

Cabinet Agenda

Monday, 5 October 2020 at 6.00 pm

This meeting will be held digitally. A viewing link will be posted on our website nearer

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		Page No.
1.	Apologies for Absence	
2.	Declaration of Interests	
3.	Minutes of Last Meeting	1 - 4
4.	Medium Term Financial Strategy <i>(Peter Grace, Assistant Director, Financial Services and Revenues)</i>	5 - 46
5.	Planning for recovery: HBC priorities and actions <i>(Jane Hartnell, Managing Director)</i>	47 - 74
6.	Green Homes Grant Local Authority Delivery <i>(Andrew Palmer, Assistant Director Housing and Built Environment)</i>	75 - 78
7.	Next Steps Accommodation Programme <i>(Andrew Palmer, Assistant Director Housing and Built Environment)</i>	79 - 84
8.	Museum Committee Recommendations <i>(Victoria Conheady, Assistant Director Regeneration and Culture)</i>	85 - 90
9.	Notification of Additional Urgent Items	91 - 92
10.	Hastings Town Fund £1m Accelerated Fund Projects <i>(Victoria Conheady, Assistant Director Regeneration and Culture)</i>	93 - 98

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Agenda Item 3 Public Document Pack

CABINET

1 SEPTEMBER 2020

Present: Councillors Forward (Chair), Fitzgerald (Vice-Chair), Barnett, Batsford, Chowney, Evans, O'Callaghan and Rogers.

The Leader of the Council announced that Cllr Bishop has been appointed to the Overview and Scrutiny and Committee in place of Cllr Roberts. Cllr Forward leaves the Museum Committee and Cllr Fitzgerald, Regeneration, Culture and Tourism portfolio holder, joins the Museum Committee as Chair ex officio.

268. APOLOGIES FOR ABSENCE

None.

269. DECLARATION OF INTERESTS

Councillor	Minute	Interest
Chowney	272	Personal – owns an electric vehicle

270. MINUTES OF LAST MEETING

RESOLVED – that the minutes of the Cabinet meeting held on 8th June 2020 be approved as a true record.

RESOLVED – that the minutes of the Cabinet meeting held on 6th July 2020 be approved as a true record.

271. ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2019/2020

The Assistant Director, Financial Services and Revenues, presented a report on the Treasury Management activities and performance of the last financial year.

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019/20. The 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).

The Assistant Director reported that the council's investments and debt were properly managed and the strategy worked well in response to the covid-19 crisis. There were no cash flow shortages and the council has been able to access its cash as and when required. Therefore, there are no recommendations to amend the strategy for 2020/2021.

CABINET

1 SEPTEMBER 2020

New borrowing in the last financial year was in the region of £9.4 million and return on investments was just over 1%. A further mid-year report will be presented to cabinet and full council regarding the current financial year.

The Leader of the Council thanked the Assistant Director, Cllr Chowney and the Audit Committee for their work on the Treasury Management Strategy.

Councillor Chowney proposed approval of the recommendations, seconded by Councillor Fitzgerald.

RESOLVED (unanimously):

Cabinet consider the report – no recommendations are being made to amend the current Treasury Management Strategy as a result of this review.

Reasons for the decision:

To ensure that members are fully aware of the activities undertaken in the last financial year, that Codes of Practice have been complied with and that the Council's strategy has been effective in 2019-20.

Under the Code adopted the Full Council are required to consider the report and any recommendations made.

272. ADDITIONAL ELECTRIC VEHICLE (EV) INFRASTRUCTURE IN TOWN CENTRE CAR PARKS

The Assistant Director, Environment and Place, presented a report to set out the case for installing new electric vehicle (EV) charge points for Priory Street and Carlisle underground car parks.

The report requests approval for funding of up to £35,000 from the Renewable Energy Capital Programme. This is in addition to the £15,000 funding requested from the Town Board Accelerator Fund programme.

The Accelerator Fund application has been provisionally approved by the Town Board EDG.

In early March 2020 the Charity Committee allocated funding to replace the single EV unit at Pelham with 3 new EV charge points. The council, using its own funds, also agreed to replace the faulty EV unit at Marina Car Park with another 3 new units. There is also a newly installed 'private' charger at Morrisons Supermarket.

In proposing approval of the recommendations Councillor Evans urged East Sussex County Council to take advantage of central government funding to invest in on-street charging infrastructure in Hastings.

CABINET

1 SEPTEMBER 2020

Councillor Evans proposed approval of the recommendations, seconded by Councillor Rogers.

RESOLVED (unanimously):

1. To allocate up to £35,000 for the purchase and installation of new EV charge points in Priory Street and Carlisle Underground car parks from the renewable energy capital budget within the capital programme. This is in addition to £15,000 funding, provisionally approved by the Town Board, as part of its Accelerated Fund proposal to the government.

2. That delegated authority be given to the Assistant Director of Environment and Place, in consultation with the Chief Finance Officer and the Lead Councillor for Natural Environment and Leisure, to appoint and instruct contractors to install new EV charge points by 31st March 2021.

Reasons for the decision:

1. The investment in and expansion of Electric Vehicle (EV) infrastructure, has been highlighted as an important element of the draft economic recovery plans for the borough and county.
2. Currently, the town centre area has only three publicly accessible EV charging points, one at Pelham Place car park; and two at Morrisons super market.
3. The Council has committed to installing 15 public charging points by the end of this financial year, in support of delivering its climate emergency commitments to make Hastings carbon neutral by 2030. This investment will support and enable residents, businesses and visitors to travel to the town centre, with the knowledge and confidence that they will be able to charge their electric vehicle. Such investment will support the transition to low carbon vehicles and help to meet the towns climate emergency action plan and improve local air quality.

(The Chair declared the meeting closed at 6.25pm)

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Agenda Item 4



Agenda Item No:

Report to: Cabinet

Date of Meeting: 5 October 2020

Report Title: Medium Term Financial Strategy

Report By: Peter Grace
Chief Finance Officer

Purpose of Report

The Council looks to forecast its financial position over the medium term in order to ensure it can align corporate objectives with available resources.

This Medium Term Financial Strategy (MTFS) seeks to identify the financial risks that will affect the annual budgets for each of the next 3 years, and the anticipated resources that will be available to the Council.

Recommendations

- 1. Approve the Medium Term Financial Strategy.**
- 2. The Council continues to take the robust actions necessary in this financial year and throughout the 2021/22 budget process to achieve a sustainable budget.**

Reasons for Recommendations

The council matches its available resources to its priorities across the medium term. The Council needs to achieve estimated savings of some £2.7m in order to achieve a sustainable budget in 2021-22. In arriving at this figure many assumptions have had to be made on future funding and particularly on the impacts of Covid-19. The estimate will continue to be updated as and when implications become clearer and once the government announces details of future funding.

The report provides the opportunity to assess the council's resources to assist the review of corporate priorities. The Council must be prepared for continued ongoing reductions in funding, greater volatility in its income streams, economic uncertainty and the need to continually ensure limited resources are properly aligned to targets.

The Council has a statutory duty to set a balanced revenue budget each year and this strategy seeks to highlight the major issues (in advance) in order to do so.

Introduction

1. The Medium Term Financial Strategy seeks to provide projections to help inform the Corporate Plan and budget setting processes.
2. Good financial management requires councils to properly plan for the future in order to match longer term ambitions and plans with anticipated resources. At present there are many key areas of financial uncertainty which cause problems when seeking to accurately forecast available resources for the years ahead.
3. The Medium Term Financial Strategy seeks to identify these uncertainties e.g. government spending review, fair funding review, replacement for New Homes Bonus, charitable status for NHS hospitals, etc. Where possible the MTFS seeks to make an informed view of the likely resource implications. Where there is no clarity as yet, generally, a prudent approach is adopted.
4. The Chancellor has announced that the Spending Review (SR20) due originally to report in July 2019 is still to take place and the results are expected to be announced in the late autumn of 2020.
5. The government's autumn budget that was to be in November 2020 but has now been postponed until the spring. Whilst the government's Spending Review (SR20) may cover more than one year, the funding settlement for local authorities may just cover 2021/22.
6. The funding announcements that normally follow the budget would be expected to provide the real details of the resources available to Councils over the 2021/22 financial year. The announcement date remains unknown as yet.
7. Fundamental changes to local government funding were still due for 2021/22. However, the Fair Funding Review has been postponed yet again as has the retention of 75% of business rates - it is unknown whether these changes will now ever proceed given the governments review of business rates. The impact on other income streams, such as New Homes Bonus and Discretionary Housing Payments also remains unknown.
8. For financial planning purposes, the assumption in this Medium Term Financial Strategy is for no overall reduction in Settlement Funding Assessments (government funding and retained business rates) for 2021/22 i.e. a standstill settlement. The years thereafter assume continued funding levels (business rates) of similar amounts and increasing annually by inflation (assumed at 2% for 2021/22), but this may well be overly optimistic given the state of the country's finances.

Financial Context

9. The Net Council Expenditure budget for 2020/21 is £14.245m and is broken down as follows (full details in the budget book/ website): -

Service	Net Budget £
Corporate Resources	376,000
Operational Services	11,624,000
Interest/ Use of Reserves/ Other Grants and Contingency	2,245,000
Total Net Council Expenditure	14,245,000

10. The budget is funded by: -

Funded From	£
Revenue Support Grant	1,004,000
New Homes Bonus	199,000
Collection Fund Surplus – Council Tax	50,000
Collection Fund (Deficit) - NNDR	(188,000)
Housing Benefit Administration Grant	398,000
C.Tax Support Admin Grant	158,000
Business Rates	2,771,000
Business Rates (Section 31 Grant)	1,564,000
Business Rates Pooling	12,000
Council Tax	7,094,000
Reserves/Capitalisation (net)	1,182,000
Total Funding	14,245,000

2020/21 Review

11. The review of the current year's spending against the budget helps to update and inform the budget process for 2021/22 and beyond. There were a number of "overs and unders" within the 2019/20 accounts that when compared to the 2020/21 budget will help inform budget planning for 2021/22 and beyond. This review has not yet been undertaken.

Covid-19 Impact

12. The financial modelling undertaken to date identified net additional costs/loss of income at some £4.9m for 2020/21. Whilst some of the costs/loss of income will cause a deficit on accounts this year, they do not all appear in the Council's accounts until the following financial year due to accounting conventions e.g. collection fund costs. The government have also provided additional funding that offsets the deficits.

13. The government have allocated £3.7bn of funding to help local government to meet the additional costs faced by covid-19. This was allocated in three tranches, with the total funding to Hastings BC amounting to £1,208,695.
14. In addition to the direct funding the government have announced an Income Compensation scheme which compensates local authorities, in part, for reduced income from Sales, Fees and Charges (SFC) e.g. reduced car parking monies. The payment is based on 75p in the £, after a 5% overall reduction. This money will be received in three tranches based on information the Council submits. The calculations are net of any monies that the Council may have saved e.g. by furloughing staff, using staff elsewhere, reduced utility bills, etc. there are numerous exclusions e.g. property rental income, investment interest, delays in receiving sale proceeds.
15. The additional costs arising from Covid-19 that fall in the 2020/21 year are estimated at some £1.528m, with loss of income estimated at some £2.365m, The additional costs/loss of income are offset by the direct government funding of £1.208m (already received) and an estimated £803,000 that will be recovered from the government's new lost income compensation scheme. In addition, the Council has received monies for administering the government business grant schemes and additional monies for rough sleepers. The table below shows the revised projected budget shortfall for 2020/21 at £2.706m.

Revenue Budget Forward Plan	2020-21	2020-21
Projection at 27 August	Budget	Projection @ 27.8.20
	£000's	£000's
Net Council Expenditure	14,245	15,757
Funding	(13,063)	(13,051)
Shortfall	1,182	2,706
Use of Reserves	1,182	
Estimated Shortfall	0	2,706

16. The projections for future years are difficult to estimate at present and are very dependent upon the level of government funding that may be forthcoming and the continuing impacts of Covid-19 on the current year's budget as well as those for future years.
17. Covid-19 is impacting on Business Rates and Council Tax, Collection rates for business rates are currently some 9.8% down on this time last year, whilst those for Council Tax are down 1.3%. However, Covid-19 is expected to impact heavily on the Council Tax Support scheme in the remaining part of the year as unemployment rises and more people become eligible to claim benefits – this will result in less Council Tax being collectable.
18. Business rate income was already an area of high volatility and risk. Whilst the percentage of business rates collected is lower than last year this is based on a

lower level of collectible debt – given the governments rate free holidays for this financial year for many businesses.

19. The Council receives a separate payment from the government following the extension to the Small Business Rate Relief Scheme and introduction of the rate free holidays for some businesses – which effectively reduces the income that the Council has to collect from businesses. This further complicates the funding picture. Given government changes to the scheme, the Council is no longer having to collect relatively small sums from a number of businesses and is instead reimbursed by the government for the income foregone.

Other Expenditure

20. Since determining the budget in February 2020, the Council's budget has been enhanced by the receipt of the funding for Disabled Facility Grants. This was advised in May 2020 and amounts to £1,812,584 (same as 2019/20). This sum will be included within the revised budget.
21. The 2020/21 local election for Hastings BC was postponed until 2021/22 - a saving for the current financial year but increased costs for next.

Capital Expenditure

22. The Council's budget included spending of £26.1m on capital projects during 2020-21. Of this some £16.5m would be funded from borrowing with the remainder funded from grants, contributions, and from capital receipts. The actual expenditure that will be incurred is expected to be significantly less – given the Covid-19 impact.

2020/2021 - Summary

23. After ten years of funding reductions, there are few illusions left about the difficulty in identifying the further budget reductions required without impacting on services. Services should continue to identify opportunities to make in-year savings and investigate other ways of achieving corporate objectives when staff leave the organisation.
24. Covid-19 has involved many of the Council's staff working on different and competing priorities over the last few months and there may well be opportunities to work differently in the future – and potentially to identify some savings in doing so. However, besides Covid-19 and the potential for further lockdowns, there remain issues which can cause financial uncertainty within 2020/21 and beyond. These include for example the business rate appeals (including the potential NHS claim for charitable relief), licensing, development control income, car parking income, commercial property income, economic climate and any change in employment levels, benefit costs, and temporary accommodation costs.

Medium Term Financial Strategy

25. The Medium Term Financial Strategy (MTFS) is attached (Appendix A). It does provide indicative budget forecasts for the next 3 years (current year plus future 3

year period 2021/22 – 2023/24). 10 year projections have not been produced this year due to the uncertainty on future funding.

26. There are significant areas of budget growth in 2020/21 and 2021/22, largely resulting from the Covid-19 crisis e.g. business rates, homelessness, rough sleeping, Council Tax support costs and there remains considerable uncertainty about the forecasts given the unknown impacts of a possible spike in cases and further lockdown, plus the depth and length of any recession.
27. Deficits on the collection fund in respect of business rates and Council Tax are expected to be significant as a result of lower payment levels, deferrals, court closures, suspension of recovery action, etc. The government are allowing for deficits to be spread over a 3 year period.
28. The ability to forecast the available resources in future years is very difficult, given the governments deferment of the Fair Funding Review, business rates revaluation and the delay in introducing the changes for retaining greater shares in any business rate growth. The future estimates of wage settlements, inflation, investment and borrowing costs are likewise difficult to predict with any great certainty.
29. The projections for future years are summarised below:

	2020-21	2020-21	2021-22	2022-23	2023-24
Projection at 28 August	Budget	Projection	Projection	Projection	Projection
	£000's	£000's	£000's	£000's	£000's
Net Council Expenditure	14,245	15,757	15,210	15,225	15,409
Funding	(13,063)	(13,051)	(12,898)	(12,989)	(13,229)
Shortfall	1,182	2,706	2,311	2,236	2,180
Use of Reserves	1,182		-	-	-
Estimated Shortfall	0	2,706	2,311	2,236	2,180

30. Work is ongoing to identify options for reducing these deficits further and presenting options for Council to consider when determining the budget in February 2020.
31. The financial projections in the Strategy are for illustrative purposes at this stage, given the uncertainty surrounding the costs of some of the financial pressures and funding levels and the recognition that further work is required to refine these figures before the budget is finalised in February 2021.

Reserves

32. The minimum level of unallocated reserves is set at £6m and given the economic and funding uncertainties, exposures of income streams, volatility of Council Tax support costs these would have been increased further in normal circumstances. However, the Council has not been operating under normal circumstances for

some years – having to make difficult choices in the light of funding reductions in each of the last 10 years.

33. It is estimated that the Council's General Reserve will be in the region of £7.3m as at the 31 March 2020. At the time of writing the 2019/20 accounts remain in draft form and are under review. The increased deficit for 2020/21 could result in the General Reserve being reduced to some £5m by 31 March 2021 if no additional savings are identified this year – below the minimum recommended level of £6m.
34. Members are recommended to approve the Strategy, which identifies the deficits that need to be fully addressed in the 2021/22 budget setting process. The reserves set aside for unexpected and unforeseen events have been adequate to date for the additional expenditure incurred and the reductions in income experienced. Given the level of reserves and the approved Treasury management policy the Council has not experienced difficulties to date in managing its substantial cash flows.

Budget and Resilience (Financial Stress)

35. As first reported when determining the 2019/20 budget in February 2019, Cipfa indicators highlighted that the Council's reserves are being depleted faster than at other Councils and that there is a **very low level of unallocated reserves**, plus that earmarked reserves are being used more rapidly. The analysis identified that grants and Council Tax form a significant element of the Council's net budget and as external funding diminishes this poses a greater risk to the Council's sustainability.
36. The implications of having inadequate reserves in the future severely jeopardises the ability to meet unexpected costs, claims, shortfalls in income and particularly fund the capital programme and new regeneration opportunities.
37. When reserves meet minimal levels and if there are no viable plans to reduce the deficits, it might be expected in normal times that the external auditors would issue a report under section 24 of the Local Audit and Accountability Act. This notice requires Councils to meet within a month, to consider any report issued, and start taking the difficult decisions required. A section 114 notice may follow shortly thereafter from the Chief Finance Officer.
38. This Council has managed its resources effectively and has maintained adequate levels of reserves in order to meet unexpected events such as the pandemic – albeit with the assistance of additional government funding. The ability to restore reserves back to minimum recommended levels will be extremely difficult given the expected demand pressures and potential ongoing reductions in funding. It may be that the Council will be operating with reserves below minimum recommended levels in 2021/22 – given that there will be insufficient time to make substantial savings should the funding announcements in the autumn prove to be inadequate.

Anti-Poverty, Equalities and Community Cohesiveness

39. The equalities implications of the annual budget proposals are the subject of an Equalities Impact Assessment. Anti-poverty implications will also be addressed as part of the budget proposals.

Risk Management

40. The key risks are identified in the MTFs. The key areas remain future funding, covid-19 and impact of any recession on income and expenditure, business rate appeals, and the Council Tax support scheme.

Economic/Financial Implications

41. The strategy is based on continuing to receive funding from government at the same levels as 2020/21 for the next three years. Income streams are being reprofiled but remain at significant risk. There are additional cost pressures in terms of the Council Tax Support scheme, volatility on business rates, falling investment income, wage settlements. In a few years the Council may also lose a significant element of the income stream from land charges.
42. The MTFs identifies major budget shortfalls in all future years, even after the use of reserves. The identification of further efficiencies, further income generation opportunities and cost reductions remains of critical importance to achieve a balanced budget and must be seen as a top Council priority. It is proposed that a further review of reserves be included within the budget setting process.
43. The MTFs supports the alignment of corporate priorities with available resources and is intended to set the annual budget process in the context of the requirement for financial planning for the medium term.
44. Steps must again be taken through the budget process to identify further potential savings to help ensure a sustainable budget can be set by the Council for 2021/22.

Climate Change

45. The Council has a key role to play in addressing climate change and any reductions in resources may impact adversely on its ability to achieve all existing corporate plan objectives without further prioritisation.

Wards Affected - All

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes

Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	Yes

Background Information

Appendix A – Medium Term Financial Strategy

Officer to Contact

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Medium Term Financial Strategy 2020/21 to 2023/24

Purpose of the Strategy

1. The Council manages its finances by matching Council priorities to funding across the medium term. Unfortunately, with the impact of the Covid-19 crisis, continued funding cuts, and increased cost pressures from Temporary Accommodation the Council must make further cuts in order to balance the budget unless significantly more funding is forthcoming.
2. The annual budget cycle refines the process for the immediate year ahead (2021/22) and determines the most appropriate use of available resources as well as setting the Council Tax for the borough.
3. The government's deficit reduction programme continues to result in significant and ongoing reductions in funding for the Council. These reductions, since 2010/11, have led to government funding reducing by some 70% to date. The medium term plans and budgets have all made it plain that the Council's ability to carry on providing the level of services it does is severely jeopardised given the level of external funding and diminishing reserves
4. This year (2020/21) was to have seen wholesale changes in the way in which local authorities were funded. The Fair Funding Review (the level and distribution of the monies between Councils) has been postponed until 2021/22. Likewise, the promised 75% retention of business rates from April 2020 has been delayed to 2022/23 at the earliest. The New Homes Bonus Scheme was due to end in 2019/20 but was extended for 2020/21- no announcement has yet been made on what, if anything, will replace it.
5. There is also uncertainty as to the percentage increase in Council Tax that will be permitted from April 2021– let alone in the years beyond.
6. It was announced in July 2020 that the government's Spending Review (the division of the government's overall pot) which was due to start in the summer of 2019, will take place and the results announced in the autumn of 2020: This is still to take place despite a further spike in Covid-19 cases and the autumn budget being cancelled. In addition, there may be a white paper (possibly next year) which will, it is understood, look at the potential for devolving greater powers and budgets along with Local Government reorganisation.
7. The level of uncertainty around future funding makes it very hard to produce meaningful projections. The local government settlement is generally announced a few days before Christmas leaving little time for meaningful budget planning.
8. The Council was already in a most challenging financial period – and with the Covid-19 crisis it is increasingly so. This Strategy seeks to identify the deficits in future years on the basis of the best information available at the time and recommends that options for

reducing costs be compiled in readiness for the budget setting process. This will entail having a number of options for inclusion/ exclusion within the Corporate plan – and/ or items that can only proceed subject to sufficient resources/grants being identified during future years.

9. The Council has some significant projects underway that it needs to complete and some major ones e.g. Towns Fund in the pipeline. Until there is some clarity on funding and achievement of a sustainable budget the Council will need to concentrate on priority projects and those that could have significant health and safety implications e.g. reservoir and cliff works.
10. The use of reserves to fund the Covid-19 crisis is expected to have significantly depleted reserves to the point where it is at, or below, the absolute minimum level that it should hold. This would leave nothing to fund the upfront costs of schemes and expenditure that cannot be capitalised e.g. future cliff works, feasibility studies.
11. Even if the Council balances its budget for 2021/22 unless there is a degree of clarity and certainty for at least a significant part of the Council's funding stream in the years ahead the Council will need to prioritise its expenditure on the assumption of continued reductions in funding. It is understood that last year the MHCLG were looking at implementing a safety net where councils experience year on year funding reductions of greater than 5%p.a.
12. Local government as a whole has faced more severe reductions than other parts of the public sector and has needed to provide strong discipline and management to put itself in a position to best address these challenges. The Medium Term Financial Strategy (MTFS) is a key document in setting out the Council's approach to establishing a financial base to enable the Council's policies and priorities to be delivered.

Background

13. Councils are expected to plan their finances over more than a one year period. The longer term planning of finance supports the achievement of priorities in the Corporate Plan and allows more effective planning of services. It encourages Councils to predict events in the future and develop strategies to deal with them. To this end the MTFS seeks to project the funding position to 2024/25.
14. The Financial Strategy is the first stage in the annual business planning process. A later stage, the budget process, will examine the financial implications of any revisions to corporate plan objectives and match these to available resources to define a Council-wide budget requirement in early 2021. The corporate planning process ensures there is integration of all key strategies and the policies of the Council.
15. The Council has experienced funding reductions of over 72% between 2010/11 and 2020/21 on a like for like basis. The government's autumn Spending Review is expected to give details of spending plans for the year ahead and given the scale of the national deficit and exit from the EU the funding reductions are expected to continue.
16. Health, schools and development assistance have been protected which means that the cuts in Departmental Expenditure Limits (DEL) have fallen disproportionately on the

remaining public services including local authorities. This policy is not expected to change significantly.

17. This strategy assumes that 2021/22 will result in a standstill settlement for local authorities, ahead of a future Fair Funding Review - possibly in 2021/22.
18. The strategy will be updated as and when details and implications emerge in the months and years ahead. Significant cost reductions need to be identified urgently and will need to be implemented in full or in part depending upon the level of funding.

Strategic Priorities

19. The Council's strategic priorities were reviewed for 2020/21 in the light of the continuing challenges that the Council and the community face particularly in the light of the reduced funding levels and the climate change emergency.
20. The priorities are:
 - Tackling poverty, homelessness and ensuring quality housing
 - Keeping Hastings clean and safe
 - Making best use of our buildings, land and public realm assets
 - Minimising environment and climate harm in all that we do
 - Delivery of our major regeneration schemes
 - Ensuring the council can survive and thrive into the future
21. The Corporate plan will need to be reviewed for 2021/22 against the background of Covid-19, reductions in grants and the continuing demand pressures – particularly around homelessness and temporary accommodation requirements.
22. The Council has had a good track record of achieving its objectives and improving performance, but inevitably there are now project delays and changed priorities. Albeit there are significant funding reductions the Council should still be well placed to deliver a significant programme in 2021/22 but may need to substantially refine its priorities given what looks to be inevitable funding reductions. Significantly reduced resources will inevitably impact on service delivery in the years ahead.

Key Principles of the Medium Term Financial Strategy (MTFS)

23. The Financial Strategy is robust in that it integrates the financial and policy planning procedures of the Council. That robustness is built upon a foundation of key principles:

(i) Ensure the continued alignment of the Council's available resources to its priorities

All key decisions of the Council relate to the Corporate Plan. Priorities are determined and reviewed in the light of any changes to the Plan.

(ii) Maintain a sustainable revenue budget

This means meeting recurring expenditure from recurring resources. Conversely non recurring resources such as reserves and balances can generally be used to meet non recurring expenditure providing sufficient reserves and balances exist.

Whilst the principle remains sound the Council had consciously strengthened its reserves, knowing that these would be required to ease the transition to a lower spending Council and to meet key corporate priorities. The Council has required the use of these reserves to achieve balanced budgets in 2018/19, 2019/20 and again in 2020/21. Reserves will fall below minimum recommended levels if they are required to balance the 2021/22 budget unless additional funding is received, or significant expenditure reductions are made.

(iii) Adequate Provisions are made to meet all outstanding liabilities.

(iv) Continue to identify and make efficiency savings

Each year there is a thorough examination of the Council's "base budgets" to identify efficiency savings and to ensure existing spend is still a Council priority (Priority Income and Efficiency Reviews – PIER). The Council established an Invest to Save Reserve to assist in this regard.

(v) Review relevant fees and charges comprehensively and identify Income generating areas as a means of generating additional funding for re-investment in priority services.

(vi) Capital receipts and reserves will primarily be available for new investment of a non-recurring nature thereby minimising the overall financial risk.

Resources will be allocated to invest in the Council's assets to ensure they support the delivery of corporate and service priorities. Resources will, if available, finance invest to save schemes to help modernise and improve services and generate efficiencies in the medium term.

(vii) Ensure sufficient reserves are maintained.

Some reserves have been established to meet specific needs and events (earmarked reserves). Volatility within business rates and the Council Tax Support scheme resulted in the establishment of a separate reserve to smooth some of the fluctuations. In the event of a recession, in the run up to, and following, Brexit the volatility in income streams and expenditure could be highly significant. Should general (unearmarked) reserves fall below the minimum level then steps will need to be taken to restore them as soon as practical.

(viii) Ensure value for money is achieved in the delivery of all services and that the Council seeks continuous improvement of all services.

It should be noted that the report produced by the Council's external auditors in on the 2018/19 final accounts gave a positive opinion on the Council's provision of value for money services.

(ix) Maintain affordable increases in Council Tax whilst accepting that such an objective is linked to the amount of annual Government grant, inflation and new legislative requirements.

(x) Recognise the importance of partners in delivering cost effective solutions for services.

Local Government Spending Control Totals

24. The Chancellor's November 2020 autumn statement is expected at best to produce a standstill budget for local authorities i.e. comparable funding to 2020/21 except for continued reductions in New Homes Bonus and some recognition that Council's will continue to face reductions in business rate and Council Tax receipts in future years as a result of Covid-19 and subsequent expected increases in the levels of unemployment.
25. The grant settlement figures provide details of the Revenue Support Grant and the levels of Business Rates that the government expects councils to retain – the two figures combined make up the Settlement Funding Assessment.

Summarised Grant Position

26. For the period 2010/11 to 2020/21 the reduction in cash grant funding is estimated at 72% on a like for like basis (i.e. excluding Council Tax Freeze Grant, Homelessness Grant and Council Tax Support Grant in order to provide a clear comparison). These figures are all based on cash and exclude the effects of inflation (the inclusion of which would increase the % reductions even more).
27. If there is a Fair Funding review undertaken in 2021/22 (implemented in 2022/23) and resources are redirected towards authorities with social care responsibilities, it would be hoped that the worst case scenario would see transition schemes in place limiting the funding reductions to some 5%. New Homes Bonus is set to end and Benefit Administration grant to decrease very significantly in the years ahead as the country moves towards Universal Credit and away from housing benefit.
28. **This loss of grant when combined with the additional costs from inflation, pay increases and demand pressures present the Council with significant financial and resource challenges.** 2021/22 will see the full year effects of the increased costs in providing the Council Tax Support/Reduction scheme following Covid-19, as well as the full year impacts from lower business rate and Council Tax collections.

FINANCIAL CONTEXT - The National Economic Climate

29. Bank base rates were reduced to 0.1% in March 2020 and could even turn negative in the months ahead. Base rates are not expected to increase for several years.
30. Inflation (CPI) amounted to 1% in July 2020 (RPI was 1.6%) and is expected to remain low for some time.
31. Last year the Medium Term financial strategy stated

“There remains much uncertainty around the Brexit negotiations, consumer spending levels and business investment, let alone the world economy and trade wars. In this context it is not possible to be confident about how strong growth and inflationary pressures will be over the next few years, and therefore the impact on employment levels (and those claiming benefit), inflation (and what we have to pay on our contracts and staff salary increases) and investment / borrowing costs (given no certainty on base rates).”

The same statement applies but uncertainty is amplified as a result of the Covid-19 crisis and the uncertainty of future implications.

32. In determining the Medium Term Financial Strategy, the impact of the economic climate on the Council has to be considered. As a result of all these uncertainties, once again no general allowance can be made for any uplift in the Council's income streams in terms of volumes, although individual income streams are being critically reviewed. Likewise, if there is a prolonged decline in the overall economy then benefit numbers are likely to increase and likewise inflationary pressures. These factors will impact negatively on the Council's financial position for potentially many years to come.

Risks and Opportunities

33. There are numerous financial risks facing the Council over the next four years, including: -
 - External funding in terms of the government's Spending Review 2020 (SR20), the retention of business rates in 2021/22, and the Fair Funding Review (with new grant funding regime in place from 2021/22).
 - Business Rates Retention Scheme – the new funding regime that was introduced on 1 April 2013 whereby Councils retain an element of business rates and any growth (or reduction) – this has increased volatility and risks for Council funding. The local retention of business rates presents real risks to the authority should rate income decrease, but likewise provides the Council with an incentive to increase the business rate base and the level of business rates being collected. The future move to 75% retention (from the current 50%) passes on the additional risks of volatility to councils. There may well be no growth in business rate income for some years and business rates are themselves under national review.
 - Business Rate Appeals – This remains one risk that is proving particularly costly at present and remains difficult to estimate. The Council has been picking up the cost of revised rating determinations and national decisions emanating from the courts.

Excluding multiple appeals there remains some 76 appeals which relate to the 2010 rating list with a rateable value at risk of some £10.1m, and many date back to the start of the list.

- Council Tax Support Scheme – the Council is not proposing any change to the scheme for 2021/22 – the cost of the scheme could increase very significantly should unemployment double and more people become eligible.
- Security of income streams
- Increased demand for public services – homelessness and temporary accommodation
- Delivery of the identified Priority Income and Expenditure review (PIER) savings.
- Pension Fund Performance and changes to the national scheme
- Housing Benefits – Universal Credit and the impact on Housing Benefit Administration grant
- There are however still opportunities for joint working, shared services and joint procurement that have proven to be successful in reducing costs in the past e.g. Grounds Maintenance contract, Building Control service. A number of contract areas will be coming up for renewal in the years ahead which may allow for detailed scrutiny of the specification and how these could be delivered differently in the future – whether in-house or externally.
- The prospects for all centrally funded organisations have become one of decreasing resources. The government’s borrowing requirement has increased and significant public spending cuts are still expected. Further reductions in benefit funding by the government may also have wider ramifications for Hastings e.g. effects on homelessness, inward migration.
- The Council has commenced some significant housing initiatives e.g. social lettings scheme, Selective Licensing scheme, housing company, as well as energy initiatives. Each of these has financial repercussions if business plan objectives are not achieved.
- The Council continues to look at opportunities for income generation/cost reductions. The level of investment both in terms of commitment, resources and particularly new borrowing is significant. Additional controls on borrowing are expected to be placed on local authorities by government very shortly.
- The risks of a long lasting recession in the economy are greater at present given the levels of uncertainty around Covid-19, Brexit, trade wars, etc.

Council Tax and Business Rates

34. In determining the actual level of Council Tax for 2021/22 the Council will need to take into consideration the government's referendum principles which for 2020/21 were based on the requirement to hold a referendum for increases that were above £5 as well as exceeding 2% or above. This MTFS assumes a 1.99% increase in Council Tax for 2021-22. Each 1% increase in Council Tax yields approximately £69,000.
35. The tax base for 2021/22 is estimated at 3% lower (net) for the purposes of producing this strategy. This is mainly due to the expected increase in the level of Council Tax Support being claimed. The effect would be to decrease the tax base from 26,197 to 25,411 (a loss of £213,000 p.a. to HBC alone). The actual impact of increased unemployment levels may be greater still and will only be known as and when people come off a furlough scheme and people's savings fall below the threshold level.
36. The MTFS assumes a deficit of £50,000 on the Council's Collection Fund in respect of Council Tax. Likewise, a deficit in respect of business rates income is expected - mainly caused by the high level of successful rating appeals. An estimated deficit of £100,000 has currently been included in the strategy but this figure could be amended significantly before the year end.

Funding from Business Rates (2020-21)

37. The government launched the Business Rates Retention (BRR) scheme on 1 April 2013 as one of the main forms of local government funding. Instead of a single grant the Council receives Revenue Support Grant (RSG) and monies from Business rates (an assessed Business Rate Baseline Funding level - expressed as Baseline Need). The two figures effectively made up the Settlement Funding Assessment (SFA). The government calculated a notional business rate figure they believed each Council should collect, although ultimately it is the actual level of business rates collected that determines the total funding received.
38. The business rate, itself, is set by the government with regard to the change in the Retail Prices Index. The proportion retained in Hastings for 2020-21 is 40% (9% is payable to ESCC, 1% to the Fire and Rescue Authority and 50% to the Government).
39. Under the current scheme 50% of business rates is localised through a system of top-ups and tariffs that fix an amount to be paid by high yield authorities and distributed to low yield authorities – this amount being increased annually by inflation (CPI). Local authorities retain a proportion of all business rate growth or conversely experience a reduction in resources if the business rate base declines. The 50% central government share is distributed through the annual local government settlement process – thus enabling the government to control the overall amount received by local authorities.
40. Businesses see no difference in the way the tax is set. Rate setting powers remain under the control of central government and the revaluation process remains the same – save for a new revaluation every three years.

41. Where there is disproportionate growth this is used to provide a safety net for those authorities experiencing little or negative growth and allow the treasury to top slice business rates income. A reset mechanism is in place - the first reset was due in 2020/21 (now overtaken with the Fair Funding review). The system, the calculations required, accounting treatments, and particularly the budgeting requirements are not straightforward.
42. The changes increase the level of instability in the forecast of resources and the interaction with economic growth or decline will increase the associated risks. A decline in an industry within the borough could result in both a decrease in the business rate base and an increase in demand for Council Tax support – both increasing Council costs.

Business Rates - Pooling (2020/21) and 2021-22

43. For 2020/21 the Council, along with the East Sussex County Council, all East Sussex Boroughs and Districts, and the Fire Authority, are in a pooling arrangement. This means Councils retain 50% of any business rate growth but are also impacted by losses.
44. The question, when writing this strategy is what will now happen for 2022-23, given that the government have indicated that the current arrangements will be extended into 2021/22 – the business rate retention level of 75% is not being introduced.
45. The government after determining the business rates baseline levels included small business rate relief within its own budget proposals. This effectively reduced Councils' income. The government is reimbursing authorities for this lost income - estimated at £1,564 in 2020/21. An inflationary increase of 1% has been allowed for in 2021-22 and each year thereafter.
46. The rateable value (RV) of business properties at the start of the 2020/21 year was forecast to be some £62.5m (some £201,000 lower than 2019/20). However, given the level of appeals and businesses in trouble, forecasting income levels for 2021/22 and beyond remains challenging. Business rates and the levels of appeals/ growth/ decline has been highlighted as a real risk yet again and will continue to impact significantly on the Council's level of funding. It is one of the key risks that the Council faces in terms of income volatility.
47. Multiplying the rateable value figure by the rate poundage and after charity and other reliefs the Council was due to collect some £21.16m in 2020/21 of which the Council share was some 40% (£8.463m in 2020/21). For Hastings however, with a Baseline Need that is lower than the Business Rate Baseline, a Tariff is paid to central government – this amounts to £5,667,405 in 2020/21. The estimate of the business rate income collected that will be retained by the Council in 2020/21 being some £2.771m. Following major changes to business rates and reliefs due to Covid-19 the government are funding the Council directly with some £12m of monies that it would have otherwise had to collect.
48. The projections for 2021-22 could be overly optimistic in the event of a severe recession, and the rating revaluations that was due to be implemented by government

in April 2021 has now been postponed.

49. The Council is required to make an annual assessment of the income it expects to collect from Business Rates, and to provide these figures to government, East Sussex County Council and the Fire and Rescue Authority who each receive a share of the actual rates collected; At present this remains very challenging given the much lower collection levels (down some 7.4% in July 2020).

Income and additional costs

50. The Council now has limited reserves and remains reliant upon income streams and investment returns to balance the budget. Given the Covid-19 impact rental streams have been under considerable pressure e.g. Priory Meadow. This is expected to continue for some years.
51. Given that income streams remain at risk, fees and charges are kept under careful review and are considered annually against the background of Council priorities, the local economy and its needs, and people's ability to pay.
52. For 2021-22, with a number of exceptions, fees and charges will be considered against market fees, and increased as a minimum by the retail price index - except where set by statute. The majority of planning fees are determined nationally by government.

Income Generation

53. The Council has a number of key income streams besides Council Tax and Business rates. These include for example car parking, rents from land and industrial estates and shopping centres, cemetery and crematorium, cliff railways, planning, licensing, lettings and land charges.
54. The Council has stepped up the level of income it is receiving from property and is looking to diversify its income streams further e.g. from energy.
55. The table below highlights some of the more recent acquisitions and initiatives that have either generated or saved money and will go a little way to meeting the massive funding reductions the Council is experiencing and thus helps to protect services.

	Est Income/Rent Saved- 2019/20	MRP and Interest 2019-20	Net Additional Income 2019-20	Net Additional Income by 2023/24
Acquisitions/lettings	£	£	£	£
Muriel Matters	321,000			
MM Shops	41,000			
Sub Total	362,000	220,800	141,200	141,200
Muriel Matters - Council Chamber etc	23,000		23,000	23,000
Town Hall	97,000		97,000	97,000
BD Food Factory	40,000	91,488	(£51,488)	(£51,488)
Sedlescombe Road North	465,067	294,613	170,454	170,454
Sea Front Kiosks	7,900		7,900	7,900
Bexhill Rd Retail Park	547,080	356,660	190,420	190,420
Sedlescombe Rd North (2)	136,527	97,346	39,181	50,435
Bexhill Road Redevelopment Site				93,611
Lacuna Place	427,126	355,737	71,389	250,049
Heron House	190,000	107,952	82,048	82,048
Property Fund	85,000		85,000	85,000
Totals	2,380,700	1,524,596	856,104	1,139,629

56. The Council's future income generation plans involve both capital and revenue expenditure. The Council is able to borrow for capital expenditure but must determine its overall borrowing limits prior to the start of the financial year. It is unable to borrow purely for yield (profit). The purpose of setting borrowing limits is to ensure that the borrowing costs are prudent and affordable when determining the budget. It is able to vary them within the year, but such decisions can only be taken by full Council.
57. The borrowing levels are contained within the Treasury Management Strategy which is considered by the Audit Committee and Cabinet before being determined by full Council. Any changes would also necessitate a change to the Capital Strategy – also now determined by full Council.

Investment and Borrowing

58. The relatively low levels of interest received on investment balances looks set to continue. Base rates were reduced in March 2020 to 0.1% and could potentially even turn negative.
59. The Brexit factor makes forecasting difficult. Inflation does not look set to increase significantly and interest rates are not expected to be increased for a couple of years. The Treasury Management Strategy will continue to advocate a policy of keeping the respective levels of debt and investment under review. Investment returns for the purpose of the MTFs are estimated at 0.5% overall.
60. The Council has had significant additional borrowing requirements in recent years and continues to have an ambitious Capital programme. The Capital expenditure agreed as part of the February 2020/21 budget would increase borrowing to levels to some £105m by the end of 2022/23. This would increase annual borrowing costs substantially as well as the amount required to be set aside each year to repay this debt (the Minimum Revenue Provision). The costs appearing in the MTFs are estimates of the expenditure now likely to be incurred and will need to be refined in line with a revised Capital programme if and when agreed in February 2021.

Inflation

61. This had not been a major issue over the last couple of years. In July 2020 it increased to 1.6% (Retail Price Index) whilst the government's preferred measure CPI (Consumer Price Index) was 1.0% (up from 0.6%). Inflation (CPI), according to the government's Monetary Policy Report (August 2020) is expected to be below the 2% target and average around 0.25% in the latter part (of the year August 0.2% CPI) largely reflecting the direct effects of Covid-19. These include the impact of energy prices and temporary cut in VAT for hospitality, holiday accommodation and attractions. As these effects unwind, inflation rises, supported by a gradual strengthening of domestic price pressures as spare capacity diminishes. In the Monetary Policy committee's central projection, CPI inflation is expected to be around 2% in two years' time (1.8% Qtr. 3 in 2021).
62. Based upon the above projections, general inflation is being allowed for at 2% overall for 2021/22 and beyond. However, only contract inflation is being allowed for in the budget i.e. a real cash freeze again for all other service expenditure areas. Any increases above this level would need to be contained within service budgets within the year.

Public Sector Pay Settlement and National Living Wage

63. The salary increase for 2020/21 was agreed in August 2020 and amounted to 2.75% (backdated to April 2020).
64. The figures in the Medium Term Financial Strategy assume a 1% increase for 2021/22 and beyond. In addition, there are contractual increments (equivalent of around ½%).
65. The salaries budget together with national insurance and pension costs amounts to some £14m in 2020/21.
66. The Council remains committed to paying the accredited living wage of £9.30 per hour (for over 18's) and this is set to increase further with new rates being announced in November 2020. The national minimum wage for over 25s is £8.72 – from April 2020, and is set to increase further.

Universal Credit and Benefit Administration Grant

67. Universal Credit was originally expected to commence in October 2013 in respect of new claims with the transfer of existing claims being completed by 2018/19. The first new claims actually took place in April 2015 but had relatively little impact on the service until the 14 December 2016 when all new claims for those of working age and some change of circumstances transferred to Universal Credit (now partly reversed for some claimants).
68. The impact of the change is a reduction in new benefit claims, an increase in questions and support, and a significant reduction in the Housing Benefit Administration grant receivable in the years ahead.

69. The implications for staff and services is becoming better understood and will necessitate changes to the Council Tax Support scheme if the Council is not to be engulfed in numerous changes of circumstance requests in the years ahead – albeit that this threshold has not yet been reached.
70. It should be noted that the final stage and timeline for converting existing working age Housing Benefit claims onto Universal Credit (to be completed by 2022) remains unclear. However there appears to be no immediate plans for the transfer of pensioners or the more complex cases away from Housing Benefit – which could see the Council retaining some 40% of cases.
71. The Department for Work and Pensions (DWP) continue to provide some additional funding to the Council. Some of this had been funding external support organisations for those providing debt advice - this is now paid direct e.g. to Citizens Advice Bureau (CAB). Some funding is payable to the Council to meet the additional burdens on dealing with DWP enquiries, complex cases and closing down existing claims. How much and for how long this funding remains is uncertain.
72. The Benefit Administration Grant for 2020/21 was actually increased to £397,789 (from £389,046) – whether current funding levels continue into 2021/22 is as yet unknown.
73. The level of Council Tax Support Administration Grant receivable in 2020/20 was £157,497 (£164,592 received in 2019/20). This represents a reduction of £7,095 (a 4.3% reduction) and further reductions are anticipated for 2021-22. A 4% reduction is estimated for 2021-22.
74. It should also be noted that the Discretionary Housing Payments (DHP's) funding received from the government to assist those in severe financial hardship, is not only covering those with Housing Benefit claims, but also covers those in receipt of Universal credit. As such the number of referrals from Universal Credit recipients is increasing – and adding an extra layer of administrative complication.

Council Tax Reduction Scheme

75. In 2013/14 the government paid an upfront grant in respect of Council Tax Support/Benefit, leaving the Council to fund any “in year” increase in demand. In 2014/15 the Council Tax Support Grant was rolled into the Settlement Funding Assessment and thus effectively decreases in line with the annual reductions in government grant funding. The Council determined that the Council Tax Support Scheme would remain the same for 2015/16, 2016/17, 2017/18 and 2018/19. In 2019/20 the Council retained 100% support for those most in need but made various changes to the scheme e.g. limiting assistance to the maximum of a Band D equivalent property.
76. The other East Sussex Councils amended their schemes for 2016/17 given the ever increasing unaffordability of the scheme. The major change made by them being that all households of working age made a minimum 20% payment. Options were again being explored by this Council for 2020/21 which included minimum payments of 3%, 10%, or 15%. Following a review by lead members the Council did not make any amendments to the scheme for 2020/21. This strategy assumes that no amendments to

the scheme will be made for 2021/22

77. The projections are that the cost of the scheme could increase from some £10.8m in 2020/21 to some £12.4m in 2021/22, and the deficit identified in this budget report would increase by a further £210,000 (HBC's share of an additional £1.6m p.a. additional cost). If there is severe recession with a doubling of unemployment and with more people claiming benefit the costs could increase beyond this level.
78. The Council Tax Reduction Scheme continues to pose a significant financial risk for the Council as the furlough scheme unravels and businesses assess their staffing needs. The risk being that should claimant numbers increase the additional costs now fall on the Council and its preceptors rather than the government. The Council will need to continue to retain adequate reserves for this purpose as the scheme cannot be amended mid-year.

Priority Income and Efficiency Reviews (PIER) Process

79. The consideration of budget options by lead members and officers enables a detailed examination of service performance and priorities, cost pressures, and the scope for achieving efficiency savings and additional income.

The objectives of the process are as follows: -

- To provide services with an opportunity to submit proposals for the business plan. The proposals include all unavoidable growth and savings amounts.
 - To allow service delivery proposals to be measured against the corporate plan objectives.
 - To provide a mechanism for challenging service proposals in an informed, robust and constructive fashion.
 - The revenue estimates and the capital programme are closely linked. As such service bids for capital funding are considered at the same stage.
80. In addition to the annual Strategic Budget (PIER) process the Council continues to have a programme of areas to review e.g. service reviews, and business re-engineering process reviews in order that efficiencies continue to be achieved, monitored and potential new areas identified.
81. The scale of the budget savings required to balance the budget on a sustainable basis following Covid-19 is large. The time between the identification and the achievement of savings, as well as income generation, can be significant and the Council will need to be prepared to continue to use a proportion of its reserves to balance the budget and for future invest to save initiatives.

Pension Fund Contributions

82. The Council's contributions to the pension fund managed by East Sussex County Council are determined every three years following an actuarial valuation. A new

valuation was undertaken in 2019 with revised contribution rates becoming payable from April 2020.

83. The actuary calculated that the fund liabilities in respect of Hastings staff (past and present) amount to some £122,444,000 whilst assets amount to some £122,188,000. This represents a deficit of some £256,000 (£18.247m at 31 March 2016) and represented a significant improvement in the position of the fund within a short space of time. This position may well have changed significantly in terms of the assets given Covid-19 and it is possible that contribution rates will need to be amended from 2021/22 onwards. The valuation of assets and liabilities for 2019/20 final accounts purposes shows a deficit of some £37.226m on the Council's part of the fund as at 31 March 2020.
84. The rates payable by the Council consist of the primary contribution rate plus 0.75% for future non-ill health retirements (these are percentages of salaries of staff in the pension scheme) plus a secondary rate(or lump sum), namely:
- 2020/2021 is : 17.6% +0.75% + secondary contribution rate of £538,000 (some 6.5%)
2021/2022 is : 17.6% +0.75% + secondary contribution rate of £508,000 (some 6.0%)
2022/2023 is : 17.6% +0.75% + secondary contribution rate of £476,000 (some 5.5%)
85. The reductions in secondary contributions in 2021/22 and the following year were expected to offset the impact of the annual increase in pay on pension costs.

Staffing, Information Technology and Property

86. In order to deliver its services, the Council not only requires financial resources but also good quality staff, IT, and well maintained property. There is only a finite resource available to deliver priorities whether directly by the Council or in partnership with others. Service planning is important to ensure that there is sufficient capacity to deliver the annual plan.
87. The Council's capacity to respond to change, and lead on new initiatives is dependent upon the strengths and abilities of the workforce. The Council has a clear strategy for workforce development and sufficient funding will be retained within the budget to fully finance the training and development programme.
88. A transformation team continues to pull together the customer first programme, process and service reviews along with IT solutions to make long term efficiencies and improvements to the customer experience.
89. The transformation programme is seen as key to making further long term savings and to preserve as many services to the community as possible – albeit delivered in a different way.

Grants

90. The Council receives a number of revenue grants each year e.g. New Homes Bonus, Flexible Homelessness Support, Discretionary Housing Payments but has also been very successful in attracting numerous "one off" type grants in the last few years e.g. Rogue Landlord funding, Future Cities, and Active Women Programme, Answers in the

Local Economy (ACE), Hastings Fisheries Local Action Group (HFLAG), Coastal Communities funding.

91. Regional and European funding successes have been very significant for Hastings. The Council has made further grant applications for very substantial sums of money and will continue to look to attract such funding to Hastings in the years ahead. Recent bids which the Council has been involved in include, for example:-
 - (i) Climate Active Neighbourhoods (CAN) (£870,000 over 3 years),
 - (ii) Sustainable Housing Inclusive Neighbourhoods (SHINE) (£1.5m over 4 years),
 - (iii) Community Led Local Development (CLLD) (£3.3m),
 - (iv) Coastal Communities Fund 4 (Destination White Rock) – continuing the economic revival. Total project value (grant and match: £1,081,270)
92. Most of the bids made have been successful and the resultant regeneration work within Hastings remains significant.
93. Of particular significance is the Towns Fund - £3.6bn national initiative focusing on 100 towns of which Hastings is one. The Council is invited to submit proposals for a £25m funded grant to aid further transformation. To assist the Council in pulling a proposal together, developing business plans and has established a Town Deal Board with its partners; it is receiving £173,029 of funding. The Town Investment proposal to be submitted in the next few months.
94. The Towns fund provides the means to carry on the transformation of Hastings when other funding remains unclear e.g. loss of EU grants and what if anything will replace them. Securing the grant is a major item of work for the Council and its partners.

New Homes Bonus

95. This grant regime commenced in April 2011. This is a grant that rewards the building of new houses and for bringing long term empty properties back into use. The sum receivable in 2020/21 amounted to £199,482 (down from £556,337 in 2019/20 - a funding loss of £356,855 – equivalent of some 5% on the Council tax). There has been no announcement as to whether the New Homes Bonus will continue to be more than just the legacy payments in 2021/22.
96. The government changed the scheme in December 2016 to divert money to social care. It reduced the period it was payable for - from 6 years to 4 years with a transition year for 2017/18 whereby 5 years was payable. The government also decided to introduce a minimum growth baseline of 0.4% below which the bonus will not be paid; this they state reflects a percentage of housing that would have been built anyway. The payment of a small amount to reflect the increase in affordable properties was not affected by the threshold decision.
97. The Council Tax Base return (CTB 1 in October each year) identifies the number of new properties completed and the number of long term empty properties brought back into use (net). For the 2020/21 calculation the number of new properties and an increase in empty properties did not achieve the threshold (an increase of more than 0.4% of the housing stock (0.12% achieved). The number of affordable properties completed amounted to some 90 for which there is a payment of £350 per property

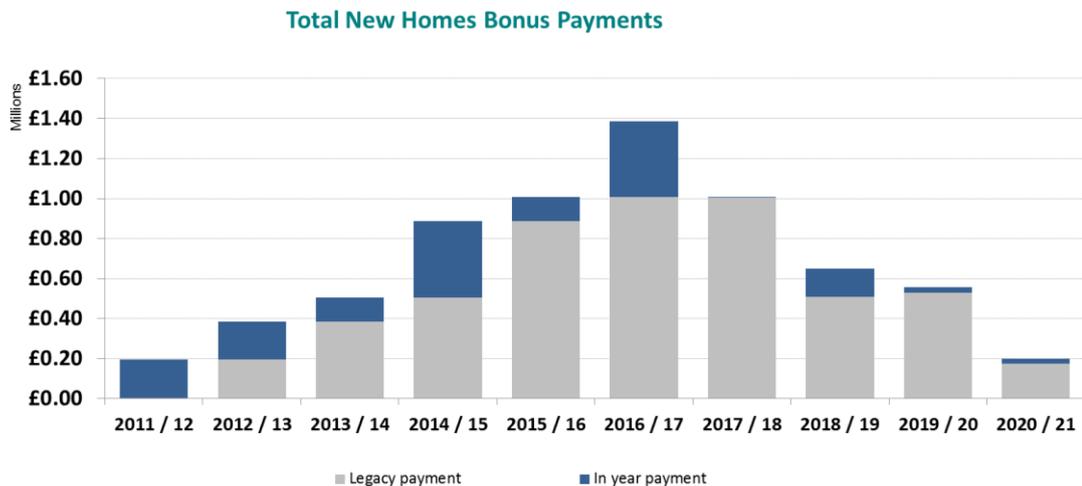
(shared with the upper tier authority); resulting in additional income amounting to some £25,200 for 2020/21. The funding for 2020/21 is a “one-off” with no ongoing legacy payments.

98. The table below shows the estimated New Homes Bonus receivable by the Council in 2020/21 and estimates for future years – based on no further changes to the grant award criteria.

Table: New Homes Bonus

Year	2017/18	2018/19	2019/20	2020/21 (Est)	2021/22 (Est)	2022/23 (Est)
	£	£	£	£	£	£
Year 1						
Year 2						
Year 3	119,097					
Year 4	382,670					
Year 5	119,542	119,542				
Year 6	382,055	382,055	382,055			
Year 7	5,600	5,600	5,600	5,600		
Year 8		142,362	142,362	142,362	142,362	
Year 9			26,320	26,320	26,320	26,320
Year 10				25,200		
Total	1,008,964	649,559	556,337	199,482	168,682	26,320

99. The reduction between 2020/21 and 2021/22 is a funding loss of £30,800. The graph below identifies the funding levels since 2011/12 and the massive reductions since 2016/17.



100. Councils have used the bonus in different ways, either to help balance budgets, strengthen reserves, or for one off activities that do not add to ongoing spending commitments. For Hastings, the money has been fully utilised to help balance the budgets in every year since its introduction, and if there is no replacement scheme this is a severe funding reduction.
101. As identified in each of the last two years there remains a real risk that this grant regime could be ended as part of the “Fair Funding review” and not replaced. The government did state that they would explore how to incentivise housing growth most effectively, by for example using the housing delivery test results to reward delivery or incentivise local plans that meet or exceed local need.

Indicative Base Budget Position for 2020/21 to 2023/24

102. An Indicative budget forecast for the current and next 3 year period 2020/21 – 2023/24 has been produced (Appendix 1) to reflect the issues raised as part of the review of the MTFs. This is indicative given the uncertainty surrounding the costs of some of the financial pressures and funding levels and the recognition that further work is required to refine these figures before the budget is finalised in February 2021. The forecast does not include any costs associated with additional Capital projects other than those already included within the Capital programme. A 10 year forecast has not been produced given the uncertainties on future funding and expenditure.

Summary of Financial Position

103. When setting the budget in February 2020, forecasts of future deficits were identified. These amounted to £1,182,000 in 2020-21, £798,000 in 2021-22, £698,000 in 2022-23, and £525,000 in 2023/24. However, following Covid-19, Brexit implications, big increases in temporary accommodation costs, revisions to income forecasts, inflation and wage increases, reductions in funding from New Homes Bonus, etc., the deficits look to set to increase substantially.
104. During the last 12 months work has been undertaken to identify further savings, firstly in order to spend less in the year, thus preserving more transition funding to help meet the deficits, and secondly to identify on-going savings for future years.
105. The PIER savings were listed in the February 2020 budget reports (Appendix K) and amounted to net savings of £1,784,000 in 2020/21 with a further £583,000 in 2021/22. Following Covid-19 not all of these savings will be achieved within the projected timescales e.g. sale of assets, management restructure, capital schemes and investment returns.
106. The savings are offset by additional costs (£786,000 in 2020/21).
107. The table below summarises the estimated deficits for the current and next 3 years of £2.7m in 2020/21, £2.3m in 2021/22, £2.2m in 2022/23, £2.2m in 2023/24. The Council had already agreed in February 2020 to use £1.182m of reserves to help balance the 2020/21 budget. These revised estimates do not take account of any in-year savings that may still be achieved, or savings to be identified as a result of reviewing last year’s spending and income streams.

	2020-21	2020-21	2021-22	2022-23	2023-24
Projection at 28 August	Budget	Projection	Projection	Projection	Projection
	£000's	£000's	£000's	£000's	£000's
Net Council Expenditure	14,245	15,757	15,210	15,225	15,409
Funding	(13,063)	(13,051)	(12,898)	(12,989)	(13,229)
Shortfall	1,182	2,706	2,311	2,236	2,180
Use of Reserves	1,182		-	-	-
Estimated Shortfall	0	2,706	2,311	2,236	2,180

108. Given the uncertainty on future government funding levels, the impacts of the recession and subsequent demands on council services, the Council will need to identify contingency options in order to help address the budget deficits that will only become clearer at or around the start of January 2021.

Council Tax

109. The Council has a record of lower than average tax increases.

Year	Hastings BC Tax Increase (%)	National Average (%)	Hastings BC Council Tax (£)
2010/11	1.90%	1.80%	235.85
2011/12	0.00%	0.00%	235.85
2012/13	0.00%	0.30%	235.85
2013/14	0.00%	0.80%	235.85
2014/15	0.00%	0.90%	235.85
2015/16	1.90%	1.10%	240.33
2016/17	2.1% (£5)	3.10%	245.33
2017/18	2.0% (£5)	4.00%	250.33
2018/19	2.99%	5.10%	257.81
2019/20	2.98%	4.70%	265.50
2020/21	1.99%	3.90%	270.78

110. In considering any Council Tax increase for 2020/21, 1% on the Council Tax will equate to around £69,000.

111. For 2020/21 the government announced a shire district or borough Council could increase Council Tax by up to 2%, or up to and including £5, whichever is the higher. If higher than this the Council would be required to hold a referendum.

112. The MTFS includes the assumption of a 1.99% in Council Tax for 2021/22 and 1.99% for each of the years beyond.

CAPITAL

113. Resources for major capital projects remain scarce. For projects to be considered schemes need to meet the following criteria:-

- (a) Contribute towards achieving the Council's corporate priorities and one or more of the following,
- (b) be of a major social, physical or economic regeneration nature,
- (c) meet the objective of sustainable development,
- (d) lever in other sources of finance such as partnership/lottery funding or provide a financial return for the Council,
- (e) is an "invest to save" scheme and reduces ongoing revenue costs to assist the revenue budget.

114. The Council's capital programme for 2020/21 and the next 2 years, as approved in February 2020 (reproduced below), amounted to some £47.1m (£34.3m net of grants and contributions). The capital programme will be considered as part of the budget process and decisions taken in the light of available resources.

	Revised 2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s
Gross Capital Expenditure	18,461	26,100	19,122	1,882
Net Capital Expenditure	15,580	16,936	17,310	70
Financing from own resources	185	185	208	70
Borrowing Requirement	15,395	16,567	17,102	0

115. In 2019/20 the actual borrowing requirement increased by some £9.513m (compared to the revised estimate of £15.395m) and the actual amount borrowed in the year amounted to some £5.27m – taking external debt to £65.30m.

116. For the purposes of planning the Council now uses 7% as the cost of capital (4% capital repayment and 3% in respect of long term interest). If an asset has a shorter life (than 25years) then the capital repayment percentage (4%) must increase e.g. percentage becomes 10% for an asset with a 10 year life. When looking at the viability of individual schemes being proposed current rates of interest are also used.

117. There is a need to maintain assets to avoid higher long term maintenance costs. This is especially critical where the Council's commercial estate is involved if rental streams are to be maintained and industry is to be attracted to the area - and also given the increase in competition for tenants. The Council maintains a Renewal and Repair Reserve for significant items of programmed work. Where major works or alterations are required these will be included within the capital programme. It should be noted that generally the annual revenue expenditure is out-stripping the contributions being

made to the reserve. It should be highlighted that there continues to be significant works required to the cliffs. A significant element of such works are classed as revenue costs and General Reserves will be required to fund these – or elements thereof for many years to come.

118. The Council's Capital programme remains ambitious. There are in addition a whole series of potential developments in the pipeline. Appendix 2 highlights some of these e.g. new sports and cultural development centre at Bohemia (estimated at some £60m), the development of houses at Bexhill Road, Commercial properties at Churchfields. The ones identified amount to some £101m over the next 5 years or so, and are not all affordable given the unsustainability of the revenue budget, and the limited level of reserves available to meet the cash flow requirements, feasibility studies etc.
119. A revised Capital Strategy will be produced for 2021/22, but the affordability is dependent on the future funding of the Council and achieving a balanced budget. There remains a small amount of flexibility within the current borrowing approval limit for new Capital schemes in 2020/21 where these can be shown to be revenue neutral.

Capital Receipts

120. The Council's land disposal programme for this financial year is budgeted to produce capital receipts amounting to £5.185m in 2020/21 and just £185,000 in future years. Any new capital expenditure proposals would be costed on the basis that they would have to be funded by borrowing.
121. The presumption remains that the Council will only dispose of sites after considering the income generation potential. However, it remains imperative that the Council maximises its capital receipts. Failure to do so may necessitate curtailment of the already very limited capital programme given the costs that are faced if the Council has to borrow.
122. The Council resolved to dispose some of its ready to develop sites to finance the larger initiatives in its programme as well as avoid the costs associated with temporary accommodation.

Minimum Revenue Provision (MRP)

123. Local authorities are required each year to set aside some of their revenues as provision for debt repayment. Unlike depreciation which is reversed out of the accounts, this provision has a direct impact on the Council Tax requirement. The provision is in respect of capital expenditure that is financed by borrowing or credit arrangements e.g. leases. For example, an asset that cost £100,000 and has a 10 year life, and that was financed by borrowing, would necessitate putting aside £10,000 in each year (£100,000 divided by 10) to repay the debt.
124. The Council is required to make a "Prudent Provision" which basically ensures that revenue monies are set aside to repay the debt over the useful life of the asset acquired. Should the existing financing assumptions alter, and additional borrowing is required, there will be a direct and additional pressure on the revenue budget.

125. The MRP is set to increase substantially in 2021/22 and beyond as a result of additional borrowing, particularly in respect of economic and regeneration initiatives. The Council's MRP policy is determined by full Council as part of the Treasury Management Strategy in February for the forthcoming year.
126. The table below identifies the estimated Capital Financing Requirement (CFR) for the current and each of the next three years along with the estimated Minimum Revenue Provisions (MRP).

CFR	2019/20	2020/21 (Revised Est)	2021/22 (Est)	2022/23 (Est)	2023/24 (Est)
	£'000	£	£	£	£
CFR - Opening	58,094	66,431	72,458	85,368	83,172
Less MRP	(1,176)	(1,543)	(1,697)	(2,196)	(2,201)
Plus, New Borrowing	9,513	7,570	14,607	-	-
CFR Closing	66,431	72,458	85,368	83,172	80,971
(CFR Excludes leasing)					

127. The above figures are very much dependent upon the level and timing of the capital acquisitions, the level of capital receipts received, and the useful life of the assets acquired or constructed.
128. The figures will be refined for the revised 2020/21 budget, based on the proposed Capital programme and timing thereof. For the purposes of the strategy expenditure on commercial property is not included. The future occupancy levels and therefore values and rentals of both retail and office accommodation are not clear following Covid-19 and as such no expenditure is forecast in the near future. The MRP for 2020/21 is now estimated at some £1.543m (down from the original estimated £1.624m in February 2020).

Reserves

129. The strategic reasons for holding reserves are: -
- (a) A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
 - (b) A contingency to cushion the impact of unexpected events or emergencies
 - (c) A means of building up funds to meet known or potential liabilities. Such reserves are referred to as Earmarked reserves.
 - (d) To assist in the transition to a lower spending Council in the years ahead.
 - (e) To provide the Council with some resources in future years to meet corporate objectives particularly in the areas of economic development and community safety.
130. It should be noted that capital receipts can generally only be used for capital purposes. There is a new flexibility which allows new receipts to be used to meet effectively invest to save initiatives. Capital receipts could also be used to meet the Minimum Revenue

Provision, but this is only a short term expedient. Reserves and movements thereof will be reviewed as part of the budget process.

131. For the purposes of the strategy estimates have been made of expenditure funded from reserves in order to arrive at reserve balances as the end of the current financial year i.e. 31 March 2021. Following Covid-19 the deficit for the year is expected to increase from £1.182m to some £2.7m. The use of an additional £1.5m of the General reserve would reduce the balance to some £4.987m – which is below the £6m minimum level that has been recommended. This final accounts for 2019/20, which are as yet unaudited, may well impact further on the level of reserves that are available.
132. The Council's earmarked reserves are reviewed at least twice a year for adequacy. If at any time the adequacy is in doubt the Chief Finance Officer is required to report on the reasons, and the action, if any, which he considers appropriate.
133. The protection of key services remains of crucial importance to the Council and the Transition Reserve, Economic Development Reserve and Community Safety Reserve have provided the Council with the opportunity to protect some key services and activities for this year and the last two financial years.
134. The budget report will advise further on the minimum level of reserves to be maintained in the light of the local government settlement and further impact of Covid-19. Given the future grant losses, the need to transform services on a continuing basis until 2022/23 and potentially beyond, and the need to cope with unexpected events or claims or unexpected income losses, the minimum level of general reserves (un-earmarked) was set at £6m for 2018/19 and again for 2019/20. There remains, along with the potential NHS claim, numerous examples of the need to retain adequate reserves many of which are identified in the risk section of this report. The minimum level of recommended reserves is unlikely to be decreased given recent experiences.

Budget 2021/22 and beyond

135. The levels of future government funding may be clarified in the Spending review in the autumn, but until the fair funding review is completed the uncertainties for individual authorities will remain. This when combined with Covid-19, the future of business rates, Covid-19 and the length and depth of a recession, plus demand pressures e.g. temporary accommodation, Council tax support now necessitate the identification of significant savings for 2021-22 and beyond.
136. To achieve a balanced budget in 2021/22 further savings of some £2.7m need to be identified.
137. The future year projections assume that the Council receives the same or similar funding levels under the Fair Funding Review and the retention of 75% of business rate growth.
138. To achieve a balanced budget in 2022/23 savings of £2.3m in total need to be identified.

139. These figures do need to be treated with some caution (they may be too optimistic) given the potential for recession, inflation and greater uncertainties than ever in the budgeting process. The volatility in income streams has increased in respect of the business rate retention scheme and will increase yet further with the 75% business rate retention scheme (should it ever be introduced).
140. The Reserves policy, to be determined as part of the budget process, will continue to take account of risks, and will also need to take into account the ability of the Council to address the indicative funding gaps within the timescales identified.
141. The Council must still retain sufficient reserves to meet significant and unexpected expenditure items. The use of General Reserves severely also prejudices the Council's ability to fund any of the major redevelopment proposals it wishes to complete. The use of the general reserve may also be required to fund transformation initiatives and potentially further redundancy costs.
142. The key determinants of the gap for future years include, the EU exit arrangements (Brexit) and its impact on income streams and future funding, funding settlement in autumn 2020/21, the New Homes Bonus, Benefit Administration grant, Business rates income and appeals, NHS rates claim, inflation and interest rates, the level of savings that can be identified and actually achieved, the expenditure pressures e.g. homelessness, and the level of additional income that can be generated.
143. In view of the reduced resources available in 2020/21 and beyond the Council must continue to review the level of service it can provide and transform the way it delivers those services.
144. Priority, at least in the short to medium term, Covid-19 aside, needs to be directed balancing the budget.

Options for Reducing the Deficit

145. There are a number of actions that can be taken to reduce the deficit but based on the likelihood of no additional funding overall from the Spending Review, Fair funding review, 75% business rate retention, and changes to the New Homes bonus, service reductions seem an inevitable consequence at the time of writing.
146. Some of the actions that can be considered beforehand include:
 - a. 2020/21 Budget Review – the 2019/20 budget out-turn review has also not been undertaken as yet and there are under and overspends in some areas. These have to be reviewed as part of the 2021/22 budget setting process with the aim of identifying ongoing savings.
 - b. Asset Disposals – The Council has agreed to dispose of a number of sites e.g. Harrow Lane, Mayfield E, Bexhill Road sites and invest the sums received or use them in lieu of new borrowing. The Council will need to review other assets that could potentially be disposed of.

- c. Income Generation (Energy) – studies need to be completed and if viable there may be the potential for income streams to be generated.
- d. Transforming Services/ Sharing Services/Resources – Whilst there are currently no plans for local government reorganisation in East Sussex a white paper is expected in the autumn. The continuing need for savings may necessitate further review of existing arrangements between authorities whether there is a formal reorganisation or not. Likewise, the transformation programme within the Council needs to be progressed as quickly as practically possible given the range of priorities.
- e. Council Tax Reduction Scheme – The increasing annual cost of the scheme will need to be considered by the Council and options considered to reduce it. Most Councils have had to reduce the level of support to some degree – although this Council has managed to maintain some 100% support levels for longer than the other East Sussex authorities. The Council consults on any changes. For 2021/22 the Council will not be proposing any changes to the scheme. This has consequences for ESCC, the Police and Crime Commissioner, Fire Authority and Hastings BC.
- f. Discretionary Rate Relief – the Council has to provide notice to recipients if it is to change the existing scheme. The Council may well wish to consider reviewing the scheme within the next 12 months for 2022/23 given the budget position.
- g. Staff reductions – Whilst every opportunity needs to be taken to avoid losing key staff and experience, and certainly avoid compulsory redundancies, the funding reductions and expenditure pressures are such that the council may have no option but to reduce staffing costs. To reduce costs by some £2m p.a. would result in an estimated loss of 40 to 70 posts (Full Time equivalents) and the costs of doing so could exceed the level of funds within Council's Redundancy Reserve.

147. There remain many areas of potential additional cost. in the economy on interest rates/ inflation flowing from Brexit uncertainty, the Council Tax reduction scheme (volatility thereof), plus the NHS claim for charitable rate relief. Risk management is expanded on below.

Risk Management

148. As in previous years, numerous risks are highlighted in this strategy, and further comment is made below. To balance the budget the Council continues to seek efficiency savings, review the capital programme, review fees and charges, look for income generation opportunities and potentially identify further cuts in services and staff numbers. It will need to further prioritise its objectives and identify where it will need to make savings to balance the budget in the years ahead.

149. Given the long term uncertainty around Covid-19, in funding and greater volatility in income streams and expenditure the Council needs to take every opportunity to strengthen reserves e.g. to cover for longer void periods, spikes in Covid-19 etc, and

other unforeseen events.

150. The Council needs to continue to invest in its people, its IT services and its commercial assets. The Council continually seeks to identify further opportunities for collaborative working, plus identify, investigate and implement efficiencies, the level of service in contract specifications, identify income generation opportunities and ensure that potential savings are monitored and achieved.

151. The Council maintains risk registers for corporate risks and for individual services. These continue to be updated and reviewed and steps are taken to mitigate the risks wherever possible and practical. The transition to a lower spending Council, by joint working, joint procurement and reduced staffing levels also poses additional risks.

152. Key financial risks to the Council in future years include: -

- i. Government funding, including the New Homes Bonus grant
- ii. Business Rate Retention scheme – volatility thereof, and level of appeals
- iii. Council Tax Reduction (Support) Scheme and Council Tax collection rates
- iv. Income Streams – preservation and particularly enhancement
- v. Joint working/ shared services.
- vi. Staffing / Knowledge management. The loss of key staff through early retirement or redundancy, or ability to attract and retain staff.
- vii. Welfare Changes (Universal Credit and Council Tax Support Scheme).

The Council Tax Support Scheme was introduced from April 2013 accompanied by government funding reductions of 10%. Whilst the Council mitigated much of the impact on those claiming benefits it may not be able to do so to the same degree in the future following further reductions in government support. There remains the additional risk of increased benefit payments being made in the year – the financing risk now falling on the Council. To help protect the Council a Resilience and Stability Reserve was established to help meet any unavoidable additional costs that arise in the year.

- viii. Restructuring Costs

In order to make savings of the magnitude required, the Council will need to reconsider what services it can provide and to what level. Further restructuring is inevitable if a sustainable budget is to be achieved in the years ahead. Voluntary and/or compulsory redundancies have large financial consequences for the authority, both in terms of direct payments but also generally on the pension fund - in addition to the effect on the capacity of the organisation and knowledge management implications. The Council established a redundancy reserve which will continue to assist in transforming the Council to a lower spending organisation in the years ahead.

ix. Treasury Management

Investment security and level of returns, plus level of debt and repayment thereof. The exposure to interest rate movements and inflation. Given the level of borrowing, and the use of different investment products, more time is required to manage this area of activity. As the level of reserves decrease the council may need to undertake more short term borrowing to cover short term cash flows issues.

x. The Economy

The economic and financial instability in the world continues to be major risk and greater uncertainty exists as Brexit approaches.

xi. Income generation and risks arising from new initiatives e.g. housing company, social lettings agency, licensing schemes, new factory units. These would include added exposure to void periods and business rate and debt liabilities for example. As a result, wherever possible, reserves should be enhanced. If this is not possible then at least they need to be preserved. The ability to add to them once depleted would be possible but at the cost of severe service reductions.

xii. Reserve Levels

Should the government's annual funding settlement be poor, the Council may well be operating in 2021/22 with reserves below the minimum recommended levels given that the necessary savings can not be made within short timescales available.

xiii. Land Charges – responsibilities are being transferred. By 2022/23 the Council could lose the majority of its income in respect of this service.

xiv. Demand Pressures – Covid-19, Temporary Accommodation

153. The Council has a statutory duty to set a balanced revenue budget each year and this strategy seeks to highlight the major issues (in advance) in order to do so.

Equalities and Community Cohesiveness

154. The equalities implications of individual budget proposals are the subject of an Equalities Impact Assessment (available when consultation is undertaken).

Climate Change

155. The Council's budget does not contain separate budgets to tackle Climate Change, other than the Sustainable Energy and Development budget and the funding for the Sustainability Policy Officer. There are numerous Council initiatives that currently contribute towards reducing the impact of Hastings and its residents on climate change. All initiatives and plans need to be considered in the production of the Council's corporate plan for 2021-22 and the financial resources available.

Consultation

156. The 2021/22 budget proposals will be consulted upon from the middle of January 2021 and will be considered by Cabinet on the 8 February 2021 and determined by full Council on 24 February 2021.

Contact Officer: Peter Grace, Chief Finance Officer,

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APPENDIX 1

Revenue Budget Forward Plan						
		2020-21	2020-21	2021-22	2022-23	2023-24
	Revenue Budget Forward Plan	Budget	Projection @ 27.8.20	Projection	Projection	Projection
Ref		£000's	£000's	£000's	£000's	£000's
	Projection at 27 August 2020 (assuming no severe recession, or funding reductions)					
1	Net Service Expenditure	12,000	12,000	12,440	12,889	13,347
2	Budget Variations					
3	Election Costs (bi-annually)		(70)	70	120	0
4	Pay Increase (2.75% as against 2.5% budgeted)		30			
5	Covid 19 related Costs/ Loss of Income					
6	Community Hub/ PPE/staffing (net addn costs)		100			
7	Temporary Accommodation/Homelessness		980	980	980	980
8	Sales, Fees, Charges		1,720			
9	Sport Centres		328			
10	Property - Rental Income reductions		500	400	300	200
11	Delays in Project Completions & Regeneration schemes (PIER)		120	120	120	120
12	Interest on balances		40	75	75	75
13	Delays in Asset Sales - Loss of Interest/Addn costs (PIER)		75	150	50	50
14	Senior Management Restructure - Partially completed (PIER)		50	0		
15	Freedom Leisure - contract extension		30	(30)		
16	Furloughed Staff		(53)			
17	Additional Covid-19 Funding - Grants		(1,208)			
18	Additional Covid-19 Funding - Income Support		(803)			
19	Previous PIER savings					
20	Theatre - reduced contributions PIER)			(100)	(200)	(200)
21	Revenues and Benefits(PIER)				(40)	(40)
22	Community Partnership Funding (PIER)			(156)	(156)	(156)
23	PIER savings - Other			(225)	(274)	(274)
24	Income - Commercial Property			(385)	(410)	(410)
25	Income - re Capital Projects (Matching costs)		(53)	(372)	(985)	(985)
26	Fees and Charges			(60)	(120)	(180)
27	Other:					
28	Contingency Provision	300	300	300	300	300
29	Interest (net of Fees) & other Adjustments	1,568	1,375	1,552	1,626	1,628
30	Minimum Revenue Provision (excl. Inc Gen Adj)	1,624	1,543	1,697	2,197	2,201
31	Contribution to Reserves	722	722	722	722	722
32	Net Use of Earmarked Reserves	(1,969)	(1,969)	(1,969)	(1,969)	(1,969)
33	Net Council Expenditure	14,245	15,757	15,210	15,225	15,409
34	Taxbase - Covid-19	26,197	26,197	25,411	25,665	25,922
35	Council Tax	270.78	270.78	276.17	281.66	287.27
36	Funding					
37	From Collection Fund - Council Tax- Covid-19	(7,094)	(7,094)	(7,018)	(7,229)	(7,447)
38	From Collection Fund - Business Rates - Covid-19	(2,771)	(2,771)	(2,771)	(3,786)	(3,823)
39	Revenue Support Grant- Covid-19	(1,004)	(1,004)	(1,014)		0
40	New Homes Bonus	(199)	(199)	(168)	(26)	0
41	Council Tax Support Admin Grant	(157)	(157)	(151)	(145)	(139)
42	Housing Benefit Admin Grant	(398)	(398)	(398)	(398)	(398)
43	NNDR (Surplus) / Deficit - Covid-19	188	188	112	100	100
44	NNDR Pooling- Covid-19	(12)	0	0	0	0
45	Business Rates Section 31 Grant (not adj. £12.3m)	(1,564)	(1,564)	(1,580)	(1,596)	(1,612)
46	Council Tax (Surplus)/Deficit - Covid 19	(50)	(50)	90	90	90
47	Contribution To General Fund	(13,063)	(13,051)	(12,898)	(12,989)	(13,229)
48						
49	Funding Shortfall / (Surplus)	1,182	2,706	2,311	2,236	2,180
50						
51	Use of General Reserve	(929)	0	0	0	0
52	Use of Transition Reserve	(253)	0	0	0	0
53						
54	Net Funding Shortfall / (Surplus)	0	2,706	2,311	2,236	2,180

Key Assumptions

Line 1 General Inflation has been assumed of 2% for 2021/22 and beyond – but only applied to contracts. Wage inflation: 1% assumed for 2021/22 and beyond plus ½% p.a. representing contractual increments.

Line 3 Local elections – the costs are budgeted for in 2021/22 (shared costs).

Line 4 Pay increase agreed at 2.75% for 2020/21

Line 6 Additional costs due to Covid-19 – community hub/PPE etc.

Lines 7 Additional temporary accommodation costs – Budget Growth (may be higher)

Line 8 Loss of income from sales, Fees and charges (Significant uncertainty)

Line 9 Additional expenditure on supporting Leisure centres (Capped level of support)

Line 10 Assumed recovery in rental income – upward only increase

Line 15 £30,000 payment due for 2020/21 to be paid in 2021/22

Line 16 Staff furloughed - costs recovered

Line 18 Income Compensation Scheme – early estimate

Line 26 Estimated increase in Fees and Charges (above the 2% in the net budget)

Lines 20 to 25 – Additional Savings identified (excluding review of 2019/20 outturn and 2020/21 budgets).

Lines 29 to 32 Funding adjustments and reprofiling of expenditure against base budget.

Line 34 Recalculation of the taxbase. Assumes a 3% decrease due mainly to increases in the amounts paid out in respect of the Council Tax Support scheme.

Line 35 A Council Tax increase of 1.99% for 2021/22 and for future years has been included for the purposes of this Strategy.

Lines 36 to 46 Funding: The Spending Review and local government settlement are expected in late autumn. No increases or decreases in cash terms are expected, save for inflation linked increases in respect of Section 31 payments on business rates – for the purposes of this strategy.

Line 44 Business rates pooling – with other East Sussex authorities including the Fire Authority. The levels of income are projected to decrease in 2020/21 and beyond following Covid-19. The timing of the introduction of a new funding regime by government (75% rate retention) has been delayed and will not be in 2021/22.

Lines 51 & 52 The Council agreed to use Reserve to support the budget in 2020/21. The original projected deficit of £1.182m is anticipated to increase to some £2.706m – an increase of £1.524m. This figure to be refined in the revised budget.

Line 54 Funding Gap: the predicted deficits in 2020/21 to 2028/29 assuming all PIER savings are achieved, government funding levels remain the same, income levels are maintained, and there is no recession or inflationary pressures.

APPENDIX 2

Capital Programme - Potential New Schemes

			Interest Only @ 2.7%	MRP	Total
New Developments/Known issues	Financed over (Yrs)	£	£	£	£
Priory Street Car Park - future large scale repairs say £1.4m (2024/25)	10	1,400,000	37,800	140,000	177,800
Cliff works / Repairs (Revenue vs Capital Split??) - Spend over 2 or 3 years? Plus £100k p.a. Revenue?	10	1,000,000	27,000	100,000	127,000
Industrial Units - Churchfield Estate (Sidney Little Road):Plot 2 - 35,000 Sq Ft Factory / Separate units	40	4,540,000	122,580	113,500	236,080
Industrial Units - Churchfield Estate (Sidney Little Road):Plot 2 - 35,000 Sq Ft Factory / Separate units	40	(2,000,000)	(54,000)	(50,000)	(104,000)
Industrial Units - Churchfield Estate (Sidney Little Road):Plot 3 - 3 to 8 Factory Units (flexible sizes)	40	2,500,000	67,500	62,500	130,000
Industrial Units - Churchfield Estate (Sidney Little Road):Plot 3 - 3 to 8 Factory Units (flexible sizes)	40	(1,000,000)	(27,000)	(25,000)	(52,000)
West Marina - Ex MOD/ Stamco Site	50	1,500,000	40,500	30,000	70,500
Bexhill Rd - Lower Tier Site £6.9m flood, £28.8m development	50	33,460,080	903,422	0	903,422
Bohemia - Leisure Centre	40	30,000,000	810,000	750,000	1,560,000
Bohemia - Cultural Centre	40	30,000,000	810,000	750,000	1,560,000
Dangerous Structures	1	300,000		300,000	300,000
Total		101,700,080	2,737,802	2,171,000	4,908,802

It should be noted that the above list is not exhaustive and excludes a number of areas e.g. DestiSmart Tram, housing on Bohemia site, regeneration plans for town centre.

Agenda Item 5



Report To: Cabinet

Date of Meeting: Monday 5 October 2020

Report Title: Planning for recovery: HBC priority themes and actions

Report By: Jane Hartnell, Managing Director

Key Decision: N

Classification: Open

Purpose of Report

To attach the 'Planning for Recovery: HBC Priority themes and actions' (appendix A) document, setting out associated context and proposed next steps.

Recommendation(s)

- 1. That Cabinet approve appendix A as an initial direction of travel for the council's recovery and resilience intentions.**
- 2. That Cabinet agree the associated next steps proposed.**

Reasons for Recommendations

1. The onset of Covid 19 has prompted the need to reconcile existing commitments agreed in the corporate plan 2020-24 with new or changed commitments brought about as a result of this virus and the need to track how we are doing against new or changed commitments.
2. That the council also clarify its recovery and resilience intentions as far as possible, as a basis to continue and extend dialogue with partners to prepare for subsequent opportunities and challenges that lay ahead, given the onset of Covid 19.

Introduction

1. The council agreed its corporate plan and budget back in February 2020. Shortly after, Covid 19 spread with unprecedented impacts across the globe.
2. As a result, alongside other local authorities and their partners, HBC took on (and continues to take on) several new activities, roles and responsibilities, previously detailed to cabinet here:

<https://hastings.moderngov.co.uk/documents/s39295/Cabinet%20080620%20COVID-19%20Final.pdf>
3. The onset of Covid 19 has exacerbated an already challenging council [budget position](#) and has created a great deal of uncertainty, making the process of resilience and recovery planning challenging.
4. This report sets out the council's ongoing management of the pandemic and its operational transformation as a result of it. The report also reconciles existing HBC commitments in its corporate plan 2020-2024 with new or changed Covid 19 commitments to reflect our changed circumstances and conditions.
5. The report concludes by proposing next steps in terms of building resilience and recovery for the town, drawing on the momentum of collaboration, partnership working and community spirit shown to date.

Planning for recovery: HBC priority themes and actions

6. Appendix A sets out HBC's resilience and recovery intentions to date.
7. This document identifies 8 key themes that form the basis for ongoing management of the council's resilience and recovery activity.
8. It is intended that these themes and actions set the initial direction of travel for recovery and resilience from an HBC perspective in the first instance.
9. These need to be flexible and adaptable, able to evolve and change, given the following uncertainties:
 - the extent of resurgence of the virus in the coming weeks and months
 - Government preference for future models of local service delivery (Devolution white paper)
 - Coinciding impacts, priorities, plans and capacity in house and of our partners in the public, business, voluntary and community sectors
 - The council's budget position and direction of travel given the onset of Covid 19 - to be outlined in the forthcoming medium-term financial strategy
10. Although these uncertainties remain, the council is very clear of the need to extend and build on the intensive work with our partners in the public, business, voluntary and community

sectors, who over the past few months have come together at speed to steer the town through the challenges and opportunities ahead.

Next Steps

11. Cabinet is asked to approve the themes and activities set out in appendix A, that outline HBC recovery and resilience intentions in the first instance.
12. Approval can coincide with reconciling corporate plan commitments with changed or new Covid 19 commitments, integrating these into refreshed council performance management arrangements.
13. Like the corporate plan, it is intended that further iterations of appendix A will follow the form and design of our corporate plan and will be presented and communicated via the council's website, in line with Cabinet approval.
14. The council's Overview and Scrutiny committee will be monitoring progress in this regard, having made the commitment at their annual meeting in late July to refocus their efforts and intentions, contributing to and tracking [recovery](#).
15. Appendix A can then be used to continue dialogue with partners towards firming up a town wide recovery and resilience statement of intent via the Local Strategic Partnership (LSP).
16. Should the LSP be agreeable, then HBC would continue to work with and through the LSP towards a town wide recovery narrative, having set out HBC's initial intentions in appendix A.

Timetable of Next Steps

17. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Subject to Cabinet approval, extend dialogue with LSP partners, sharing appendix A as a working draft to inform dialogue.	Clarity from LSP partners on whether there is appetite/capacity for a broader town wide recovery and resilience narrative.	Next appropriate EDG/LSP.	Continuous Improvement and Democratic Services Manager, Assistant Director Regeneration and Culture
Ready Appendix A to follow suit with the corporate plan design and prepare website content accordingly.	Appendix A available on our website aligned with our corporate plan. Appropriate communications prepared.	October -post Cabinet approval	Communications Manager/Graphic Designer
Working through the LSP to firm up a statement of	LSP partners agree direction of travel for	Post Cabinet Approval and next appropriate LSP	Economic Development Manager/Sustainability

intent towards a town wide resilience and recovery narrative.	collaborative recovery and resilience efforts	meeting.	Policy Officer
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Wards Affected

(All Wards);

Policy Implications

Reading Ease Score:

Have you used relevant project tools?: Y/N

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Y/N
Crime and Fear of Crime (Section 17)	Y/N
Risk Management	Y/N
Environmental Issues & Climate Change	Y/N
Economic/Financial Implications	Y/N
Human Rights Act	Y/N
Organisational Consequences	Y/N
Local People's Views	Y/N
Anti-Poverty	Y/N
Legal	Y/N

Additional Information

Appendix A - Planning for recovery: HBC Priority themes and actions
Autumn 2020

Officer to Contact

Officer Mark Horan and or Daniel Taylor
Email mhoran@hastings.gov.uk dtaylor@hastings.gov.uk

Planning for recovery: HBC priority themes and actions - Autumn 2020

Introduction

The last few months have brought unprecedented change across the world and in Hastings in response to the global Covid 19 pandemic.

As a Council, together with our partners, we have managed to support residents, through the Hastings Community Hub, to support businesses with advice on how to operate safely and follow government guidelines and with the distribution of some £21m in business grants to over 1800 businesses. We have also managed our services effectively, changing some to operate differently for safety reasons, and keep all of our key services running with minimal detrimental impact.

We have faced significant changes to the way we work and still face considerable budgetary challenges in providing services going forward. The investment and improvements we have made over recent years to improve how we work, the technology we use and how we deliver services have enabled us to adapt quickly, work remotely and maintain services in ways that would not have been imaginable had the pandemic struck any earlier.

Our response to the emergency has also seen us rapidly deliver new and essential support to residents and businesses to help them in this crisis. Some of the examples of the additional support we put in place include the Hastings Community Hub – set up with our community partners to help the most vulnerable residents get support for basic essential needs such as food and medicines as well as befriending support and much more. We have also distributed £253 000 to date in respect of government Council Tax hardship for those eligible for the Council Tax Reduction Scheme.

The response to the emergency has also highlighted the fantastic communities that exist within Hastings. The ability and capacity of the local voluntary sector, the work of the public sector and the resilience of our people and local businesses have been an exemplar for how modern communities can work and support each other, for the greater good.

We recognise the disproportionate impact of the pandemic on our poorer communities, on our Black, Asian and Minority Ethnic (BAME) residents, on our older and our disabled residents. Therefore, these communities are at the heart of our recovery planning; as a key part of building the resilience of the town.

As the Government continue to ease the lockdown restrictions, we have set out our priority themes and actions for how we will continue to respond to this emergency, and help the town recover whilst also being prepared for further Covid 19 resurgence.

Kim Forward, Leader of the council

Jane Hartnell, Managing Director

Executive Summary

Purpose

- To set out our themes and actions **for ongoing management and recovery** from Covid 19 for Hastings Borough Council and the role HBC will play in contributing to the town's resilience and recovery.
- To reconcile commitments the Council made in its **Corporate plan and Budget** agreed in February 2020 with those new or changed commitments brought about as a result of the onset of Covid 19.
- To share our themes and actions to **extend** and **build on** the intensive work with our **partners** in the public, business, voluntary and community sectors, who over the past few months have come together at speed to steer the town through the **challenges** and **opportunities** ahead.
- To ensure that, as much as possible, we use this unprecedented opportunity to build a stronger, more resilient and more connected town.

The council's response to Covid 19

- Although the infection and death rate in Hastings has thankfully been comparatively low to date, the impact on the **local economy** and people's **way of life** has been significant, and the long-term impact will likely be felt beyond when other towns and communities have recovered.
- From an **organisational perspective**, the council has successfully enabled most of its staff to **work from home**. This is likely to continue over the medium-term.
- The way many **council services** are delivered has also changed, with most of the **customer contact** now provided via the **council website** and **over the phone**. A move that was already in train and which has been accelerated by the pandemic.
- The **Community Hub** was set up to support the **most vulnerable** in the town. Between 26th March and 16th August, the hub supported 1271 households.
- Accommodation continues to be available to **all rough sleepers in Hastings**, with **food and medicine** delivered directly to accommodation alongside access to **mental and physical health** assessments and support.
- The council had paid out **£20,235,000** in grants to **1740 businesses**. A **discretionary grants scheme** has also been delivered and has paid out a further £1.153 m to 128 businesses.
- The town's **parks and green spaces** have been kept open for residents to take exercise during lockdown, support mental and physical wellbeing, whilst adhering to social distancing requirements.
- Gradually, as it is safe to do so, **re-opening facilities** closed to protect resident wellbeing such as playgrounds, MUGAs, cliff railway, public toilets, museum (most now open).

Engaging with residents, businesses and community groups

- It is crucial that we **consult and engage** with a range of partners, residents and businesses to ensure that future plans are comprehensive and that the town feels **connected to recovery** and resilience efforts, we need to write our story for our future together ensuring **many voices** can contribute as part of an **ongoing conversation** with the breadth of our local community.
- The council will also use the variety of **communications and media channels** it has available to consult and engage with residents and businesses, including the use of social media; resident consultations; use of our **Citizen newsletter**; and use of **Ward councillors** to gather views.
- The council's Overview & Scrutiny committee is considering how best to enable input from **citizens** to **contribute ideas** and have them incorporated into planning and monitoring of that planning.
- The **Local Strategic Partnership, Hastings and Rother Taskforce and Town Deal Board** provides opportunities to seek views from a range of partners, from the business, public, voluntary and community sectors as well as work in partnership with them to lever in funding and investment
- The private/public sector **1066 Country marketing partnership**, managed by HBC, has worked extensively with local businesses in the **tourism** and **leisure** sector throughout to develop and implement a phased action plan as the sector has gradually reopened, and will continue to do so.
- The council will work closely with residents, businesses and community groups to open **community spaces** and venues where safe to do so, recognising the invaluable mental, social and physical health benefits.

Planning for recovery

The following themes and actions provide a **basis for our short and medium term work both internally and with partners**:

1. **Securing the council's finances** – lobby government to fully compensate the council for the financial impacts of Covid 19; review budgets to identify scope for in-year savings; refresh the council's medium-term financial strategy to set the framework for developing the budget for 2021/22 onwards, reduce non-essential spending.
2. **Modernising the council; reimagining local services** – review provision of facilities to enable the majority of staff to continue to work from home; remodel how services are delivered and recast service transformation plans; continue to develop IT and our website to facilitate on-line delivery of services, and to capture citizen insight, improve customer care and drive efficiencies.
3. **Supporting the most vulnerable** – integrate the Community Hub into our customer contact centre arrangements, develop a sustainable approach to tackling homelessness; continue to work with partners to develop longer-term

pathways out of poverty for our most 'left behind' residents ensuring that they do not fall to the back of the queue for recovery focussed opportunities, (e.g. those with complex needs could be easy to overlook in the determination to fix unemployment quickly); also support adults and families where unemployment has not been an experience to date to navigate help and support effectively; be ready and prepared for further Covid 19 phases, and plan to minimise such an impact on the most vulnerable.

- 4. Business and the local economy** – Align and define our economic recovery intentions with our partners including East Sussex County Council and Team East Sussex in order to maximise resources to the area, develop our economy to respond to the new and emerging trends, keep spend circulating within the town, celebrate the contribution and diversity of our small businesses, value the contribution of businesses run by Black Asian and Minority Ethnic business people and retain a focus on our most vulnerable citizens.

Use our licensing powers to support businesses to reopen safely and develop where possible; identify options with partners to further promote sustainable travel, with a focus on walking and cycling; complete the programme of grant allocations to business and any further funding that becomes available, pursue a holistic approach to reducing the incidence of antisocial behaviour exhibited by some of the street community, working with partners to address their addiction issues and robustly enforce where behaviour is anti-social or criminal, develop and secure a Town Investment Plan to get access up to £25m of capital funding for investment in the town, and building a larger town deal which will hopefully see more investment being leveraged into the town.

We will continue to work with partners to deliver the ambitions of the East Sussex economic recovery plan across the next 18 months, building further opportunities for collaboration through the Hastings and Rother economic taskforce, the LEP wide Coastal Communities team, the 1066 County marketing partnership, the Hastings Local Strategic partnership and town deal board to benefit from other funding schemes which arise for larger scale interventions.

- 5. Housing, regeneration and development** – support people in the private rented sector, including taking action against rogue landlords; reprioritising our capital programme in line with work to secure council finances, pursuing regeneration and development commitments in our corporate plan having reviewed their feasibility given the onset of Covid 19, securing appropriate funding opportunities in partnership, to enable schemes the council and its partners may not otherwise afford to do, using the development of the Local Plan as a catalyst to define the spatial and infrastructure needs for our town and using our towns existing buildings and spaces. This will help determine

what we want to develop/enhance or protect especially as we work towards being a low carbon town in the future.

- 6. Tourism, leisure, culture and heritage** – Physically reopen our museum (now open) and attractions having reviewed their feasibility, continue to work with the arts, heritage and culture sector to enable the town’s institutions and events to reopen in a safe and or deliver in a different way; engage with the sector to understand the issues it faces and seek solutions together. We will collaborate with the sector and other partners to seize the opportunity to reinvigorate our domestic tourism market where capacity and resources allow, towards our town’s vision for the future through the Local Plan process and in developing a Town Investment Plan.

Opportunities to exercise has been a central feature of the Chief Medical Officer’s Covid 19 response throughout the pandemic. To help support the health and wellbeing of our residents, the Council has committed to help reinvigorate physical activity levels by financially supporting the local leisure operator to help it remain viable during lockdown and off-set the unmitigated costs of reopening the leisure centres.

- 7. Climate change** – to put tackling climate change at the heart of all strategic decision making and project and service delivery, in support of the Climate Emergency motion the council declared during 2019; to deliver the [climate change action plan](#) to meet the council’s carbon emissions target across council operations and assets; seek investment to further promote sustainable travel; ensure that future housing and regeneration schemes are subject to the highest possible environmental standards for both new developments and existing buildings. The council will look to support retrofitting, sustainable building solutions, roof top energy generation, bio diversity, tree planting and green corridors where possible and practicable.
- 8. Harnessing social capital** – Make the most of our town’s steadfast community spirit and commitment to work together in partnership, most recently evidenced through joint efforts to establish the Community Hub. Build on the lessons learned from Covid 19 to date, so that we are even better placed to deal with further or similar in the future; use procurement powers, Foreshore community grants and supporting joint partnership funding bids to help address gaps and need in the town and across the voluntary and community sector; develop communications strategies which create two-way conversations with communities to inform decision-making. Work with partners continuing to build resilience among the people of the town, encourage volunteering, community skills and training. The council is also keen to welcome new communities encouraging the integration and contribution of the full cross section of our community as it evolves, grows and changes.

Measuring progress

- The use of **appropriate data** will be critical in identifying the key issues resulting from Covid 19, developing the right **policy response** and **measuring the success** of recovery.
- The Council is currently **refreshing existing performance management arrangements**, reconciling the commitments made in the council's corporate plan with those new or changed activities the council is now undertaking given the onset of Covid 19.
- It is intended that refreshed arrangements will allow **improved tracking** of what the council is doing and how we are resourcing activity live on our website, moving away from static quarterly performance reports and developing a more dynamic **dashboard** of key measures.
- The Council's **Overview and Scrutiny** Committee have refocused their annual programme to focus on recovery and resilience and will work as a **critical friend** to the council's Cabinet and with other partners to track associated performance and ensure the council delivers on commitments set out where possible and practicable.

Priorities and actions

Some of the actions the council will take are **short-term**, such as measures to support **social distancing** in the town and reopening of our retail, visitor and hospitality industries. Others, such as **building new homes** and regenerating the town, will be **longer-term** programmes. Together, these actions form part of the town's initial recovery and longer-term prosperity.

Building on this, the intention is to work with local partners to develop a comprehensive **recovery action plan** as well as a suite of **data and indicators where there is capacity to do so**, to monitor and compare progress locally regionally and nationally.

The role of the borough council in the recovery of Hastings

The town's recovery from Covid19 will be taken forward **incrementally**, through close **partnership working** across the public sector, with business, the voluntary and community sector.

The council has a civic duty as a community leader, **convenor of partners, and driver of change**. In order to achieve this role, it will require the council to bring the right people and organisations together to help develop a comprehensive approach to recovery, with an associated shared **statement of intent** and prospective **action plan** which is jointly owned across the local partnership. Much of the ground work here will benefit from the recent partnership work to establish the **Community Hub** and the **Town Deal Board** working with a cross

section of the **Local Strategic Partnership** and associated networks. However, it is recognised maintaining partnerships requires resources and the current crisis has generated new forms of activity and methods of engagement. How partnership forums and opportunities to engage with communities and businesses are better utilised needs to be reviewed.

In terms of **governance and oversight** the Audit and Overview and Scrutiny Committees will continue to hold Cabinet and Council to account as part of their regulatory functions working with partners where appropriate. It has been noted earlier in this document that the Overview and Scrutiny committee are concentrating their work programme on recovery and resilience and they will be continuing to track council performance as the council reconciles existing corporate plan and budget commitments with new Covid 19 activities.

This document also notes the range of partnerships and their associated governance arrangements already in place and acknowledges the need to **avoid** any potential **duplication** or overlap, given the stretched resources of the Council and partners in response to the onset of Covid 19.

It is anticipated that this document will serve as a launchpad for the **Local Strategic Partnership** (LSP) to galvanise town wide resilience and recovery efforts, towards a shared narrative and potential plan. It will then be for the LSP working with the council as lead partner to arrive at associated governance arrangements.

Theme 1: Securing the council's finances

Why it is important

The pandemic will have a **significant impact** on the council's budget during the 2020-21 financial year and over the medium-term. The impact of **increased costs** and **reduced income** has been felt across local government and, although Whitehall has provided additional funding, it is far from enough to plug the funding gap that has developed.

The council has coped as well as possible with a **decade of austerity** between 2010 and 2020; the Council has seen government funding reductions of some 72% over this period – a loss of some £64m to the town.

However, the scale of the in-year budget impact from Covid 19 is unprecedented and, although the council can call on its limited remaining **reserves** to limit the impact, tough decisions will have to be made in this year and in future years to get the council's finances back onto a sustainable footing. The Medium Term Financial Strategy estimates that some £2.7m of Council Reserves will now be

required to balance the budget in 2020/21 – this is up from the figure of £1.182m identified in the budget agreed by Council in February 2020.

The impact of Covid 19 has resulted a combination of increased costs (e.g. housing homeless people, investment in IT to allow staff to work from home, food costs for vulnerable people, Council tax Reduction scheme costs) and lost income (e.g. from car parks, commercial rents, planning fees, licensing, event bookings, investment income, business rates). These impacts are expected to effect the Council for a number of years to come. Unless action is taken or the government provide additional funding, the deficits are forecast to be some £2.3m in 2021/22, £2.2m in 2022/23, and £2.2m in 2023/24.

To date, the council has been awarded £1,208,935m in **additional funding** from government to deal with the crisis but this falls significantly short of the combined budget pressures the council is facing in terms of increased costs and lost income. The government have announced a scheme for reimbursing some of the income lost from Sales, Fees and charges: This is estimated to amount to some £800,000 for 2020/21.

The Covid-19 pandemic has significantly impacted on collection rates for **council tax, and business rates**. The lower collection rates also significantly impact on the County Council, Police and Fire Authority. There remains much uncertainty as to the impact of the recession on the additional costs and loss of income for the Council. For example, the costs of the Council Tax Support Scheme are expected to increase significantly as the Furlough scheme ends and unemployment levels increase. The financial impacts over the medium-term are hard to assess. Given the lower levels of reserves the Council could be faced with making greater in-year savings if it receives unexpected financial shocks in the future.

Whilst the council will continue to join with the wider local government sector to **lobby government** for more funding to limit the impact on local services – and wider reform of council financing over the longer-term – it needs to take decisions now in order to reduce the predicted overspends for 2020/21 and set a balanced budget for 2021/22. In that sense, the council's approach is to **argue for the best but plan for the worst**.

The council is mindful of the potential Government white paper on **Devolution** and emerging Government preference for **Unitary** local government structures. The council will lobby, with our local, regional and national partners for the best possible outcomes for our communities.

Impact on council costs

The council has incurred significant **additional costs** through its response to Covid 19. This includes, but is not limited to, establishing a community hub,

administering business grants, as well as providing accommodation to rough sleepers.

Impact on council income

In response to significantly reduced funding from government over the past decade, the council – like every other local authority across the country – has had to **diversify its revenue streams** in order to pay for vital local services.

As a consequence, the council is reliant upon funding from a **range of income sources** including commercial rents, car parks and income from leisure facilities. These sources of income have been **significantly negatively impacted** by the pandemic.

Furthermore, these incomes streams are likely to continue to be impacted by the predicted longer-term **downturn in the economy**.

The economic consequences of Covid 19 will undoubtedly have a significant impact on the income the council collects from **council tax and business rates** – all of which pays for vital local services. This impact will be exacerbated if the current situation continues longer than hoped.

Medium-term financial impact

Looking beyond the immediate impacts of Covid 19, the financial environment for local government remains extremely challenging for the foreseeable future. There is a legal requirement for all councils to **set a balanced budget** each year.

There continues to be **growing gap** between funding and service pressures, driven by demographic change, unfunded burdens and limited opportunities to raise income locally through council tax. This places increasing pressure on council services.

The current system of local government funding needs **fundamental reform** to ensure that councils remain financially sustainable. This is no longer about austerity – it is about providing **appropriate funding to deliver local services**. Without more funding from government in the short-term and changes in the longer-term to how councils are funded, local services will suffer.

The underlying assumptions which formed the basis of the council's Medium-Term Financial Strategy (MTFS) have been fundamentally altered by the impact of Covid 19. This will require the council to **review its corporate plan and objectives in the light of available resources**; changes will be considered as part of the 2021/22 budget and corporate plan processes.

The council will:

- Closely monitor and update budget impact analysis and regularly update Cabinet.
- Lobby government to ensure that Hastings Council - and local government more widely - is fully compensated for the financial impacts of Covid 19.
- Conduct a corporate review of all 2020-21 revenue budgets to identify areas for immediately reducing in-year expenditure through additional controls on non-essential spend and recruitment.
- Review the capital programme to ensure that the schemes still reflect the council's current priorities and that these are affordable in the new financial landscape.
- Update the council's Medium-Term Financial Strategy (MTFS), to understand the short to medium implications for savings requirements and use of reserves.
- Commence the process for setting the revised budget for 2021/22 and budget for 2021/22 in line with the reduced resources available in future years as identified in the MTFS (Cabinet meeting – 5 October 2020).

Theme 2: Modernising the council; reimagining local services

Why it is important

Towards a new way of working

Covid 19 has forced the council to change **how it operates** and **how it delivers services** to residents. Whilst some of this change has been hard, the organisation now has the capability to work and deliver differently – to build on the technological changes made to become a **modern, flexible organisation** with the potential to change its culture and improve **staff wellbeing**.

The council is continuing to look at options for **improving its IT functionality** and is continuing to roll out new functions on Microsoft Teams as a tool to enable the meeting or communications between staff, partners, councillors and citizens. New self-service modules will also enable customer services and revenues and benefits teams to work more flexibly and improve services to residents.

As we look to the future, there are opportunities to **join up across teams** in a more proactive way, with staff working towards clear outcomes rather than through specified processes, and empowering staff to achieve their objectives through greater **trust and flexibility**.

Although there is a desire to **bring more staff back into Muriel Matters House**, it is important that the council builds upon the flexibilities it has developed. With changes to the internal layout - which are necessary to support social distancing - the building will not be able to accommodate all staff at the same time. This means that staff will need to **continue to work flexibly**.

As well as benefits to staff, increased flexibility and home working has the potential to **create efficiencies** and generate opportunities in terms of utilising space within Muriel Matters House. The building provides the opportunity to co-locate with appropriate partners and subject to market conditions scope to lease portions of the building.

There is an opportunity to build on the positive changes made in order to modernise and **change the culture** of the organisation, with staff retaining the ability to work in a way which better suits their personal circumstances and managers encouraged (and where needed, trained) to manage according to a model based on outputs rather than whether someone is in the office or not.

Increased productivity stems from having an **empowered workforce** which is trusted to deliver, with the ability to work flexibly to enable a positive work/life balance.

In that sense, the Covid 19 pandemic is likely to lead to a **paradigm shift** in how office-based organisations operate. It is vital that the council grasps these opportunities in the best interests of staff and unlocks the potential efficiencies they can create, building on the good progress the council has made through its digital design and transformation programme in recent years.

The period during lockdown has demonstrated that the council can deliver **change at pace** and it is important to **continue that momentum**. Through necessity, the council adapted how services are delivered, with the increased use of technology and **channel shift** away from face to face to online support. Whilst it is important to guard against digital exclusion, there is an opportunity to embed the learning from the council's response to **reimagine how services are delivered**.

While the council intends to build on the opportunities for change suggested it remains firmly committed to ensuring change is in line with the council's **equalities** commitments. The council will continue to ensure that its work practices, culture and service provision is one that promotes **equality of opportunity for all** to reflect the breadth and diversity of its staff and the communities we serve.

The council will continue to assess **equality impact** in the development and roll out of existing, changed or new services. The council is mindful of how the onset of Covid 19 has impacted disproportionately on **BAME communities** and, through impact assessment and review, will seek to minimise such impacts for our staff, partners and citizens where possible and practicable. The town's Equality and Human Rights Charter will be refreshed to take account of this and other issues to ensure it is fit for purpose for 2020 onwards.

The work with partners on the Community Hub has demonstrated how effective the council's support to vulnerable people can be when it is **joined up**, as well as the role communities can play in **shaping and supporting their own neighbourhoods**. There is an opportunity to **learn lessons** from these experiences and apply it to how the council works with vulnerable people and communities through the recovery and in how council services are re-shaped.

Building on the changes made to council operations and service delivery, the council will **revisit its transformation programme**, with each part of the organisation tasked with looking at how services can be **delivered differently** or reviewing progress since changing service provision, in order to improve user experiences and create efficiencies. In doing so, the council will continue to look at how technology can be used to deliver more accessible services and involve service users as it does so.

Key actions:

- Implement changes to the internal layout and other safety measures within Muriel Matters House and other council buildings to support social distancing as more staff return to the office when it is appropriate to do so, with a risk assessment of the building carried out and unions engaged.
- Continue to allow staff to work from home where possible, striking a balance between home and safe office-based working and allowing flexibility for staff.
- Take forward an organisation wide review of service delivery, to look at reimagining how services are delivered in future where equalities and environmental impact considerations are at the heart of our review, and recast service plans in the light of this service review,
- Review the decisions that have been taken as part of the crisis response to stop, start or amend service delivery – and the experience of working in different ways – to consider lessons learned and apply them to services over the longer-term.
- Use insight from citizens interactions with us combined with our ongoing communications with partners and residents to inform how we reshape council activities and those we undertake with our partners.
- Take the appropriate steps to ensure the council is EU-exit ready.

Theme 3: Supporting the most vulnerable

Why it is important

Data from the most recent [IMD](#) as well as information on Hastings in East Sussex's State of the County report suggest that Hastings still faces significant challenges and inequalities in comparison to its nearest neighbours. These are likely to be exacerbated as a result of the onset of Covid 19.

The pandemic has left many households reliant on state support such as **Universal Credit**. Many of these household were just about 'getting by' before the pandemic, with the impacts of Covid 19 is likely to have made the situation worse. The council is also mindful of our children and young people who have not been in school and those whom will not have undertaken exams as expected and support them deal with the uncertainty that this brings.

The work of the council in responding to the crisis, including working with partners to establish the Community Hub to support vulnerable residents, additional council tax relief and other financial assistance, means that the authority is currently providing a level of **direct support** to many residents that exceeds usual provision.

This level of support will, over time, be **reduced**, as the council move out of crisis response. This will require a **collaborative approach** with others, both statutory partners who have specific duties around vulnerable cohorts (particularly DWP, the county council, our CVS and the health sector), and with a wide range of voluntary and community sector agencies who provide services and have trusted relationships with residents.

The relationship with these groups will need to be **multi-faceted**, not simply a relationship based on grant-funding or contractual arrangements - or as a conduit for communications - but based on **two-way dialogue**, to understand the issues that they and their service users are facing, as well as learning lessons about where council policy and practice is hindering positive outcomes.

In addition, there is likely to be a long-term need to maintain **holistic support** for some residents who face particular disadvantage. Key to this is integrating the services the council provides more closely with other services for vulnerable groups, for example mental health and substance dependency services. The council has been leading work through the Rough Sleeping Initiative, creating a multi-disciplinary team of health, mental health, substance dependency and housing specialists to improve access to services. Learning from this project could be applied to a variety of different client groups.

Although there will continue to be structural drivers of inequality, the council's approach will be focused on developing **local resilience to future system shocks**. This will require a strategic approach with appropriate internal and external governance in order to be successful.

A sustainable solution to homelessness and rough sleeping

Hastings has a long-standing challenge with high demand for our homelessness services, principally caused by shortage of affordable housing solutions locally. Demand for our homelessness services is expected to increase during the

recovery phase from coronavirus, particularly if the economic downturn continues.

The council has responded well to increased demand for **emergency accommodation** and has offered support to all rough sleepers. However, providing emergency accommodation alone is not a satisfactory solution. The council will continue to provide **wrap-around support** to vulnerable people while helping them find an appropriate housing solution. We are working closely with the Ministry for Housing Communities and Local Government, to expand accommodation options for individuals with multiple and complex needs, including supported accommodation and Housing First style units.

We are also developing work packages to increase the supply of accommodation and improve the quality of housing and neighbourhoods. Together with our new homelessness and rough sleeping strategy, these three work packages will make up the council's new housing strategy.

Through the recovery, the council will continue to work proactively with partners to develop a **sustainable approach** to homelessness, including integrating our services more closely with health, mental health, substance dependency and employability services. This will mean we can continue to provide '**wrap-around support and pathways out of poverty**' for the most vulnerable in the town.

Key actions:

- Work proactively to develop a sustainable approach to tackling homelessness in the town.
- Work proactively to develop a sustainable approach to tackling homelessness in the town.
- Integrate homelessness services with other support for vulnerable people, including the launch of our CHART-funded project Live, Work, Thrive.
- Continue to manage our use of emergency accommodation as cost effectively as possible, through the expansion of the Social Lettings Agency's private sector leasing scheme, capital investment in our own accommodation and alternative booking arrangements.
- Develop a bid to the government's Next Steps Accommodation Programme, to expand accommodation options for individuals with multiple and complex needs.
- Adopt a new Housing Strategy and review key policy documents, including the Social Housing Allocation scheme
- Mainstream Community Hub first line response activity to be delivered via the council's Community Contact Centre.
- Implement new self-service modules for revenues and benefits.
- Maintain our website to provide services, support, advice and guidance and enable online access to our key committee meetings.
- Robust plans with partners (local and pan Sussex) in readiness for further outbreaks

- Start delivery of the CHART programme from September 2020 now that some easement in the lock down and 121 contact has been made possible.

Theme 4: Business and the local economy

Why it is important

The council will work closely with businesses across all sectors and support them to **open safely**, where they can.

The council's objective is to support the local economy whilst doing what it can to **protect residents and visitors** from the virus and to take steps where appropriate to **minimise resurgence** of the virus.

The visitor economy is worth around £360m to Hastings and supports over 6500 jobs in the town. 1066 Country marketing, the private/public sector tourism partnership managed by HBC, has worked closely with businesses in the visitor economy since before the full lockdown started, planning and then delivering messaging/advertising/editorial support/etc., as the lockdown eased. It has received very favourable feedback from the sector for what it has done to date. The nature of the lockdown easing meant this has been very nuanced, and there is still much more work to do, particularly in the international market (hitherto comprising c20% by value of our visitor economy).

Reopening the High Street Safely fund (TBC)

This project will be funded by the European Regional Development Fund (ERDF) and will support businesses on the high street and neighbourhood shopping areas to get back on track and ensure that people can enjoy their time visiting their local high street safely.

Businesses will be supported through:

- Advice and guidance relating to Covid 19
- Targeted marketing campaign for specific shopping areas- to boost confidence in visiting/ using shopping areas
- Use of the public Wi-Fi network in Hastings town centre – helping to digitalise transactions/ services

Enforcement against businesses which fail to protect staff

The council – through its environmental protection team – has a role to play in helping to ensure that businesses in the town put in place measures to **protect staff** as they reopen.

Although capacity in this area is under pressure, the council will use its powers to advise employees of their **right to work in a safe environment** and – where

employers are in breach of regulations or where there is evidence of malpractice – can instigate **enforcement measures**.

Funding to businesses

The council has delivered significant support to business via **grants and business rates relief** and in the way it has worked with **suppliers** and **business tenants**. This close liaison will continue through the recovery phase. In addition, the council is also in the process of approving potential projects to be considered as part of £1m Accelerator funding.

The council has distributed a further £1.153m in **discretionary grants** to businesses in need of financial support, on top of the £20m paid out under the government's Small Business and the Retail, Hospitality and Leisure grant schemes.

Broadband and digital connectivity

With more businesses and individuals **working remotely** during lockdown – and with this trend likely to continue over the longer-term – it is essential that action is taken to continue to **improve broadband speeds** and the level of **digital connectivity** across the town.

The council will continue to work in partnership and lobby for improvements to support digital connectivity and associated infrastructure where appropriate. We are keen to **future proof** the town by removing **barriers to home working** and enabling adoption of technologies to support digital inclusion, advanced health and social care and energy efficiency.

Social inclusion

Evidence suggests that those in deprived areas and those from minority groups are in low skilled, low wage or unstable work have been **disproportionately affected** by Covid 19. Barriers to employability, low social inclusion and the quality of jobs have been identified as issues that need to be tackled to deliver an inclusive economy. Covid 19 has adversely impacted these, already deep-seated, challenges.

The response to these issues will need to adapt over time, from the current focus on providing grants and business rates relief, to enabling businesses to re-open and potentially shut again at short notice in a safe way and then, over the medium term, to consider how the local economy can adapt and create an **inclusive economy** where the benefits of economic activity are shared by all.

Existing relationships with businesses and organisations including the BID, Hastings Chamber of Commerce, East Sussex County Council 1066 Country marketing and the Local Enterprise Partnership will be critical in helping us

understand the issues and in supporting businesses through the **phases of the recovery**.

As an **anchor institution**, the council's decisions around employment, contractual and procurement activity can play an important role in supporting an inclusive local economy, alongside business facing services such as planning, regulation and enforcement. The Council will do all it can to play its part and to encourage other partner organisations to, e.g. think local as much as possible.

Developing a Town Investment Plan for Hastings

Work on developing a **Town Investment Plan** for the town - as part of the government's Towns Fund programme - is continuing. Through the programme the council, working alongside local partners, has an opportunity to access up to £25m in capital funding to support growth in Hastings. The government is asking that alignment to Covid 19 recovery be demonstrated in the Town Investment Plan and we will ensure join up where appropriate.

Key Actions:

- Work with partners such as Hastings BID and ESCC to support, review and implement appropriate Covid 19 safe measures in the town centre and other secondary retail areas to support social distancing and confidence in safe movement for customers and staff.
- Use licensing powers to support businesses – particularly those in the hospitality sector – where appropriate to vary the use of outside space, whilst ensuring that people with disabilities can move around the town safely.
- Pursue a holistic approach to reducing the incidence of antisocial behaviour exhibited by some of the street community, working with partners to address their addiction issues and robustly enforce where behaviour is anti-social or criminal.
- Continue to identify opportunities to promote sustainable travel in the town – with a focus on walking, cycling and other forms of sustainable travel as appropriate.
- Engage with business, representative groups and relevant public authorities, and monitor relevant data sources and emerging national and local analysis, to understand the challenges facing businesses and the wider economic impact.
- Reach out to as many groups and individuals covered by the Equalities Act 2010 Protected characteristics to maximise the opportunities for their contribution to developing, implementing and monitoring such a Plan.
- Work in partnership to develop appropriate solutions to the challenges identified, including through our planning, licensing and enforcement functions and by working with partners on issues including skills and pathways to work.
- Consider how the council's role as an anchor institution can support an inclusive economy through the use of council assets, contractual, recruitment and procurement levers.

- Develop and deliver a Town Investment Plan to get access to up to £25m Town Deal funding for investment in the town as well as lever in any further private investment or other government funding streams.
- Engage in wider recovery plans with partners including the Local Enterprise Partnership, East Sussex County Council and their emerging Economic Recovery Plan.

Theme 5: Housing, regeneration and development

Why it is important

Hastings continues a journey of improvement, the pace of which will continue to adapt and change in response to Covid 19 and the associated challenges outlined in this document. A new generation of entrepreneurs, investors and cultural institutions are creating new opportunities for residents. But there is still a way to go. Hastings, by virtue of its location, character and development opportunities, is **ripe for investment**. We want to deliver more high-quality homes and create new job and business opportunities – while **protecting what is special** about Hastings.

Through our Local Plan, planning policies and Capital Strategy we will support development that responds to the needs of existing and future residents and business and recognises that **well-designed environmentally sustainable development** can deliver positive returns over the longer term. This includes encouraging the design and use of buildings that create active, healthy places where people want to be. We want to **build on, not over**, the unique atmosphere and vibe of Hastings whilst continuing to celebrate our beautiful coastal setting and rich natural and built heritage.

The council has continued to see a **high demand** for its **homelessness** services over recent years, and this is expected to increase further during the recovery phase from coronavirus. This trend has a **significant resource implication** for the council and negatively affects the quality of life of vulnerable members of our community.

The main issue affecting homelessness is a **lack of affordable housing** options locally. Supply of new affordable housing has not kept pace with rising demand over recent years. Until now, the factors affecting the supply of affordable housing have been largely outside the council's control. However, the grant schemes offered by Homes England and changes to government policy encouraging development, improve the viability of the council intervening to provide additional units. There are also opportunities for the council to **work in partnership** with private and social housing developers to increase the supply of accommodation.

This will support our regeneration priorities for the town by ensuring we are making the **best use of our own land and resources** and improving the quality of housing stock.

Key actions:

- Restart vital housing and licensing inspections to ensure the backlog is cleared.
- Reintroduce services to let homes and reintroduce housing options policies.
- Support people in private sector rented accommodation taking action against sub-standard accommodation.
- Prepare, submit and implement the Town Investment Plan to maximise up to £25m of investment in the regeneration of Hastings.
- Make progress on the Hastings Local Plan to put in place a framework to guide development in the town and encourage it to be well designed and genuinely sustainable.
- Ensure that infrastructure to support growth is delivered in a timely manner, with delivery of affordable housing maximised, and planning powers used effectively to ensure delivery of priorities.
- Make the most of its own land holdings and financial capability to maximise rates of housing delivery through exemplary homes that meet the needs of the people of Hastings especially the most vulnerable and those whose job insecurity and low pay mean they are disproportionately affected by the shortage of genuinely affordable housing. The council will review and redevelop a pipeline of sites that can be delivered over the medium to long-term.

Theme 6: Tourism, Leisure, culture and heritage

Why it is important

Hastings is a vibrant, young and creative town, with a thriving **leisure and culture** offer and town centres that carefully mix the old and new. As a place that puts culture at the **heart of everything it does**, people in Hastings understand its power and take pride in living in such a town.

Tourism, leisure, culture and heritage are central to the town's vision for the future. The sector **creates jobs** and is fundamental to the **wellbeing of residents**, to the town's **attractiveness** as a place to live, invest or visit. Our museum and associated activities continue to serve as a hub for much council input into this sector.

As noted above, the visitor economy is worth around £360m to Hastings and supports over 6500 jobs in the town. 1066 Country marketing, the private/public sector tourism partnership is managed by HBC.

The sector has been greatly affected by Covid 19 with the closure of businesses, charities and organisations during the lockdown and the **cancellation of events**.

These will all continue to feel the impact of continued restrictions and social distancing requirements into the future.

The town also has a high proportion of **independent artists** and **creative practitioners** who make an important contribution to the cultural and community life of Hastings. Many of these individuals will be **self-employed** and the impact of Covid 19 on these groups – and the subsequent gaps this might leave in the town’s cultural ecology – will take some time to be realised.

The sector will be integral to the **recovery of the town**, not only for its economic impact, but as the opportunity to enjoy some arts, leisure and culture, albeit in a socially distant way, will be an important marker for many of a return to an element of **normality**.

It is likely that it will be some time before **major events** can re-start, but by working with partners to adapt to the new requirements around social distancing, our aim must be for leisure facilities, arts and culture to be available to all, safely, as soon as possible.

Key actions:

- Keep the Museum open as much as possible and open other attractions where we can afford to do so and arrive at solutions to reduce associated costs and potentially provide these services differently.
- Work with the arts, heritage and culture sector to enable the town’s institutions and events to re-open in a safe way when it is appropriate to do so.
- Engage with the sector to understand the issues facing them and seek solutions together, including working with national arts and culture organisations as required.
- Ensure that BAME artists and cultural workers are fully engaged and supported to access opportunities to develop their contributions to the town.
- Continue to work closely with local tourism businesses as the lockdown eases to understand emerging trends and support where we can in terms of Covid 19 resurgence.
- We will collaborate with the sector and other partners to seize the opportunity to reinvigorate our domestic tourism market where capacity and resources allow.
- Re-open the seaside cycle hire hut and support our leisure contractor to operate safe and hygienic leisure facilities
- Operate the Active Hastings programme with activities for all including a school holiday summer programme with health and community safety partners.
- Deliver externally funded Wayfinding project - introducing new and updating outdated visitor signposts across the town centre and seafront, improving opportunities to move around town on foot and by cycle.
- At the appropriate time, work to deliver council run events, including to celebrate the hard work of the town over this period, in line with social distancing requirements.

Theme 7: Climate change and the green economy

Why it is important

It has been noted that the pandemic is both a prefiguring of the **existential threat** posed by climate change and also an opportunity to **accelerate our collective response** to that threat.

As the council and the town looks towards recovery, there is an opportunity to build on these existing approaches through the council's **Climate Emergency Strategy and Action Plan** and by incorporating opportunities to support and extend the behavioural change that the pandemic has initiated, such as decreased road traffic.

The council also has the opportunity to use its ongoing **place-making activity** to support recovery to drive growth in the local **green economy**. This could be taken forward by, for example, encouraging and supporting sustainable travel infrastructure and enhancing biodiversity of council assets, parks and open spaces. This could also include identifying further opportunities to **reduce waste** and **enhance the circular economy** locally.

One significant opportunity is to deploy the council's investment in **house building** and **maintenance** in ways that will stimulate the local green economy, for example incentivising the development of a local supply of labour in construction and manual trades that will both help in decarbonising the economy and produce local economic multipliers. As part of its plans, the council will also explore opportunities and revisit the business case for **solar panels on council assets**.

Key actions:

- Ensure that the council's Climate Emergency Strategy and Action Plan (with input from stakeholders) includes reference to opportunities emerging from the crisis and articulates environmental objectives during the recovery phase.
- Undertake an 'opportunity audit' across the council's activities and assets to identify and prioritise specific opportunities to delivery quantifiable environmental benefits, to supplement the Climate Change Strategy.
- Consider opportunities to further promote sustainable travel in the town.
- Work to ensure that future housing and regeneration schemes are subject to the highest possible environmental standards.
- Consider opportunities to further promote sustainable travel in the town, including DESTI SMART- working with 10 European partners on developing an action plan for sustainable seafront transport options.
- Work to ensure that future housing and regeneration schemes are subject to the highest possible environmental standards.

- Ensure new developments are built to low carbon standards and factor key issues around resilience.
- Restore, protect and rewild and enhance the towns natural spaces to help tackle the climate emergency.

Theme 8: Harnessing social capital

Why it is important

Through the current crisis, the role of **neighbours** and **local community support** has become vital both in terms of providing support to the vulnerable and as a way to **engage residents in their community**.

Residents need to have trust in their local community and the council has an important role to play – which it must step up to – in trusting communities to **lead the response** to challenges in their neighbourhoods.

In the aftermath of the Covid 19 crisis, the council, in its community enabling role, will need to avoid bureaucracy in order to **allow communities to grow** and work in a more organic way. If the council does not change the way it engages communities at the **grassroots level**, there is a risk that the interventions it makes could be counter-productive in terms of negating the growing **community spirit** and neighbourliness that has developed in response to Covid 19.

By enabling **resident-led solutions to local challenges**, such initiatives inspire others. The way in which the council adapts and develops its communication mechanisms with communities will be key in creating a positive narrative where **community participation** and **building of social capital** is the norm.

The impact of Covid19 on the **voluntary and community sector** will be severe and long lasting. The council will need to support the sector to identify the **gaps in services** and support the development of existing groups into those gaps or new charities.

It will be vital for the council to look to its own role in supporting the sector through supporting the Foreshore Trust **grants programme** but also through its **procurement processes** in order to ensure that they are accessible to the voluntary and community sector and promote social value and local purchasing.

The number of people from all our communities **volunteering** across Hastings to support the most vulnerable has been a highlight of the response phase and it will be important to harness this social capital and identify how people can volunteer to support the town's recovery.

Key actions:

- Work with residents to understand the level of support needed from the council without imposing unnecessary process and allowing communities to define their own local priorities and responses to local challenges.
- Support the voluntary and community sector in adapting and use its procurement powers and grants based on gaps and need.
- Develop communications strategies which both amplify inspiring stories and create two-way conversations to inform council decision making.
- Operate the Active Hastings volunteer 'Spice' project in collaboration with Brighton and Sussex Medical School to bring volunteers together to help communities become healthier and continue the workforce development project to support local sport and physical activity instructors.
- Working with partners to harness the volunteer spirit shown as a consequence of the initial Covid 19 outbreak to support our most vulnerable and be part of involving these active citizens in making and keeping the town a great and welcoming place for all.

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Agenda Item 6



Report To:	Cabinet
Date of Meeting:	Monday, 5 October 2020
Report Title:	Green Homes Grant Local Authority Delivery
Report By:	Andrew Palmer
Key Decision:	N
Classification:	Open

Purpose of Report

Following submission of a bid to the Department for Business, Energy and Industrial Strategy (BEIS) for Green Homes Grant Local Authority Delivery funding, as the lead partner in the bid, Hastings Borough Council is required to sign a memorandum of understanding with BEIS.

Following receipt of the grant fund funding agreements are required between Hastings Borough Council and East Sussex County Council and Optivo to progress project.

Recommendation(s)

- 1. Cabinet agree that Hastings Borough Council be the lead local authority in the East Sussex Green Homes Grant Local Authority Delivery bid and sign a Memorandum of Understanding with the Department for Business, Energy and Industrial Strategy.**
- 2. Cabinet agree entering into partnership funding agreements with East Sussex County Council and Optivo for the delivery of the East Sussex Green Homes Grant Local Authority Delivery fund.**
- 3. Delegated power is provided to the Assistant Director Housing and Built Environment to amend the funding payable to East Sussex County Council and Optivo in the event the grant made by the Department for Business, Energy and Industrial Strategy is different than identified in the application.**

Reasons for Recommendations

1. As the lead authority in the Green Homes Grant Local Authority Delivery funding bid for East Sussex any successful bid funding will be made to Hastings Borough Council. To receive the funding Hastings Borough Council is required to sign a memorandum of understanding with BEIS.
2. In order to deliver the project Hastings Borough Council needs to enter into funding agreements with the two main delivery partners in the bid (East Sussex County Council and Optivo housing association)
3. If the grant made by BEIS is different than the original application the funding provided to ESCC and Optivo will need to be re-calculated and the agreements amended as necessary.

Introduction

1. On the 4 August 2020 the Department for Business, Energy and Industrial Strategy (BEIS) announced £ 2 billion of support through the Green Homes Grant (GHG) to save households money; cut carbon; and create green jobs. The GHG is comprised of up to £ 1.5 billion of support through energy efficiency vouchers and up to £ 500 million of support allocated to English Local Authority delivery partners, through the Local Authority Delivery (LAD) scheme.
2. Whereas the energy efficiency vouchers are available to all the LAD funding aims to support low income households living in the least energy efficient homes. The first round of LAD funding has been made available through a £ 200 million competition. Bids for this first round of funding could only be made by English local authorities and if projects cross local authority boundaries then a lead local authority must have made the application on behalf of a consortium.

East Sussex Green Homes Grant Local Authority Delivery bid

3. A first round LAD bid was submitted by Hastings Borough Council on behalf of East Sussex local authorities and Optivo housing association. The total value of the bid was £ 912,714. In addition to the funding from BEIS project partners are also contributing their own resources to the project; the total value of the project is £ 1,357,656.
4. The project proposes to install over 400 energy efficiency measures in 125 homes across East Sussex including;
 - Insulation – including solid wall insulation (SWI), cavity wall insulation (CWI), loft insulation, floor insulation
 - Air Source Heat Pump (ASHP) heating and hot water systems
 - Solar Thermal hot water systems
 - Energy efficient windows and doors
 - Heating and radiator controls including – smart heating controls, zone controls, delayed start thermostats
 - Low energy lighting
5. For homes in the private sector (owner occupiers and private rented tenant) the installations will be delivered through the East Sussex County Council commissioned Warm Homes Check Service and for homes in the socially rented sector they will be delivered directly by Optivo housing association. The proposed breakdown of tenures; 51% owner occupied homes, 9% private rented accommodation and 40% Optivo homes.
6. In addition to saving households an average of £ 395 per year in fuel bills the total carbon saving attributed to the project is estimated to be 393 tonnes per annum.
7. In addition to delivery of the energy efficiency measures the project also proposes to support 6 local SME's to achieve accreditation to be able to deliver energy efficiency works for the government voucher scheme. As well as working with these established SME's three green technology workshops are to be run through Sussex Coast College and HND students will be given the opportunity to observe some of the actual installations.

Legal

8. As the lead local authority for the East Sussex bid Hastings Borough Council is required to enter into a memorandum of understanding with BEIS. To subsequently deliver the project we will need to agree partnership funding agreements with ESCC and Optivo. In order to progress this Cabinet are asked to agree entering into these agreements.
9. At the time of writing it is not known is the grant awarded by BEIS is for the full amount identified in the application. Should the grant not be that which was in the original application funding to the partner agencies will need to be altered.

Timetable of Next Steps

10. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Memorandum of Understanding between BEIS and HBC agreed		14 October 2020	Matthew China
Partnership funding agreements between ESCC, Optivo and HBC agreed		14 October 2020	Matthew China

Wards Affected

All Wards

Policy Implications

Reading Ease Score: 37.8

Have you used relevant project tools?: /N

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	<input type="checkbox"/> /N
Crime and Fear of Crime (Section 17)	<input type="checkbox"/> /N
Risk Management	<input type="checkbox"/> /N
Environmental Issues & Climate Change	<input type="checkbox"/> /N
Economic/Financial Implications	<input type="checkbox"/> /N
Human Rights Act	<input type="checkbox"/> /N
Organisational Consequences	<input type="checkbox"/> /N

Local People's Views	Y/N
Anti-Poverty	Y/N
Legal	Y/N

Additional Information

Green Homes Grant announcement - <https://www.gov.uk/government/news/quality-assurance-at-heart-of-new-2-billion-green-homes-grants>

Officer to Contact

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Agenda Item 7



Report To: Cabinet

Date of Meeting: Monday, 5 October 2020

Report Title: Next Steps Accommodation Programme

Report By: Andrew Palmer, Assistant Director Housing and Built Environment

Key Decision: Y

Classification: Open

Purpose of Report

To approve the mobilisation of the Next Steps Accommodation Programme and enhanced support services for rough sleepers, subject to the results of the current bid submitted to the Ministry for Housing Communities and Local Government (MHCLG) on 20 August 2020.

Recommendation(s)

Subject to the results of the bid:

- 1. Cabinet approves the activation of Hastings Borough Council's Registered Provider and Homes England Investment Partner status**
- 2. Cabinet grant an exemption to the council's financial operating rules under paragraph 21c of the Financial Operating Procedures, to vary our existing contract for the Rapid Rehousing Pathway service to provide additional staffing cover and landlord incentives**
- 3. Cabinet grant an exemption to the council's financial operating rules under paragraph 21c of the Financial Operating Procedures, to vary our existing contract for the Rough Sleeping Initiative Assessment Unit to provide additional staffing cover**
- 4. Cabinet grant an exemption to the council's financial operating rules under paragraph 21c of the Financial Operating Procedures to vary our existing grant funding agreements with Change, Grow Live (CGL) and Sussex Partnership NHS Foundation Trust (SPFT) to provide enhanced substance dependency and mental health support for former rough sleepers**
- 5. Cabinet grant an exemption to the council's financial operating rules under paragraph 21c of the Financial Operating Procedures, to commission additional day centre provision for rough sleepers, as part of the Clinical Commissioning Group's health inequalities programme**
- 6. Cabinet recommend to Full Council that the capital programme is amended to provide match funding of £742,000 for new Housing First units, including £442,000 reassigned from the second phase of investment in emergency accommodation**

Reasons for Recommendations

- 1. The council has submitted a bid to the MHCLG's Next Steps Accommodation Programme on**

Report Template v30.0

behalf of East Sussex Partners to help enhance services locally for rough sleepers.

Introduction

1. Following the “Everyone In” instruction issued at the start of lockdown, the council made additional discretionary temporary accommodation placements for former rough sleepers. There are currently 62 former rough sleepers living in emergency accommodation in Hastings. Across East Sussex, there are 141 former rough sleepers living in emergency accommodation.
2. Outreach services continued throughout lockdown and the number of verified rough sleepers remained low. Since lockdown measures have begun to be eased, there has been an increase in the number of people found rough sleeping. The average number of people verified on outreach counts in Hastings in September is 15. It is estimated there are currently 33 people continuing to rough sleep across East Sussex.
3. The cost of the discretionary placements we have made was originally met through our Rough Sleeping Initiative grant, however, this allocation has now been fully spent. The other interventions funded by the grant have been fully mobilised, so we are not able to re-profile funds from elsewhere in the project to cover these costs. We are currently projecting a budget shortfall of £643,00 at year-end to continue temporary accommodation placements for former rough sleepers.
4. Please note the projected budget shortfall relates to rough sleeper placements only and does not include additional costs associated with statutory homeless households accommodated over the same period.
5. The government has stated a priority to minimise the number of people returning to the streets after lockdown. In July, Hastings Borough Council’s Cabinet approved the continuation of discretionary emergency accommodation placements for rough sleepers.

Next Steps Accommodation Programme

6. The government has announced additional capital and revenue funding to continue our work with rough sleepers in its Next Steps Accommodation Programme.

£105 million revenue funding

- Continuation of emergency accommodation placements
- Private sector leasing schemes
- Landlord incentives to improve access to the private rented sector
- Winter weather provision, including SWEP services

£131 million capital funding, plus £30 million revenue funding

- Phase 1 of a four-year programme
- Phase 1 is to deliver 3,300 units of additional accommodation for former rough sleepers

- This can include acquisition and development of new accommodation, as well as re-purposing of existing stock
 - During phase 1, priority will be given to schemes which can be brought into use quickly
7. The additional resources the council secures through the grant will not be enough to fully offset the additional costs we are incurring. It was therefore important to focus our approach on those with the highest support needs, who will struggle the most to move on from emergency accommodation.

Our approach in East Sussex

8. Hastings Borough Council has led work with all district and borough councils in East Sussex to develop a consortium bid building upon our highly regarded approach to tackling rough sleeping. We utilised existing partnership structures including East Sussex Housing Officers Groups, East Sussex Homelessness Cell and the Recovery Sub-Group to engage partners from across health, social care, mental health and substance dependency services in the development of our proposals.

Capital Bid (with Revenue Support)

9. Our priority for the capital bid is to improve services for individuals with multiple and complex needs. We are intending to invest any capital grant awarded in providing new self-contained Housing First units. We are currently wholly reliant on existing social housing stock to provide these units to the Rough Sleeping Initiative (RSI), which often leads to long waiting times before people can leave emergency accommodation.
10. We are proposing to create 30 new Housing First units across East Sussex, with 10 of these located in Hastings.
11. The total capital investment across East Sussex would be £5,503,000, and the local authorities would need to provide match funding of £2,201,200. Capital grant funding would be allocated to each local authority directly if the bid is successful
12. In Hastings, the total capital investment would be £1,855,000. This is made up of £1,113,000 worth of grant funding and £742,000 match funding from the council. The cost of borrowing this amount based on the current interest rate from the Public Works Loans Board (PWLb) would be £31,208. The council has at present unallocated funding of £442,000 from the second phase of investment in emergency accommodation and it is proposed that this is used to partly match fund the Next Steps Accommodation Programme.
13. As a condition of grant the council would be required to let the units at social rents levels, which are currently £82.31 per week. Income from the rents would be used to cover borrowing costs and fund the future maintenance of the properties.
14. Investing in Housing First units will also help to reduce cost pressures on our use of emergency accommodation, by increasing the supply of move on accommodation. The average cost of placements for former rough sleepers is currently £221 per week. Individuals with high level support needs typically spend the longest time living in emergency accommodation.
15. The council would also be required to seek Registered Provider status and become a Homes England investment partner. This is because funding can only be paid to

Registered Providers. All local authorities are pre-approved Registered Providers and we will need to activate this with Homes England. We will not be required to open a housing revenue account, as the councils owns fewer than 250 units.

16. Units acquired for the purposes intended would not be subject to the Right to Buy as they would be acquired for specialist supported housing purposes and therefore be exempt from the legislation.
17. Support will be provided by existing support services commissioned through the Rough Sleeping Initiative in 2020/21. Beyond that, additional revenue funding of £645,000 has been secured to provide ongoing support to the 30 Housing First units across East Sussex between 2021/22 and 2023/24. The council would seek to commission a service via East Sussex Procurement Hub to begin when the existing contracts come to an end.
18. Any funding we secure will not be enough to fully meet our needs locally. A second phase of the capital grant is due to be announced in April 2021 and we will be working with partners to begin developing proposals for a further bid. This is likely to include the creation of further Housing First units and investment in additional supported accommodation.

Revenue Only Bid

19. Any revenue funding secured through this bid will be used to offset the cost of interim temporary accommodation. However, it should be noted that our funding award, even if successful, will only partially offset our projected additional costs.
20. MHCLG has indicated that night shelters are unlikely to be able to open this year, due to the increased risk of spreading coronavirus. We are proposing to lease additional units of emergency accommodation, to ensure we have capacity to continue to provide emergency accommodation. MHCLG have confirmed that no further winter weather funding will be available this year. We are working with community and health sector partners to ensure former rough sleepers living in emergency accommodation have access to services.
21. Key to our plans is supporting people to move on from emergency accommodation to a longer-term housing solution as soon as possible. In most cases, this will be privately rented accommodation. The Rapid Rehousing Pathway has supported 44 people to move on to a long-term housing solution since April. The project continues to support people after they have moved, to minimise the risk of them returning to rough sleeping in the future. We have bid for additional funding to increase the project by a further 2 workers until the end of March. We will also increase the landlord's incentives budget by £20,000. Due to the short timescales to deliver the project, we will mobilise this service by varying our contract for the existing service, if this element of the bid is successful.
22. MHCLG has confirmed that East Sussex has been allocated £964,300 worth of revenue funding, against our original bid of £1,335,000 for short term measures to minimise the number of people returning to the streets after lockdown. MHCLG had previously advised that the fund was very over subscribed nationally, so it is not unexpected that the final award is less than we bid for. We are awaiting further information from MHCLG as to which specific interventions they will be funding.

Financial Implications

23. The cost of continuing to provide emergency accommodation for former rough sleepers accommodated under the Everyone In instruction is £643,000. In the past, the council has

also received grant funding to support its winter weather provision (£30,000 in 2019/20), which will not be available this year. These costs will be partially offset by revenue funding from the Next Steps Accommodation Programme.

24. Increasing the supply of affordable accommodation, such as Housing First units, for individuals with multiple and complex needs is key to reducing our reliance on emergency accommodation. If our bid is successful, the council will be required to provide match funding of £742,000 to provide 10 new units of Housing First accommodation. This will incur additional borrowing costs of £31,208. The ongoing maintenance of the properties is currently estimated at £22,000 per annum. These costs will be offset by rental income of £42,801 per annum, leaving a shortfall of £10,407 which will need to be met by the council. However, based on the average cost of current placements, the cost of providing temporary accommodation for 10 individuals would be £114,000 per annum.

Additional Funding and Support

25. We have been working with colleagues from Public Health to re-purpose funding to enhance mental health and substance dependency support for rough sleepers. These services will be delivered through varying the existing services commissioned through the Rough Sleeping Initiative. The funds will also provide additional support services at the Rough Sleeping Initiative Assessment Centre.
26. The Clinical Commissioning Group has identified funding from their programme to reduce health inequalities to support services for rough sleepers. We are working with the Seaview Project and other partners to develop proposals to enhance day centre provision over the winter period for rough sleepers.

Timetable of Next Steps

27. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Mobilise capital investment	30 Housing First units created across East Sussex	31 March 2021	Strategic Housing and Projects Manager
Mobilise enhanced support services	Contracts varied with existing providers	1 November 2021	Strategic Housing and Projects Manager

Wards Affected

(All Wards);

Policy Implications

Reading Ease Score: 35.1

Have you used relevant project tools?: Y

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	N
Crime and Fear of Crime (Section 17)	N
Risk Management	N
Environmental Issues & Climate Change	N
Economic/Financial Implications	Y
Human Rights Act	Y
Organisational Consequences	Y
Local People's Views	N
Anti-Poverty	Y
Legal	Y

Additional Information

Insert a list of appendices and/or additional documents. Report writers are encouraged to use links to existing information, rather than appending large documents.

Officer to Contact

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Agenda Item 8



Report To: Cabinet

Date of Meeting: 5 October 2020

Report Title: Museum Committee Recommendations

Report By: Victoria Conheady, Assistant Director, Regeneration and Culture

Key Decision: N

Classification: Open

Purpose of Report

To seek approval for the recommendations of the Museum Committee meeting held on 7 September 2020.

Recommendation(s)

1. That Cabinet note and approve the recommendations of the Museum Committee meeting held on 7 September 2020

Reasons for Recommendations

1. The Museum Committee has no formal decision making powers and acts as an advisory committee to Cabinet.

Introduction

1. The Museum Committee met on Monday, 7th September 2020 to consider the Museum Update Report and Collections Report. The reports can be online [here](#).
2. The minutes of that meeting are included as an appendix to this report.

Decisions

3. The Museum Committee unanimously approved both reports and recommends approval by Cabinet.

Options

4. Cabinet is required to consider the recommendations of the Museum Committee as the Committee has no formal decision making powers and acts as an advisory committee of Cabinet.

Timetable of Next Steps

5. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Next Museum Committee Meeting	Museum Committee makes recommendations to Cabinet	8 March 2021	Museum and Cultural Development Manager

Wards Affected

None

Policy Implications

Reading Ease Score: 30.9

Have you used relevant project tools?: N (not relevant)

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	N
Crime and Fear of Crime (Section 17)	N
Risk Management	N
Environmental Issues & Climate Change	N
Economic/Financial Implications	N
Human Rights Act	N
Organisational Consequences	N

Local People's Views	N
Anti-Poverty	N
Legal	N

Additional Information

Appendix A – Minutes of the Museum Committee Meeting held on 7th September 2020.

Officer to Contact

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Public Document Pack

MUSEUM COMMITTEE

7 SEPTEMBER 2020

Present: Councillors Fitzgerald (Chair), S Beaney (as a substitute for Cllr O'Callaghan), K Beaney, Bishop, Levane, Sinden, Patmore and Barnett. Museum Association Members Ms Farley-Green, Mr Peak and Mr Street.

6. APOLOGIES FOR ABSENCE

Apologies received from Cllr O'Callaghan and Mr Palfrey-Martin. Cllr S Beaney was present as a substitute for Cllr O'Callaghan.

7. DECLARATIONS OF INTEREST

None.

8. MINUTES OF THE PREVIOUS MEETING

RESOLVED – That the minutes of the previous meeting held on 9th March 2020 be approved as a true record.

9. MUSEUM UPDATE REPORT

The Museum and Cultural Development Manager presented a report to update the committee on the museum's work since the last formal meeting.

Prior to lockdown the museum had seen a 40% increase in visitors. Since reopening the museum is operating ticketed entry.

During lockdown Hastings Digital Museum was launched with the aim of creating opportunities for people to engage in cultural activities on social media. The Museum and Cultural Development Manager thanked the Chalk Cliff Trust for their funding which supported the digital museum project. Hastings Digital Museum reached nearly 1.45m devices. Average digital reach during lockdown was 340,000 per month, compared to 30-40,000 per month pre lockdown.

Work has been undertaken to make the museum building Covid secure and to support social distancing. A number of measures, informed by government and industry guidance, have been introduced to mitigate against the transmission of Covid-19. These include timed visits, compulsory face masks and hand sanitiser stations.

The Chair thanked the museum staff for their work.

In response to a question regarding the Museums & Schools programme it was confirmed that funding for the programme is in place until March 2021. Museum staff are working to engage schools in a Covid secure way. The Committee asked for further details on which schools had visited the museum. The Museum and Cultural

MUSEUM COMMITTEE

7 SEPTEMBER 2020

Development Manager confirmed that all schools in the borough had had some form of engagement with the museum and further details could be provided.

Action: Museum and Cultural Development Manager to share a breakdown of school visits

Councillor Fitzgerald proposed approval of the recommendations, seconded by Councillor Sinden.

RESOLVED (unanimously):

To accept this report and recommend approval by Cabinet

10. COLLECTIONS REPORT

The Museum and Cultural Development Manager presented a report to update the committee on collections care, access, acquisitions, loans and objects being considered for rationalisation.

There have been further improvements made to the museum's environmental control measures. A new Dehumidifier and Relative Humidity controlled heater were installed in the Bungalow in May. Comparable time periods from last year show this has made a significant improvement to the environment, making it a much better storage area for collections.

The Wunderkammer project has seen 2,550 objects documented, repacked and stored. This comprised 1460 Natural Science objects, 562 art works, and 527 objects from the social history and world culture collections.

Over the past year the museum has been working with researchers from the Universities of East Anglia and Kent on their Arts & Humanities Research Council-funded project, 'Beyond the Spectacle' to develop an Indigenous Engagement Policy. The policy sets out the principles the museum will follow when dealing with Indigenous people and will allow work with source communities and a better understanding of the collections.

Councillor Fitzgerald proposed approval of the recommendations, seconded by Councillor Levane.

RESOLVED (unanimously):

To accept this report and recommend approval by Cabinet

(The Chair declared the meeting closed at 3.07 pm)

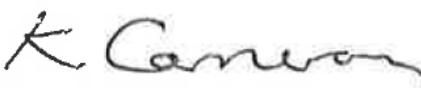
Agenda Item 9

To Councillor Davies
Chair of Overview and Scrutiny Committee

**ACCESS TO INFORMATION RULES
KEY DECISIONS
RULE 26.20 – General Exceptions.**

NOTICE is hereby given under Rule 26.20 of the Access to Information Rules contained in the Council's Constitution that the following key decision will be taken at Cabinet on: -

Cabinet - 5 th October 2020			
<u>Decision</u>	<u>Consultation and Timetable</u>	<u>Working Papers and files</u>	<u>Responsible Officer / Portfolio Holder</u>
Cabinet to note proposed delivery of all the £1m Town Fund Accelerated Fund projects. As the projects need to be completed by March 2021 and to avoid delays in the giving decisions to the project leads, the urgency provisions, set out in Part 4 of the constitution are being used, and Cabinet is asked to note these.	Consultation on the projects for delivery has been conducted and approved by Hastings Town Board.	None – information provided as in report.	Cllr Kim Forward, Council Leader Victoria Conheady, Assistant Director of Regeneration and Culture

Signed 

Dated 24th September 2020

For Chief Legal Officer

Note:

Rule 26.20 General Exception

If a matter which is likely to be a key decision has not been included in the forward plan, then subject to Rule 26.21 (special urgency), the decision may still be taken if:

- (a) the decision must be taken by such a date that it is impracticable to defer the decision until it has been included in the next forward plan and until the start of the first month to which the next forward plan relates;
- (b) the Chief Legal Officer has informed the chair of a relevant overview and scrutiny committee, or if there is no such person, each member of that committee in writing, by notice, of the matter to which the decision is to be made; and
- (c) the Chief Legal Officer has made copies of that notice available to the public at the offices of the Council; and
- (d) at least five clear days have elapsed since the Chief Legal Officer complied with (b) and (c).

Where such a decision is taken collectively, it must be taken in public.

Agenda Item 10



Report To:	Cabinet
Date of Meeting:	Monday, 5 October 2020
Report Title:	Hastings Town Fund £1m Accelerated Fund Projects
Report By:	Victoria Conheady, Assistant Director Regeneration and Culture
Key Decision:	Y
Classification:	Open

Purpose of Report

This report seeks approval for delivery of all the £1m Town Fund Accelerated Fund projects identified in Appendix 1, **noting that the special urgency provisions have been used to enable Cabinet decision.** The funding is expected to be approved Ministry of Housing and Communities and Local Government (MHCLG) by end of September 2020. Delivery must commence quickly to enable delivery by the 31st March 2021

The Accelerated Fund projects will be used to improve the visitor offer in the town, bring back into use some key buildings and spaces in the town and widen the use of the college facilities to aid employment support, COVID-19 economic recovery and increase footfall into the town centre.

Recommendation(s)

1. That Cabinet note, subject to confirmation by the government to approve all the projects and expenditure identified in the Town Fund Accelerated Fund Approved Project list detailed in Paragraph 9.
2. That delegated authority be given to the Assistant Director of Regeneration and Culture or her nominee, in consultation with the Leader of the Council, to enter into agreements with the managing authority and the identified Accelerated Fund project leads to deliver the projects and associated outcomes as set out in paragraph 9.

Reasons for Recommendations

The fund has been released as an early phase of the Governments Town Fund Initiative. Cabinet approval is needed to delegate authority to the Assistant Director of Regeneration and Culture, in consultation with the leader of the council, to enter into agreements with the delivery partners. This is still subject to formal MHCLG approval, which is expected by the end of September 2020.

Introduction

1. The Accelerated Fund programme was launched by the government on 1st July 2020 with submissions by 14th August 2020. It is part of the Town Fund programme and the government was keen to have some projects running in the 101 Towns to show progress.
2. Hastings Town Board was responsible for overseeing the development of the programme, call for projects, the assessment process and the final recommendations on the projects submitted for approval. Hastings Borough Council as the accountable body for the Town Fund and the Accelerated Fund was formally obliged to submit the proposals with 'Section 151 Officer' (Chief Finance Officer) approval.

Publicising the call for local projects

3. Hastings Town Deal Board opened a limited call for project ideas with the closing date being 22nd July 2020.
4. Limited call for projects included the following:
 - Town Deal Board was emailed on the 6th July asking them for project ideas and suggestions, and to relay this out through their networks.
 - Email sent to all local councilors asking them to send the message through to their various networks.
5. Other organisations were also asked to promote the opportunity including:
 - Business Improvement District conducted a survey to identify potential projects
 - Heritage Action Zone board meeting was advised and asked for projects
 - Chamber of Commerce publicised a call for projects
 - Coastal Users Group and Grants Advisory Panel (advisory bodies of the Foreshore Trust) were also asked for project ideas.
 - Officers also reviewed all Expressions of Interest which have been submitted via our website for the larger towns fund to identify potential project ideas.
6. Direct approaches were also made by board members and council officers for project proposals to many other local organisations.
7. A total 27 applications were submitted. Two were not submitted in the correct format and one was submitted after the deadline so 24 projects were assessed, with a total ask of £4,211,500. This was over 4 times the amount of funding available.

Assessment of submissions

8. The process for agreeing the Accelerated Fund submissions was agreed by Town Board and was follows:
 - HBC officers and Locate East Sussex assessed submissions for viability and eligibility against the intervention framework criteria

- Following initial assessment, the projects were sent to the Town Board Executive Delivery Group, who assessed and recommend project/s up to the value to £1m for submission. It recommended 4 strongest projects for approval which were felt to be deliverable in the timescales asked for by the government and met all the criteria of the Town Fund guidelines (see Appendix 1 – Hastings Accelerated Towns Funds project recommendations).
- The Town Deal Board also endorsed the projects via email without any objections prior to 14th August submission.

Summary of recommended Accelerator Fund proposals

9. The strongest projects assessed as meeting the criteria's set out by the government as fully as possible were as follows:

A. Redevelopment and Regeneration of the White Rock Baths – The Source – Accelerator Grant Amount provisionally identified @ £485,000

This project will re-develop the remainder of White Rock Baths that have laid derelict on Hastings seafront for decades. The capital will be used to refurbish and re-open rooms adjacent to the current seafront courtyard for occupation by small businesses who share similar customers to the anchor tenant, the Source Park;

B. An Employment, Events and Tourist Advice Hub at Hastings College – East Sussex College Group - Accelerator Grant Amount provisionally identified @ £250,000

The project is a three-pronged approach to redesign part of the ground floor of the college to support the post COVID-19 economic recovery, improve the visitor experience and increase footfall into the town centre;

C. Investing in electric vehicle charging infrastructure in town centre public car parks – HBC - Accelerator Grant Amount provisionally identified @£15,000 with additional match from HBC @ £35,000, to be recommended for agreement by HBC Cabinet.

To expand the provision of low carbon infrastructure in the town centre through the installation of 12 fast electric vehicle charging points in the town centre public car parks;

D. Hastings Commons - the Lower Alley – White Rock Neighbourhood Ventures - Accelerator Grant Amount provisionally identified @£250,000

The project capitalises on the opportunities of a range of peculiar assets that have been brought together as part of the Hastings Commons. These assets cannot be made productive except with significant grant that will make them useable far into the future. The project will make new retail space, new training space, new amenity space, as well as solving the problem of managing waste for the upper and lower Alley that make this area work for residents and businesses.

10. All organisations which submitted applications have been contacted and advised of the reason the EDG are either recommending the project for approval for the £1M accelerated fund or not.

Urgency

11. The fund has been released as an early phase of the Governments Town Fund Initiative. Cabinet approval is needed to delegate authority to the Assistant Director of Regeneration and Culture to enter into agreements with the delivery partners. This is still subject to formal MHCLG approval, which is expected by the end of September 2020. As the projects need to be completed by March 2021 and to avoid delays in the giving decisions to the project leads, the urgency provisions, set out in Part 4 of the constitution are therefore being used, and Cabinet is asked to note these.

Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Issue Service Level Agreements with project leads	Service Level Agreement Issued	October 2020	Hannah Brookshaw
Projects commence their build programme	Completion of projects by March 2021	March 2021	Hannah Brookshaw

Wards Affected

Castle;

Policy Implications

Reading Ease Score:

Have you used relevant project tools? Yes

Wards Affected

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness Yes

The £1m Accelerated Fund proposals offered many organisations with opportunities to input and suggest projects for delivery as part of the Town Fund development. The board includes representation from the community (business and residents)

Crime and Fear of Crime (Section 17) No

Risk Management Yes

Risk log is maintained as part of the HBC project management process for this workstream.

Environmental Issues No

Economic/Financial Implications Yes

Accelerated fund proposals, if approved will bring in £1m of capital investment.

Human Rights Act	No
Organisational Consequences	No
Monitoring of the projects will be conducted by HBC but day to day delivery arrangements responsibility of the project lead organisations.	
Local People's Views	No
Anti-Poverty	Yes
There will be economic benefits to residents providing for more employment and support activities.	
Legal	Yes
Service Level Agreements needs to be signed with the lead organisations for the projects.	

Additional Information

Officer to Contact

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