Data with no performance target		Performance that is slightly below target but is within an acceptable tolerance
	Direction of travel on performance indicator: improving performance		Direction of travel on performance indicator: declining performance
	Direction of travel on performance indicator: no change		

## Key Performance Indicators

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021	Q2 2021	Q3 2021	Q4 2021			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
<b>1. (Finance)</b> Maximise amount of Council Tax collected during the year	97.00%	<b>97.41%</b>		29.48%	56.86%	84.22%	<b>97.41%</b>	97.00%			Outturn for 2021/22 has exceeded target by 0.41%. This is a 0.53% increase on 2020/21 outturn which was low due to the impact the pandemic had on collection over the previous two years. It is encouraging to see that collection performance has now begun to return pre-pandemic levels.
<b>2. (Finance)</b> Maximise amount of Business Rates collected during the year	97.50%	<b>98.37%</b>		24.05%	51.65%	80.78%	<b>98.37%</b>	97.50%			Collection outturn for 2021/22 is 0.87% above target and has exceeded expectations this year. This is the highest collection rate since 2018/19 which was 98.60%.
<b>3. (Community and Customers)</b> Average number of days to process new claims for housing/council tax benefit	17.0	<b>16.4</b>		17.8	21.5	14.3	<b>12.1</b>	17.0			Performance once again was ahead of target. This is despite the team having faced additional challenges this year administering the Test and Trace Support Payments scheme and the Household Support Fund, both of which provided vital support to our residents
<b>4. (Community and Customers)</b> Average days to process change of circumstances (Housing/Council Tax Benefit)	6.0	<b>5.9</b>		6.5	7.2	7.2	<b>2.5</b>	6.0			Performance for the 4th quarter was well ahead of target. Performance for the year achieved the new challenging target set. This is despite the additional challenges the team has faced in administering the Household Support Fund and the Test and Trace Support Payments scheme.

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021	Q2 2021	Q3 2021	Q4 2021			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
<b>5. (Community and Customers)</b> Increase the percentage of calls to the contact centre answered within 60 seconds	80%	<b>36.04%</b>		49.81%	22.11%	33.93	<b>37.9%</b>	80%			<p>Customer Contact experienced a demanding 4<sup>th</sup> Quarter, where although contact remained high and even increased, there was an improvement from Q3.</p> <p>Quarter 4 saw also saw improvement in regards to average time taken to answer calls, where we found our average speed of answer being 4 minutes 12 seconds – this was an average decrease of 13 Seconds from Quarter 3's 4 minutes 25 Seconds.</p> <p>Quarter 4 provides particular challenges due to renewals of garden waste services and large amounts of 'year end' correspondence (150,000 this quarter). The average monthly calls also increased from 6800 to 9000+ from Q3 to Q4.</p> <p>Despite the challenges, the team have continued to focus on incoming emails and correspondence being responded to within the given SLA's. Staff turnover within Customer Contact has continued, including internal promotions, therefore recruitment has continued with over 5 recruitment rounds taking place.</p> <p>SLA's, recruitment and training of new starters remains at the top of the agenda for Q1 of 2022/23, with the intention being to improve the level of service provided.</p>
<b>6. (Housing)</b> Decrease total number of households living in emergency (nightly paid) accommodation	Data only	<b>48</b>		25	24	26	<b>48</b>	Data only			<p>Our emergency accommodation numbers have been affected by the transferring of a number of rough sleepers from discretionary accommodation. This is as per instructions from Department for Levelling Up, Housing and Communities. This is currently a temporary measure as the tenants are pending an application decision.</p>

## Other Performance Indicators

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021	Q2 2021	Q3 2021	Q4 2021			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
7. <b>Housing:</b> Decrease average number of days to re-let Council homes (excluding temporary lets)	20.0	<b>33.3</b>		33.6	30.6	28.8	<b>40.1</b>	20			<p>There are still industry-wide issues with both the sourcing of materials and their costs and the availability of labour but void performance is one of the key areas of post-covid improvement. It is anticipated that this will be back on track for 22-23.</p> <p>Successive lockdowns, with an inability to access all properties for a period of the year were also a contributory cause to the target being missed and being unable to be recovered. Quarter 4 was compromised by staff retention and recruitment issues, which we anticipate being a continuing challenge, albeit further management resource will shortly be in back in place to ensure concentration is placed on this key area.</p>
8. <b>Housing:</b> DFGs - Time taken from council receiving a fully complete application to the council approving the grant	14 days	<b>4 days</b>		4 days	4 days	2 days	<b>4 days</b>	14 days			Performance finished the year considerably above target.
9. <b>Housing:</b> Rent arrears of current tenants (expressed as a percentage of rent debit) (L)	3.5%	<b>3.88%</b>		3.98%	4.27%	4.46%	<b>3.88%</b>	3.5%			Although the position at year end is still 0.38% above threshold, the level of arrears has fallen below 4% for the first time since September. The recent improvement in performance is attributable to the majority of Rent Advisor posts now being filled.
10. <b>People and performance:</b> Number of new sign-ups to the Councils' social media channels	600	<b>991</b>		168	206	281	<b>336</b>	150			Q4 was the second strongest period for social media following; this was as a result of key activity relating to sharing information about support for people hosting / arriving from Ukraine.
11. <b>People and performance:</b> Number of people registering for our email service	3000	<b>8,865</b>		1,548	1,382	1,757	<b>4,178</b>	750			Strong Q4 performance was largely a result of a surge in new email subscribers opting-in for email alerts when renewing garden waste collections.

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021	Q2 2021	Q3 2021	Q4 2021			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
12. <b>People and performance:</b> Average days lost per FTE employee due to sickness	8.0 days	<b>8.86 days</b>		1.82 days	2.42 days	2.35 days	<b>2.27 days</b>	2 days			<p>Performance fell short of the annual target by around 10%, this is due to ongoing need or guidance to isolate. Easing and latterly the ending of restrictions have also had an impact. The Omicron variant being highly transmissible, combined with adverse effects of Covid-19 vaccinations have also had an impact on this figure. Improvement was seen gradually from Q2 to Q4. It is hoped that there will be further progress going forward.</p> <p>Taking into account LDC Waste Services, the Q4 figure reduces to 1.97 days and Waste Services on its own is 4.25 days, which again is a reduction from the previous quarter from 4.6 days in Q3. As stated in previous reports, we face specific challenges in waste services. HR Business Partners continue to support managers in robustly managing any attendance issues that arise which has been particularly challenging during the pandemic.</p>
13. <b>Planning:</b> % of appeals allowed against the authority's decision not to grant planning permission (2 year rolling government figures)	10.0% (annual and quarterly data)	<b>Major 3.2% Minor 5.1%</b>		Major 3.2% Minor 1.1%	Major 3.3% Minor 1.4%	Major 3.3% Minor 1.4%	<b>Major – 3.2% Minor – 1.2%</b>	10.0%			<p>For the Government survey period (24 months ending June 2020):</p> <p>35 Major decisions with 1 Major appeal overturned (2.8%)</p> <p>963 decisions made on minor applications - 12 appeals overturned (1.2%)</p>
14. <b>Planning:</b> Exceed government targets for the % of major applications determined within 13 weeks - LDC	60%	<b>80%</b>		100%	50%	66.67%	<b>100%</b>	60%			<p>Performance is ahead of target.</p> <p>3 major applications out of 3 were determined within 13 weeks.</p> <p>Annual performance of 80%, exceed the annual target by 20%.</p>
15. <b>Planning:</b> Exceed government targets for the % of minor applications determined within 8 weeks- LDC	70%	<b>71.13%</b>		56.31%	71.52%	70.89%	<b>80%</b>	70%			<p>Performance remains ahead of target.</p> <p>414 minor applications out of 582 were determined within 13 weeks.</p>

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021	Q2 2021	Q3 2021	Q4 2021			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
											Annual performance of 71.13%, exceed the annual target by 1.13%
16. <b>Recycling &amp; Waste:</b> KG waste collected per household	Data only	<b>435</b>		110.2	111.3	106.7	<b>106.8</b>	Data only			Please note that averages from the previous quarter are used until ratified data is available from ESCC Jan = 35.6kgs Feb = 35.6kgs March = 35.6kgs Efforts continue to encourage residents to minimise the amount of waste they produce through a range of campaigns and promotional activities.
17. <b>Recycling &amp; Waste:</b> Percentage of household waste sent for reuse, recycling and composting	48.00%	<b>41.75%</b>		41.57%	44.21%	40.47%	<b>40.47%</b>	48%			Please note that averages from the previous quarter are used until ratified data is available from ESCC Jan = 40.47% Feb = 40.47% March = 40.47% Based on these estimated figures it is likely that the annual target will not be achieved. Efforts continue to encourage residents to recycle through a range of campaigns and promotional activities.

KPI Description	Annual Target 2021/22	Annual Performance 2021/22	Annual Status	Q1 2021	Q2 2021	Q3 2021	Q4 2021			Latest Note	
				Value	Value	Value	Value	Quarterly Target	Status		Short Trend
<b>18. Recycling &amp; Waste:</b> Total number of reported fly-tipping incidents	180	<b>315</b>		64	58	94	<b>99</b>	45			Jan = 34 Feb = 34 March = 31 Monthly Average = 33 This quarter's total is very slightly up on the previous quarter (94) by 5 reports Hots spots across the district for this quarter were Lewes priory, Lewes bridge and Ditchling & Westmeston wards. Efforts continue to address flytipping with high profile media coverage of successful prosecutions. Fly tipping has increased, despite best efforts at investigation and enforcement. Additional monitoring in 'hot spots' through alternative waste collection implementation will help manage this antisocial behaviour and reduce the number of incidents hence the lower target figure.
<b>19. Sustainability:</b> Air Quality: Number of times nitrogen dioxide levels exceed national air quality objectives (200 µg/m3 hourly mean ave.)	18	<b>4</b>		0	0	4	<b>0</b>	4			This is one small aspect of national AQ objectives and standards and relates only to air quality in one hyper local area of Lewes town. Although there has been no exceedance of number of times the hourly objective has been breached, the 24 hour and annual average in Lewes town and Newhaven continue to be breached hence the continued need for the two air quality management areas.

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## Appendix 2

# Lewes District Council Corporate Performance – 2022/23

KPI Description	Target 2021/22	21/22 outturn	22/23 Proposed target	Target setting rationale
1. Finance: Percentage of Council Tax collected during the year	<b>97% (annual with quarterly targets as well)</b>	<b>97.41%</b>	97.80%	Based on analysis of historical and recent collection performance
2. Finance: Percentage of Business Rates collected during the year	<b>97.50% (annual with quarterly targets as well)</b>	<b>98.37%</b>	98%	Based on analysis of historical and recent collection performance
3. Benefits: Average days to process new claims for housing/council tax benefit	<b>17.0 (quarterly)</b>	<b>16.4</b>	17.0	Set at DWP targets/national average
4. Benefits: Average days to process change of circs (housing/council tax benefit)	<b>6.0 (quarterly)</b>	<b>5.9</b>	6.0	Set at DWP targets/national average
5. Customers: Increase the percentage of calls to the contact centre answered within 60 seconds	<b>80% (quarterly)</b>	36.04%	80%	Target maintained but vary to maintain performance ratio
6. Housing: Number of households living in emergency (nightly paid) accommodation	Data only	48	Data Only	N/A
7. Housing: Decrease average number of days to re-let Council homes (excluding temporary lets)	<b>20.0 (annual)</b>	33.3	20	Performance in 21/22 was below target due to Covid restrictions, where successive lockdown periods meant we were unable to access properties. It is not expected that such restrictions will be an issue in 22/23 and therefore no change is recommended to the target and performance will be driven across Homes First and with our contractors. There are still industry-wide issues with both the sourcing of materials and their costs and the availability of labour but void performance is one of the key areas of post-covid improvement.
8. Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant	<b>14 days(quarterly)</b>	4 days	14 days	Analysis of 21-22 out-turn
9. Housing: Rent arrears of current tenants (expressed as a percentage of rent debit) (L)	<b>3.5% (quarterly)</b>	3.88%	3.5%	Strong progress in reducing arrears was made during 2020-21, resulting in a stretching of target for 2021-22. Maintained target as per corporate plan.

KPI Description	Target 2021/22	21/22 outturn	22/23 Proposed target	Target setting rationale
10. People and performance: Number of new sign-ups to the Councils' social media channels	<b>600 (annual target)</b>	991	650	Target reflects the increased uptake of subscriptions in general while allowing for some levelling out as the service reaches its maximum potential subscriber coverage.
11. People and performance: Number of people registering for our email service	<b>3000 (annual target)</b>	8,865	3,250	Target reflects the increased uptake of subscriptions in general while allowing for some levelling out as the service reaches its maximum potential subscriber coverage.
12. People and performance: Average days lost per FTE employee due to sickness	<b>8.0 days (annual target)</b>	<b>8.86 days</b>	8.0 days	Set by Elected Members on an annual basis
13.Planning: % of appeals allowed against the authority's decision not to grant planning permission (2 year rolling government figures)	<b>&lt;10.0% (annual and quarterly target)</b>	<b>Major 3.2% Minor 5.1%</b>	<10%	Government target
14. Planning: Exceed government targets for the % of major applications determined within 13 weeks - LDC	<b>60% (annual and quarterly)</b>	80%	60%	Government target
15. Planning: Exceed government targets for the % of minor applications determined within 8 weeks- LDC	<b>70% (annual and quarterly)</b>	71.13%	70%	Government target
16. Recycling & Waste: KG waste collected per household	<b>Data Only</b>	435	N/A	N/A
17. Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting	<b>48% (annual and quarterly)</b>	41.75%	46%	Local targets have been set with the aim of being realistic and continuing to drive up local performance, whilst also being mindful of Indicative national targets: 2025 – 55% 2030 – 60% 2035 – 65%
18.Recycling & Waste: Total number of reported fly-tipping incidents	<b>180 (annual target)</b>	<b>315</b>	To be confirmed by Senior Management (Sean Towey/Lee Michael)	Fly tipping has increased, despite best efforts at investigation and enforcement. Additional monitoring in 'hot spots' through alternative waste collection implementation will help manage this antisocial

KPI Description	Target 2021/22	21/22 outturn	22/23 Proposed target	Target setting rationale
				behaviour and reduce the number of incidents hence the lower target figure.
<b>19. Sustainability:</b> Air Quality: Number of times nitrogen dioxide levels exceed national air quality objectives (200 µg/m3 hourly mean ave.)	<b>18 (annual target)</b>	4	18	Maintained target from previous year.

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<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>7 July 2022</b>
<b>Title:</b>	<b>Provisional Revenue and Capital Outturn 2021/22</b>
<b>Report of:</b>	<b>Homira Javadi, Chief Finance Officer</b>
<b>Cabinet member:</b>	<b>Councillor Zoe Nicholson, 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 update Members on provisional outturn for 2021/22.</b>
<b>Decision type:</b>	<b>Key</b>
<b>Officer recommendation(s):</b>	<b>Cabinet is recommended to:</b> <ol style="list-style-type: none"><li><b>1. Note the provisional outturn for 2021/22</b></li><li><b>2. Approve the recommended transfers to the general fund unallocated and earmarked reserves as presented in section 3 of the report</b></li><li><b>3. Approve the transfers to HRA reserves</b></li></ol>
<b>Reasons for recommendations:</b>	<b>To enable Cabinet members to consider specific aspects of the Council's financial performance for 2021/22.</b>
<b>Contact Officer(s):</b>	<b>Homira Javadi: Chief Finance Officer</b> <b>Tel: 01323 415512 or email</b> <b><a href="mailto:Homira.Javadi@lewes-eastbourne.gov.uk">Homira.Javadi@lewes-eastbourne.gov.uk</a></b>

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## **1 Executive Summary**

- 1.1 All local authorities have a legal duty to produce annual accounts, in support of openness and accountability. At the time of writing, the Statement of Accounts were still to be completed and signed off by the Chief Finance Officer. This is therefore a provisional outturn position and is subject to the accounts being finalised and subsequently audited.
- 1.2 This report provides information and analysis on the Council's financial performance and use of resources in the 2021/22 financial year in comparison to the revised budget set by Council in February 2022. This report precedes the production of the Council's formal Statement of Accounts and although it is not expected that any further material adjustments will be needed that will alter the final outturn position, it is possible that this could be the case.

- 1.3 As is the case with every year-end report there are a number of changes that result as balance sheet activities are reviewed and finalised, and although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is given and accounting regulations drive some of the final movements reported.
- 1.4 The financial impacts of the Covid-19 pandemic and resulting lockdowns continued well into 2021/22 triggering additional expenditure, reduced income and introducing added risks and uncertainties. This report highlights some of the key movements and variations. It also provides an opportunity to reassess and if possible, make provisions for any emerging risk in 2022/23.
- 1.5 Overall, the Council ended the year with a net General Fund expenditure of £13.2m which compared to the revised budget of £13.74m gives an in-year underspend of £0.54m, as shown in the summary table 1 below.

The key highlights are:

- Delivery of planned savings
- £379k reduced costs of facilities and office accommodation – £250k to be carried forward to support additional costs in 2022/23
- £149k reduction in the software licensing costs - £100k to be carried forward to support additional IT related costs in 2022/23
- £279k higher than planned interest income
- Improved income in comparison to the revised budget – (below original budget); Waste and recycling up by £227k, car parking up by £81k.
- £119k additional new burden grants.

A more detailed assessment of key variances is provided below in section 2.

General Fund	2021-22 Revised Budget	2021-22 Draft Outturn	Variance
	£	£	£
Corporate Services Total	3,540,600	3,533,531	-7,069
Total Service Delivery	7,363,250	6,792,969	-570,281
Regeneration and Planning Totals	1,280,450	1,039,997	-240,453
Tourism and Enterprise Total	465,600	475,594	9,994
<b>TOTAL SERVICE EXPENDITURE</b>	<b>12,649,900</b>	<b>11,842,091</b>	<b>-807,809</b>
Capital Financing, Corporate savings and Interest	145,650	412,207	266,557
<b>TOTAL SERVICE EXPENDITURE inc Capital Financing &amp; Int</b>	<b>12,795,550</b>	<b>12,254,298</b>	<b>-541,252</b>
Contributions to /(from) reserves Earmarked	947,740	947,740	-
<b>Budget Requirement</b>	<b>13,743,290</b>	<b>13,202,038</b>	<b>-541,252</b>

- 1.6 During the year, £119k of new burden grant was received. Whilst there have been some signs of income recovery, many of the authority's income streams remained well below their pre-Covid 19 levels.
- 1.7 Using its outturn position and available reserves (subject to any final adjustments), the Council is able to make funding provision for a number of emerging risk areas and strengthen its operational and financial resilience. To that end it is recommended that:
- £350k be allocated to a newly created Cost of Living support earmarked reserve, approved by full Council in February 2022
  - A further £200k to be added to the above provision to combat the increasing cost of fuel and cost of living pressures as outlined elsewhere within the agenda.
  - Subject to final outturn adjustment, general fund reserves to be updated.
  - Movements in earmarked reserves are approved.
- 1.8 Details of the above movements are provided below in section 3 of this report.
- 1.9 The Housing Revenue Account ( HRA ) has an underspend of £233K against the revised operational budget of £17m. The outturn also includes £924k reduction in depreciation charges as shown in section 4. It is recommended that £150k of this underspend be transferred to the newly created earmarked reserve for Cost of Living Support.
- 1.10 The Capital Programme is reporting £14.2m spend, further details can be found in section 5.
- 1.11 This improved outturn position means that the council's finances are adequately placed to meet the ongoing challenges over the medium term, ensures the continued delivery of priorities, and provides for increasing financial resilience in 2022/23.

## **2 Draft Revenue outturn 2021/22**

- 2.1 The provisional revenue outturn for 2021/22 is £13.2m against the revised budget of £13.7m, leaving an underspend of just over £0.5m.
- 2.2 The Summary outturn position shows that broadly all services have delivered within budget, other than a slight overspent with investment in a heritage site within Tourism. Savings of £541k have been delivered within services. This represents a net reduction of 3.9% in comparison to the revised budget with no loss of services to the community.

A more detailed analysis and explanations of the variances is shown over page:

2.3 Corporate Services (£7k):

General Fund	2021-22 Revised Budget	2021-22 Draft Outturn	Projected Variance
	£	£	£
Corporate Management	303,600	327,724	24,124
Strategic Finance	845,450	840,181	(5,269)
Human Resources	211,300	184,301	(26,999)
Information Technology	1,352,400	1,302,604	(49,796)
Legal and Democratic Services	827,850	878,721	50,871
<b>Corporate Services Total</b>	<b>3,540,600</b>	<b>3,533,531</b>	<b>(7,069)</b>

Overall, in line with the approved departmental budget. Key variations are:

- Corporate management £24k one off pension costs.
- Human Resources £27k- includes £14k of delivered planned savings and other savings driven by remote working.
- Information Technology £149k due to reduction in software licensing costs. £100k to be carried forward to 2022/23.
- Legal and Democracy; the variance is primarily caused by additional external legal advice and reduction in land charges income.

2.4 Service Delivery (£570k)

General Fund	2021-22 Revised Budget	2021-22 Draft Outturn	Projected Variance
	£	£	£
<b>Case Management and Specialist Services Total</b>	<b>853,650</b>	<b>1,018,916</b>	<b>165,266</b>
<b>Customer and Neighbourhood Services Total</b>	<b>2,464,850</b>	<b>2,259,801</b>	<b>(205,049)</b>
<b>Waste and Recycling</b>	<b>3,637,800</b>	<b>3,410,534</b>	<b>(227,266)</b>
<b>Homes First Total</b>	<b>406,950</b>	<b>103,718</b>	<b>(303,232)</b>
<b>Total Service Delivery</b>	<b>7,363,250</b>	<b>6,792,969</b>	<b>(570,281)</b>

2.5 Case Management and Specialist Services – net increase in costs £165k:

Generally, the service has performed within budget. Key variations are:

- £486k increase in rent allowances and an increase in bad debt provision
- (£12k) savings on overtime and reduced out-sourcing requirements;
- (£144k) reduction on parks and open spaces costs;
- £217k increase in other costs including HB over payment
- (£140k) reduction on rent rebates after subsidy.
- (£242k) improved Council tax collection -as a result of increases in summons raise during the year backdated to Covid19 (2020).

2.6 Customer and Neighbourhood Services: net reduction (£205k):

The variation in by the misalignment of budget with the expenditure following an in year restructuring – and some temporary vacancies during the year.

2.7 Waste and Recycling- improved income (£227k)

- (£32k) net reduction in recycling -despite having to hire a vehicle
- (£52k) Waste Collection - increase in sales of bins and refuse sales, and reduced agency costs
- (£53k) Street Cleaning reduced cost of service
- (£29k) the vehicle workshop- reduction within repairs and maintenance
- (£72k) Waste and Management Services - reduced cost of shared services charges of £41k, savings on training budget of £15k and clothing and uniforms of £16k, and
- £11k some other smaller variation.

2.8 Homes First – net reduction of (£303k):

- (£30k) – relating to temporary staff vacancies.
- (£164k) – reduction in the cost of Homelessness including B &B (net of housing benefits and the homeless prevention grant)
- (£109k) Private sector leasing – reduction in costs of repairs.

2.9 Regeneration and Planning – net reduction of (£240k)

General Fund	2021-22 Revised Budget	2021-22 Draft Outturn	Projected Variance
	£	£	£
<b>Estates and Property Totals</b>	<b>23,550</b>	<b>(11,748)</b>	<b>(35,298)</b>
<b>Planning</b>	<b>129,550</b>	<b>237,373</b>	107,823
<b>Regeneration</b>	<b>620,000</b>	<b>458,721</b>	(161,279)
<b>Business Planning and Performance</b>	<b>507,350</b>	<b>355,650</b>	(151,700)
<b>Regeneration and Planning Totals</b>	<b>1,280,450</b>	<b>1,039,997</b>	<b>(240,453)</b>

2.10 Estates and Property- net reduction of (£35k):

- (£81k) higher than anticipated Car parking income-(against the reduced budget of £113k).
- £161k Corporate Landlord- reduced rental income in Industrial Estates,
- £38k Housing Delivery - costs cannot be capitalised.
- (£129k) Southover House offices reduced asset management costs– £250k to be carried forward into 2022/23.
- (£25k) Public conveniences and other smaller items – reduced costs.

2.11 Planning – net increase of £107k:

- £75k additional costs within enforcement- relating dangerous building in Peacehaven
- £56k additional costs relating to various bid/s.

- (£24k) net increase in administration fees

2.12 Regeneration – net reduction of £122k:

- (£50k) Business Rates Discount scheme – reduce demand on the budget.
- (£57k) in year under spend has been requested to be carried forward to support the “sidings café”.
- Other smaller variances

Newhaven Enterprise Centre may be subject to final accounts adjustments

2.13 Business Planning and Performance – net reduction of (£151k)

Business Planning and Performance is underspend against budget by £144k. The voluntary sector support budget of £217k has been fully utilised.

2.14 Art, Tourism and Leisure Net increase in the expenditure £10k

General Fund	2021-22 Revised Budget	2021-22 Draft Outturn	Projected Variance
	£	£	£
<b>Arts Development</b>	<b>4,300</b>	<b>493</b>	<b>(3,807)</b>
<b>Tourism</b>	<b>238,950</b>	<b>276,627</b>	<b>37,677</b>
<b>Wave Leisure</b>			
Leisure Centres and Swimming Pools	120,250	80,873	(39,377)
Newhaven Fort	102,100	117,600	15,500
	<b>222,350</b>	<b>198,474</b>	<b>(23,876)</b>
<b>Tourism and Enterprise Total</b>	<b>465,600</b>	<b>475,594</b>	<b>9,994</b>

2.15 Arts and Tourism increase in net expenditure of £29k:

- £28k increased cost relating to a heritage site
- £16k additional spend on the Seaford Tourist Information Centre.
- (£15k) savings on Arts development and other smaller items

2.16 Wave Leisure and Newhaven Fort net reduction of (£24k):

- (£39k) net reduction in leisure centre and swimming pools – better than expected income from solar panels.
- £16k additional expenditure relating for Newhaven Fort.

2.17 Recovery and Reset (Saving Targets £516k)

The Savings target of £516k, in 2021/22 shown as a single budget line has been

achieved by services as part of their saving targets.

## 2.18 Capital Financing and Interest Received net increase in income (£280k)

The Capital financing costs include Minimum Repayment Payment (MRP) of £334k. Some of the remaining balances will be carried forward to match the carried forward capital expenditure.

(£280k) additional net income from interest received relating to internal loans provided to HRA and Aspiration Homes.

## 3 Reserves

3.1 The table below shows the earmarked reserves with the balance brought forward as at 1.4.21:

3.2

Earmarked Reserve	Opening Balances 01.04.2021	Transfers (In) / Out	Transfers Out	Capital use	Closing Bal 31.03.2022
	£	£	£	£	£
Asset Maintenance	-1,587,317	0	0	360,049	-1,227,268
Economic Regeneration	-350,000	0	293,387	0	-56,613
Revenue Grants and Contributions	-1,038,917	-398,321	2,901	0	-1,434,337
Strategic Change	-908,346	-6,918	74,444	36,207	-804,613
Vehicle and Equipment Replacement	-559,407	0	0	59,601	-499,806
Managing in Year Economic Volatilities	-125,000	-200,000	0	0	-325,000
Capital Financing	-500,000	0	0	0	-500,000
Community Grants	-105,000	0	0	0	-105,000
Cost of Living Support - requested	0	-550,000	0	0	-550,000
<b>Total Earmarked Reserves</b>	<b>-5,173,987</b>	<b>-1,155,239</b>	<b>370,732</b>	<b>455,857</b>	<b>-5,502,637</b>
Business Rate Equalisation * subject to final accounts	-861,000	-497,974	0	0	-1,358,974
Carried Forwards	0	-750,000	0	0	-750,000
NHEZ * subject to final accounts	-2,068,306	-1,116,796		0	-3,185,102
General Fund Balance	-3,676,782	-46,438	0	0	-3,723,220

## 4 Housing Revenue Account (HRA)

4.1 A summary of the HRA provisional outturn is included at **Appendix B**.

Discounting any notional and presentational variances, the main variances are as follows:

HRA Main Variances against Budget	Variances £'k
Non-Dwelling Rents	125
Charges for Services and Facilities	-308
Repairs and Maintenance	508
Supervision and Management	151
Special Services	-221
Rents, Rates, Taxes and Other Charges	-121
Decrease in Impairment of Debtors	-140
HRA share of Corporate and Democratic Core	-55
Interest Payable	-163
Other	-9
<b>Total Positive Variance against Budget</b>	<b>-233</b>
<b>Depreciation of Fixed Assets</b>	<b>-924</b>

It is proposed to transfer £150,000 of the surplus to a cost of living reserve with the balance being transferred to the general unallocated reserves.

## 5 Capital Programme Outturn

5.1 The capital programme changed during the year as the phasing of schemes were reviewed and approvals for additional schemes and resourcing were agreed. The original capital programme set in February 2021 totalling £50.9m (including £23.8m within HRA) and approvals were sought in subsequent budget setting/monitoring reports to revise the 2021/22 programme to a budget of £27.2m (GF of £16.1m and HRA of £11.1m)

5.2 The table below sets out the Capital Outturn summarised position and the attached **Appendix C** includes a provisional capital expenditure and financing statement for the year:

2021/22 Capital Programme Outturn - Summary	Original Budget	Variations	Revised Programme	Actual
	£'000	£'000	£'000	£'000
<b>HRA Housing</b>	23,831	12,769	11,062	5,653
<b>General Fund Housing</b>	1,136	351	785	613
<b>Housing Investment Companies</b>	2,550	0	2,550	2,132
<b>Transformation Programmes</b>	555	(118)	673	52
<b>Regeneration</b>	15,967	8,011	7,956	2,091
<b>Service Delivery</b>	227	(41)	268	179
<b>Specialist</b>	436	(94)	530	122
<b>Parks and Pavilions</b>	150	96	55	10
<b>Indoor Leisure Facilities</b>	1,095	550	545	83
<b>Asset Management</b>	580	(258)	838	385
<b>Local Energy Schemes</b>	3,000	2,845	155	93
<b>Community Infrastructure Levy</b>	890	(374)	1,264	2,770
<b>Open Spaces/Biodiversity</b>	300	240	60	0
<b>Information Technology</b>	150	(148)	298	45
<b>Finance Transformation</b>	50	(129)	179	0
<b>TOTAL CAPITAL PROGRAMME REQUIREMENT</b>	<b>50,917</b>	<b>23,698</b>	<b>27,219</b>	<b>14,229</b>
<b>FUNDING AVAILABILITY</b>				
<b>HRA</b>				
<b>Borrowing</b>	14,810	(14,810)	0	4,360
<b>Capital Receipts</b>	1,601	427	2,028	(1,984)
<b>Major Repairs Reserve</b>	6,428	1,656	8,084	3,278
<b>Capital Grants &amp; Contributions</b>	0	950	950	0
<b>Revenue Contributions</b>	992	(992)	0	0
<b>Capital Expenditure Financed from Revenue</b>	0	0	0	16
<b>General Fund</b>				
<b>Borrowing</b>	18,012	(11,695)	6,317	2,711
<b>Capital Receipts</b>	0	0	0	(36)
<b>Reserves</b>	563	(148)	415	456
<b>Capital Grants &amp; Contributions</b>	8,511	913	9,424	5,350
<b>Capital Expenditure Financed from Revenue (GF)</b>	0	0	0	79
<b>Total Funding</b>	<b>50,917</b>	<b>(23,698)</b>	<b>27,218</b>	<b>14,229</b>

- 5.3 The actual capital outturn achieved for 2021/22 is £14.2m, which includes £5.7m attributed to the HRA. This indicates an 52% delivery compared to the revised budget and a 28% delivery when compared to the originally agreed programme. A significant variance to the outturn within the General Fund can be attributed to a range of factors both internal such as capacity and external such as pandemic, supply issues, planning, and other environmental factors with the changes documented in the regular cabinet monitoring reports presented during the year.
- 5.4 Capital reporting included a robust and rigorous review that was undertaken later in 2021 to re-profile the capital spending across financial years on all schemes in the Capital Programme based on a realistic assessment of expected project delivery / implementation timescales considering known risks.
- 5.5 The changes to the Capital Programme during the year were also due to the Levelling Up Fund activities, which is central to the Government's ambition to level up the country – investing in high value local infrastructure and building stronger and more resilient local economies and communities. It is especially intended to support investment in places where it can make the biggest difference to everyday life, including ex-industrial areas, deprived towns, and coastal communities. The Council applied for funding in Round One of the Levelling Up Fund and notification was received in October 2021 that a bid for investment in Newhaven fisheries has been successful and the full £12.68m was secured.
- 5.6 In addition, Newhaven was offered a Town Deal worth £19.3 million on 15 July 2021. The bid focused on five core themes: A thriving and vital southern gateway for the UK, Celebrating the energy of industry, valuing creative freedom, Re-imagining the town centre as a focus for community life, Making the most of the town's maritime heritage.
- 5.7 During the financial year the Council made significant enhancements to its capital governance, reporting and scheme delivery approach. Capital governance was enhanced through establishing a new Capital Programme Oversight Board (CPOB) with the objective to provide strategic direction, oversight and corporate assurance for the Council Capital expenditure including, the Council General Fund Capital Plan, the Council's Housing Capital (HRA), Commercial Activities/non-commercial investments, capital financing/funding, etc.
- 5.8 At the end of the financial year the net underspend is requested to be reprofiled by scheme into future years. The allocation of the net underspend, and its reprofiling to future financial years, will be subject to a review by the Capital Programme Oversight Board to ensure that it is reprofiled realistically based on the scheme's delivery timeframe. The HRA net underspend will be reviewed against the 30-year Business Plan approved by Council in March 2022 to ensure consistency as a full reset of the HRA's capital investment plans was incorporated into the Business Plan. The outcome of this work will be incorporated into the future monitoring report to Cabinet.

## **6 Treasury Management**

6.1 In accordance with legislation and codes of practice the council is required to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2021/22. The Treasury Management Annual Report 2021/22 is being considered as a separate report on this agenda.

## **7 Financial appraisal**

7.1 As set out in the body of the report.

## **8 Legal implications**

8.1 There are no legal implications arising directly from this report.

## **9 Risk management implications**

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

## **10 Equality analysis**

10.1 There are no equality implication arising directly from this report.

## **11 Environmental sustainability implications**

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

## **12 Appendices**

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

## Housing Revenue Account 2021/22

	Original Budget £000's	Revised Budget £000's	Q4 Actual £000's	Variance £000's
<b>INCOME</b>				
Dwelling Rents	(15,177)	(15,104)	(15,108)	(4)
Non-Dwelling Rents	(461)	(461)	(336)	125
Charges for Services and Facilities	(1,216)	(1,216)	(1,524)	(308)
Contributions towards Expenditure	(185)	(185)	(158)	27
<b>GROSS INCOME</b>	<b>(17,039)</b>	<b>(16,966)</b>	<b>(17,126)</b>	<b>(160)</b>
<b>EXPENDITURE</b>				
Repairs and Maintenance	4,610	4,637	5,145	508
Supervision and Management	2,489	3,295	3,446	151
Special Services	1,389	1,399	1,178	(221)
Rents, Rates, Taxes and Other Charges	214	259	138	(121)
Increase in Impairment of Debtors	141	143	3	(140)
Depreciation of Fixed Assets	5,182	5,182	4,258	(924)
Amortisation of Intangible Assets	3	3	0	(3)
Debt Management Costs	52	52	5	(47)
<b>GROSS EXPENDITURE</b>	<b>14,080</b>	<b>14,970</b>	<b>14,173</b>	<b>(797)</b>
<b>NET COST OF HRA SERVICES</b>	<b>(2,959)</b>	<b>(1,996)</b>	<b>(2,953)</b>	<b>(957)</b>
HRA share of Corporate and Democratic Core	596	282	227	(55)
<b>NET OPERATING COST OF HRA</b>	<b>(2,363)</b>	<b>(1,714)</b>	<b>(2,726)</b>	<b>(1,012)</b>
<b>Capital Financing and Interest Charges</b>				
Interest Payable	2,070	2,043	1,880	(163)
Interest Receivable	(4)	(17)	(8)	9
Revenue Contributions to Capital Expenditure	992	0	16	16
<b>Total Capital Financing and Interest Charges</b>	<b>3,058</b>	<b>2,026</b>	<b>1,888</b>	<b>(138)</b>
Transfer to (from) Reserves	0	0	(7)	(7)
<b>HRA (SURPLUS) / DEFICIT</b>	<b>695</b>	<b>312</b>	<b>(845)</b>	<b>(1,157)</b>

	Original Budget	Revised Budget	Q4 Actual
<b>HOUSING REVENUE ACCOUNT WORKING BALANCE</b>			
Working Balance at 1 April	(2,973)	(3,322)	(3,561)
(Surplus) or Deficit for the year	695	312	(845)
Working Balance at 31 March	(2,278)	(3,010)	(4,406)

<b>Allocation of Working Balance:</b>			
- General Working Balance	(1,733)	(2,465)	(3,861)
- Special Projects	(270)	(270)	(270)
- Self Insurance	(275)	(275)	(275)
<b>Working Balance at 31 March</b>	<b>(2,278)</b>	<b>(3,010)</b>	<b>(4,406)</b>

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## Appendix B

2021/22 Capital Programme Summary	Original Programme	Variations	Revised Programme	Actual Expenditure	Programme Underspend
	£	£	£	£	£
<b>HRA Housing</b>					
New Dwelling Construction (Note 1)	18,812,000	12,869,000	5,943,000	2,104,959	(3,838,040)
Improvements to Stock	4,554,000	-	4,554,000	3,303,999	(1,250,001)
Disabled Adaptations	415,000	-	415,000	243,372	(171,628)
Sustainability Initiatives Pilot	-	(100,000)	100,000	-	(100,000)
Recreation and Play Areas (Note 2)	50,000	-	50,000	1,485	(48,515)
<b>Total HRA Capital Programme</b>	<b>23,831,000</b>	<b>12,769,000</b>	<b>11,062,000</b>	<b>5,653,815</b>	<b>(5,408,185)</b>
<b>General Fund Housing</b>					
Mandatory Disabled Facilities Grants	1,001,000	351,000	650,000	596,080	(53,920)
Private Sector Housing Support	135,000	-	135,000	16,682	(118,318)
<b>Housing Investment Companies</b>					
Aspiration Homes Loan Facility (Note 3)	2,550,000	-	2,550,000	2,130,945	(419,055)
Lewes Housing Investment Company Loan Facility (Note 4)	-	-	-	1,000	1,000
<b>Total General Fund Housing Capital programme</b>	<b>3,686,000</b>	<b>351,000</b>	<b>3,335,000</b>	<b>2,744,707</b>	<b>(590,294)</b>
<b>General Fund Non-Housing Capital Programme</b>					
<b>Transformation Programmes</b>					
Reset and Recovery (Note 5)	555,000	(118,461)	673,461	51,725	(621,736)
<b>Regeneration</b>					
Asset Development Newhaven	1,000,000	350,000	650,000	(2,932)	(652,932)
Avis Way Depot Construction, Newhaven	2,327,000	2,109,200	217,800	185,120	(32,680)
Caburn House, Lewes Refurbishment	270,000	170,000	100,000	9,624	(90,376)
Commercial Property Acquisition & Development	1,500,000	1,500,000	-	-	-
North Street Quarter, Lewes	3,800,000	3,800,000	-	71,614	71,614
Newhaven Square Co-Op - Demolition	500,000	500,000	-	-	-
Town Centre & Public Realm Improvements	250,000	250,000	-	-	-
Newhaven High Street (Newhaven Re-imagining)	4,000,000	299,690	3,700,310	536,604	(3,163,706)
The Sidings, Railway Quay, Newhaven	520,000	(328,554)	848,550	694,133	(154,417)
UTC Building, Newhaven	1,800,000	1,015,910	784,090	59,740	(724,350)
Newhaven Town Deal	-	(836,990)	836,990	529,039	(307,951)
Newhaven Levelling Up Fund	-	(818,000)	818,000	7,620	(810,380)
<b>Service Delivery</b>					
Recycling Equipment	-	(141,186)	141,186	141,186	(0)
MOT Test Equipment (Roller Brake Tester and Headlamp Aligner)	-	(43,960)	43,960	37,195	(6,765)
Vehicle & Plant Replacement Programme	227,000	144,105	82,895	-	(82,895)
<b>Specialist</b>					
Coast Protection Block Allocation (Note 6)	300,000	(94,280)	394,280	-	(394,280)
Coast Protection (South East Coastal Monitoring)	-	-	-	43,636	43,636
Flood Protection Measures	136,000	-	136,000	78,775	(57,225)
<b>Parks and Pavilions (Note 7)</b>	150,000	150,000	-	-	-
Cockshut Stream Diversion	-	(8,000)	8,000	7,990	(10)
Fort Road Recreation Ground, Newhaven	-	(2,500)	2,500	2,423	(77)
Southover Grange Capital Repairs, Lewes	-	(44,000)	44,000	-	(44,000)
<b>Indoor Leisure Facilities (Note 8)</b>	300,000	(81,000)	381,000	-	(381,000)
Denton Island Bowls Club, Newhaven	45,000	-	45,000	45,000	-
Downs Leisure Centre, Seaford	185,000	116,200	68,800	38,478	(30,322)
Lewes Leisure Centre	135,000	135,000	-	-	-
Peacehaven Leisure Centre	30,000	30,000	-	-	-
Seahaven Swim and Fitness, Newhaven	400,000	350,000	50,000	-	(50,000)
<b>Asset Management (Note 9)</b>					
Asset Management Block Allocation	400,000	400,000	-	-	-
Car Parks	-	(50,000)	50,000	42,568	(7,432)
Flint Walls Repairs	30,000	-	30,000	28,061	(1,939)
Lewes Creative Hub	-	(127,960)	127,960	127,963	3
Newhaven Enterprise Centre	-	(9,500)	9,500	-	(9,500)
Newhaven Fort Bridge	-	(176,550)	176,550	180,781	4,231
Newhaven Fort Refurbishment	50,000	(162,410)	212,410	2,420	(209,990)
Peacehaven Cliff Tops	-	(44,990)	44,990	2,590	(42,401)
Public Conveniences Refurbishment	100,000	-	100,000	850	(99,150)
Robinson Road Depot, Newhaven	-	(50,000)	50,000	-	(50,000)
Seaford Cemetery Memorial Wall	-	(11,770)	11,770	-	(11,770)
Stanley Turner Recreation Ground, Lewes	-	(5,980)	5,980	-	(5,980)
The Maltings, Lewes	-	(19,000)	19,000	-	(19,000)
<b>Local Energy Schemes</b>	3,000,000	3,000,000	-	-	-
OVESCO- Ouse Valley Solar Farm	-	(155,000)	155,000	93,000	(62,000)
<b>Community Infrastructure Levy (Note 10)</b>	889,600	(374,152)	1,263,752	2,770,087	1,506,335
<b>Open Spaces/Biodiversity</b>	300,000	300,000	-	-	-
Green Burial Site	-	(20,000)	20,000	-	(20,000)
Stanley Turner Stream Realignment	-	(40,000)	40,000	-	(40,000)
<b>Information Technology (Note 11)</b>	150,000	(148,426)	298,426	44,811	(253,615)
<b>Finance Transformation (Note 12)</b>	50,000	(129,310)	179,310	-	(179,310)
<b>Total General Fund Non-Housing Capital Programme</b>	<b>23,399,600</b>	<b>10,578,126</b>	<b>12,821,470</b>	<b>5,830,100</b>	<b>(6,991,370)</b>
<b>TOTAL CAPITAL PROGRAMME REQUIREMENT</b>	<b>50,916,600</b>	<b>23,698,126</b>	<b>27,218,470</b>	<b>14,228,621</b>	<b>(12,989,848)</b>
<b>FUNDING AVAILABILITY</b>					

Borrowing	14,810,000	(14,810,000)	-	4,359,870	4,359,870
Capital Receipts	1,601,000	427,000	2,028,000	(1,983,989)	(4,011,989)
Major Repairs Reserve	6,428,000	1,656,000	8,084,000	3,277,934	(4,806,066)
Capital Grants & Contributions		950,000	950,000	0	(950,000)
Revenue Contributions	992,000	(992,000)	-	-	-
<b>Total HRA Funding</b>	<b>23,831,000</b>	<b>(12,769,000)</b>	<b>11,062,000.0</b>	<b>5,653,815</b>	<b>(5,408,185)</b>
<b>CAPITAL PROGRAMME FUNDING</b>					
Borrowing	18,012,000	(11,694,770)	6,317,230	2,710,535	(3,606,695)
Capital Receipts		-	-	(35,975)	(35,975)
Reserves	563,000	(147,690)	415,310	455,857	40,547
Capital Grants & Contributions	8,510,600	913,330	9,423,930	5,350,097	(4,073,833)
Capital Expenditure Financed from Revenue (General Fund)	-	-	-	78,775	78,775
Capital Expenditure Financed from Revenue (Housing Revenue Account)	-	-	-	15,517	15,517
<b>Total General Fund Funding</b>	<b>27,085,600</b>	<b>(10,929,130.0)</b>	<b>16,156,470.0</b>	<b>8,574,806</b>	<b>(7,581,664)</b>
<b>Total Funding</b>	<b>50,916,600</b>	<b>(23,698,130.0)</b>	<b>27,218,470</b>	<b>14,228,621</b>	<b>(12,989,849)</b>

**Notes on continuing capital project budgets which have been carried forward to 2021/22:**

Construction and acquisition of dwellings to deliver new social housing  
Recreation ground and play area projects within the Housing Revenue Account  
Aspiration Homes LLP drawdowns to facilitate delivery of new social housing  
Housing Investment Company Ltd drawdowns to facilitate delivery new social housing  
Reset and Recovery transform the delivery of services following COVID-19  
A continuing programme of Coast Protection studies and major works  
Provision, Refurbishment and improvement to Parks and Pavilions  
Refurbishments and improvements to Indoor Leisure Facilities  
Major works and refurbishments to Council buildings  
Town, Parish and County Council Community Infrastructure Levy allocations  
Replacement IT hardware  
Financial Services transformation

<b>Report To:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>7 July 2022</b>
<b>Report Title:</b>	<b>Treasury Management Annual Report 2021/22</b>
<b>Report of:</b>	<b>Homira Javadi, Chief Finance Officer</b>
<b>Cabinet member:</b>	<b>Councillor Zoe Nicholson, Leader of the Council and Cabinet Member for Finance</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To present the Annual Treasury Management Report for 2021/22</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 2021/22.</b> <b>(2) Approve the 2021/22 Prudential and Treasury Indicators included in the report.</b>
<b>Reasons for recommendations:</b>	<b>Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this must be reported to Full Council.</b>
<b>Contact Officer(s)-</b>	<b>Name: Ola Owolabi</b> <b>Post title: Deputy Chief Finance Officer</b> <b>E-mail: ola.owolabi@lewes-eastbourne.gov.uk</b> <b>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 2021/22. 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 2021/22, the Full Council received the annual Treasury Management Strategy Statement (TMSS), whilst Cabinet were presented with the 2021/22 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.

## **2 Treasury Management 2021/22**

- 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 In addition, Treasury Management updates are included within the quarterly performance management reports, considered by both the Cabinet and the Policy and Performance Advisory. The regulatory environment places a much greater responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, 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 was considered by the Audit and Standards Committee at its meeting on 4 July 2022.
- 2.4 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports by the Audit & Standard Committee before they were reported to the full Council. Member training on treasury management issues was undertaken on 21 October 2021, which is to support Members' scrutiny role and further training is expected to take place in 2022-23.

This report summarises:

- Capital activity during the year;
  - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement (CFR));
  - Reporting of the required prudential and treasury indicators and changes to be approved;
  - Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
  - Summary of interest rate movements in the year;
  - Debt activity and investment activity.
  - Economic and Interest Rates
- 2.5 An economic commentary for the year provided by the Council's treasury management advisors is provided at Appendix D to this report. Bank Rate was 0.1% at the beginning of the year and despite the economy gathering momentum after pandemic restrictions eased, market expectation was for rises to be delayed until

2022. Rising, persistent inflation changed that with Bank Rate rising to 0.75% at the end of the year.

- 2.6 During 2021 CIPFA published 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.
- 2.7 In addition, HM Treasury issued, in May 2022, updated guidance on PWLB lending to authorities where there is more than a negligible risk of non-repayment. In the same month the Levelling Up and Regeneration Bill announced in the Queens Speech gives government more oversight of the Prudential Framework.
- 2.8 The main points of these new Codes, PWLB guidance and Levelling Up and Regeneration Bill are summarised at Appendix C.
- 2.9 On the debt portfolio, no new loans were taken, and external debt is around £51.673m. The MTFS 2021-22 capital programme includes a funding requirement of £95.2m 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.
- 2.10 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.

### 3 Treasury Management Activity

- 3.1 The timetable for reporting Treasury Management activity in 2021 and 2022 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
27 September 2021	1 April to 31 July 2021
15 November 2021	1 August to 31 October 2021
14 March 2022	1 November to 31 December 2021
4 July 2022	2021/22 Annual Report (up to 31 March 2022)

#### 4. Overall Summary of Activity 2021/22

4.1 The table below lists the key elements of the 2021/22 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	£95.249 million	£96.005 million	-
External Debt	£62.793 million	£51.673 million	-
Under borrowing at year end	£32.456 million	£44.331 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	£1.71 million	£1.71 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	£0.100 million	£0.021 million	✓
<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 2021	✓

#### 5. Detailed Analysis – Borrowing

5.1 During 2021/22, 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.

- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 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.
- 5.6 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.
- 5.7 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 2021/22, the revised position reported at the time of producing the Treasury Strategy 2022/23 (February 2022) 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.

	2021/22 Original	2021/22 Revised	2021/22 Outturn
	£m	£m	£m
<b>Opening CFR</b>	88.387	89.268	<b>89.268</b>
<b>Capital expenditure in year</b>	50.917	27.219	<b>14.229</b>
<b>Less financed</b>	(19.188)	(20.902)	<b>(7.158)</b>
<b>Less amount set aside for debt repayment</b>	(0.376)	(0.336)	<b>(0.334)</b>
<b>Closing CFR</b>	<b>119.740</b>	<b>95.249</b>	<b>96.005</b>

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

Description	2021/22	2021/22
	Revised	Outturn
	£m	£m
General Fund	23.699	<b>20.096</b>
Housing Revenue Account	71.550	<b>75.909</b>
<b>Total</b>	<b>95.249</b>	<b>96.005</b>

5.9 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).

5.10 The Council's long-term loan portfolio at 31 March 2022 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	Fixed	4.000	3.01	01-03-2027
	<b>Sub-total</b>	<b>46.673</b>		
Barclays	Fixed	5.000	4.50	06-04-2054
	<b>Sub-total</b>	<b>5.000</b>		
	<b>Total</b>	<b>51.673</b>		

5.11 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.

5.12 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%.

5.13 Total interest paid on external long-term borrowing in the year was £1.71m, which was consistent with the revised budget for the year. No new long-term borrowing was undertaken. The Council remained eligible to access the

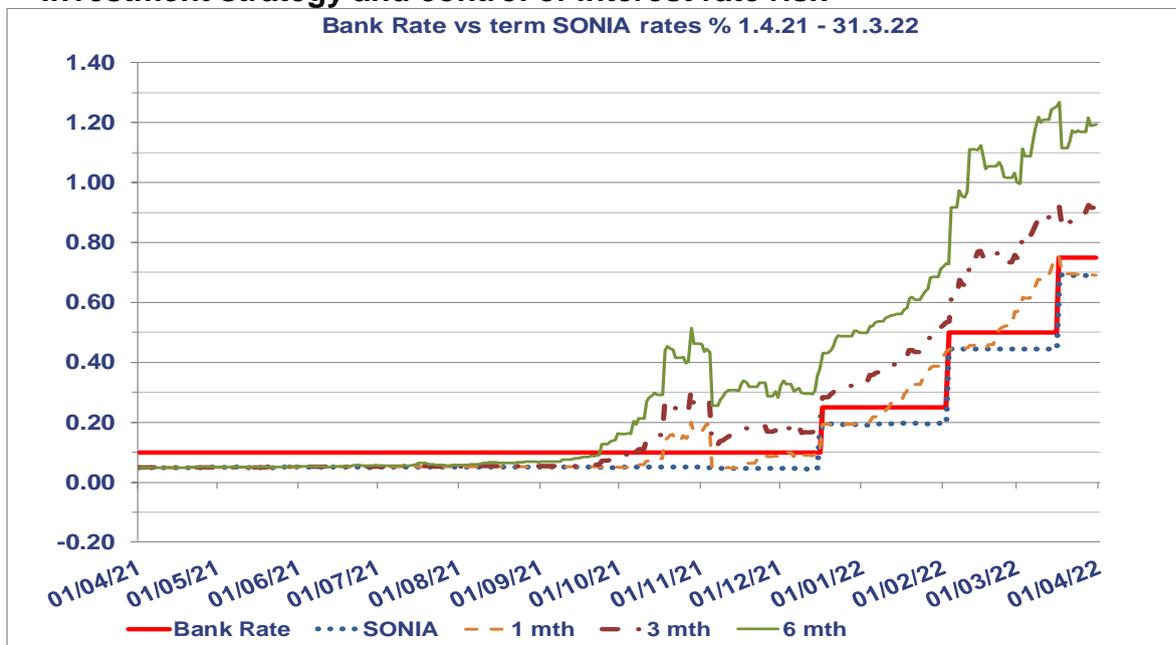
Government's 'Certainty Rate' allowing the Council to borrow, had it been appropriate to do so, at a reduction of 0.2% on the Standard Rate.

- 5.14 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.
- 5.15 As determined by the Council, two separate Loans Pools operated in 2021/22, for the General Fund and HRA, respectively. At 31 March 2022 the balance on internal loans from the General Fund to the Housing Revenue Account (HRA) was £19.236m, an increase of £4.360m compared with the previous year, which comprised new lending as funding for the construction of new homes. Interest was charged on internal borrowing at 0.99% (equivalent to a one-year maturity loan from the PWLB at the start of the financial year).
- 5.16 No temporary borrowing was undertaken during the course of the financial year and consequently, there were no temporary loans outstanding at 31 March 2021.

**6.0 Detailed Analysis - Investments**

- 6.1 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.

**Investment strategy and control of interest rate risk**



	Bank Rate	SONIA	1 mth	3 mth	6 mth
High	0.75	0.69	0.75	0.93	1.27
High Date	17/03/2022	18/03/2022	16/03/2022	28/03/2022	17/03/2022
Low	0.10	0.05	0.05	0.05	0.05
Low Date	01/04/2021	15/12/2021	10/11/2021	14/04/2021	09/04/2021
Average	0.19	0.14	0.17	0.24	0.34
Spread	0.65	0.65	0.71	0.88	1.22

- 6.2 Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.
- 6.3 The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. 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 remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).
- 6.4 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.
- 6.5 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.
- 6.6 The Council held an average of £31.99m as cash during the year. This comprised working cash balances, capital receipts, earmarked reserves and developer contributions held pending their use.
- 6.7 The Council's general policy objective is to invest its surplus funds prudently. Throughout 2021/22, 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.

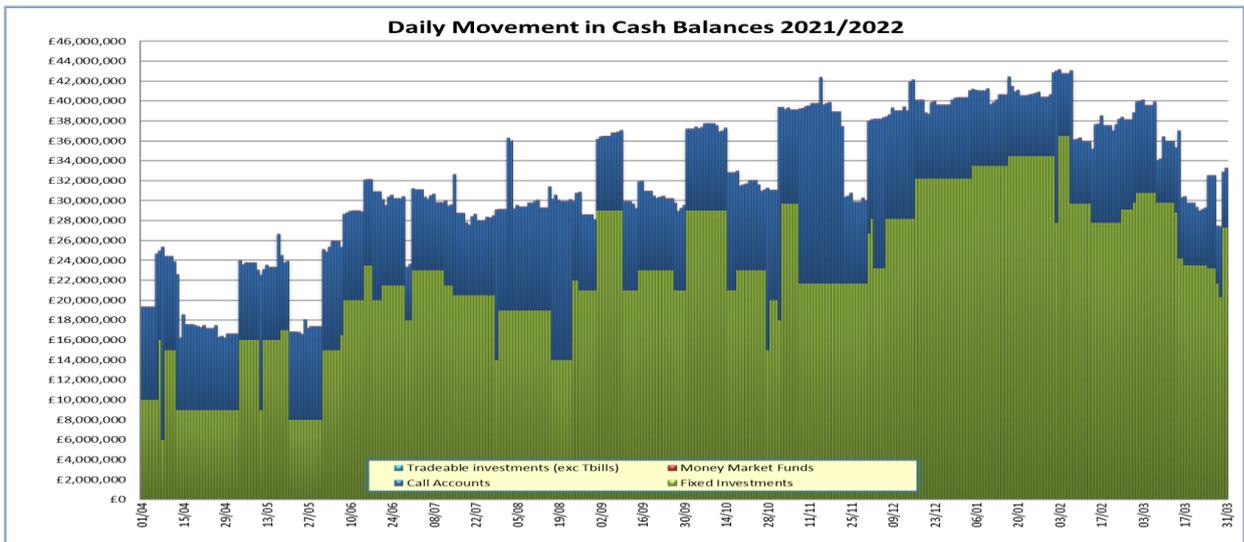
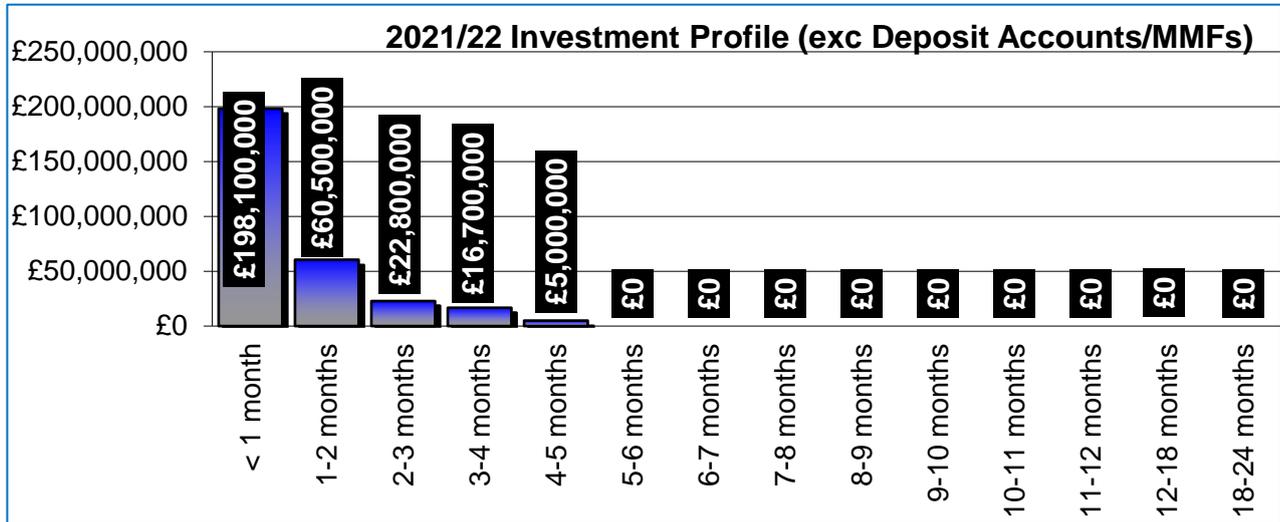
6.8 All of the Council's investments were managed in-house. Security of capital was maintained by following the counterparty policy set out in the Investment Strategy for 2021/22. Investments made during the year included:

- Fixed Term Deposits with the Debt Management Office (DMO) (a total of £258.1 million – 44 occasions);
- Fixed Term Deposits with other Local Authorities (a total of £20 million – 4 occasions);
- Fixed Term Deposits with UK Banks and Building Societies (a total of £10 million – 2 occasions);
- Fixed Term Deposit with overseas Banks and Building Societies (a total of £15 million – 3 occasions)
- Investments in Money Market Funds (MMFs) (average daily balance held in year £0.001 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 £7.29 million);
- Deposit accounts with UK Building Societies (none);
- Overnight deposits with the Council's banker, Lloyds Bank (average daily balance held in year £1.9 million).

6.9 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 £0.001 million.

6.10 A full list of investments (excluding deposit account or MMF transactions) made or maturing in the year is given at Appendix B. 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 £16.21m to a high of £43.16m. The movement largely reflects the cycle of grant, council tax and

business rate receipts and precept payments made.



6.11 The income return generated from investments in the year was £0.021 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.

6.12 The average rate of return from investments at the end of each quarter in 2021/22 is shown in the table below, along with comparative benchmark information, SONIA rate.

Average rate of investments in:	Lewes District Council	SONIA
Quarter 1 ending 30 June 2021	0.01%	0.047%
Quarter 2 ending 30 September 2021	0.00%	0.048%

Quarter 3 ending 31 December 2021	0.02%	0.08%
Quarter 4 ending 31 March 2022	0.27%	0.19%
Whole year 2021/22	0.14%	0.14%

## 7. Compliance with Prudential Indicators

- 7.1 The Council can confirm that it has complied with its Prudential Indicators for 2021/22. A detailed review of each of the Prudential Indicators is at Appendix A.

## 8. Investment Consultants

- 8.1 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.

## 9. Reporting and Training

- 9.1 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 2021/22. A mid-term summary report was issued in November 2021.
- 9.2 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 2021/22. In 2021/22, 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.

## 10 Other

- 10.1 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.
- 10.2 **IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard was due to come into force for local authorities from 1st April 2022. Following a consultation CIPFA/LASAAC announced an optional two-year delay to the implementation of this standard a decision which was confirmed by the Financial Reporting Advisory Board in early April 2022. Authorities can now choose to adopt the new standard on 1st April 2022, 1st April 2023 or 1st April 2024. The Chief Finance Officer intends for the Council to adopt the new standard on 1st April 2024, if resources permit adoption from April 2023 will be considered

## 11. Non-treasury investments

11.1 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.

11.2 **Lewes Housing Investment Company Limited**

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 2022, a total of £2,065 working capital has been drawn down. The balance has been rolled forward into 2022/23. There have been no transactions during the period 1 April 2022 to 30 June 2022.

11.3 **Aspiration Homes LLP**

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 2022, a total of £3,043,855 has been drawn down for the purchase of Gray's School, Newhaven, and Caburn Field, Ringmer. The balance has been rolled forward into 2022/23.

A working Capital facility loan of £100,000 has been agreed, at an interest rate of 2% above Base Rate. As at 31 March 2022, £20,000 of the working Capital facility loan had been drawn down. There have been no transactions during the period 1 April 2022 to 30 June 2022.

12. **2021/22 Environmental, Social and Governance (ESG) – updates.**

12.1 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).

12.2 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 DLUHC Investment Guidance to prioritise security, liquidity before yield in that order of importance.

12.3 The Council now uses the **Standard Chartered Bank Sustainable Time Deposit**, which function just like a normal Time Deposit. The difference is in the sustainable impact where the deposits are referenced against qualifying sustainable loans and projects of Standard Chartered that meet their Green and Sustainable Product Framework. These loan and project assets include green financing, sustainable infrastructure projects, microfinance and access to finance for SME business banking. It addresses the long-term environmental challenges such as climate

change, health and financial inclusion plus being dedicated towards financing sustainable loans and projects aligned to the United Nation's Sustainable Development Goals.

## 12.4 Sustainable Development Goals



## 13 Corporate plan and council policies

13.1 The priority themes were considered as part of the overall Capital Programme which forms part of the Treasury Management Strategy.

## 14 Financial appraisals

14.1 Financial appraisals were considered as part of the overall Capital Programme, which forms part of the Treasury Management Strategy.

## 15 Legal implications

15.1 Comment from the Legal Services Team is not necessary for this routine monitoring report.

## 16 Risk management implications

16.1 Risks relating to the timing of borrowing and terms of borrowing are considered and advice is provided by Link. Risk management is considered for each of the schemes within the Capital Programme.

## 17 Equality analysis

17.1 Equality issues are considered

## **18 Appendices**

- Appendix A – Prudential Indicators 2021/22
- Appendix B – List of Investments made and/or maturing in 2021/22
- Appendix C - Revised CIPFA Codes, Updated PWLB Lending Facility Guidance
- Appendix D - The Economy and Interest Rates
- Appendix E – Glossary - Local Authority Treasury Management Terms

## **19 Background papers**

The Background Papers used in compiling this report were as follows:

CIPFA Treasury Management in the Public Services code of Practice (the Code)

Cross-sectorial Guidance Notes

CIPFA Prudential Code

Treasury Management Strategy and Treasury Management Practices.

Link Asset Services Citywatch and interest rate forecasts

## Appendix A – Prudential Indicators 2021/22

### 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 2021/22, 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 2022/23.

### 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	2021/22 Original £m	2021/22 Revised £m	2021/22 Actual £m
1a	General Fund	27.086	11.062	8.576
1b	HRA	23.381	16.157	5.653
	<b>Total</b>	<b>50.917</b>	<b>27.219</b>	<b>14.229</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	2021/22 Original %	2021/22 Revised %	2021/22 Actual %
2a	General Fund	5.90	1.97	0.12
2b	HRA	10.80	11.09	12.39

## 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	2021/22 Original £m	2021/22 Revised £m	2021/22 Actual £m
3a	Non-HRA	52.393	23.699	20.096
3b	HRA	67.347	71.550	75.909
	<b>Total CFR</b>	<b>119.740</b>	<b>95.249</b>	<b>96.005</b>

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

Capital Financing Requirement	2021/22 Original £m	2021/22 Revised £m	2021/22 Actual £m
<b>Balance B/F</b>	88.387	89.268	89.268
Capital expenditure financed from borrowing	31.729	6.137	7.071
Revenue provision for Debt Redemption.	(0.376)	(0.336)	(0.334)
<b>Balance C/F</b>	<b>119.740</b>	<b>95.429</b>	<b>96.005</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 7 below).

No.	Actual External Debt as at 31/03/22	Revised £m	Actual £m
4a	Borrowing	62.793	51.673
4b	Other Long-term Liabilities	0.000	0.000
<b>4c</b>	<b>Total</b>	<b>62.793</b>	<b>51.673</b>

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

7.1 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.

7.2 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.

7.3 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.

7.4 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 2021/22 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	2021/22 Original £m	2021/22 Actual £m
5a	Borrowing	143.204	126.774
5b	Other Long-term Liabilities	0.600	0.330
<b>5c</b>	<b>Total</b>	<b>143.804</b>	<b>127.104</b>

7.5 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.

7.6 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 2021/22 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	2021/22 Original £m	2021/22 Actual £m
6a	Borrowing	130.190	115.249
6b	Other Long-term Liabilities	0.500	0.300
<b>6c</b>	<b>Total</b>	<b>130.690</b>	<b>115.549</b>

## 8. 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
7	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. Further revisions to the code were made in 2017 and 2021, which have been adopted by the Council.

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

9.1 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.

9.2 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.		2021/22 Original %	2021/22 Revised %	2021/22 Actual %
8	Upper Limit for Fixed Interest Rate Exposure	100	100	100
9	Upper Limit for Variable Interest Rate Exposure	20	20	20

9.3 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.

9.4 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.

## 10. Maturity Structure of Fixed Rate borrowing

10.1 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.

10.2 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 %
10a	under 12 months	0	25	0
10b	12 months and within 2 years	0	40	16
10c	2 years and within 5 years	0	50	19
10d	5 years and within 10 years	0	75	23
10e	10 years and above	0	100	42

## 11. 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 2021/22.

No.	Upper Limit for total principal sums invested over 364 days	2021/22 Original £m	2021/22 Revised £m	2021/22 Actual £m
11	Upper limit	2	2	2

## 12. 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 2021/22 for reporting to show the position if the 'debt cap' had remained in place.

No	Capital Financing Requirement	2021/22 Original £m	2021/22 Revised £m	2021/22 Actual £m
12a	HRA CFR	67.347	71.550	75.509
12b	HRA Debt Cap	75.248	75.248	75.248
	<b>Difference</b>	<b>(7.901)</b>	<b>(3.698)</b>	<b>0.661</b>

## Appendix B

### List of Investments made and/or maturing in 2021/22

Counterparty	Principal £	From / To		Interest/Return £
Surrey County Council	5,000,000	08/03/2021	08/04/2021	212.33
DMO	5,000,000	01/04/2021	08/04/2021	9.59
DMO	6,000,000	07/04/2021	13/04/2021	9.86
DMO	9,000,000	09/04/2021	30/04/2021	51.78
DMO	9,000,000	30/04/2021	21/05/2021	51.78
DMO	7,000,000	04/05/2021	11/05/2021	13.42
DMO	7,000,000	12/05/2021	18/05/2021	11.51
DMO	8,000,000	18/05/2021	01/06/2021	30.68
DMO	15,000,000	01/06/2021	07/06/2021	49.32
Warrington BC	5,000,000	07/06/2021	17/08/2021	194.52
DMO	11,500,000	07/06/2021	28/06/2021	132.33
DMO	3,500,000	08/06/2021	29/06/2021	40.27
DMO	3,500,000	15/06/2021	18/06/2021	5.75
DMO	1,500,000	21/06/2021	12/07/2021	17.26
Royal Borough of Windsor and Maidenhead	5,000,000	30/07/2021	29/10/2021	373.97
DMO	11,500,000	28/06/2021	29/07/2021	97.67
DMO	5,000,000	01/07/2021	08/07/2021	9.59
DMO	5,000,000	08/07/2021	15/07/2021	9.59
DMO	4,000,000	15/07/2021	29/07/2021	15.34
DMO	9,000,000	29/07/2021	26/08/2021	69.04
DMO	8,000,000	24/08/2021	10/09/2021	37.26
DMO	8,000,000	26/08/2021	09/09/2021	30.68
DMO	8,000,000	01/09/2021	15/10/2021	96.44
DMO	8,000,000	09/09/2021	28/09/2021	41.64
DMO	2,000,000	15/09/2021	27/09/2021	6.58
DMO	8,000,000	28/09/2021	28/10/2021	65.75
DMO	8,000,000	01/10/2021	25/10/2021	52.6
Royal Borough of Windsor and Maidenhead	5,000,000	29/10/2021	28/02/2022	501.37
DMO	2,000,000	18/10/2021	01/11/2021	7.67
DMO		25/10/2021	08/11/2021	30.68

Counterparty	Principal £	From / To		Interest/Return £
	8,000,000			
DMO	5,000,000	29/10/2021	03/12/2021	95.89
DMO	11,700,000	02/11/2021	02/02/2022	1,474.52
Standard Chartered (Link)	5,000,000	01/12/2021	01/03/2022	1,356.16
DMO	1,500,000	02/12/2021	02/03/2022	73.97
Bayerische Landesbank (Link)	5,000,000	07/12/2021	07/03/2022	986.3
DMO	4,000,000	17/12/2021	17/01/2022	169.86
DMO	1,300,000	05/01/2022	05/04/2022	320.55
DMO	5,000,000	17/01/2022	17/03/2022	889.04
DMO	5,000,000	02/02/2022	04/04/2022	2,089.04
DMO	8,700,000	03/02/2022	07/02/2022	181.15
DMO	1,900,000	07/02/2022	14/02/2022	109.32
DMO	1,300,000	24/02/2022	28/02/2022	42.74
DMO	7,000,000	28/02/2022	14/03/2022	805.48
Standard Chartered Sustainable (Link)	5,000,000	01/03/2022	29/04/2022	5,172.6
DMO	1,000,000	01/03/2022	08/03/2022	57.53
DMO	1,500,000	02/03/2022	28/03/2022	400.68
Bayerische Landesbank (Link)	5,000,000	07/03/2022	14/03/2022	354.79
DMO	6,000,000	14/03/2022	15/03/2022	49.32
Bayerische Landesbank (Link)	5,000,000	14/03/2022	14/04/2022	2,547.95
DMO	1,400,000	15/03/2022	29/03/2022	279.23
DMO	4,300,000	17/03/2022	25/03/2022	518.36
DMO	4,000,000	25/03/2022	25/04/2022	1868.49
DMO	7,000,000	30/03/2022	01/04/2022	210.96

## Appendix C

### Revised CIPFA Codes, Updated PWLB Lending Facility Guidance

In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements and Lewes District Council will implement the new Code fully commencing from the 2023/24 financial year. To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the CFR unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.

Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The TM Code now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.

The Council will follow the same process as the Prudential Code, i.e. delaying changes in reporting requirements to the 2023/24 strategy year.

### Public Works Loan Board (PWLB) – updated guidance for applicants

On 12th May 2022 HM Treasury issued an update to PWLB lending guidance, addressing lending to authorities where there is more than a negligible risk of non-repayment. The update states that where HM Treasury considers that a local authority may be at risk of being unable to repay PWLB lending, it will engage with that local authority to establish the extent of the risk of non-repayment. **Loans will not generally be advanced where there is a more than negligible risk of non-repayment.**

HM Treasury will generally consider that where a local authority is actively and constructively engaged with Government on addressing financial risk, that local authority is sufficiently managing risk of non-repayment. This includes where a local authority is working with the government as part of ongoing financial support measures. In such cases, HM Treasury will work with the relevant department to assess any risks to the PWLB.

The Department for Levelling Up, Housing and Communities (DLUHC) has announced plans to bring forward measures to provide the government with appropriate powers to directly address excessive risk arising from local government investing and borrowing practices. Where DLUHC believes it to be probable that a local authority would fall within the scope of the powers, it will be engaging with them immediately to get a better understanding of their risk positions in advance of the powers coming into force and to reach agreement on any actions needed to address government concerns.

### **Levelling Up and Regeneration Bill**

The Levelling Up and Regeneration Bill that was included in the Queen's Speech in May 2022 proposes to introduce new powers into the Local Government Act 2003 for capital finance risk management. The proposals would represent an increase in the Government's oversight of the Prudential Framework and its ability to intervene.

Under the proposals, the Secretary of State would be able to issue risk mitigating directions to an authority if a trigger event has occurred. A direction will be able to place borrowing limits on an authority or require it to take specified action, which could include disposing of an identified asset.

One such trigger event is if a risk threshold is breached. For the assessment of risk thresholds, there will be a range of capital risk metrics, whose basis of calculation will be specified, as will the thresholds against which breaches are to be measured. The metrics specified in the Bill are:

- the total debt (including credit arrangements) as compared to the financial resources of the authority
- the proportion of the total capital assets which are investments made, or held, wholly or mainly to generate financial return
- the proportion of the total debt (including credit arrangements) in relation to which the counterparty is not central government or a local authority
- the amount of minimum revenue provision charged to a revenue account for a financial year
- any other metric specified by regulations.

The Secretary of State will have the power to appoint an independent expert to review the level of an authority's financial risk. Authorities will be required to co-operate with the expert in any way that they consider necessary or expedient for the purposes of the conduct of the review, as far as this is practicable.

## Appendix D

### The Economy and Interest Rates by Link Treasury Services Limited

UK. Economy. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contracts prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

Average inflation targeting. This was the major change in 2020/21 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 2020 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 mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

## GLOSSARY

## Local Authority Treasury Management Terms

Terms	Descriptions
<b>Bond</b>	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
<b>Borrowing</b>	Usually refers to the stock of outstanding loans owed, and bonds issued.
<b>CFR</b>	Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed.  The CFR increases with capital expenditure and decreases with capital finance and MRP.
<b>Capital gain or loss</b>	An increase or decrease in the capital value of an investment, for example through movements in its market price.
<b>Collective investment scheme</b>	Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
<b>Cost of carry</b>	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
<b>Counterparty</b>	The other party to a loan, investment or other contract.
<b>Counterparty limit</b>	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
<b>Covered bond</b>	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds.
<b>CPI</b>	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
<b>Deposit</b>	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
<b>Diversified income fund</b>	A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income.
<b>Dividend</b>	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
<b>DMADF</b>	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.
<b>DLUHC</b>	Department for Levelling Up, Housing and Communities ( <i>formerly known as Ministry of Housing, Communities &amp; Local Government - MHCLG</i> ).
<b>DMO</b>	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.

<b>Terms</b>	<b>Descriptions</b>
<b>Equity</b>	An investment which usually confers ownership and voting rights
<b>Floating rate note (FRN)</b>	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA
<b>FTSE</b>	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
<b>GDP</b>	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
<b>Income Return</b>	Return on investment from dividends, interest and rent but excluding capital gains and losses.
<b>GILT</b>	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
<b>LIBID</b>	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
<b>LIBOR</b>	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms.  Due to be phased out by 2022.
<b>LOBO</b>	Lender's Option Borrower's option
<b>MMF</b>	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
<b>Pooled Fund</b>	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
<b>PWLB</b>	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
<b>Quantitative easing (QE)</b>	Process by which central banks directly increase the quantity of money in the economy to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.
<b>SONIA</b>	Sterling overnight interest average – a benchmark interest rate for overnight deposits.
<b>Short-dated</b>	Usually means less than one year
<b>Total return</b>	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.

# Agenda Item 12

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>7 July 2022</b>
<b>Title:</b>	<b>Reimagining Newhaven – Project Update</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor James MacCleary, Cabinet Member for Regeneration and Prosperity</b>
<b>Ward(s):</b>	<b>Newhaven South</b>
<b>Purpose of report:</b>	<b>To provide an update on the progress of the Reimagining Newhaven programme.</b>
<b>Decision type:</b>	<b>Non-Key Decision</b>
<b>Officer recommendation(s):</b>	<ol style="list-style-type: none"><li><b>(1) To note the progress of the Reimagining Newhaven programme.</b></li><li><b>(2) To approve the development of an updated business case, to incorporate a Newhaven health and wellbeing hub alongside the existing programme interventions.</b></li><li><b>(3) To delegate authority to the Director of Regeneration and Planning, in consultation with the Lead Members for Regeneration &amp; Prosperity and Finance &amp; Assets, also including the Chief Finance Officer, to develop and submit an updated business case to government as a formal change request to the programme, including the completion and execution of all necessary documentation.</b></li></ol>
<b>Reasons for recommendations:</b>	<b>To drive forward the Reimagining Newhaven programme in delivering interventions that continue to best serve the town and the wider community, in the context of the changing landscape and current operating environment.</b>
<b>Contact Officer(s):</b>	<b>Name: Nathan Haffenden Post title: Head of Development, Investment and Delivery E-mail: nathan.haffenden@lewes-eastbourne.gov.uk Telephone number: 01323 436422</b>  <b>Name: Peter Sharp Post title: Head of Regeneration E-mail: peter.sharp@lewes-eastbourne.gov.uk Telephone number: 07826 903742</b>

## 1 Introduction

- 1.1. This report provides an update on the Reimagining Newhaven Programme. In addition to a summary of progress related to the projects, the report also provides an overview of the current operating environment and set against the Future High Streets Fund (FHSF) approved business case.

## 2 Background

- 2.1. On 8<sup>th</sup> July 2021, Cabinet approved recommendations to progress the programme utilising a capital grant award from central government of £5,004,938 (including 5% contingency) to be delivered by 31<sup>st</sup> March 2024. Following a rigorous bidding process across 2019-2020, the approved business case incorporated the following:

- **Creative Hub** - providing co-working spaces, studios, meetings spaces, café, and retail area for creative industries on the ground floor of the disused supermarket (former Coop).
- **Urban Living Room** - transforming the upper levels of the under-utilised Dacre Road car park.
- **Community Healthy Living & Sustainability Hub** - creating a community supermarket and community kitchen on the lower ground floor of the former Coop.
- **Wayfinding & Access** – connecting the town centre with key residential and business areas to increase footfall and dwell time.
- **Town Centre Events Programme** – a coordinated programme of events and activities to attract footfall and increase dwell time in the high street.

- 2.2. The programme includes a package of interventions to transform under-utilised and vacant commercial properties in the heart of Newhaven. This will help to create a place-led, integrated and strengthened centre, that brings new and diversified uses to serve resident, business, and visitor communities, with an expanded range of services to generate and maintain a sustainable footfall.

- 2.3. In February 2022, Cabinet approved its annual General Fund Budget for 2022/23 and Capital Programme. This included programme co-funding from Lewes District Council (LDC) and the Newhaven Enterprise Zone, which would help to deliver the projects as set out in the FHSF business case at the time of submission. A copy of the full funding and spend profile was included as an Exempt Appendix within the report on 8<sup>th</sup> July 2021 for reference.

- 2.4. On 9<sup>th</sup> June 2022, Cabinet received a report with an update on the housing delivery programme, including a summary of the current economic circumstances and implications on the construction industry, specifically the unprecedented impacts of the Covid-19 pandemic, Brexit, and Russia's invasion of Ukraine, and the consequential effects on the construction industry not seen in 40-years including cost inflation, supply chains, and labour shortages. These same implications apply to this programme.

- 2.5. The national circumstances continue to have impacts on our local communities, with both residents and business owners facing significant financial pressures. During this time, a further Council-owned commercial building has become vacant within the vicinity – the former Peacocks unit. This presents another opportunity to utilise Council assets to help transform Newhaven town centre and is also considered as part of this report.
- 2.6. Operating within this ‘new normal’, the Council must consider how best to serve the community, supporting in the town’s ongoing economic recovery and building future resilience, including the approach to ensure value for money, business case viability, and financial sustainability in the delivery of the Reimagining Newhaven programme.

### 3 Projects Update

- 3.1. The Council’s Property and Development team commenced works on site in November 2021 and are approaching the programme delivery in core phases:

<b>Delivery Phase</b>	<b>Activities</b>
Phase 0	Extended feasibility and due diligence
Phase 1	Site set-up, make safe (urgent works), access, and strip out
Phase 2	Roof replacement and external façade works (former Coop) and repair/improvement works (Dacre Road car park)
Phase 3	Internal fit-out and tenant/operator install(s)

The former Peacocks unit (5-8 Newhaven Square) is being utilised temporarily as a dedicated site base (“Hub”) for the programme and will help to facilitate other Council-led projects around the town. Also, working collaboratively with the Festival of Photo Fringe, both the Hub and site have benefited visually from their artistic displays.

- 3.2. Shortly after receiving the funding, it became critical to commence make safe works to the former Coop building immediately given its very poor state of repair, specifically the dangerous roof condition and the high risk of trespassing within vacant buildings. A fully hoarded scaffold and temporary roof was therefore installed, facilitating the safe removal of asbestos and ongoing building protection, which mitigated the identified risks whilst the plans for phase 2 were being progressed.
- 3.3. Phase 1 of the programme has been completed, with the site fully secured, and enabling the appointment of the external design team to help take forward the next phases, including Employers Agent (EA), Principal Designer (PD), Architect, Structural Engineer and such other professional advisors as required in relation to planning and delivery.
- 3.4. The works specifications and tender packages are now being prepared to enable Phase 2, subject to confirming the future requirements of the business case.

## 4 Programme Overview

4.1. The programme continues to progress positively at this stage however has not been without its challenges, specifically:

- **Hazardous material** – the presence of Asbestos Containing Materials (ACMs) is significant, requiring safe and controlled removal at time/cost.
- **Services infrastructure** – this requires upgrades/improvements in various areas, including all internal mechanical and electrical installations.
- **Security** – the site continues to be a beacon for trespassing and anti-social behaviour, that requires constant monitoring.
- **Supply chains** – the capacity, availability, and responsiveness of contractors and services remains challenging to meet programme deadlines.
- **Inflation** – the rising costs of materials and labour, in addition to an ongoing demand/supply issue, creates additional pressures in delivering the programme in-line with the business case expenditure parameters.

4.2. These factors continue to reflect the wider national position but set against the more localised and detailed project challenges. The combination of these challenges, specifically the budget pressures, will require additional resources to meet increasing expenditure requirements in order to deliver upon the FHSF interventions.

4.3. It is therefore necessary for the Council to now review the original business case submitted over 2-years ago to government and consider how it might continue to achieve the same objectives but in the current (very different) environment.

## 5 Business Case

5.1. The most effective method of meeting the costs of increasing expenditure, without compromising on the overall programme objectives, will be to identify additional income opportunities that can help to strengthen the business case.

5.2. Equally, in addition to the national economic and financial changes, the following may also be considered:

- **Health** – increased pressures on the health and primary care system have been significant since the Covid-19 pandemic and remain challenging still. The need to provide a wider range of enhanced services to meet local needs is a priority.
- **Wellbeing** – the importance of exercise and social interaction, for both physical and mental wellbeing, have also become even more prevalent. The ability to take pressure off of the national health service (NHS) by utilising alternative support options (e.g., via leisure partners) will be key.

- 5.3. As such, the Council has been positively engaging with a local General Practice (GP) requiring new premises, as well as Wave Leisure - operator for the Seahaven Swim and Fitness Centre, to consider increased options for the Reimaging Newhaven programme to deliver additional interventions that respond to the current circumstances. The discussions have identified potential to reconfigure vacant Council-owned assets, including those additional since the bid was submitted, to provide a new health and wellbeing hub in the town centre that would achieve high levels of collaboration and partnership across the two sectors to best serve the needs of the community, whilst also further increasing footfall within the town centre.
- 5.4. The health and wellbeing hub would be delivered alongside large elements of the existing creative industry interventions, which will utilise those vacant Council-owned assets including the former Peacocks unit. Together, this will help to create an even stronger local offer to help support and strengthen Newhaven, alongside generating additional income streams to support budget and expenditure requirements.
- 5.5. The discussions also continue to prioritise sustainable features as part of any new proposals, including the use of “fabric first”, solar PV, green living walls, rainwater salvaging, energy monitoring to help reduce costs, and other renewable energy technologies subject to further feasibility and due diligence.
- 5.6. It is therefore proposed that the Council develops this concept and a new business case be submitted to government for consideration as part of a formal funding change request, subject to finalisation and agreement at a future Cabinet meeting.

## **6 Outcomes expected and performance management**

- 6.1. It is expected that the core outcomes and interventions of the existing business case will continue to be delivered where possible, in addition to the following:
- **New health and wellbeing hub** – incorporating an enhanced GP offer and improved local leisure facilities.
  - **Utilisation of assets** – maximising more vacant Council-owned assets to deliver an increased range of interventions, principally increasing footfall into the town centre and also reducing financial burdens on Corporate Landlord.
  - **Additional income streams** – securing a further income revenue source, underpinned by the Clinical Commissioning Group (CCG) and District Valuer, to support a new business case.
  - **Risk mitigation** – anticipating the impacts on delivering the existing programme structured during a “different UK”, thinking ahead, and securing solutions that help to not only minimise the risk(s) but also improve upon the original concept.

## **7 Consultation**

- 7.1. The business case will be developed with the Lead Members for Regeneration & Prosperity and Finance & Assets, including engagement with the MP, Ward Councillors, and Newhaven Town Council.

7.2. Subject to a response from government, the updated business case will be presented in detail to a future Cabinet meeting for final approval.

## 8 Corporate plan and council policies

8.1. The Re-imagining Lewes District Corporate Plan 2020- 2024 sets out the following areas to be addressed by the existing Reimagining Newhaven programme:

- **Building Community Wealth** - the programme will contribute to reducing employment inequality through provision of new opportunities, help the Council to prioritise investment into the local economy and increase opportunities for start-up businesses and local entrepreneurs through provision of new affordable workspace. This will help to retain more wealth locally.
- **Sustainability and Climate Change** - providing new wayfinding routes to encourage more walking and cycling fits strongly with this theme of the Corporate Plan and will also support visitors to access key locations in Newhaven by foot and bicycle. Equally, by re-purposing existing buildings, the programme aims to help reduce the Council's carbon footprint.

8.2. It is expected that the proposals as set out in this report will continue to achieve these core Corporate Plan priorities, only improving upon them through the introduction of new opportunities, increased local services, reduced Council costs, and continued sustainability solutions.

## 9 Financial implications

9.1. The General Fund Budget 2022/23 and Capital Programme was approved by the Council in February 2022. This included funding for Regeneration, incorporating the Reimagining Newhaven programme based on the business case approved by government and overarching terms agreed by Cabinet in July 2021.

9.2. The FHSF is subject to compliance with the Department for Levelling Up, Housing and Communities (DLUHC) Funding Agreement and associated conditions. The funding is principally capital and is predicated on match funding secured through public sector and private-sector sources. Any funding matched to the programme will continue to be through an allocation within the General Fund Capital Programme.

9.3. The FHSF capital grant of £5,004,93 was to be paid annually over three years and by 31<sup>st</sup> March 2024. The development and submission of a new business case may have an impact on the overall programme budget and required spend profile. It is not expected that government will make any changes now to the amount of capital grant awarded, however, the inclusion of new income streams within the business case may evidence new opportunities for the Council to make further investment to secure the enhanced interventions.

9.4. As such, changes may be required to the approved General Fund Budget and Capital Programme, which will be subject to Cabinet approval should government accept the change request at a future time.

## **10 Legal implications**

- 10.1. Phase 0 of the programme (extended feasibility) included additional legal due diligence, providing accurate title and ownership information, and ensuring compliance with the UK subsidy control regime where applicable.
- 10.2. The submission and approval of a new business case may require amendments to existing legal documents, including those between the Council and DLUHC such as the Grant Offer Letter and Memorandum of Understanding (MoU). Any changes to those (and any other related) documents will be subject to Cabinet's consideration of governments response to the change request and also subject to further legal advice.
- 10.3. All appointments and contracts will made in accordance with the Council's Contract Procedure Rules (CPR) and the Public Contract Regulations 2015 and subject to prior legal advice.

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## **11 Risk management implications**

- 11.1. The programme is subject to a full risk register submitted to DLUHC on a regular basis and is maintained as part of the Council's project management procedures.
- 11.2. There is a significant risk in the delivery of the programme based on the current economic circumstances, specifically regarding budget, which will need to be addressed quickly in order not to compromise on the agreed interventions and funding requirements.
- 11.3. The proposals as set out in this report seek to minimise the risk and secure a new business case that can absorb the current market volatility. Any new business case will be supported by an updated risk register for government consideration, which will be summarised to Cabinet at a future meeting.

## **12 Equality analysis**

- 12.1. An Equality and Fairness Analysis has been undertaken for the Reimagining Newhaven programme based on the current business case. This will be subject to review based on any new business case submitted and included for a future Cabinet meeting following a response from government.

## **13 Environmental impact analysis**

- 13.1. Any new business case will also include an updated Environmental Impact Analysis for future Cabinet consideration.

## **14 Contribution to Community Wealth Building**

- 14.1. The Reimagining Newhaven programme as approved currently actively contributes to the Council's '5 Pillars of Community Wealth Building' and has been previously summarised as follows:

- **Anchor commissioning and procurement** – LDC-led procurement for professional appointments, contractors and operators will support local businesses and local jobs.
- **Socially productive use of land and property** – supporting local jobs and enterprise to generate local wealth. The programme will ensure maximum wealth is produced through construction. Place-making is at the heart of the programme, enabling the town centre to adapt and thrive. The programme aims to boost town centre activity by increasing footfall and dwell time throughout the town centre and high street.
- **Fair employment and just labour markets** – the programme will generate local jobs and create new opportunities for local entrepreneurs. The programme will also provide local supplier opportunities within the construction and operational stages and beyond.
- **Making financial power work for local places** – the programme aims to act as a catalyst and support for planned regeneration both within the town centre and widespread across Newhaven.
- **Grow local and community ownership of the economy** – the interventions being delivered by the programme will provide opportunities for local enterprises to thrive and grow and retain wealth within the local area.

14.2. The proposal principals as set out in this report are expected to build and increase further upon Community Wealth, which will be subject to the updated business case development and submitted to government for approval.

## 15 Appendices

None

## 16 Background papers

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

- LDC Cabinet – Housing development update – 9<sup>th</sup> June 2022
- LDC Cabinet – Reimagining Newhaven – 8<sup>th</sup> July 2021

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>7 July 2022</b>
<b>Title:</b>	<b>Recommendations for Community Infrastructure Levy Spending</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Stephen Gauntlett, Cabinet member for planning and infrastructure</b>
<b>Ward(s):</b>	<b>All in Lewes District</b>
<b>Purpose of report:</b>	<b>To seek Cabinet approval to release CIL funds, as recommended by the CIL Executive Board, to assist in the delivery of certain infrastructure projects required to support development in the district</b>
<b>Decision type:</b>	<b>Key</b>
<b>Officer recommendation(s):</b>	<b>To agree the release of funds from the CIL governance pots as recommended by the CIL Executive Board.</b>
<b>Reasons for recommendations:</b>	<b>To support the delivery of the right level and type of infrastructure to support the growth identified for the local planning authority in the adopted Joint Core Strategy.</b>
<b>Contact Officer(s):</b>	<b>Name: Leigh Palmer Post title: Head of Planning E-mail: Leigh.Palmer@lewes-eastbourne.gov.uk Telephone number: 07939578235</b>

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## **1 Introduction**

- 1.1 The Community Infrastructure Levy (CIL) is a charge that local authorities can impose on new development to help raise funds to deliver infrastructure that is required to support development and growth in their area. The Lewes District CIL

Charging Schedule came into force on 1 December 2015 and applies to liable developments granted permission on or after this date in the area of the district for which Lewes District Council is the local planning authority. CIL is payable when works to implement a planning permission commence. As at 16<sup>th</sup> May 2022 the Council has collected £13,094,793.31 of CIL apportioned as follows between the difference pots in line with the CIL Regulations 2010 (as amended), the National Planning Practice Guidance (2014) and the Council's bespoke CIL governance (2014, 2016, 2020):

	<b>Total CIL Collected since adoption</b>	<b>Process</b>
<b>CIL Admin</b>	£654,519.91	Applies to cost of administrative expenses for collection and enforcement in line with Regulation 61
<b>Neighbourhood Portion</b>	£2,503,822.24	Passed to Town and Parish Councils twice yearly (April, October) who must spend it in line with Regulation 59C
<b>Strategic Pot</b>	£6,412,817.94	Infrastructure providers will be invited to bid to help deliver strategic infrastructure identified as fundamental to support development. The CIL Executive Board will make spending recommendations to Cabinet
<b>Local Fund Pot</b>	£1,987,293.23	Infrastructure providers will be invited to bid to help deliver local and community infrastructure. The CIL Management Board will make spending recommendations to be reviewed by the CIL Executive Board and subject to Cabinet's approval
<b>Community Pot</b>	£1,491,248.27	
<b>Community Small Projects Pot</b>	£45,094.72	

- 1.2 There are two CIL boards. Each board is made up of Members and officers to ensure consistent assessment of bids, aligning the district's infrastructure needs with the requirements of the CIL Regulations. The bespoke governance arrangements allow Members to participate in the process of assessing the infrastructure bids. Other stakeholders as necessary may be invited to provide comments to feed into the assessment process.

- 1.3 The CIL Regulations determine that CIL receipts received by the planning authority must be applied to the provision, improvement, replacement, operation or maintenance of infrastructure that is required to support development. It should be noted that Town and Parish Councils have more flexibility as to how they spend their neighbourhood portion, they can also spend it on anything else that is concerned with addressing the demands that development places on an area.
- 1.4 CIL is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development. It can however be used to increase the capacity of existing infrastructure or repair failing existing infrastructure, if it can be demonstrated that these works are necessary to support new development

## 2 Proposal

- 2.1 Expressions of Interest were invited from infrastructure providers in January 2022. An initial assessment was carried out by officers to determine if the project met the regulatory requirements to be able to make a formal bid. Projects that qualified to make a formal bid were then invited to do in March 2022. Presentations of the bids were made to the relevant board for further discussion.
- 2.2 The CIL Management Board assessed the bids received in the Local and Community pots and made recommendations for spending to the CIL Executive Board. The CIL Executive Board reviewed the recommendations of the CIL Management Board, assessed the bids received in the Strategic Pot and made the final recommendations for spending the CIL revenue to Cabinet.
- 2.3 Infrastructure providers were encouraged to provide as much detail as possible to support their bids. The following information was required to allow each bid to be assessed:
- What is the infrastructure project?
  - What is the timetable for delivery?
  - What is the overall cost and outline breakdown of costs?
  - Is the project in the Council's IDP/ relevant neighbourhood plan or any other planning document?
  - What is the relationship to development recently permitted in the area?
  - How the project will be of benefit to the Community.
  - What other source of funding are contributing to the project?
  - Risk assessments for Governance, Safety and Environment;
- 2.4 When reviewing the bids, the following criteria were considered:
- Is the project '*infrastructure*' as defined by the CIL Regulations?

- Is the project deliverable, with or without CIL funding?
- What are the public benefits of the project and what level of community support has the project received?
- How does it fit within the Council's priorities (does it deliver what is critical to deliver the Core Strategy growth)? and
- Does it make use of 'match funding' or dovetailing of funding from other sources?

2.5 The recommendations from the CIL Executive Board for funding approval are presented by the Governance pot from which the funds would be released.

2.6 Where bids have been unsuccessful at this round of assessment, feedback has been provided to the bidder. Where insufficient evidence has been provided to support funding, feedback includes how the bid could be strengthened for a future resubmission.

2.7 Recommendations for spending from the Strategic Pot

No bids were recommended for approval from the Strategic Pot.

2.8 Recommendations for spending from the Local Fund Pot

<b>Project (description)</b>	<b>Amount allocated</b>
<b>Newick Parish Council – Skate Park</b>	£50,000.00
<b>Barcombe Parish Council – Playground refurbishment in Malt House WAY, Cooksbridge.</b>	£58,250.00
<b>Ditchling Parish Council – creation of car park in Ditchling Village</b>	£50,000.00
<b>Hamsey Parish Council – Playground replacement</b>	£27,000.00
<b>Peacehaven Town Council – Howard Park pedestrian access and handrailing to beach</b>	£30,000.00
<b>Peacehaven Town Council – Improvements to the pathway in Centenary Park</b>	£40,000.00
<b>Seaford Town Council – Fencing around Martello Fields</b>	£12,165.00
<b>Seaford Town Council – Seaford Salts Walkway improvements</b>	£11,196.00
<b>Telscombe Town Council -Information Boards at the entrance to Chatsworth Park</b>	£1,984.50

<b>Mid Sussex District Council</b> – Improvements works to Sheddingdean Community Centre	£20,180.00
<b>Wivelsfield Parish Council</b> -Final works to Village Hall renovations	£30,364.00
<b>TOTAL</b>	<b>£331,139.50</b>

2.9 Recommendations for spending from the Community Pot

<b>Project (description)</b>	<b>Amount allocated</b>
<b>Denton Community Garden</b> -Community Garden creation adjacent to Denton Primary School	£19,000.0
<b>Meridian Healthcare</b> – improvements to existing Car Park	£16,301.00
<b>Peacehaven Community Orchard</b> – additional of tree shelter belt	£7,952.00
<b>South Downs National Park</b> – Improvements to Ouse Valley Way	£35,000.00
<b>Seaford Community Garden</b> – Cycle Track and Meander Path	£56,000.00
<b>Sussex Police</b> – ANPR Cameras at Valley Road	£12,000.00
<b>Hillcrest Boxing Club, Newhaven</b> – Refurbishment of changing facilities	£24,415.00
<b>Iford Estate</b> – pathway resurfacing	£26,000.00
<b>TOTAL</b>	<b>£196.668.50</b>

2.10 Recommendations from the CIL Community Small Projects Pot.

<b>Project</b>	<b>Amount Allocated</b>
<b>Newick Village Hall</b> – resurfacing and remarking of Badminton Court	£4167.00
<b>Develop Outdoors</b> – shelter for forest school at Chatsworth Park	up to £5000.00

<b>Newhaven and Seaford Sailing Club – Piddinghoe Pond Changing and Disabled access facilities</b>	£5000.00
<b>TOTAL</b>	<b>£14,167.00</b>

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

- 3.1 It is expected that the projects receiving funding will be implemented in a timely manner. The CIL Officer will monitor the progress of projects and report to the Head of Service as required.

### **4 Consultation**

- 4.1 Not applicable

### **5 Corporate plan and council policies**

- 5.1 The release of funds that have been generated from the Community Infrastructure Levy to support the projects identified in this report is therefore supporting delivery of this Infrastructure in line with the current Corporate Plan for Lewes District Council.

### **6 Business case and alternative option(s) considered**

- 6.1 Not Applicable

### **7 Financial appraisal**

- 7.1 The timeframe of the release of the funds will be agreed with the successful bidders to ensure the deliverability of the projects as well as minimising the risk for the Council.
- 7.2 Prior to funding being released, up to date quotes will be required to be reviewed by the Senior Planning Policy Officer and Finance Officer to ensure the project is still in line with the information provided at the time the bid was submitted and that the work is still able to be successfully implemented.
- 7.3 Monitoring the delivery of projects will rest with the Senior Planning Policy Officer (Infrastructure) and will be overseen by Finance.

## **8 Legal implications**

- 8.1 Section 216(2) of the Planning Act 2008 and regulation 59 of The Community Infrastructure Levy Regulations 2010 provide that a Council that charges CIL must apply it, or cause it to be applied, to supporting development by funding the provision, improvement, replacement, operation or maintenance of infrastructure. In this context, “infrastructure” is defined as: -
- (a) roads and other transport facilities,
  - (b) flood defences,
  - (c) schools and other educational facilities,
  - (d) medical facilities,
  - (e) sporting and recreational facilities, and
  - (f) open spaces
- 8.2 Planning Practice Guidance states that this definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, academies and free schools, district heating schemes and police stations and other community safety facilities. Charging authorities may not use the levy to fund affordable housing.
- 8.3 Local authorities must spend the levy on infrastructure needed to support the development of their area, and they will decide what infrastructure is needed. The levy is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development.
- 8.4 The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.
- 8.5 There are no detailed legal requirements as to how the funding decisions are to be made, however a CIL Governance Framework for Lewes District Council was approved by Cabinet in November 2016.

Legal Implications agreed 01.06.22LDC 6976- JCS

## **9 Risk management implications**

- 9.1 If the recommendations set out in this report are not agreed there is risk that the required infrastructure across the district will not be delivered and the objectives of the Local Plan and associated Neighbourhood Plan and Infrastructure Delivery Plan are not met. Environmental Risk and Sustainability Risk haven been discussed in more detail in section 11 of this report.

## **10 Equality analysis**

- 10.1 An Equality Analysis has been completed alongside this report and considered the potential impact of these recommendations. Overall, positive impacts are anticipated for communities, particularly the characteristics of age and disability as many of the recommendations would improve accessibility and wellbeing. There would be enhancements to provisions accessed by the community, potentially boosting mental and physical health and community interaction and cohesion.

## **11 Environmental sustainability implications**

- 11.1 Each of the bids submitted as part of the formal applications process had to provide a response to an Environmental Impact questions. This has then been assessed by the Senior Planning Policy Officer to determine if there are any negative Environmental impacts and if so, have they been mitigated appropriately. This has then been presented to the CIL Boards when assessing each bid submitted.
- 11.2 Bids increasing Cycle Provision decrease the Carbon Footprint within the district through reducing the number of vehicles on the roads by enabling non- motorised travel and through easing congestion on commuter routes, therefore having a positive Environmental Impact. Where building works are being undertaken, where possible the projects will utilise recycled materials, thermal efficient products to minimise the impact to environment.
- 11.3 Many projects recommended for CIL funds aim to improve access to outdoor facilities and improve greenspaces which will enhance the environment and raise people's awareness of their natural environment.
- 11.4 Projects which are completing building works are using environmentally sustainable methods and utilising energy conserving materials where possible.

## **12 Contribution to Community Wealth Building**

- 12.1 Many of the providers who are receiving CIL funds are community groups or Town and Parish Councils that are implementing projects which will enable the whole of the community to access common spaces that are enriched by the work being undertaken.

## **13 Appendices**

- None

## 14 Background papers

- Lewes District Local Plan Part 1: Joint Core Strategy 2010-2030, May 2016  
<http://www.lewes-eastbourne.gov.uk/resources/assets/inline/full/0/257159.pdf>
- Lewes District Local Plan Part 2 - <https://www.lewes-eastbourne.gov.uk/planning-policy/lewes-local-plan-part-2-site-allocations-and-development-management-policies/?assetdet43c22f64-9732-45b3-9c3e-026523402f1f=287648>
- Infrastructure Delivery Plan, January 2020 <https://www.lewes-eastbourne.gov.uk/planning-policy/lewes-local-plan-part-2-site-allocations-and-development-management-policies/?assetdet43c22f64-9732-45b3-9c3e-026523402f1f=287648>
- Cabinet report – Community Infrastructure Levy Governance. November 2014  
<https://democracy.lewes-eastbourne.gov.uk/Data/Lewes%20District%20Council%20Cabinet/201411201430/Agenda/2b1KknllKm8nnObiQYSSm4byT9Tw3.pdf>
- Cabinet report – Community Infrastructure Levy Governance Review, November 2016 report <https://democracy.lewes-eastbourne.gov.uk/Data/Lewes%20District%20Council%20Cabinet/201611161430/Agenda/Jt6ocM0Ahw2ARi0bHWorFUuca5QKZK.pdf> and appendices  
<https://democracy.lewes-eastbourne.gov.uk/Data/Lewes%20District%20Council%20Cabinet/201611161430/Agenda/iFRRDudBfLOzln2qMmlg7lhIMUpFo1.pdf>
- Cabinet Report - CIL Governance Review Update March 2020:  
<https://democracy.lewes-eastbourne.gov.uk/ieDecisionDetails.aspx?ID=624>

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<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>7 July 2022</b>
<b>Title:</b>	<b>Methodology for collecting monitoring fees in connection with the compliance with/of S106 Legal Agreements</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Stephan Gauntlett, Cabinet Member for Planning, and Infrastructure</b>
<b>Ward(s):</b>	<b>All wards in Lewes District that lie wholly or partially outside of the South Downs National Park</b>
<b>Purpose of report:</b>	<b>To seek Cabinet approval to implement a regime S106 monitoring and apply monitoring fees in accordance with this report.</b>
<b>Decision type:</b>	<b>Non-key</b>
<b>Officer recommendation(s):</b>	<b>That Cabinet authorise the incorporation of S106 Monitoring fees.</b>
<b>Reasons for recommendations:</b>	<b>The proposal to implement a suite of charges to support the staffing resource in the monitoring and compliance of approved S106 Legal Agreements</b>
<b>Contact Officer(s):</b>	<b>Name: Leigh Palmer Post title: Head of Planning E-mail: leigh.palmer@lewes-eastbourne.gov.uk Telephone number: 07939 578 235</b>

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## **1 Introduction**

- 1.1 Officers withheld moving on this issue during the C19 period as the construction industry does play a significant part on the local, regional, and national economy and any additional financial burden may be impactful during that period. It is considered that as all C19 restrictions have been lifted and the construction industry is finding its feet that it is a prudent time to review this issue.
- 1.2 This report identifies that that there is an ongoing financial burden carried by the Council in terms of seeking to ensure that the 'Heads of Terms' and subsequent obligation within a legal agreement are monitored and more importantly complied with.

1.3 This report seeks authorisation to invoke a charging regime that in part will require the developer to pay for this monitoring.

## 2 Proposed Methodology

2.1 In formulating the parameters of the fee charging regime Officers have reviewed and analysed a range of S106 agreements for a targeted group of applications shown in Table 1 below.

2.2 The analysis included:

- An estimate of the number of hours for each monitoring task, based on practical experience of the current monitoring
- Considering which obligations should qualify as chargeable obligations for monitoring purposes,
- Preparing a bespoke arrangement fee negotiated for larger and more complex agreements

2.3 **Table 1 Section 106 agreements for a specified group of applications that have been chosen for a blend of application types, geographical locations and scale of development.**

Application No.	Site Address	No. of Dwellings
LW/17/0608	Former School Site, Western Road, Newhaven	27
LW/16/0800	Newlands School, Eastbourne Road, Seaford	183
LW/18/0048	Land Adjacent to The Rough and Vernons Road, Newick	2
LW/18/0302	Land to The Rear of Sheffield Park Industrial Estate, East Grinstead Road, North Chailey	-
LW/17/0873	Land Adjoining Oakfield House, Station Road, Plumpton Green	20
LW/17/0779	The Glade, 14 Newick Hill, Newick	1
LW/17/0226	Lower Hoddern Farm, Peacehaven	450
LW/18/0808	Caburn Field, Anchor Field, Ringmer	77
LW/19/0171	Sharpsbridge Farm, Newick	1
LW/19/0354	85 Western Road, Newick	2
LW/16/0037	Land on The South Side of Sutton Drove, Seaford	12
LW/15/0034	Land Adjacent Fisher Terminal, East Quay, Newhaven	-
LW/16/0510	Street Record, Jackies Lane, Newick	-
LW/17/0205	Land Between Beach Road and Transit Road, Newhaven	39
LW/18/0472	Land at Western End of Riddens Lane, Plumpton	20
LW/19/0054	Glendene Farm, Station Road, North Chailey	11

2.4 Officers have reviewed the time taken to review a simple agreement and informed that it would take approximately 17 person hours to conclude. This along with a reasonable hourly rate of £60 per hour (including on costs) has been worked into the following charging regime.

2.5

Column A	Column B	Column C	Column D
This column outlines the type of development threshold that will apply to the monitoring charging	This column includes the sum chargeable by the development type in column A and includes the monitoring fee and the number of qualifying obligations  Please note exemptions and additional charges below	This column includes charges in addition to that chargeable under column B and are incremental by additional qualifying obligations up to a fee cap	Maximum chargeable monitoring fee
Rural exemption dwellings	£480 (8 hours at £60ph)	Nil	£480
Modification /variation to S106	£480 (8 hours at £60ph)	Nil	£480
1-9 dwellings (Minor Non-residential)	£1020 (17 hours at £60ph)	£240 per additional obligation to a cap of (5 x £240)	£2220
10 - 19 dwellings	£1860 (31 hours at £60ph)	£240 per additional obligation to a cap of (10 x £240)	£4260
20 – 50 dwellings (Small scale Major Non-residential)	£2460 (41 hours at £60ph)	£240 per additional obligation to a cap of (20 x £240)	£7260
50+ dwellings (large scale major non-residential) and all other	Bespoke arrangement fees based on multiples of the above		

types not referred to above			
EXCEPTIONS and other charges			
SANG and SAMMS	£450 in addition to fee derived from columns B & C above	Nil	
Travel Plan	A separate fee will be chargeable by the County Council	Nil	
Highway Works	a separate fee will/may be chargeable by the County Council	Nil	
Local Labour Obligations	a separate monitoring fee will be charged for this obligation in addition to the fee derived from columns B & C above	Nil	
Change of tenancy in connection with First Homes	£480	Nil	

- 2.6 If the suggested monitoring fees had been applied for the specimen group of applications, it would have generated in the region of £54,000 in monitoring fees as per the table below.

<b>Application No.</b>	<b>Site Address</b>	<b>Monitoring Fess (£)</b>
LW/17/0608	Former School Site, Western Road, Newhaven	2220
LW/16/0800	Newlands School, Eastbourne Road, Seaford	6860
LW/18/0048	Land Adjacent to The Rough and Vernons Road, Newick	2220
LW/18/0302	Land to The Rear of Sheffield Park Industrial Estate, East Grinstead Road, North Chailey	840
LW/17/0873	Land Adjoining Oakfield House, Station Road, Plumpton Green	2220
LW/17/0779	The Glade, 14 Newick Hill, Newick	1020
LW/17/0226	Lower Hoddern Farm, Peacehaven	15324
LW/18/0808	Caburn Field, Anchor Field, Ringmer	7260
LW/19/0171	Sharpsbridge Farm, Newick	1020
LW/19/0354	85 Western Road, Newick	2460
LW/16/0037	Land on The South Side of Sutton Drove, Seaford	1860
LW/15/0034	Land Adjacent Fisher Terminal, East Quay, Newhaven	1860
LW/16/0510	Street Record, Jackies Lane, Newick	2020
LW/17/0205	Land Between Beach Road and Transit Road, Newhaven	3340
LW/18/0472	Land at Western End of Riddens Lane, Plumpton	2220
LW/19/0054	Glendene Farm, Station Road, North Chailey	1980

### **3 Definition of qualifying obligation & Commencement**

- 3.1 A qualifying obligation is any obligation contained within a S106 agreement that attracts a Monitoring Contribution because its implementation and/ or adherence requires monitoring by the Council. It is common within S106 Agreements to have 'Heads of Terms' which result in more than one qualifying obligation. By way of an example see below. In this example there is only one Head of Terms but two qualifying obligations and as such the number of qualifying obligations that need to be monitored and this should be the basis for the evaluation of the fee requirement.

3.2

Heads of Terms	Affordable Housing	Trigger Point	To be monitored
Qualifying Clause	Prior to the commencement of development to agree with the Council in writing the affordable housing scheme	Prior to commencement	Yes
Qualifying Clause	75% of the open market units shall not be occupied unless and until the relative proportion of Affordable housing units have been provided	75% of the open market dwellings (100 dwelling)	Yes

3.3 This monitoring regime only applies to Council obligations and does not apply to those imposed by others like East Sussex County Council

3.4 This monitoring regime will commence on new resolution to grant planning permission with S106 after the date of Cabinet approval. All agreements that are currently in train will conclude under the existing regime without a monitoring fee.

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

4.1 In the Council's Corporate Plan 'Creation of sustainable community wealth' and 'Building homes that people can afford to live in' are two of the main focusses in ensuring that the developers' legal agreements are rigorously monitored.

#### **5 Business case and alternative option(s) considered**

5.1 The monitoring of the S106 with aligned fee regime is commonly applied across many authorities across the Country. Historically this has been resisted by the Council given the fear that it may contribute to the decision of a developer to choose to place their development within a neighbouring authority.

5.2 It is the view of officer that given the relatively low cost in this charging regime compared to the overall costs of development that if the costs are known at the outset that the developers would be happy to pay.

The amount of income generated will of course be dependent on the number and complexity of the S106 agreed each year, but as is evident from the worked example above there is the potential for not an insignificant amount of money to be received. In part this money could help to support dedicated staff to support and assist monitor compliance with the S106 agreements.

#### **6 Financial appraisal**

6.1 It is appropriate to review the protocol and charging schedule every year, to ensure we continue to effectively recover costs. This will ensure that we are responsive to the needs of the customer and addresses the requirements for a

more corporate approach to the issue of fees and charges, providing a clear framework within which to conduct annual or other reviews of fees and charges.

- 6.2 Fundamentally, the aim is to increase the proportion of income contributed by users of services where appropriate, rather than the cost being met from the general Council Taxpayers. The application of this charging regime falls within the existing staffing establishment and the increase in this fee income would help to support the existing staffing budget.

## **7 Legal implications**

- 7.1 The Community Infrastructure Levy Regulations 2010 were updated in 2019 to allow councils to charge a fee to cover the cost of monitoring the delivery of planning obligations provided: -

(a) the sum to be paid fairly and reasonably relates in scale and kind to the development; and

(b) the sum to be paid to the authority does not exceed the authority's estimate of its cost of monitoring the development over the lifetime of the planning obligations which relate to that development. (Regulation 122 (2A)).

- 7.2 Planning Practice Guidance sets out that councils should work together to ensure that resources are available to support the monitoring and reporting of planning obligations.

- 7.3 It confirms that Councils may charge a monitoring fee through section 106 planning obligations, to cover the cost of monitoring and reporting on delivery of that section 106 obligation. Monitoring fees can be used to monitor and report on any type of planning obligation, for the lifetime of that obligation although monitoring fees should not be sought retrospectively for historic agreements.

- 7.4 In all cases, monitoring fees must be proportionate and reasonable and reflect the actual cost of monitoring and the guidance provides that councils could consider setting a cap to ensure that any fees are not excessive.  
Legal Implications Provided 20.05.22-LDC-JCS.

## **8 Risk management implications**

- 8.1 The Creation of this payment regime may have the potential to deter developers from investing into the area, although the for the reasons outlined above this is unlikely to be a consequence of this initiative. In addition, the charging regime is to be reviewed on an annual basis and if it was deemed to be an impediment to inward investment then the regime could be dropped or temporarily paused.

## **9 Equality analysis**

- 9.1 As this regime falls to be considered after the resolution to grant planning permission where the merits of a planning case have been debated it is considered that this imposition of this payment regime would disadvantage any person/body/organisation.

## **10 Confidence in the Planning System**

- 10.1 As with all aspects of Planning Enforcement/Compliance the instigation of this payment regime will help to contribute to the monitoring of S106 Legal Agreement and thereby help to give the Council, Towns and Parish Councils and the Local Community confidence on the planning application process.

## **11 Appendices**

- None

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>7 July 2022</b>
<b>Title:</b>	<b>Revised Planning Pre-Application Charging Schedule</b>
<b>Report of:</b>	<b>Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Stephan Gauntlett, Cabinet Member for Planning, and Infrastructure</b>
<b>Ward(s):</b>	<b>All wards in Lewes District that lie wholly or partially outside of the South Downs National Park</b>
<b>Purpose of report:</b>	<b>To seek Cabinet approval to implement an updated Discretionary Fee Setting Regime.</b>
<b>Decision type:</b>	<b>Non-key</b>
<b>Officer recommendation(s):</b>	<b>That Cabinet authorise the use of the updated discretionary fee charging schedule.</b>
<b>Reasons for recommendations:</b>	<b>The proposal to implement a suite of charges to support the staffing resource in connection with delivering the</b>  <b>1. pre-application process,</b> <b>2. planning Performance Agreement (PPA),</b> <b>3. Validation Process,</b> <b>4. CIL Process</b> <b>5. Local Plan Charges and</b> <b>6. Additional charges.</b>
<b>Contact Officer(s):</b>	<b>Name: Leigh Palmer</b> <b>Post title: Head of Planning</b> <b>E-mail: leigh.palmer@lewes-eastbourne.gov.uk</b> <b>Telephone number: 07939 578 235</b>

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## **1 Introduction**

- 1.1 Section 93 of the Local Government Act 2003 contains powers for Local Authorities to charge for discretionary services including preapplication advice. The power to charge is limited to cost recovery and should not be a profit-making exercise. It is important therefore to keep these fees under review.

- 1.2 Officers withheld moving on this issue during the C19 period as the construction industry in its widest sense does play a significant part on the local, regional, and national economy and any additional financial burden may be impactful during that period. It is considered that as all C19 restrictions have been lifted and the construction industry is finding its feet that it is a prudent time to review this issue.
- 1.3 This report identifies that that there is an ongoing financial burden carried by the Council in terms of the delivery of the pre-application service on broadly a cost recovery basis. Therefore, it is considered that authorisation to invoke the revised charging regime would mean that the developer/applicant would pay for the preapplication process and thereby not rely on the wider taxpayer to cover this service.

There are three areas of 'discretionary charging' in this report and these relate to

- Planning Pre-Application Fees
- Planning Performance Agreement Fees
- Express Validation Service
- Community infrastructure Charges
- Local Plan Charges
- Additional Services

## **2 Proposed Methodology Pre-Application**

- 2.1 Officers have audited the charging schedules for all Councils in Sussex, and this is reported in Appendix 1 to this report.
- 2.2 It is evident from this analysis is that there is little consistency across Sussex and of more relevance in terms of Lewes is recognition where the disparities sit.
- 2.3 Whilst recognising that there is little consistency in the fees charged there are broad similarities in the charging categories. Outlined below are the categories for residential development and these are broadly mirrored for commercial floor space.
- Householder – Domestic Extensions
  - Listed Buildings – Works to Listed Buildings
  - Small residential – 1-5 Dwellings
  - Medium residential – 5-10 Dwellings
  - Major residential – 10 -30 Dwellings
  - Significant Major residential – 150+ dwellings
- 2.4 It is evident from the analysis contained in the appendix that the Council compared to its peers is significantly under charging for the smaller scale residential development, comparable for the mid-range and are high for the larger scale developments.
- 2.5 For 2021 Lewes received 186 pre application submissions across all types and looking specifically at the householder category 107 submissions were received. Using the current fee schedule this would equate to a fee income of  $107 \times \pounds 15 = \pounds 1605$ .

If the revised payment schedule had been utilised, then

107 X £100n= £ 10,700 (Basic Level)

2.6 It is clear therefore that there is the potential for an increase in fee income which would go some-way to meeting cost recovery.

Category	Basic Fee Desktop response only	Desktop Plus Teams/Phone Call	Full As Desktop Plus with single site visit	Cost per additional Teams Meeting or site visit
Householder	£100	None	None	NA
Other	£200	£260	£350	£90
Minor Development (non-residential)	£600	£750	£850	£90
Single new house	200	£260	£350	£90
Minor Development (Residential) 2 dwellings +£30 per additional dwelling up to 9 units	£500	£650	£750	£90
Major Development Small (10-30 units) 1000 sqm floorspace land 1-3 hectares	£1080	£1300	£2,000	£90
Major Development Small (30-149 units) 3000sqm floorspace land 3-9 hectares	£2160	£2880	£3600	£90
Major Development Small (150+ units) 10000sqm floorspace	£4320	£5760	£7200	£90

land 10 hectares or over				
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### 3 Planning Performance Agreements (PPA)

3.1 The Council have adopted a proforma PPA template and despite being in place for some time it has had limited uptake. Notwithstanding this each one has to be individually negotiated so it would be helpful if the broad parameters of the agreement in terms of charging could be established.

3.2

LPA Advice Service	Fee (inc VAT @20%)
Arrangement Fee	£1900
Pre-Application Fee dependant on scale of development	????
Planning Case Officer (Single Point of contact) at pre application stage	£2705
Planning Case Officer time in processing to determination stage	£2705
Design Review Panel Meeting	£2288
Historic Environment	£60PH
Affordable Housing Enabling	£60PH
Building Control	£60PH
Green Consultancy (trees, biodiversity, landscape impact, open space)	£60PH
Agricultural Appraisal Assessment	£1500
Environmental Health (air quality, Contaminated Land, noise, order etc)	£60PH
<b>East Sussex County Council Services</b>	
Sustainable Drainage	Bespoke
Education	Bespoke
Highways	Bespoke

### 4 Validation Checking Service

4.1 It is considered that there are applicants who would want to prioritise the validation of their application and for the Council to meet this demand there could be a paid for service. The validation checking service fee as with other fees in this report are entirely discretionary and is in addition to the planning fee. It is recommended that the processing of the validation charging service are as follows:

Scale of Application	(Fee Inc VAT @20%)
Validation Checking Service with expedited validation service MAJOR	£250
Validation Checking Service with expedited validation service MINOR	£115
Validation Checking Service with expedited validation service OTHER	£50

4.2 If Cabinet agree to this element of the discretionary fee setting the Council could offer this service and guarantee to expedite validation within THREE working days of receipt for minor, householder, and other applications and FIVE working days for major applications.

## 5 Community Infrastructure Charges (CIL)

5.1 There is existing extensive governance around what can and cannot be charged for under the CIL regime, notwithstanding this there are a number of additional charges that could be required as set out below.

Additional Service	Fee	Description
CIL Query	£120	Such as confirmation that CIL has been paid on a property, or whether a property has a CIL charge on it.

## 6 Local Plan Development Site Charges

6.1 In the production of a new local plan and or supplementary planning documents there will be the need to explore the development potential of sites for certain uses and scale of development. Any such site should be submitted into the Councils Land Availability Assessment process which is permanently open to receive promoted sites.

If there is a requirement to discuss sites outside/in addition to the Land Availability Assessment process, then the following charges will be invoked.

Site promotion through the Local Plan Making	Meeting costs	Site Visit
Site research and written summary of meeting with actions arising	£600 per hour	£400 (unaccompanied)
Multiple meetings (strategic scale development)	Bespoke charge arranged	

## 7 Additional Services

7.1 This section looks at a number of actions/responses that the Council undertake in performing its daily duties.

Additional Service	Fee inc VAT @ 20%	Description
Confirmation of closure of an enforcement case	Householder £75 All other £170	Use this service if you require confirmation in writing that the enforcement case is closed
Confirmation of compliance with and enforcement notice	£360	Use this service if you require confirmation in writing that an Enforcement Notice served by the Local Planning Authority has been complied with
Confirmation of compliance with Listed Building Consent	£360	<p>Includes a site visit to compare the development against the plans and written confirmation of our findings. Only available within 12 months of completion.</p> <p>Use this service if you have completed a listed building project and you wish to sell the property. If the completion was over 12 months ago, use the 'help resolving conveyancing issues' service detailed below</p>
Confirmation of Compliance with planning conditions	£360 for first condition and £42 for each subsequent	<p>Available for 12 months following the date the planning decision is issued (anything received over the 12 months can be dealt with via the "Help conveyancing issues service"). Includes a full check of the Council's application files to confirm whether the conditions have been discharged, a site visit to confirm whether the details have subsequently been complied with on site in accordance with the discharged details and written confirmation of the outcome.</p> <p>Use this service if you require confirmation that the planning conditions on a site have been complied with</p>
Confirmation that Permitted Development rights have not been removed	Householder £150 All other development £240	Not all properties benefit from permitted development (PD) rights. PD rights may have been removed by condition either in the original permission or any subsequent permissions or due to a property being in a designated area for example covered by an Article 4 Direction

Confirmation on permitted use class	£150	Use this service to find the current permitted use class of a property.
Confirmation of any planning restrictions	£240	This service should be used to find out if there are planning restriction on a property for example occupancy/use restrictions
Conformation of designated area (conservation)	£60	In response to customer requests we can provide confirmation of designated areas– re: Conservation Area/AONB/TPO. A list of development constraints will be produced
Help resolving conveyancing issues	£600	Includes a full check of the planning and planning enforcement history, a site visit to view the development, 1 hour meeting if it is deemed necessary by the case officer, any necessary in house consultations, written confirmation of the outcome, a formal decision as to whether enforcement action will be taken and/ or confirmation of steps required to remedy the situation, if any. Response will be provided in 10 working days in most cases (can be extended by agreement if further consultation or investigation is required).  Use this quick service if you are buying or selling a property/land and a planning query arises through the conveyancing process. For example, unauthorised works have been discovered or planning conditions have not been complied with.
Confirmation of material start of a scheme/development	£60	Material starts can only be confirmed by submitting a Certificate of Lawfulness however we also offer an informal response from a case officer on what constitutes a material start i.e. how much work needs to be carried out before submitting the certificate?
Confirmation of compliance with S106 obligations	£240 Per Agreement If site visit is required and additional £410 would be charged	This is a desktop check of the Council's records. If the clause in the agreement requires something to be undertaken on site it would be necessary to undertake a site visit

		<p>for which there will be an additional charge.</p> <p>Use this service if you require confirmation that the clauses of the agreement have been complied with or if you have a query regarding a specific site section 106 agreement.</p>
<p>S106 eligibility Assessment for affordable and self-build and occupancy assessments (ownership transfers-changes to occupancy and First Homes Change of Tenancy)</p>	<p>£480</p>	<p>Affordable or local needs homes subject to a Section 106 agreement require the Council's consent when ownership is transferred or where the Council otherwise agree to a change in occupancy (i.e. when permission is given for a temporary letting). The fee covers the Council's eligibility assessment process and issuing of required consents for the purchasing household.</p> <p>Proposals for self-build affordable homes where a Section 106 agreement is required to make the proposal acceptable in planning terms. The fee covers the Council's assessment of the proposed occupiers' eligibility in line with the heads of terms set out in the draft agreement</p>
<p>Deed of variation administration fee</p>	<p>£480 This is in addition to any legal charges that the Council may need to levy</p>	<p>Section 106 Deeds of Modifications or Deeds of Revocation with a new Planning Obligation by Agreement are sometimes required to bring an agreement up to date with the Council of Mortgage Lenders lending criteria. The CML cover 95% of UK lenders. The fee covers the administration of this technical change and is in addition to the legal fees that the Council charges.</p> <p>Section 106. Deeds of Discharge are required when a Section 106 agreement no longer serves a useful planning purpose in the cases of shared ownership or shared equity staircasing to 100% ownership and acquisition of the freehold. The fee covers the administration of implementing this</p>

		deed and is in addition to the legal fees that the Council charges
Copy of S106 Agreement	£120	Retrieving record and passing on a digital copy
Copy of Tree Preservation Order	£120	Retrieving record and passing on a digital copy
Planning History Requests (simple list with no interpretation)	£120	Retrieving planning history list and providing a digital copy
Request to check the need for planning permission, listed building consent	£240 for householder requests £360 for all other type of request	Email confirmation for the need for Planning Permission

## **8 Corporate plan and council policies**

- 8.1 The adoption of these discretionary fees would enable to the Council to more fully engage with the aspirations of the Council's Corporate Plan in terms 'Creation of sustainable community wealth' and 'Building homes that people can afford to live in' as well as creating and positively supporting a good sense of place.

## **9 Business case and alternative option(s) considered**

- 9.1 It is considered that these discretionary fees would go some way to addressing the financial burden that the Council incurs in meeting these demands. The fees are considered to meaningful land realistic based on a Sussex wide comparison and based on an assessment of the hourly rate expended.
- 9.2 The Pre application charging does have incremental service charges these as with all charges referred to here are entirely discretionary meaning that the applicant development is not mandated to engage in this element of the service.

## **10 Financial appraisal**

- 10.1 It is appropriate to review the protocol and charging schedule every year, to ensure we continue to effectively recover costs. This will ensure that we are responsive to the needs of the customer and addresses the requirements for a more corporate approach to the issue of fees and charges, providing a clear framework within which to conduct annual or other reviews of fees and charges.
- 10.2 Fundamentally, the aim is to increase the proportion of income contributed by users of services where appropriate, rather than the cost being met from the general Council Taxpayers. The application of this charging regime falls within the existing staffing establishment and the increase in this fee income would help to support the existing staffing budget.

## **11 Legal implications**

- 11.1 The charging power under section 93 Local Government Act 2003 provides that a relevant authority may charge for a discretionary service if the recipient of the service has agreed to its provision. The section 93 power works on the basis that, if it wishes, a local authority can charge for a discretionary service, but individuals cannot be required to pay for a service they do not wish to receive or use. The power does not apply where there is a power to charge for a particular service elsewhere in other legislation.

Legal Implications Provided 10.05.22 by JCS IKEN 11084

## **12 Risk management implications**

- 12.1 The Creation of this payment regime may have the potential to deter developers from investing into the area, although the for the reasons outlined above this is unlikely to be a consequence of this initiative. In addition, the charging regime is to be reviewed on an annual basis and if it was deemed to be an impediment to inward investment then the regime could be dropped or temporarily paused.

## **13 Equality analysis**

- 13.1 As this regime falls to be considered only if the applicant/developer engages with the process after the resolution to grant planning permission where the merits of a planning case have been debated it is considered that this imposition of this payment regime would disadvantage any person/body/organisation.

## **14 Commencement**

It is recommended that the proposed new charging regime should commence at the first opportunity post Cabinet approval and that they should reviewed annually in line with inflation.

## **15 Appendices**

- Appendix 1 – Charging Schedules for all Councils in Sussex

Appendix 1

COUNCIL/Type of development	Lewes & Eastbourne	Brighton and Hove	Mid Sussex	Wealden	Horsham	Rother	Arun	Hastings	Chichester	Adur & Worthing	Recommended basic fee		
householder	15	£114 (written response) £414 (written response and meeting)	£35 (Per letter) £70 (Per virtual meeting) £105 (Per site meeting)	£60 (Per letter) £80 (Per meeting)	£50.00	£100 + £100 for site visit	£120.00	£98 (letter) £195.60 (Meeting and Letter)	£150.00	£100.00	£100.00		
Medium Listed building	15	£228 (written response only) £678 (Meeting and written response)	£112.5 (Per Letter) £225 (Per meeting)	£240 per hour - Grade I or II* Listed (£470.00 for one hour £140.00 per additional hour)	£350.00	£200 + £100 Site visit	£180.00	£147 (letter) £196.60 (Meeting and Letter)	£250.00	£450.00	£200.00		
Medium Other	90												
Medium residential 1-2 dwelling	180		£150 (per letter) £300 (Per meeting)	£190 (written response only) £240 (Meeting and written response)	£350.00	£200		£495.60 (Letter) £589.20 (meeting and letter)				£200.00	
medium 3-5 dwellings	300			£345 (written response only) £440 (Meeting and written				£350			£634.80 (Letter) £1000 (meeting and letter)		£500.00
Medium 5 10 dwellings	540							£350					£650.00
Major 10 30 dwellings	1080		£300 (written Response) £900 (Written response and meeting)	£360 (per letter) £780 (Per meeting)	£450 (written response only) £570 (1 meeting) £940 (2 meetings)	£500.00		£800			£280.00	£798 (Letter) £1500 (Meeting and letter)	£500.00
Major 31 149 dwellings	2160				£740 (written response only) £930 (1 meeting) £1,570 (2 meetings)	£750.00	£1,300		£1,500.00	£2,160.00			
Major 150+ dwellings	4320	£700 (written Response) £1400 (Meeting)		£1090 (written response only) £1360 (1 meeting) £2780 (2 meetings)	£1,250.00		PPA (Bespoke)		£3,000.00	£4,320.00			

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