

## Cabinet

Date and Time - **Monday 29 March 2021 – 6:30pm**

Venue - **Remote Meeting**

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### **Councillors appointed to the Committee:**

Councillor D.B. Oliver (Leader), S.M. Prochak, MBE (Deputy Leader), C.A. Bayliss, J.H.F. Brewerton, T.J.C. Byrne, K.P. Dixon, K.M. Field, H.L. Timpe and J. Vine-Hall

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## AGENDA

### 1. **MINUTES**

To authorise the Leader to sign the Minutes of the meeting held on 1 March 2021 as a correct record of the proceedings.

### 2. **APOLOGIES FOR ABSENCE**

### 3. **ADDITIONAL AGENDA ITEMS**

To consider such other items as the Leader decides are urgent and due notice of which has been given to the Head of Paid Service by 9:00am on the day of the meeting.

### 4. **URGENT DECISIONS**

The Leader to give details of those reports that have been referred to the Chairman of the Council to consider designating as urgent, in accordance with Rule 17 of the Overview and Scrutiny Procedure Rules contained within Part 4 of the Council Constitution, and to which the call-in procedure will not therefore apply.

### 5. **DISCLOSURE OF INTERESTS**

To receive any disclosure by Members of personal and disclosable pecuniary interests in matters on the agenda, the nature of any interest and whether the Member regards the personal interest as prejudicial under the terms of the Code of Conduct. Members are reminded of the need to repeat their declaration immediately prior to the commencement of the item in question.

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**At the discretion of the Leader, the order of the items set out in the agenda may be varied**

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**Tel: 01424 787811**

**Rother District Council aspiring to deliver...  
an Efficient, Flexible and Effective Council, Sustainable Economic Prosperity,  
Stronger, Safer Communities and a Quality Physical Environment**

6. **THE PURCHASE OF ACCOMMODATION FOR TEMPORARY USE BY HOMELESS HOUSEHOLDS** (Pages 1 - 14)
7. **FINANCIAL STABILITY PROGRAMME** (Pages 15 - 22)
8. **BEXHILL TOWN CENTRE SECTION 106 FUNDS** (Pages 23 - 26)
9. **SUPPORT OF SUSSEX MODERN** (Pages 27 - 30)
10. **EXCLUSION OF PRESS AND PUBLIC (EXEMPT INFORMATION)**

The following item includes material which is exempt from publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and it is recommended that the press and public be excluded. The relevant paragraph of Schedule 12A indicating the nature of the exempt information is stated after the item and is reproduced in full at the end of the agenda. In all the circumstances of each case, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
11. **DEVELOPMENT OF LAND WITHIN THE NORTH EAST BEXHILL DEVELOPMENT ALLOCATION (PARAGRAPH 3)** (Pages 31 - 36)

Malcolm Johnston  
Chief Executive

Agenda Despatch Date: 19 March 2021

Extract from Schedule 12A of the Local Government Act 1972 (as amended)

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

Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Publication of this Agenda constitutes notice that in accordance with Regulation 5(4) of the above, the confidential matter listed at Agenda Item 11 will be considered in private. The reason for private consideration is that the item includes material which is exempt from publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972, as amended; the relevant paragraph of Schedule 12A indicating the nature of the exempt information is stated after the item. It is confirmed that no representations were received by Cabinet during the 28 Day Notice period to consider this matter in open public session.

## Rother District Council

**Report to:** Cabinet

**Date:** 29 March 2021

**Title:** The purchase of accommodation for temporary use by homeless households

**Report of:** Joe Powell, Head of Housing and Community

**Cabinet Member:** Councillor Byrne

**Ward(s):** All

**Purpose of Report:** To request funds for the purchase of property for use as temporary accommodation for homeless households.

**Decision Type:** Key

### Officer

**Recommendation(s):** **Recommendation to COUNCIL:** That:

- 1) the amended Temporary Accommodation Purchase Strategy be approved;
- 2) the Head of Housing and Community be given authority to purchase property for the use as temporary accommodation for homeless households up to a total value of up to £6million to be funded from borrowing, in consultation with the portfolio holders for Housing and Finance and Performance Management and;
- 3) the Capital Programme be amended accordingly.

### Reasons for

**Recommendations:** To improve the quality of accommodation and reduce costs to the Council while ensuring homeless households are well supported in the local area and are enabled to access longer-term housing effectively.

### Introduction

1. A key objective within the Council's Housing, Homelessness and Rough Sleeping Strategy 2019-24 (Minute C18/65 refers) is to acquire in partnership, or develop where appropriate, council owned temporary accommodation provision to meet the varied needs of homeless households in Rother. In September 2019 Cabinet approved the allocation of £3million to purchase of accommodation for temporary use by homeless households (Minute CB 19/09 refers).
2. As of February 2021, the Council had eighty-one households in temporary accommodation funded from its own revenue budgets as well as an extra nine households placed and funded by the Rough Sleeping Initiative (RSI). Note, twenty-two of the eighty-one households accommodated from Council

budgets have been placed due to the Governments' 'Everyone in' instruction, due to COVID-19.

3. Grant funding has been provided by Government to contribute to these additional costs; however, the amount provided is not forecast to meet the costs to the Council. As a result, a financial deficit to the Council of £25,500 is forecast by yearend 2020/21 and there is presently no indication of whether further funds will be made available or when the 'Everyone in' instruction might end. The budget for 2020/21 is £1.1million offset by £508,000 of income largely recovered through housing benefit. The net cost therefore is budgeted to be £592,000.
4. The proposed investment will save the Council £160,000 annually compared to present costs and should be viewed as an invest to save proposal. If levels of homelessness were to fall over time, the exit strategy from the investment will be to first review whether any property owned by the Council can be put to a different use; then, as with any property investment, assets under Council ownership can be sold and the capital receipt reinvested into future Council budgets.
5. At the time of writing the Council has successfully purchased 5 x 3-bedroom properties in Bexhill that are accommodating homeless families with children. In addition, the Council has offers accepted on a block of accommodation comprised of a 1 x 3-bedroom house and 6 x 1-bedroom flats as well as another 2-bedroom flat in Rye. Based on the 3-bed houses the Council owns at present, there is a net cost per unit to the Council of £25.00 per night on average (£9,000 per year) as opposed to an average of £36.00 per night (£13,000 per year) for accommodating the same size household through private providers.
6. The proposals within this report are designed to work as part of a package of temporary accommodation solutions. The Council will also continue to use a number of privately owned and well-managed temporary accommodation establishments. The present number of such properties in Rother is approximately 30, secured by a combination of Council-owned and privately provided temporary accommodation.
7. Through the purchase of property for use as temporary accommodation the Council will be able to continue to improve the model of service it provides from one of high cost, single room accommodation – which is sometimes remotely located – to a model which:
  - Provides self-contained accommodation for households with children;
  - Increases the amount of temporary accommodation available locally;
  - Ensures a minimum quality standard of accommodation;
  - Ensures a minimum standard of property management and support for residents and
  - Reduces costs.

### **Level and type of demand**

8. The table at Appendix A illustrates the number and type of households the Council has placed in temporary accommodation between April 2020 and

February 2021. The number and types of accommodation that it is proposed the Council purchase has been based on this demand data.

9. Note, that the present restrictions on evictions due to COVID-19 means that there is uncertainty as to the scale of future homelessness and the number of households requiring temporary accommodation. Officers do not think that it is likely that the number of households presenting as homeless to the Council will fall in the short to medium term and, therefore, the number of accommodation units proposed are thought modest against likely future demand; although it remains possible that levels of homelessness will reduce in the short to medium term.
10. It is also important to highlight that for single people there is no duty for the Council to provide self-contained accommodation, with single room and shared facility accommodation being considered reasonable in legislation. The management of single homeless people in a shared facility living environment is a specialist area of provision and the Council will commission proper management and support services for this cohort.

### **Cost of Temporary Accommodation**

11. The table at Appendix B illustrates the average net cost to the Council of temporary accommodation through private providers, per size of household.
12. The average length of stay in temporary accommodation is fifty-one days for single people and childless couples and sixty-six days for families with children. The average net cost to the Council of placing single households or childless couples in temporary accommodation is £1,700 for the entire length of their placement. The average net cost of a placement is significantly more for households with children, with each placement costing the Council £2,500 on average.
13. As the average length of a placement is fifty-one days for single people and childless couples, each unit of accommodation the Council purchases will accommodate approximately seven separate households over a twelve-month period – assuming full occupancy. Therefore, over the course of twelve months a unit of accommodation which the Council owns would enable an average cost avoidance of approximately £12,000 for single households. As the average length of stay is sixty-six days for families with children, the average annual cost avoidance would be approximately £14,000.

### **Financial Assessment**

14. A financial assessment of the income and costs associated with the Council purchasing temporary accommodation has been completed. The assessment undertaken includes an illustration of the costs which can be avoided by being able to accommodate households in Council owned temporary accommodation rather than in private provision. These projections have been verified in consultation with neighbouring local authorities delivering similar temporary accommodation schemes.
15. The table below illustrates the level of investment required to purchase a range of properties. The table also outlines the revenue income and costs the Council can expect from the investment, as well as the level of costs the

Council will avoid by not having to place the households in privately provided temporary accommodation.

Property	Target Price inc. costs of purchase	Annual Operating and financing Costs	Annual Income (based on LHA rates)	Annual Cost Avoidance	Net Annual saving
Room in HMO (based on 7 units in a property)	-£541,434	-£82,457	£20,570	£86,630	£25,288
1 bed flat	-£160,000	-£12,837	£4,616	£12,376	£4,154
2 bed flat	-£190,000	-£14,352	£6,256	£14,232	£6,136
3 bed house	-£277,750	-£17,195	£8,200	£13,318	£4,323

16. For the purposes of the report an assessment of the overall saving for purchasing up to 35 units of accommodation was undertaken. The assessment is based on the purchase of 2 seven-bedroom HMO; 5 one bed flats; 11 two bed flats and 5 three bed houses with an overall total cost in the order of £5.7million. This showed an overall net saving to the Council of just under £160,000 per annum. The following table shows a breakdown of this:

	Target Price	Total cost of purchase	No	Total Investment	Annual Saving	Avg. Annual Yield
<b>2 HMO</b>	-£500,000	-£541,434	2 (14 units)	-£1,082,869	£50,576	4.67%
<b>1 Bed Flat</b>	-£160,000	-£171,669	5	-£858,347	£20,772	2.42%
<b>2 Bed Flat</b>	-£190,000	-£202,956	11	-£2,232,512	£67,492	3.02%
<b>3 Bed House</b>	-£277,750	-£294,468	5	-£1,472,340	£21,613	1.47%
<b>Total</b>	<b>-£1,127,750</b>	<b>-£1,210,527</b>	<b>35</b>	<b>-£5,646,067</b>	<b>£160,454</b>	<b>3.30%</b>

### Temporary Accommodation Investment Strategy

17. The financial assessment should be read in parallel with the Temporary Accommodation Investment Strategy at Appendix C which outlines the type of properties the Council intends to acquire for use as temporary accommodation, alongside how these properties will be purchased, managed, maintained and repaired.
18. The Strategy has been developed following a review of the level and type of demand for temporary accommodation alongside a review of local property prices, ancillary purchase costs, investment risks and property management risks. The risks and mitigations associated with the property investment are also described in the risk statement as well as Appendix C. The property management risks and how these will be mitigated are included separately at Appendix D.
19. We have undertaken an audit of the skills and expertise within the Council that might be applicable to property management, repair and refurbishment

functions. We have considered which functions might be delivered in-house and which may need to be contracted to third party specialists or partner agencies. A proportion of the capital funds will be used to employ the services of an external consultant to source and purchase the properties in line with the Temporary Accommodation Investment Strategy. It is proposed that the cost of the consultant is monitored in consultation with the portfolio holders for Housing and Finance and Performance Management.

20. The Council does not presently have the resources, expertise or tools needed to manage all aspects of the properties directly, particularly outside of normal office hours. In addition, the Council is interested in commissioning services that support applicants to move onto more permanent accommodation and avoid eviction from temporary accommodation, utilising its Homelessness Prevention Grant. We are building a service specification to commission a property management service to manage existing Council-owned temporary accommodation and that purchased in the future. The Council will need to keep under review developing these management functions in-house as its portfolio of properties grows.
21. The Government is continuing to increase the level of funding targeted at homelessness prevention services and it is possible that we will experience a reduction in the level of homelessness over time. Therefore, if levels of homelessness reduce the exit strategy from property investments will be to first review whether any property owned by the Council can be put to a different use; for example, in future the Council might consider accommodating households permanently. Any asset under Council ownership can be sold and the capital receipt reinvested into Council budgets.

## **Conclusion**

22. The purchase of property for use as temporary accommodation will provide the Council with more control over the quality of temporary accommodation available locally as well as being able to achieve greater control of revenue costs. It is estimated that the level of investment recommended of up to £6million will enable the Council to save approximately £160,000 annually. This cost reduction excludes the impact of any appreciation or depreciation in the value of the purchased properties.
23. The benefits of any investment need to be offset against both the costs as well as the staffing and resource constraints which exist. The Council has had no direct experience of purchasing or managing temporary accommodation in recent years; therefore, it is desirable to continue to build a portfolio of properties for use as temporary accommodation in a measured way. The approach will allow the Council to develop the skills and expertise required to grow a larger portfolio of properties in the future.

## **Financial Implications**

24. The financial costs and benefits of the proposal are detailed in the report.

## **Legal Implications**

25. The legal implications of the proposed recommendation are detailed within the report and its appendices.

## Environmental

26. The accommodation purchased will be offered to tenants with the following standard: EPC C or above (mirroring Optivo policy). The housing will comply with Health and safety standards for rented homes (HHSRS) and Decent Homes Standard.
27. In line with the Council's strategic documents:
  - Rother District Council Corporate Plan 2014-2021 – Quality Physical Environment/ Reducing carbon emissions - support low carbon initiatives, reduce fuel poverty  
<https://www.rother.gov.uk/strategies-policies-and-plans/corporate-plan-2014-2021/>
  - Rother Environment Strategy – priority area Sustainable energy  
<https://www.rother.gov.uk/strategies-policies-and-plans/environment-strategy/>

## Risk Assessment Statement

28. The Temporary Accommodation Investment Strategy at Appendix C has been amended and describes how the Council will conduct due diligence in order to complete the purchase of residential properties to minimise investment risks.
29. The risks associated with managing temporary accommodation are detailed at Appendix D. The risks are mitigated by using internal Council resources where these have been assessed as sufficient and recommends the use of specialist contractors or partner agencies where required.
30. It is possible that there may be a reduction in the level of homelessness we experience over time. The exit strategy from the investment will be to first review whether any property owned by the Council can be put to a different use; ultimately any asset under Council ownership can be sold and the capital receipt reinvested into Council budgets.
31. There are also risks associated with choosing not to invest in property for use as temporary accommodation. The Council has had some success in reducing the rate at which the number of households in temporary accommodation rose prior to the pandemic; however, in addition to minimising demand the Council needs to reduce the amount it spends on providing temporary accommodation.
32. There is a risk to Council reputation of continuing to use single room accommodation to house families with children which may be seen as compromising the Council's values and ethics.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	Yes	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	Yes		

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Chief Executive: Malcolm Johnston

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Report Contact Officer:	Joe Powell
e-mail address:	<a href="mailto:joe.powell@rother.gov.uk">joe.powell@rother.gov.uk</a>
Appendices:	Appendix A – Level and Type of Demand Appendix B - Average Net Cost of Temporary Accommodation Per Household Appendix C – Temporary Accommodation Strategy 2021 Appendix D – Risk Register
Relevant Previous Minutes:	C18/65 CB19/09
Background Papers:	Housing, Homelessness and Rough Sleeper Strategy 2019-24 <a href="#">Health and safety standards for rented homes (HHSRS)</a> <a href="#">A decent home: Definition and guidance for implementation (June 2006 update)</a>
Reference Documents:	List any published documents you want to reference.

## LEVEL AND TYPE OF DEMAND

April 2020 – February 2021			
Household size	Bedroom Need (TA)	Number	%
Single / childless couple	1 bed HMO / flat	119	51%
Family 2-bedroom need	1 or 2 bed flat	80	34%
Family 3-bedroom need	2 bed flat / 3 bed house	22	10%
Family 4-bedroom need	3 or 4 bed house	11	5%
<b>Total</b>		<b>232</b>	

## Appendix B

## AVERAGE NET COST OF TEMPORARY ACCOMMODATION PER HOUSEHOLD

Average TA Costs							
	Cost Per Night	Days In	Gross	Weekly LHA	Daily LHA	Total LHA	Average Net Cost to Rother
HMO/ 1 Bed Need	46.11	50.5	2,328.56	-83.08	-11.87	-599.36	1,729.20
2 Bed Need	55.31	80.38	4,445.82	-114.23	-16.32	1,311.66	3,134.15
3 Bed Need	58.41	80.59	4,707.26	-155.77	-22.25	1,793.38	2,913.88
4 Bed Need	66.72	37	2,468.64	-206.66	-29.52	1,092.34	1,376.30

**TEMPORARY ACCOMMODATION INVESTMENT STRATEGY 2021**

The Temporary Accommodation Investment Strategy will outline the approximate number and types of property the Council will target for use as temporary accommodation alongside how these properties will be purchased, managed, repaired and maintained.

**1. Property Purchases**

The risks of each potential investment will be considered by carrying out due diligence to include the following:

- Valuation.
- Market Conditions.
- Building surveys.
- Funding options.
- External red book valuations.
- Future costs: e.g. ground rent, service charges, major works, and maintenance throughout the lifecycle of the property.

The Council will employ the services of an external consultant to source and oversee each property transaction in-house in partnership with internal colleagues. It is proposed that other external specialist property investment advisors be retained on each transaction as required, advising on suitability having undertaken detailed pre-purchase due diligence, including valuation and risk analysis.

The Council will also consider options for the development of property where this is assessed as cost effective, relative to purchases; development options may including modular construction.

**2. Property Standards and Management**

All property purchased will adhere to decent homes standards or be refurbished to meet these standards. Properties will be inspected by the Council Environmental Health team to ensure compliance with the Housing Health and Safety Rating Systems (HHSRS) standards.

The Council will ensure each property has a minimum EPC standard of C or above prior to it being used as accommodation to accommodate homeless households temporarily.

The cost of repairs, maintenance and refurbishment are highlighted within the within the main report. It is proposed that the repairs, maintenance and refurbishment elements of the portfolio be delivered from existing resources within the Council's Housing Needs team with support from the Estates Maintenance and Private Sector Housing teams. We will contract additional specialist services as required.

We will also commission a specialist property management service either from market providers or in partnership with neighbouring local authorities - already managing similar accommodation – to manage the tenant liaison and move-on responsibilities.

Households placed in temporary accommodation owned by the Council will not be required to pay utility bills or Council Tax directly as the accommodation is temporary. The Council will meet these costs and recharge the tenant an affordable personal contribution towards the cost; these personal contributions are standardised across all types of temporary accommodation provision, including private sector provision.

All white goods supplied by the temporary accommodation residents will be PAT tested by the Council and replaced as necessary where existing white goods are faulty.

### 3. Property Type, Tenure & Location

Freehold tenure is preferred to leasehold. Freehold provides greater levels of security than a leasehold asset that would effectively decrease in value over time. However, the Council will consider leasehold properties where leases are in excess of 99 years and where former local-authority flats – managed by Registered Provider partners – are available for purchase, following a due diligence process.

In addition, opportunities to acquire either very long leases of 900 years plus or a share of a freehold with flat purchases will be considered. There is the potential risk of purchasing leaseholds with poor quality freeholders or their agents; it is felt prudent to consider such purchases only following proper due diligence of the Freehold and management arrangements; should there be any significant changes to the either the freehold owner or management company that affect the quality of freehold management then a sale of the relevant asset can be considered.

The Council will consider property purchases comprised of mixed commercial and residential use in consultation with the Property Investment Panel. The Council will look for opportunities to align purchases with wider strategic regeneration objectives.

The Council will consider property purchases where the present planning use is not residential – such as former residential care homes or guest houses, subject to close consultation with planning colleagues.

Homeless applicants will be accommodated temporarily under the Council's Housing Act powers, which it is able to do when a household is homeless. This is the practice presently in self-contained temporary accommodation operated by private providers and by neighbouring local authorities already managing their own temporary accommodation.

The Council will consider opportunities to purchase property for use as temporary accommodation across the whole of the Rother district with a focus on urban areas which are close to amenities, schools and transport links. The Council will focus on purchasing former local authority housing as these tend to be in urban areas as well as having been built to minimum space and decent homes standards.

#### 4. Property Price

Taking all of the above considerations into account, the following specific criteria are proposed:

- Up to £6million is set aside to purchase HMO, 1, 2, 3 and 4 bedroom flats and houses.
- Freehold preferred and leasehold considered where Registered Provider is the Freeholder or the lease is over 900 years; share of freehold is also considered.
- Geographically located within the Rother District.
- Meets decent homes standards or can be affordably refurbished to meet these standards.

Funding for the acquisition of assets should be reviewed on a case-by-case basis.

A budget of £6million will be set aside to invest, with further tranches subject to approval in due course.

The Council will review this strategy as the portfolio develops and as the Council's business needs evolve.

It is possible that we will experience a reduction in the level of homelessness we experience over time. The exit strategy from the investment will be to first review whether any property owned by the Council can be put to a different use, for example accommodating households permanently as part of potential future strategic aims; ultimately any asset under Council ownership can be sold and the capital receipt reinvested into Council budgets.

## RISK REGISTER

Risk	Likelihood	Impact	Mitigation
1. Tenants experience poor property conditions and a risk to their health and safety.	Low	High	<ul style="list-style-type: none"> <li>All properties will be inspected by the Council to an HSSRS standard before being managed and will receive a minimum 12 monthly HHSRS audit inspection thereafter.</li> <li>All properties will be inspected weekly by the property management contractor, monitored by the TA team.</li> <li>All properties will be installed with smoke alarms and carbon monoxide detectors (where required) and will be tested every month by the property management contractor, monitored by the TA team.</li> <li>Gas safety certificates.</li> <li>Electrical safety certificates.</li> <li>Fire risk assessments.</li> <li>Complete new gas and electrical certification when properties turnover.</li> </ul>
2. Lower than anticipated level of rental income.	Low	High	<ul style="list-style-type: none"> <li>The temporary accommodation team to support applicants to complete housing benefit forms and monitor income</li> <li>Utilise eviction procedures as required</li> </ul>
3. Income reduces as a result of the implementation of benefit reforms or changes in statutory guidance.	Med	High	<ul style="list-style-type: none"> <li>Regularly review the viability of scheme.</li> <li>Property can be sold or repurposed if approach becomes unviable.</li> <li>Tenants can be rehoused by the Housing Needs team where needed.</li> </ul>
4. Reputational risk to the Council.	Low	Med	<ul style="list-style-type: none"> <li>Develop a communication and project plan.</li> <li>Regular project performance monitoring.</li> <li>Council corporate scrutiny procedures.</li> </ul>
5. Higher than anticipated level of voids.	Low	High	<p>Ensure re-let times are kept to a minimum by:</p> <ul style="list-style-type: none"> <li>timely repairs and void turnaround.</li> <li>close housing management to ensure timely rent payments, minimal evictions and minimal absconding.</li> </ul>
6. Higher than anticipated levels of eviction and associated legal costs.	Low	Med	<ul style="list-style-type: none"> <li>Ensure all households are assessed to establish support needs and ensure these are met.</li> <li>Ensure residents are supported to secure alternative accommodation</li> </ul>

			<p>which is permanent.</p> <ul style="list-style-type: none"> <li>• Move households to alternative private sector temporary accommodation provision as required.</li> <li>• Offer households affordable permanent accommodation in the private and social housing sectors.</li> </ul>
7. The Council is unable to acquire properties.	Low	High	<ul style="list-style-type: none"> <li>• We have researched property prices and have developed an investment appraisal based on present market prices.</li> </ul>
8. Homelessness increases and more accommodation is required to reduce costs.	Med	Low	<ul style="list-style-type: none"> <li>• We will continue to monitor the supply of temporary accommodation relative to demand and present to Cabinet new opportunities for further investment as required.</li> </ul>
9. Demand for temporary accommodation reduces and we have an over-supply of TA	Low	Med	<ul style="list-style-type: none"> <li>• Consideration can be given to re-purposing accommodation to other uses – such as private rented sector tenancies.</li> <li>• Property can be sold and the capital receipt retained by the Council</li> </ul>

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## Rother District Council

**Report to:** Cabinet

**Date:** 29 March 2021

**Title:** Financial Stability Programme

**Report of:** Robin Vennard, Assistant Director Resources

**Cabinet Member:** Councillor Dixon

**Ward(s):** All

**Purpose of Report:** To agree the workplan of the Financial Stability Programme Board and to establish the principles for service-based reviews to achieve the savings set out in this report. The report also proposes the establishment of a new Invest to Save earmarked reserve to provide the necessary financial resources to ensure capacity to deliver approved proposals.

**Decision Type:** Non-Key

**Officer**

**Recommendation(s):** **Recommendation to COUNCIL:** That up to £750,000 be earmarked from releasing existing reserves for invest to save projects and that the Chief Executive be given delegated authority to authorise expenditure against this reserve in consultation with the Cabinet Portfolio Holder for Finance and Performance Management.

**AND It be RESOLVED:** That:

- 1) a Financial Stability Programme be established, supported by a Financial Stability Board of key Members and officers;
- 2) the approach and process to achieving financial stability as set out in this report be approved; and
- 3) two dedicated officer teams to deliver the work themes for devolvement and income generation be established.

### Introduction

1. Achieving financial stability for the Council is one of the key objectives of the draft Corporate Plan which is currently being consulted on and the scale of the financial challenge is set out in the Medium Term Financial Plan (MTFP) approved by Cabinet at its meeting on the 8 February 2021. Members will be aware that the current and likely on-going impact of the COVID-19 pandemic and as highlighted in previous MTFP reports, the additional £2m financial impact of the waste collection and street cleaning contract are depleting reserves unsustainably. To support the objective of financial stability and

ensure organisational focus is maintained, it is suggested that a Financial Stability Programme (FSP) be established to manage the programme of work and this is supported by a Board of key Members and officers. This report gives an overview of the key areas to deliver the required savings and income over the next five years and how the process will be managed. It is important that there is corporate ownership of the FSP at both Member and officer level.

### Feedback from Portfolio Holder meetings with Heads of Service

2. In preparation for the creation of the FSP, Heads of Service met with relevant Cabinet Members over the December/January period to review revenue service budgets including to discuss the statutory/discretionary nature of those services. The discussions were positive and wide ranging and from feedback some ideas have been promoted. Further work will be required to develop these into detailed proposals for consideration by the Financial Stability Board (FSB).
3. The key themes/issues coming out of the meetings included:
  - (i) Maximising the scope and benefit of digitalisation of services – access/efficiency/automation/reductions in paper/postage.
  - (ii) Ability to deliver devolvement.
  - (iii) Scope for charging service users and selling services to other Councils/organisations.
  - (iv) Standardisation for maximum management efficiency – e.g. ICT/employment.
  - (v) Capacity for change and a flexible workforce.

### Work Themes

4. From this work four work themes have been identified to achieve reduced revenue spend and increased income:

### Devolvement

5. A key part of the MTFs is that a number of discretionary services are devolved to the Parish and Town Councils (P&TC) in order to protect them for the future. Services identified for devolvement include:

Service	Invest £'000	Annual Recurring Saving £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Parks and Gardens		945		820	125
Non-Income Earning Car Parks		TBC			
Public Conveniences		420		210	210
Christmas Lights		15	15		
Museum Services		27			27
Bus Shelters		17		17	
Devolvement Team - Cost of Backfill	TBC				
<b>Total</b>		<b>1,424</b>	<b>15</b>	<b>1,047</b>	<b>362</b>

6. A significant part of devolution depends on the newly formed Bexhill-on-Sea Parish (Town) Council desire to take over these services. This has been shown in the table above to largely occur by April 2022. To achieve the amount of devolution required across the district will require a significant amount of officer time to undertake the negotiations and to ensure successful transfer of responsibilities and assets. It would be sensible to create a dedicated team of officers covering operational, legal and financial issues to undertake this work and if necessary, backfill their substantive posts. It is likely that a devolution programme will take a minimum of two years to achieve.
7. The costs shown above do not include the associated staffing that support these services. It is sensible for the Council to retain these experienced and expert staff in order to support the Council in the delivery of the planned major developments (particularly housing) in Rother and to have the ability to sell these expert services to the P&TCs as well as other local authorities.

### **Invest to Save**

8. *Digitalisation* – maximising the amount of services that can be delivered digitally to reduce human intervention. To maximise the benefit will require a higher level of integration with back office systems. This should also have the added benefit of reducing stationery and postage costs. Key projects already in progress include:
  - Corporate Document Image and workflow system.
  - Offsite printing and postage services.
9. *Business Processes* – it is important that services continue to deliver ongoing improvements to increase the efficiency of their service delivery. The Council has previously undertaken a wide range of business process reviews to improve process efficiency. Experience has shown that benefit realisation is difficult but does increase capacity of existing workforce. This work is ongoing and will be driven by the services themselves.
10. In terms of demand, greater automation and the use of artificial intelligence may bring realisable efficiencies as well as increased capacity. Part of any service reviews should also look at demand management and in particular understanding the level of service failure that leads to greater customer contact. As part of a customer centric organisation a culture of getting it right first time is essential.

### **Service Prioritisation**

11. Following discussion with Members, service prioritisation has initially been focused on our Discretionary Services. For the purposes of this report, this excludes those services identified above for devolution. Two service areas, Environmental Services, Licensing and Community Safety and Strategy and Planning are predominately statutory in nature.
12. It is proposed that a combined target for Invest to Save and Service Prioritisation be set for each service area. This has been based on an arbitrary 10% of discretionary spend but has been allocated across all service areas as follows:

Service	Invest £'000	Annual Recurring Saving £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Acquisitions, Transformation and Regeneration	TBC	120	40	40	40
Environmental Services, Licensing and Community Safety	TBC	50	10	20	20
Chief Executive and Corporate Core	TBC	80	30	30	20
Housing and Community	TBC	90	30	30	30
Neighbourhood Services	TBC	80	30	30	20
Resources	TBC	100	40	30	30
Strategy and Planning	TBC	50	10	20	20
<b>Total</b>		<b>570</b>	<b>190</b>	<b>200</b>	<b>180</b>

13. By setting targets for each service area in this way it will drive the Council to identify invest to save projects and income generating ideas in order to minimise the amount of service reductions required.

### Income Generation

14. Increasing income is an essential component to achieving financial stability for the Council. Significant progress has been made through the Property Investment Strategy but there is long lead in times to achieving additional income. Therefore, it is essential that supplementary income streams are identified. There are a number of workstreams to explore:
- (i) Existing charged services – identify services to achieve cost recovery or increased surplus.
  - (ii) New Services to charge for – e.g. renewable energy.
  - (iii) Selling services to other organisations.
  - (iv) Increased number of shared services with Rother as lead.
  - (v) Asset Management review to increase income or release funding for reinvestment.
  - (vi) Carry out further Property Investment.
15. As with devolvement, it is unlikely that there is sufficient organisational capacity to ensure focus is placed on achieving additional income outside of property investment where there is a specific team already in place. It is therefore suggested that a small team is established to support service areas to carry out the necessary reviews, negotiations, procurement and implementation of proposals.

### Invest to Save Fund

16. It is sensible to establish an Invest to Save fund to meet any one-off costs required to secure an ongoing revenue saving/income. It is proposed to delegate responsibility for spend approval to Chief Executive in consultation with the Cabinet Portfolio Holder for Finance and Performance Management as this will accelerate delivery of the projects. Each project will need to be

supported by a business case setting out how it will achieve reduced spend or increased income and the expected return on investment. Initially it is suggested that up to £750,000, including to meet the cost of any temporary staff costs referred to above, is earmarked for this programme. Regular reports will be made to Cabinet including details of any approved expenditure.

## **Process – the how**

17. **Service based** – Each service area will need to identify if and how it contributes towards the identified work themes outlined earlier. Appendix B gives an indication of which service areas are affected most by which workstreams. It is suggested that between April 2021 and August 2021, each service area supported by the finance team conducts its own initial review based on these workstreams and produces a proposals report for the FSB to consider.
18. **Delivery teams** – As discussed earlier it is unlikely that there will be sufficient staff resources within the current workforce to deliver on all the key projects, especially devolvement and income generation. It therefore is sensible to establish a number of dedicated teams to deliver the agreed proposals. This could be from the existing workforce where their day job responsibilities are significantly reduced, and a commitment made to backfill posts. Any costs arising would be charged to the Invest to Save Fund.
19. **Reporting and monitoring** – It is proposed to have quarterly progress reports to the FSB and to Cabinet. In addition, there will likely be specific proposal reports for service areas that will need to be submitted to the board for approval. The proposals, if accepted, will need to be reflected in the MTFS as the delivery profile has changed.

## **Employee Impact**

20. Through the programme of devolvement and the impact of the service reviews, there is likely to be an impact on the Council's employees and their roles. However, through income generating opportunities (e.g. selling staff expertise to others) and the redirection of staffing into priority areas via the employee stability policy, it is not envisaged that compulsory redundancies will be required.

## **Timetable**

21. The proposed timetable for the first year of the FSP and key activities are shown at Appendix A.

## **Conclusion**

22. This report sets out how the Council will set about meeting its objective of financial stability, that to ensure its day-to-day expenditure is funded without the need to rely on reserves. This is a significant task and therefore requires a structured and robust approach and process to ensure its achieved. In establishing a FSP and an invest to save fund, this will provide flexibility and swiftness in decision making to efficiently and effectively deliver savings and additional income. Transparency will be delivered through regular reporting to Cabinet on the progress being made with the programme.

<b>Other Implications</b>	<b>Applies?</b>	<b>Other Implications</b>	<b>Applies?</b>
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

Chief Executive:	Malcolm Johnston
Report Contact Officer:	Robin Vennard
e-mail address:	<a href="mailto:robin.vennard@rother.gov.uk">robin.vennard@rother.gov.uk</a>
Appendices:	Appendix A – Financial Stability Programme Timetable Appendix B – Work Themes
Relevant Previous Minutes:	-
Background Papers:	-
Reference Documents:	-

## FINANCIAL STABILITY PROGRAMME TIMETABLE

Ref	Activity	Start	Finish
1	Budget Analysis including statutory/discretionary	30/11/2020	10/12/2020
2	Member discussion	10/12/2020	10/12/2020
3	Draft Budget Report – January Cabinet	11/01/2021	11/01/2021
4	FSPB Paper	01/02/2021	28/02/2021
5	FSPB meeting	12/03/2021	12/03/2021
6	Member discussion at Cabinet Briefing	15/03/2021	15/03/2021
7	Cabinet receives proposals report	29/03/2021	29/03/2021
8	Full Council approval – incl invest to save fund	17/05/2021	17/05/2021
9	Service Reviews undertaken	01/04/2021	01/08/2021
10	Progress Report 1 and proposals to Board	16/08/2021	16/08/2021
11	Progress Report 2 and proposals to Board	13/09/2021	13/09/2021
12	Report to Cabinet - Mid year progress update	04/10/2021	04/10/2021
13	Progress Report 3 and proposals to Board	17/01/2022	17/01/2022
14	Progress Report 4 and proposals to Board	11/04/2022	11/04/2022
15	Report to Cabinet - End of year progress update	02/05/2022	02/05/2022

## WORK THEMES – WHICH SERVICE AREAS CONTRIBUTE

		Acquisitions, Transformation and Regeneration	Housing and Community	Neighbourhood Services	Environmental Services, Licensing and Community Safety	Strategy and Planning	Resources	Corporate Core
Invest to Save	Digitalisation	✓	✓	✓	✓	✓	✓	✓
	Lean Demand	✓	✓	✓	✓	✓	✓	✓
Devolvement	Parks and open spaces			✓				
	Non income earning car parks			✓				
	Public Conveniences			✓				
	Christmas lights			✓				
	Museum services			✓				
	Bus Shelters			✓				
Service Prioritisation	Discretionary Services	✓	✓	✓			✓	✓
	Service Reductions	✓	✓	✓	✓	✓	✓	✓
Income Generation	Charging Users	✓		✓	✓	✓		
	New Services	✓	✓	✓	✓	✓	✓	✓
	Selling services to other organisations	✓	✓	✓	✓	✓	✓	✓
	Shared Services	✓	✓	✓	✓	✓	✓	✓
	Property Investment	✓						

## Rother District Council

**Report to:** Cabinet

**Date:** 29 March 2021

**Title:** Bexhill Town Centre Section 106 Funds

**Report of:** Ben Hook, Head of Acquisitions, Transformation and Regeneration

**Cabinet Member:** Councillor Bayliss

**Ward(s):** Central Ward

**Purpose of Report:** To enable the Bexhill Town Centre Steering Group to develop and recommend projects for funding using the Bexhill Town Centre Section 106 monies.

**Decision Type:** Non-Key

### Officer

**Recommendation(s):** It be **RESOLVED**: That:

- 1) £10,000 of the Bexhill Town Centre Section 106 monies previously earmarked for strategy development work no longer be ringfenced;
- 2) the Bexhill Town Centre Steering Group be directed to promote and recommend projects for funding; and
- 3) the Head of Acquisitions, Transformation and Regeneration be granted delegated authority to allocate all of the remaining Section 106 monies in liaison with the Chair of the Bexhill Town Centre Steering Group.

### Introduction

1. Members will recall that the adopted Terms of Reference for the Bexhill Town Centre Steering Group (BTCSSG) stipulate that all expenditure against the remaining town centre Section 106 funds and any future funding received require a report to Cabinet for approval.
2. Out of the original £100k there is a balance of £22,618 remaining. £10k of this had been ringfenced for town centre strategy work (CB19/60 refers) however the BTCSSG feel that in light the COVID-19 pandemic this is no longer the best use of this funding.
3. Spend to date (£77,382):
  - £35,786 Refurbishment of Devonshire Square Toilets, CCTV contribution.
  - £6,868 Cycle racks, Monolith sign and artwork for Marina Court Gardens.
  - £926 Tree planting in Western Road.
  - £3,719 2016 railway poster campaign.
  - £6,830 2017 railway poster and postcard campaign.
  - £3,253 2019 railway poster campaign.

- £20,000 ringfenced for public realm work spent on seafront shelters.

### **Analysis / Details of the proposals**

4. This report asks that authority to allocate the remaining £22,618 be devolved down to Head of Acquisitions Transformation and Regeneration. The Head of Acquisitions, Transformation, and Regeneration will work with the BTCSG to allocate this funding to projects that support the groups' ambitions.
5. Numerous projects are being considered by the BTCSG's sub-groups looking at the three areas of: live, work and relax. Many of these projects will need rapid responses and resources as the town centre starts to reopen after COVID-19 and the ability of the BTCSG to be able to award funding quickly will be important in the development and delivery of projects.
6. All projects to be considered will be assessed by the BTCSG through a simple application form to allow Members and relevant officers to have full project details and cost breakdown prior to meetings. This will be light touch but allow enough information to make an informed decision.
7. Consideration will also be given to supporting a town centre manager post in some form with the Section 106 money possibly to be used as match-funding for a bid to the Police & Crime Commissioner funding pot.
8. The Head of Acquisition, Transformation and Regeneration will give the final agreement to all proposed grant allocations.

### **Options**

9. The Section 106 money could continue to be held by Rother District Council (RDC) until such time as the new Bexhill Town Council has a structure in place to allocate the funds itself. At his point RDC could issue a power of competency to devolve the remaining Section 106 funding to the Town Council.

### **Conclusion**

10. The BTCSG are best placed to allocate the remaining funds to high impact projects and activity, especially as the town centre seeks to recover from the COVID pandemic. Giving the Head of Acquisitions, Transformation and Regeneration the flexibility to award money based on these recommendations will ensure that projects are able to come forward far quicker than the current system of seeking Cabinet approval.

### **Implications**

#### **Financial Implications**

11. Remaining Section 106 monies allocated from the Glynde Gap development to Bexhill Town Centre will be allocated and spent.

## Environmental

12. Environmental Benefits should be considered as part of the application process in line with the Council's Climate Emergency agenda.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	Yes	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

Chief Executive:	Malcolm Johnston
Report Contact Officer:	Melanie Powell
e-mail address:	<a href="mailto:Melanie.Powell@rother.gov.uk">Melanie.Powell@rother.gov.uk</a>
Appendices:	N/A
Relevant Previous Minutes:	CB19/60
Background Papers:	N/A
Reference Documents:	-

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## Rother District Council

<b>Report to:</b>	Cabinet
<b>Date:</b>	29 March 2021
<b>Title:</b>	Support of Sussex Modern
<b>Report of:</b>	Ben Hook, Head of Acquisitions, Transformation, and Regeneration
<b>Cabinet Member:</b>	Councillor Timpe
<b>Ward(s):</b>	All
<b>Purpose of Report:</b>	Support the continuation of the successful Sussex Modern marketing campaign.
<b>Decision Type:</b>	Non-Key
<b>Officer Recommendation(s):</b>	It be <b>RESOLVED:</b> That a £15,000 grant be funded from earmarked reserves, towards the continuation of the Sussex Modern campaign 2021-22.
<b>Reasons for Recommendations:</b>	Addition level of tourism marketing for Sussex post COVID-19.

### Introduction

1. Sussex Modern (SM) is a consortium of 22 cultural and viticulture businesses that came together to curate a high-end offer and maximise the impact of their offer in Sussex and redefine the identity of the County.
2. The research, development and piloting of the identity has received significant private investment from the consortium businesses as well as public funds through East Sussex County Council, West Sussex County Council, Locate East Sussex, Arts Council England and South Downs National Park.
3. East Sussex devolved its tourism offer to the towns, boroughs and regions within the county driven in part by the fact that there is no County Council tourism lead. There is a clear understanding that in having a spilt County, developing East Sussex as a brand of its own is unworkable.
4. COVID-19 has shown us that local Destination Management Organisations (DMO) have been a lifeline for many businesses in the sector. In Rother our DMO; 1066 Country Marketing, has supported, advised and promoted local tourism and hospitality businesses providing an important network through this very difficult period. This level of local infrastructure is crucial and needs to be maintained. SM seeks to take nothing away from our DMOs but to add another level of marketing at a County level to support the work happening at local level.

5. The brand came out of the Sussex Modernism exhibition at Two Temple Place in 2016 which attracted 52,597 visitors and delivered £4.9m (figure reported by Rees and Co agency engaged by Two Temple Place and comes from column inches and broadcast) worth of press coverage for East and West Sussex. During 2016 most of the cultural partners involved in the exhibition reported a 3% increase in visitors, notably made up of London audiences, during that year.
6. This was followed in 2019 with Art, Landscape, Wine, a collaboration with the Sussex Wineries Group which celebrated the growth of Sussex's viticulture industry and developed a new narrative around coming to stay in Sussex. This was targeting the wine tourist, whom data shows will spend nearly 32% more than the average tourist, with the international wine tourist spending nearly 80% more. The viticulture focus will continue to grow as a central strand of SM, further supporting Rother vineyards at their associated businesses i.e. local guesthouses / B&Bs. In the latest Gourmet Garden Trail campaign Tillingham Wine and Great Dixter feature as local heroes of excellence.
7. SM's recent project is the development of two films raising awareness and building advocacy amongst key business to business (B2B) and business to consumer (B2C) audiences with the B2B film promoting Sussex as a place to start or do business and the B2C film showing stories and experiences to be explored in self-guided visits.

### **Analysis / Details of the proposals**

8. Over £100,000 of public and private investment has been made in SM to date, including staff time. The SM board is seeking investment from a number of partners towards a core budget of £147,000 per annum to deliver a phased marketing, communications and digital audience development campaign to develop and enhance perceptions of Sussex, grow target audience awareness and engagement and encourage a rediscovery of the region.
9. The campaign is growing quickly and SM is about to recruit to the first dedicated role, that of Campaign Manager. District and borough councils across both counties have begun to support the project financially with commitments confirmed from Eastbourne, Lewes and Wealden.
10. Rother has also approached SM with a view to supporting the campaign and the board has indicated that local authority support sits at around £15,000.
11. There has been further funding from the South East LEP sector support fund, with SM in partnership with Visit Kent and Essex securing £150,000 (£50,000 of which will come direct to East Sussex). A second application is currently being considered.
12. With this core budget in place SM will pursue three main objectives:
  - Broaden Reach; find and engage target audiences through activity that reflects Sussex's contribution to modern culture.
  - Drive engagement; share inspiring content that spotlights curated stories of the region driving audience buy-in and brand awareness.

- Encourage visits; use the ‘join the dots’ message to encourage audiences to plan, explore and discover ‘their’ Sussex.

13. A five year strategy and development plan is currently being produced and will expand these objectives into measurable targets. SM progress and decisions are reported regularly to the Culture East Sussex board on which the Head of Acquisitions, Transformation and Regeneration represents Rother District Council.

## Conclusion

14. Supporting the growth of SM will help to allow the brand to develop and fill a gap in the branding and marketing of Sussex as a whole. We know from previous experience that this cannot be local authority led without considerable investment. This natural coming together of business partners has developed a very interesting and valuable tourism tool for our post COVID-19 recovery.

## Implications

### Financial Implications

15. This funding is not included in the annual budget and would be taken from the earmarked reserves.

### Environmental

16. Increased tourism levels could have a detrimental effect on the local environment depending on the modes of transport used to get to and around the District.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	Yes	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

Chief Executive:	Malcolm Johnston
Report Contact Officer:	Melanie Powell
e-mail address:	<a href="mailto:Melanie.powell@rother.gov.uk">Melanie.powell@rother.gov.uk</a>
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Background Papers:	N/A
Reference Documents:	-

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