Cabinet Meeting

Moot Hall, Town Hall, High Street, Colchester, CO1 1PJ
Wednesday, 26 January 2022 at 18:00

The Cabinet deals with the implementation of all Council services, putting into effect the policies agreed by Full Council and making recommendations to Full Council on policy issues and the budget.

Information for Members of the Public

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https://colchester.cmis.uk.com/colchester/MeetingCalendar.aspx.

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COLCHESTER BOROUGH COUNCIL
Cabinet
Wednesday, 26 January 2022 at 18:00

Leader and Chairman	Councillor Paul Dundas (Conservative)
	Councillor Crow (Conservative)
	Councillor Ellis (Conservative)
	Councillor Laws (Conservative)
	Councillor Lissimore (Conservative)
	Councillor B. Oxford (Highwoods Independent)

AGENDA
THE LIST OF ITEMS TO BE DISCUSSED AT THE MEETING
(Part A - open to the public)

Please note that Agenda items 1 to 5 are normally dealt with briefly.

Live Broadcast

Please follow this link to watch the meeting live on YouTube:

(107) ColchesterCBC - YouTube

1 **Welcome and Announcements**

The Chairman will welcome members of the public and Councillors to the meeting and remind those participating to mute their microphones when not talking. The Chairman will invite all Councillors and Officers participating in the meeting to introduce themselves.

2 **Urgent Items**

The Chairman will announce if there is any item not on the published agenda which will be considered because it is urgent and will explain the reason for the urgency.

3 **Declarations of Interest**

Councillors will be asked to say if there are any items on the agenda about which they have a disclosable pecuniary interest which would prevent them from participating in any discussion of the item or

participating in any vote upon the item, or any other pecuniary interest or non-pecuniary interest.

4 **Minutes of Previous Meeting**

Cabinet will be invited to confirm that the minutes of the meeting held on 17 November 2021 are a correct record.

Minutes 17-11-21 9 - 26

5 **Have Your Say! (Hybrid meetings)**

Members of the public may make representations to the meeting. This can be made either in person at the meeting or by joining the meeting remotely and addressing the Council via Zoom. Each representation may be no longer than three minutes. Members of the public wishing to address the Council remotely may register their wish to address the meeting by e-mailing democratic.services@colchester.gov.uk by 12.00 noon on the working day before the meeting date. In addition a written copy of the representation will need to be supplied for use in the event of unforeseen technical difficulties preventing participation at the meeting itself.

There is no requirement to pre register for those attending the meeting in person.

6 **Decisions Reviewed by the Scrutiny Panel**

Cabinet will consider the outcome of a review of a decision by the Scrutiny Panel under the call-in procedure. At the time of the publication of this agenda, there were none.

7 **Resources**

7(i) **Budget 2022-23 and Medium Term Financial Forecast** 27 - 72

Cabinet will consider a report recommending a sustainable 2022/23 budget and Medium Term Financial Forecast 2022/23 to 2025/26.

7(ii) **Resetting the Capital Programme and Capital Strategy** 73 - 88

Cabinet will consider a report inviting it to reset the Capital Programme 2022/23 to 2025/26 and which sets out the Council's Capital Strategy.

7(iii) **Request for Delegated Authority to Agree the Award of Contract for Microsoft Licensing** 89 - 92

Cabinet will consider a report seeking to delegate authority to award the contract to the preferred supplier for Microsoft Licensing.to the Portfolio Holder for Resources, in consultation with the Assistant Director Corporate and Improvement Services.

7(iv) **Request for Delegated Authority to Agree the Award of Contract for Telephony System** 93 - 96

Cabinet will consider a report seeking to delegate the authority to award the contract for telephony services to the Portfolio Holder for Resources in consultation with the Assistant Director Corporate and Improvement Services.

7(v) **Mitigations Council can make regarding loss of Universal Credit uplift, and financial inequalities** 97 - 110

Cabinet will consider the recommendations made by the Policy Panel at its meeting on 24 November 2021.

8 **Housing and Planning**

8(i) **Housing Revenue Account Business Plan 2022-2052** 111 - 148

Cabinet will consider a report inviting it to approve the HRA Business Plan for 2022-2052. The Business Plan identifies how the housing service is delivered, as well as showing what it costs and how the finances will develop in the future, showing that the plan is laid on firm foundations and is sustainable and viable for the future. It defines the priorities for investment and gives a summary of the key risks with actions to mitigate these risks.

8(ii) **Housing Revenue Account Estimates 2022-23** 149 - 172

Cabinet will consider a report setting out the Housing Revenue Account budget for 2022/23, including proposals for changes to tenants' rents for the coming financial year, and the management fee payable to Colchester Borough Homes. It also includes at a forecast of the potential expenditure requirements and income projections for the HRA for the next 5 years, and the updated 30 year HRA financial model.

8(iii) **Housing Investment Programme 2022-23** 173 - 180

Cabinet will consider a report which sets out a summary of the proposed allocation of £32.994 million of new resources to the Housing Investment Programme for 2022/23, along with the sources of funding. It also includes an indication of the potential expenditure requirements and funding sources for the years 2023/24 to 2026/27.

9 **Strategy**

9(i) **Half Year April 2021 - September 2021 Performance Report - Key Performance Indicators (KPI) and Other Performance News** 181 - 208

Cabinet will consider a report which provides details of performance against Key Performance Indicators (KPI's) at half year for 2021 - 2022 and other performance news.

9(ii) **Half Year covering April 2021 to September 2021 Performance Report - 2020-2023 Strategic Plan Action Plan** 209 - 250

Cabinet will consider a report which provides details of progress in delivering against the Council's Strategic Plan for 2020-2023 at half year of 2021-2022.

9(iii) **Councillor Development Policy and Strategy** 251 - 260

Cabinet will consider a report proposing a revised Councillor Development Policy and the introduction of a Councillor Development Strategy.

10 **Economy, Business and Heritage**

10(i) **St Nicholas Square Contractor Appointment** 261 - 266

Cabinet will consider a report on the appointment of a contractor to undertake the construction and groundworks at St Nicholas Square, following the award of £1m Accelerated Town Deal funding to create new Public Spaces at St Nicholas Square and Balkerne Gate.

11 **Communities**

11(i) **Siting of Covid 19 memorials** 267 - 270

Cabinet will consider the recommendation on the siting of Covid 19 memorials made by the Policy Panel at its meeting on 24 November 2021.

12 **General**

12(i) **Progress of Responses to the Public** 271 - 272

Cabinet will be invited to note a report containing details of response to those members of the public who have addressed meetings of Cabinet and Council under the Have Your Say! provisions.

13 **Exclusion of the Public (Cabinet)**

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

Part B
(not open to the public including the press)

14 **Resources - Part B**

14(i) **Resetting the Capital Programme and Capital Strategy - Part B**

Cabinet are invited to note the not for publication Appendix to the Chief Operating Officer's report.

15 **Economy, Business and Heritage - Part B**

15(i) **St Nicholas Square Contractor Appointment - Part B**

Cabinet to note the not for publication appendix to the report from the Assistant Director of Place and Client Services.

CABINET
17 November 2021

Present: - Councillor Dundas (Chair)
Councillors Crow, Laws, Lissimore and B. Oxford

Also in attendance: Councillors Barber, Fox, Goacher, Goss*, Harris* Lilley, G. Oxford, Warnes and J. Young

*Attended remotely

603. Minutes

RESOLVED that the minutes of the meeting held on 13 October 2021 be confirmed as a correct record.

604. Have Your Say!

Councillor Goss attended and with the consent of the Chair addressed Cabinet to indicate the Liberal Democrat Group's support for the nomination of Councillor Jowers as Deputy Mayor for the 2022-23 Municipal Year. Concern was expressed that the Kirby Road allotments had not yet reopened despite assurances that this would happen. This was frustrating for local residents and the Council was also losing potential income. The Litter and Dog Bin Policy was supported. However several bins had been removed without consultation with the ward councillors, which was contrary to the proposed policy, and they needed to be put back. Despite the investment by both Essex County Council and the Borough Council, grout was still missing from the High Street paving, causing a trip hazard.

Adrian Pritchard, Chief Executive, explained that it was the intention to reopen the Kirby Road allotments. However, resourcing issues as a result of staff sickness had meant that the Council had had to reprioritise and unfortunately the target date for the reopening had been missed. It remained the intention to reopen the allotments and this would be done as soon as resources allowed.

Councillor B. Oxford, Portfolio Holder for Communities, indicated that one of the reasons for introducing the Litter and Dog Bin policy was to standardise processes and ensure that ward and parish councillors were consulted when bins were removed. There were occasionally operational issues that meant individual bins needed to be removed, for instance if they encouraged flytipping. In respect of the grouting on the High Street, this was a contractual issue between Essex County Council and their contractor.

A question from Councillor Scordis was read to Cabinet asking that with flytipping becoming a rising issue in some wards, would the Council look at increasing the frequency

of the freighter service and consult with councillors about more potential sites?

Councillor Crow, Portfolio Holder for Environment and Sustainability, explained that he had already asked officers to consider options and any implications arising from extending the Freighter Service and would be discussing this in more detail next week. Any option needed to be considered in terms of community, environmental and cost implications. He was not convinced of the link between flytipping and the availability of the freighter service.

Councillor Warnes attended and with the consent of the Chair addressed Cabinet to ask when Councillor Pearson and he would receive written responses to questions raised at Full Council on 20 October 2021.

Councillor Lissimore, Portfolio Holder for Resources, indicated that she had approved a response to Councillor Warnes, which would be sent shortly. She would investigate the position in respect of the response to Councillor Pearson.

Councillor Barber attended and with the consent of the Chair addressed Cabinet in respect of Boxted Bridge. He was pleased the Essex County Council Cabinet member had agreed to his request to delay submitting a planning application for Boxted Bridge. The Borough Council should make a representation once the application was made and consider the impact that the bridge would have on the heritage of the area and the AONB. He also reiterated the request made at the last Cabinet meeting for small financial contribution towards a scheme to improve access for cyclists and pedestrians from Langham and Boxted to the Northern Gateway site. At its next meeting, the Local Highway Panel would be looking at funding requests and it would be helpful if the Council had shown some support at this stage. Concern was also expressed about the rise in incidences of drink spiking. Whilst the Safer Colchester Partnership were looking at the issue an update from the Council on how the issue was being addressed might also provide reassurance.

Councillor B. Oxford, Portfolio Holder for Communities, Councillor Laws, Portfolio Holder for Economy, Business and Heritage and Councillor Crow, Portfolio Holder for Environment and Sustainability, addressed the issue of drink spiking. This was a serious crime and was taken very seriously by venues and the Council. A safety campaign relating to the nighttime economy was planned and would be timed to address the increase in drinking around the festive season. The request in respect of Boxted Bridge would be referred to the Portfolio Holder for Housing and Planning, and the Portfolio Holder for Resources indicated that she would look at the issue relating to the funding for the scheme improving access to the Northern Gateway.

605. Establishment of a Joint Committee for Tendring Colchester Borders Garden Community

The Monitoring Officer submitted a report a copy of which had been circulated to each Member.

Councillor Warnes attended and with the consent of the Chair addressed Cabinet to express concerns that the Joint Committee would combine both executive and non-executive powers. This would mean that the same members would take decisions on major strategic and policy decisions, and decisions on individual planning applications.

Whilst the concerns on this issue may be allayed by the DPD, this was contrary to the separation of functions in the Council's constitution. It would be preferable if the composition of the Joint Committee was flexible and could change on the basis of competencies. Concern was also expressed that by establishing the Joint Committee the Council was giving up powers to solely determine planning applications in that part of the borough included in the Garden Community.

Councillor G. Oxford attended and with the consent of the Chair addressed the Cabinet to stress his view that it was important that the Council was a member of the Joint Committee, as it could not influence matters if it was not involved.

A statement from Councillor Cory was read to the Cabinet suggesting that wider representation should be sought on the proposed future Joint Committee. Five members from each authority would allow greater diversity of contribution and more democratic input. The Essex County Council membership of the Committee, if widened to five, could include local division members. The Leader's ongoing discussions with Essex and Tendring on this issue were supported.

Councillor Goacher attended and with the consent of the Chair addressed the Cabinet to express his concern about the breadth of representation on the Joint Committee. The Council was effectively concentrating power in three representatives. In addition all three authorities were led by the same political group and therefore the Joint Committee was likely to be dominated by views representing a narrow element of the political spectrum. Tendering and Essex could outvote Colchester on the Committee so there was a danger that the Council was ceding influence.

Councillor J. Young attended and with the consent of the Chair addressed the Cabinet to highlight that the part of the borough that most directly affected by the Garden Community development was Greenstead. This was also the most deprived ward in the borough. Residents of Greenstead would expect that their representatives would be at the heart of the development and for their issues to be heard. A ward councillor from Greenstead should be one of the Council's representatives on the Joint Committee. Concerns were also expressed about the Council giving up some of it powers and the possibility of the Council being outvoted on the Joint Committee.

Councillor Barber attended and with the consent of the Chair addressed the Cabinet and stressed the importance of the proposed constitutional changes being suitable for the long term. It was reassuring that the decisions would be taken by Full Council where each member had a vote, and that Full Council could in future change the arrangements if they were no longer suitable. The complexity of the Garden Community Project was also stressed. It was important that ward councillors understood this and did the necessary research to work to bring themselves up to speed on the project.

Councillor Dundas, Leader of the Council and Portfolio Holder for Strategy, introduced the report and responded to the comments made. It was accepted that following the Inspector's conclusions and the adoption of the Local Plan that development would happen on the site and there was a responsibility on the Council to ensure that the development was the best it could be.

It was stressed that at least 90% of the Garden Community site and nearly all the

proposed development was within Tendring. Those parts of the borough included were largely buffer zones and it was unlikely that any development in Colchester would come forward in this plan period, as development would be built out from the centre of the Garden Community. Colchester was not ceding influence but was gaining it as it would be able to influence applications which would otherwise fall to Tendring to determine. He was continuing to raise the issue of numbers on the Joint Committee with Essex and Tendring. Tendring's administration was a coalition of seven groups, rather than a Conservative administration. If the Joint Committee was genuinely politically balanced it would be too unwieldly to be effective. A number of representations had been made about the make-up of the Council's representatives on the Joint Committee and these would be considered. It was noted that Essex County Council would also have three representatives and there may be scope to discuss with them the possibility of twin hatted councillors being appointed to maximise Colchester representation.

The Joint Committee was an opportunity to gain influence over the nature of the development and if this was not taken, it may be a source of regret in the future. However, this was an ongoing process and matters could change in the future and the need for the Joint Committee to be reviewed over time was important. It was therefore proposed that the following additional wording be added to the resolution:-

"As with any new governance arrangements, including the terms of reference, they can be reviewed over time."

RESOLVED that:-

(a) It be agreed that a joint Development Plan Document be prepared with Tendring District Council and that that a Joint Committee be established with Tendring District Council and Essex County Council in relation to the Tendring Colchester Borders Garden Community;

(b) It be agreed that all three Councils should be represented on the appointed Joint Committee with full voting rights;

(c) Executive functions in relation to the preparation of the joint Development Plan Document are delegated to be discharged by the appointed Joint Committee in accordance with Sections 101(5) and 102(1)(b) of the Local Government Act 1972;

(d) It be agreed that each Council should be represented on the appointed Joint Committee with 3 members under Section 102(2) of the Local Government Act 1972, one of which will be a member of the Cabinet, appointed by the Leader;

(e) It be agreed that the Terms of Reference for the Joint Committee, as set out in Appendix A for recommendation onto Full Council in respect of non-executive functions;

(f) Support to the Leader to delegate further executive functions to the Tendring Colchester Borders Garden Community Joint Committee, in consultation with the Monitoring and Section 151 Officers, be endorsed;

(g) Authority be delegated to the Assistant Director Place and Client Services, in consultation with the Leader and Portfolio Holder for Resources to enter into a partnership

agreement between the Councils, if deemed necessary to support the operation of the Joint Committee and the Tendring Colchester Borders Garden Community project;

(h) As with any new governance arrangements, including the terms of reference, they can be reviewed over time.

RECOMMENDED TO COUNCIL that:-

(i) A Tendring Colchester Borders Garden Community Joint Committee is appointed for the discharge of executive and non-executive functions related to Tendring Colchester Borders Garden Community, pursuant to Sections 101(5), 102(1)(b) and 102(2) of the Local Government Act 1972 on the terms of reference attached at Appendix A to the Monitoring Officer's report and that the Council's membership be agreed by the Leader;

(ii) The Council enters into an agreement with Tendring District Council under section 28 of the Planning and Compulsory Purchase Act 2004 in relation to the preparation of a joint Development Plan Document in relation to Tendring Colchester Borders Garden Community;

(iii) Part 3 – Responsibility of Functions of the Constitution be amended to include the Terms of Reference of the Joint Committee; and

(iv) The Terms of Reference of the Local Plan Committee be amended as set out in Appendix B of the Monitoring Officer's report and that the Constitution be amended accordingly.

REASONS

To ensure appropriate governance and decision making arrangements are in place between the partner Council's in relation to Tendring Colchester Borders Garden Community.

ALTERNATIVE OPTIONS

The arrangements, for both plan making (planning policy) and development control purposes (determination of planning applications), to be considered are:

<u>Joint Committees established under Section 101 Local Government Act 1972 (Cabinet and Council resolutions only):</u>

1. DPD functions;
   Membership: Both Borough/District Councils with collective voting

2. Development Control functions;
   Membership: Both District/Borough Councils with collective voting

3. Option 2 plus County Council
   Membership: All three Councils with collective voting

4. DPD and Development Control functions:
   Membership: Both Borough/District Councils with collective voting

5. DPD and Development Control functions:
   Membership: Both Borough/District Councils with collective voting
   Essex Council advisory non-voting membership

6. DPD and Development Control functions:
   Membership: All three Councils with collective voting (but not extensive powers of Section 29 joint committee)

Joint Committees established under Section 29 Planning and Compulsory Purchase Act 2004 (Secretary of State approval required):

7. DPD functions
   Membership: All three Councils with collective voting

8. DPD and Development Control collective voting
   Membership: All three Councils with collective voting

Status Quo:

9. Existing Committees within Tendring and Colchester Councils each retaining DPD functions, for approval by both Councils and determination of planning applications under current rules.

Due to the timetable for production of joint DPD and HIF housing delivery deadlines, it is considered that seeking Secretary of State approval for a Joint Committee with the County Council will cause unnecessary delay which may prevent the establishment of the Joint Committee prior to decisions being required.

The Monitoring Officer's report recommended Option 6 as the proposed model for the establishment of the Joint Committee for TCBGC.

606. Estate Regeneration Fund

The Chief Operating Officer submitted a report a copy of which had been circulated to each Member.

Councillor J. Young attended and with the consent of the Chair addressed the Cabinet. Whilst the significant investment in Greenstead from the Town Deal and the Estate Regeneration Fund was a cause of celebration, this would be short-lived if the Heart of Greenstead were replaced by more housing development. Greenstead needed good community facilities, healthcare, space for residents to connect, good mental health facilities and jobs. Support was dependent on the project being done with the community and not to the community. The co-design must meet the aspirations of local people and it was the responsibility of the Leader to ensure that happened.

A statement from Councillor Cory was read to Cabinet welcoming the investment into Greenstead via the Town Deal and the Estate Regeneration Fund, but imploring the Council to speak to residents before the plans were seen as a ‘done deal’. Further consultation was needed with residents and council colleagues about what residents want to gain out of this needed investment. Councillors on all sides understood the importance of buy-in from residents on large strategic projects. Further opportunities to work with the Council to engage and consult with residents were welcomed. Clarification was needed on how and when residents would get to see initial plans and have a chance to comment and the need to keep councillors and residents updated was emphasised.

Councillor Dundas, Leader of the Council and Portfolio Holder for Strategy, indicated that he agreed and was aware of the need to keep the community informed and on board with the project. If he felt that the project was running ahead of the community he would ensure this was addressed. He thanked officers for their success in securing funding from the Estate Regeneration Fund.

Councillor Lissimore, Portfolio Holder for Resources, introduced the report and thanked officers for their successful bid. Colchester was one of only a handful of towns to secure funding from this scheme. The funds would be used carefully and local residents would be at the heart of the project and involved throughout.

RESOLVED that:-

(a) The terms of the Estate Regeneration Fund, and the scope for this funding opportunity to accelerate and enhance the proposed regeneration scheme for the Heart of Greenstead within the Town Deal programme, be noted.

(b) The progress made towards developing the vision and business case for the Heart of Greenstead scheme be noted.

(c) The intended purposes of deploying the further £2.3m grant awarded, as outlined in the not for publication appendix to the Chief Operating Officer’s report, be noted

(d) Authority be delegated to the Portfolio Holder for Resources to award key contracts for the transfer of assets.

REASONS

This specific part of the Town Deal programme enables a once-in-a-generation investment in this strong and proud community, which now requires renewal of its physical environment.

In the light of the Town Deal award received by Colchester being £6.8m smaller than the original Town Investment Plan, the Town Deal Board agreed in June 2021 to the principle that wherever possible, projects would seek other complementary sources of funding to boost their viability and deliverability.

Approval to commence with this scheme promptly at this time responds to a specific, time-bound opportunity to secure significant external grant funding which will remove a key part of the current viability gap, strengthening the business case for this scheme. It enables Colchester Borough Council as the developer to re-commence detailed engagement with the community and design work for the scheme without further delay.

ALTERNATIVE OPTIONS

No alternative options have been presented to Cabinet. ERF is a specific one-off and time-bound funding opportunity; capital grant funding opportunities for regeneration are very rare. This investment brings strong additionality to the Towns Fund and greatly strengthens the business case for this scheme by closing a key funding gap. Together the Towns Fund and ERF monies address a significant and long-standing market failure as this scheme cannot be delivered on a commercial basis alone.

This intervention sees Town Deal (and further complementary funding and investment) as the funder of last resort to address the fact that this scheme is very unlikely to attract suitable investment from other sources; and cannot be funded within the Council's resources.

607. Fees and Charges 2022/23

The Assistant Director, Corporate and Improvement Services, submitted a report a copy of which had been circulated to each Member.

Councillor Harris attended and with the consent of the Chair addressed the Cabinet. The proposals needed to be seen in the context of the cost of living increases. The proposals for increases in fines for littering and flytipping had support within the community he represented. However there was concern about the above inflation increases in cemetery and cremation fees and charges and the impact of this on residents on low incomes was highlighted. This needed to be reconsidered.

A statement from the Councillor King was read to Cabinet asking that the Portfolio Holder for Resources indicate whether or not:-

- She or officers on her behalf have asked for Government support for lost income as a result of the pandemic to be extended, whilst being mindful of significant continuing losses;
- She supports the Government's levelling up funding transfer funding priority for areas other than Colchester, being mindful of Colchester's areas of deprivation; whether by changes to business rate retention, fair funding formulae and or reduced new homes bonus.
- Whether she would consult with residents on her proposed cremation charge increases.

Councillor Lilley attended and with the consent of the Chair, addressed the Cabinet about

the increase in fees and charges on cemetery and cremation services. This was a tax too far. In the light of the cost of living increases, this would hit those who could least afford it, and would impact on residents at their most vulnerable time. The incomed raised by these increases could be met instead by a 10 pence increase in all car parking charges.

Councillor Goacher attended and with the consent of the Chair, addressed the Cabinet to express concern about the increase in the fees and charges for cemetery and cremation services. The Council's moist sensitive and emotive service was facing the largest increase in fees and charges. An explanation was sought for the 3.25% increase in fees for market street traders, which would be badly received. It was noted that the explanation for the increase was largely around the impact of Covid and did not address the cuts in government funding to local government.

Councillor Lissimore, Portfolio Holder for Resources, introduced the report and responded to the Have Your Say comments. It was appreciated that this was a difficult time to increase fees and charges. However the Council's finances were under considerable stress and there was serious concern about the impact of inflation, which impacted on the cost of running Council services. The Government's proposals on business rate retention had been delayed by the pandemic. In respect of increasing car parking fees as an alternative, the Council needed to be mindful of the impact that this could have on town centre businesses. A written response would be provided to each speaker. Councillors were encouraged to attend the forthcoming budget workshop, if they had constructive suggestions on issues relating to the budget or fees and charges.

Councillor B. Oxford, Portfolio Holder for Communities, explained that fees and charges for the cemetery and cremation services had only been increased reluctantly and had been kept as low as possible. However, they were comparatively small compared to other neighbouring authorities. The costs of cremation or burial were only small part of the overall cost of a funeral. Free funerals for under 18s was being maintained and direct funerals had been capped. The Council's Cemetery and Cremation Service was well renowned and award winning and in view of the increased costs it was facing, a comparatively small increase was necessary to maintain the quality of the service.

Councillor Crow, Portfolio Holder for Environment and Sustainability, explained that parking revenue had suffered through the pandemic and income loss was forecast to continue through this year. Therefore nearly all parking charges would be retained at current levels with only a small number of increases. This would support the town centre's recovery from the pandemic. Any rises had been carefully modelled.

RESOLVED that the fees and charges for 2022/23 as set out in the Appendix to the Assistant Director's report be approved.

REASONS

To respond to the significant budget gap created by the coronavirus pandemic and the associated recession and the impact of both on Council income

To make reasonable increases in fees and charges that help fund and support Council services.

ALTERNATIVE OPTIONS

Not to update fees and charges. This would reduce the funding available for Council services and necessitate additional savings or service reductions.

608. Local Council Tax Support Scheme 2022-23

The Assistant Director, Customer submitted a report a copy of which had been circulated to each Member.

Councillor Warnes attended and with the consent of the Chair, addressed the Cabinet to highlight the pressures building up in the economy on costs of living, such as inflation and rising energy bills and food costs. Given these pressures and the flexibility each Council had in setting its Council Tax Support Scheme and noting that no change was proposed to Colchester's scheme, had the Portfolio Holder considered helping hard pressed families by matching the Chancellor's 5 pence in the pound reduction in the Universal Credit taper by reducing the current Council Tax taper from 20 pence in the pound to fifteen pence for those earning above a set level before the taper takes effect. This would ensure it supported hard pressed families who were facing the brunt of the cost of living crisis.

A statement from Councillor Cory was read to Cabinet welcoming that no cuts had been made to the Local Council Tax Support Scheme for this year, and praising the hard work carried out by Jason Granger and the Welfare and Benefits Team to support this scheme and many others which help the most vulnerable residents. He had raised at the Scrutiny Panel, and reiterated again, the rising cost of living for many on lower incomes, compounded by Universal Credit cuts and future National Insurance increases, and sought clarification on what analysis the Council was continuing to do of the cohort using the scheme and whether the portfolio holder or officers believed that the Council would need to make the scheme more generous in the future?

Councillor Lissimore, Portfolio Holder for Resources, introduced the report and explained that the scheme helped 9500 residents with a reduction in their Council Tax bill. It was one of the most generous schemes in the region and she was pleased to recommend that it continue. If a more generous scheme was to be brought forward, this would need to be funded via cuts elsewhere. She paid tribute to the work of officers in the Welfare and Benefits teams for the support they provided to residents.

Councillor Dundas, Leader of the Council and Portfolio Holder for Strategy, also stressed the generous nature of the scheme and highlighted the impact inflation was having on the provision of Council services.

RESOLVED that:-

(a) The current working age entitlement be maintained for the fiscal year effective from 1 April 2022.

(b) It be noted that the only amendments from the current scheme are the prescribed regulations and mandated national legislative amendments.

RECOMMENDED TO COUNCIL that the Local Council Tax Support Scheme 2022-23 be

approved and adopted

REASONS

Legislation requires that the scheme, effective from 1 April 2022, be agreed by March 2022.

ALTERNATIVE OPTIONS

Changes could be made to the scheme. However, stability to the scheme is being recommended as this will provide residents with support and consistency within the context of the Covid-19 pandemic and the resultant financial instability.

609. Officer Pay Policy 2022-23

The Assistant Director, Corporate and Improvement Services, submitted a report a copy of which had been circulated to each Member.

RECOMMENDED TO COUNCIL that the Officer Pay Policy 2022-23 be approved and adopted.

REASONS

The Localism Act requires "authorities to prepare, approve and publish pay policy statements articulating their policies towards a range of issues relating to the pay of its workforce, which must be approved by full Council annually. An authority's pay policy statement must be approved by a resolution of that authority before it comes into force

ALTERNATIVE OPTIONS

The only alternative would be to not recommend the approval of the Pay Policy Statement, but that would be contrary to the requirements of the Localism Act.

Councillor Lissimore (as Chair of the North Essex Parking Partnership) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 5(1).

610. Future Parking Partnerships

The Assistant Director, Environment, submitted a report a copy of which had been circulated to each Member.

RESOLVED that:-

(a) Colchester Borough Council remain a partner of the NEPP Joint Committee under a future Agreement and authority for the final agreement details be delegated to the appropriate officer;

(b) The Council's position as lead authority for NEPP in providing its operational and support services be retained;

(c) Additional shared services be provided to the County Council for On-Street Parking which may be passed across to the NEPP operational service;

(d) Continued shared services be provided for Off-Street Car Park Operations via the NEPP operational service to Braintree, Uttlesford, and Harlow Councils, and their onward Parish Parking Partnerships.

REASONS

Officers have been in negotiation with the County Council since March 2021 to agree Heads of Terms for a continuing arrangement like the existing and this is considered to be the best option available.

ALTERNATIVE OPTIONS

The Council could choose not to join the Joint Committee and would then receive a baseline service level decided by another authority.

The Council could choose not to provide the operational services or be the lead authority, but there would be substantial TUPE and financial costs associated with that choice.

611. Litter and Dog Bin Policy

The Assistant Director, Environment, submitted a report a copy of which had been circulated to each Member together with draft minute 27 of the Policy Panel meeting of 22 September 2021.

Councillor Warnes attended and with the consent of the Chair addressed the Cabinet to ask for a reassurance that the policy was not a front to reduce the provision of litter bins in residential areas rather than an attempt to address flytipping. He was receiving feedback from resident that bins were not being emptied regularly enough and that staff who would normally do this were being diverted to work in the town centre.

Councillor B. Oxford, Portfolio Holder for Communities, stressed that this policy was not being introduced to cut the provision of bins. It was designed to ensure the bins were in locations where they should be and were managed properly. She was not aware of staff being diverted away from residential areas into the town centre and would look into the issue. Councillor Laws, Portfolio for Economy, Business and Heritage, explained that it was also an opportunity to look issues of design and the design and location of bins could improve the public realm.

Councillor Harris attended and with the consent of the Chair addressed the Cabinet to endorse Councillor Warnes comments. Signage had appeared on bins in his ward warning residents not to flytip by putting rubbish next to bins. Some Zones staff were taken away from wards to support the market which left bins unemptied in the ward. Many councillors supported the Litter Warriors scheme. Rubbish collected through the scheme was deposited next to bins and it was felt that should not be discouraged. The policy needed to address this issue, perhaps through a reporting system to the Zones team. Consultation

with ward councillors on the location of bins was welcomed as they knew their wards and where litter problems occurred. The policy did not make it clear whether Colchester Borough Council locality budgets could be used for new bins. The use of multi-purpose bins was welcomed.

Councillor Crow, Portfolio or Environment and Sustainability, stressed that there was no plan to remove bins by stealth. The policy was designed to create a more efficient service. In terms of flytipping there was a need both to educate residents on what constituted flytipping and to penalise heavily those caught.

Councillor B. Oxford, Portfolio Holder for Communities, explained that the Council had never had a policy on litter bins. The Council did not have a legal duty to provide bins, but did have a duty to ensure that the public highway was kept clear of litter and refuse. There over 1800 bins in the borough. The policy would ensure that they were managed and emptied in an appropriate manner and were in the right place. Flytipping needed to be addressed through better enforcement action. The work of the Litter Warriors was praised. In her ward they used a different colour bag so the Zone Teams knew it was not fly tipped material. The service was also investing in technology, such as bins which sent a notification when full. It was reiterated that it was not a cut to the service and that no bins would be removed without consultation with ward and parish councils'

She thanked officers for their work in developing the policy forward and the Policy Panel for their work on the policy.

RESOLVED that

(a) the Litter and Dog Bin Policy be approved and adopted;

(b) Approval be given for the Policy Panel to consider, when possible, the expected draft Essex County Council Litter Strategy and make recommendations to Cabinet as to suggestions that Cabinet might wish to make to the County Council regarding the content of that document.

REASONS

It is recommended that a Policy is introduced to bring about consistency to the way that litter and dog bins are managed by the Council across the Borough. The aim of the Policy is to ensure that street furniture assets are used correctly and responsibly, to embed behaviour change into communities regarding the responsibility of street level waste and recycling disposal, mitigate the impact of street level fly tipping and bin abuse, along with auditing and reducing street furniture and assets where appropriate and in consultation with the local community and Ward Councillors.

ALTERNATIVE OPTIONS

Continue with the current arrangements which do not deliver the outcomes aimed for in the Policy, thereby continuing with an inconsistent approach to the management of street furniture and assets, bin types and collection methodology.

612. Graffiti Policy Review

The Assistant Director, Environment, submitted a report a copy of which had been circulated to each Member together with draft minute 26 of the Policy Panel meeting of 22 September 2021.

Councillor Warnes attended and with the consent of the Chair addressed Cabinet. Whilst the idea of dedicated areas where graffiti would be tolerated was welcomed, would the Portfolio Holder consider a zero tolerance approach elsewhere and provide adequate resource to enforce it? Tagged street furniture was a very real problem the ward he represented.

Councilor B. Oxford, Portfolio Holder for Communities, indicated that a zero tolerance policy was already in place and that tagging was monitored by the Zones team and the police. The recommendations from the Policy Panel were welcomed. The policy defined graffiti and drew a distinction from street art, which could enhance an area.

RESOLVED that the Graffiti Policy be approved and applied, subject to the following changes:

(a) That the Policy gives assurance that officer discretion will be shown regarding decisions as to whether to levy charges on owners of private residential property targeted by graffiti, where the Council undertakes work in default to remove that graffiti;

(b) That wording is added to the Policy to clarify how and why exceptions might be made for street art which is deemed to be of artistic benefit, or of value to the community within which it is located, and detailing how 'out-of-policy' exceptions might be made;

(c) That more provision be made for legitimate and legal graffiti/street art to be practiced, such as on designated art/graffiti walls within the Borough;

(d) That a collaborative approach be emphasised, where the Council works in partnership with independent parties, as well as in consultation with the local ward councillors, to achieve the best approach and actions, area by area.

REASONS

To formalise the Council's approach to graffiti removal in a sustainable way with minimal impact to the environment.

ALTERNATIVE OPTIONS

Continue with the current Policy, but at the risk that the Policy and its application is no longer relevant or appropriate.

613. Unmanned Aerial Vehicle (UAV) and Drone Policy Review

The Assistant Director, Environment, submitted a report a copy of which had been circulated to each Member together with draft minute 28 of the Policy Panel meeting of 22

September 2021.

RESOLVED that the UAV and Drone Policy is approved and applied.

REASONS

It is good practice to regularly review and update policies to ensure that they remain appropriate and relevant. This policy sets out clear guidance on the use of UAV and drones in the Borough and reflects changes to legislation.

ALTERNATIVE OPTIONS

Continue with the current policy, but at the risk that the policy is no longer relevant due to changes in legislation.

614. Nomination of Deputy Mayor 2022-23

Consideration was given to the nomination for the appointment of the Deputy Mayor of the Borough of Colchester for the 2022-23 municipal year.

Councillor Dundas nominated Councillor Jowers for appointment as the Deputy Mayor of the Borough of Colchester for the 2022-23 municipal year. The appointment was supported by all political groups on the Council.

RECOMMENDED TO COUNCIL that Councillor Jowers be appointed as the Deputy Mayor of the Borough of Colchester for the 2022-23 municipal year.

615. Calendar of Meetings 2022-23

The Assistant Director, Corporate and Improvement Services submitted a report a copy of which had been circulated to each Member.

RESOLVED that:-

(a) The draft Calendar of Meetings for the next municipal year, from May 2022 to April 2023, be approved.

(b) Authority to cancel meetings be delegated to the Chair of the relevant Committee/Panel in conjunction with the Assistant Director, Corporate and Improvement.

REASONS

The Calendar of Meetings needs to be determined so that decisions for the year can be timetabled into the respective work programmes and the Forward Plan.

Advance notice of the Calendar of Meetings needs to be made available to Councillors and to external organisations, parish councils and other bodies with which the Council works in partnership, and to those members of the public who may wish to attend meetings of the Council and make representations.

Rooms will also need to be reserved as soon as possible so that room bookings can be made for private functions by private individuals, external organisations and internal Council groups. This will be especially of importance regarding booking Moot Hall when necessary.

A formal arrangement needs to be in place for the cancellation of meetings that no longer need to be held.

ALTERNATIVE OPTIONS

This proposal has been largely devised based on the current meeting structure and frequency. It would be possible to devise alternative proposals using different criteria.

616. Progress of Responses to the Public

The Assistant Director, Policy and Corporate submitted a progress sheet a copy of which had been circulated to each Member.

RESOLVED that the contents of the Progress Sheet be noted.

REASONS

The progress sheet was a mechanism by which the Cabinet could ensure that public statements and questions were responded to appropriately and promptly.

ALTERNATIVE OPTIONS

No alternative options were presented to the Cabinet.

The Cabinet resolved under Section 100A(4) of the Local Government Act 1972 and the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

617. Minutes – Not for Publication Extract

The not for publication extract of the minutes of the meeting of 13 October 2021 was confirmed as a correct record.

The Cabinet resolved under Section 100A(4) of the Local Government Act 1972 and the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

618. Estate Regeneration Fund

Cabinet considered the not for publication appendix to the Assistant Director's report, a copy of which had been circulated to each member.

RESOLVED that the not for publication appendix to the Assistant Director's report be noted.

Cabinet 26 January 2022	Item **7(i)**

Report of	**Chief Operating Officer**	**Author**	**Paul Cook** **☎ 505861** **Darren Brown** **☎ 282891**
Title	**Budget 2022/23 and Medium-Term Financial Forecast**		
Wards affected	All		

1 Executive Summary

1.1 The report recommends a sustainable 2022/23 budget and Medium Term Financial Forecast 2022/23 to 2025/26.

2 Recommended Decision

2.1 To approve the 2022/23 Revenue Budget and revised Medium Term Financial Forecast as set out Appendix A.

2.2 To note the budget resilience statement and forecast level of balances set out in Appendix B.

2.3 To approve the Treasury Management Strategy Statement 2022/23 to 2025/26 set out in Appendix C

2.4 To recommend to Council the 2022/23 revenue budget requirement of £21.875m

2.5 To recommend to Council Colchester's element of the Council Tax at £205.47 per Band D property being an increase of £4.95.

3 Reason for Recommended Decision

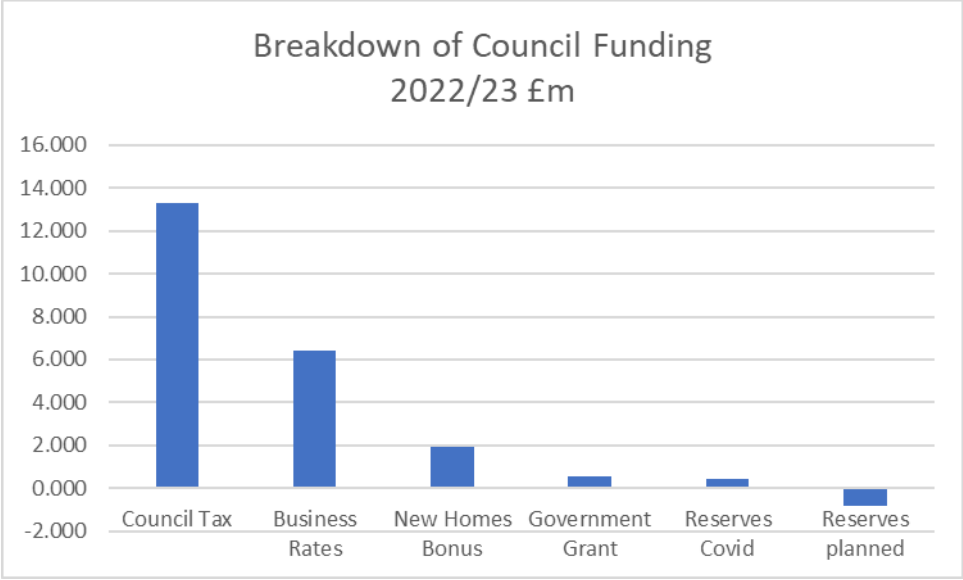
3.1 To balance the 2022/23 budget and revise the Medium Term Financial Forecast.

4 Alternative Options

4.1 None.

5 Summary of Council Funding

5.1 The table sets out a summary of the normal funding of Council services. This sets the budget recommendations in context.

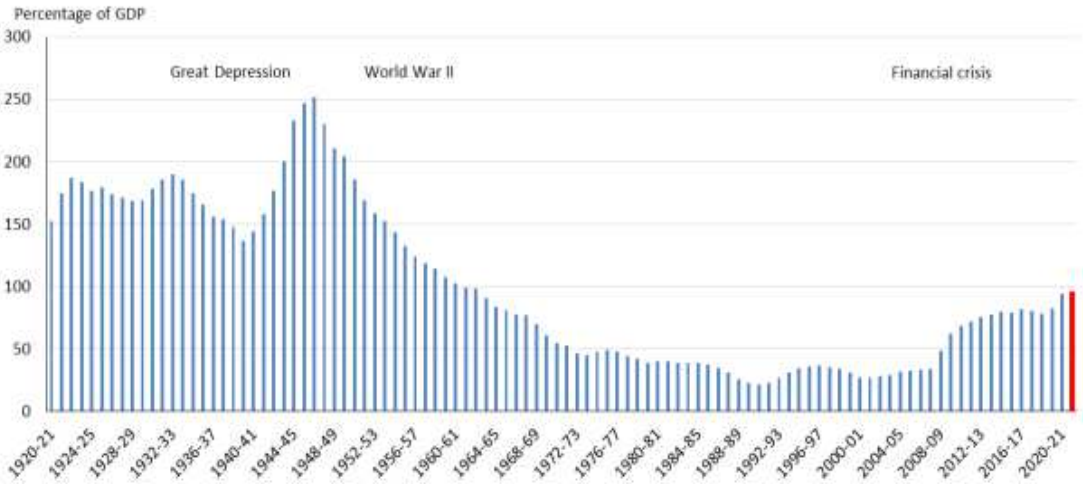
Revenue	These are running costs and income, including salaries, supplies and services and sales fees and charges.
Capital	Investment in land and buildings, plant and equipment.
Housing Revenue Account	Council houses and flats. It is ringfenced and self-financing for both revenue and capital.
General Fund	Non-Housing Revenue Account services accounted for in the General Fund such as waste collection, museums, sport and leisure, democratic services for example.
The 22/23 Budget	General Fund Revenue financial plan for next year 2022/23.
Medium Term Financial Forecast	Our financial plan for the next four years on General Fund or Medium Term Financial Forecast.
Net Budget requirement	A technical budget setting calculation the Council must make in accordance with complex rules set by the Government. Running costs, sales fees and charges and grants for individual services.
Net Budget	Circa £19.9m (excluding North Essex Parking Partnership). £84.3m costs less £64.4m income, as set out in Appendix E.
Government funding	Since 2012 funding comes mainly from retained business rates.
Business rates	We collect about £76m a year of which we expect to retain around £6m in 2022/23. Business rates are set nationally.
Council tax	We collect the council tax, most of which relates to Essex County Council services. Of a total £115m we expect to retain £13.300m in 2022/23. The district council tax will be increased by just under £5 per annum in 2022/23. This is the maximum increase without needing approval in a local referendum.
Collection Fund	Business rates and council tax are accounted for in a separate collection fund. This is used to distribute total income to the government, county council and police and fire as well as our own requirements. Also used to share surpluses or deficits compared to budget. This is a complex calculation over a number of financial years.
Breakdown of Council Funding	

6 Macro-economic context November 2021

6.1 Increasing levels of public sector debt are likely to restrict funding availability for local authorities as set out in the Office for National Statistics October 2021 Public Sector Finances Bulletin.

Figure 2: Debt expressed as a percentage of gross domestic product has reached levels last seen in the early 1960s

Public sector net debt excluding public sector banks, UK, financial year ending March 1921 to October 2021



Source: Office for Budget Responsibility and Office for National Statistics – Public sector finances

6.2 The Bank of England Monetary Policy Committee's November 2021 forecast is set out in the table below. The Consumer Price Index inflation forecast is particularly concerning, and the council will need to monitor the position carefully.

Table 1.A: Forecast summary[a][b]

	Projections			
	2021 Q4	2022 Q4	2023 Q4	2024 Q4
GDP[c]	6.7 (8.5)	2.9 (2.3)	1.1 (1.3)	0.9
CPI inflation[d]	4.3 (4.0)	3.4 (2.5)	2.2 (2.0)	1.9
LFS unemployment rate	4.5 (4.8)	4.0 (4.3)	4.1 (4.3)	4.4
Excess supply/Excess demand[e]	+¼ (+½)	+¼ (+¼)	0 (0)	-½
Bank Rate[f]	0.2 (0.1)	1.0 (0.3)	1.1 (0.5)	1.0

7 Overview of the Provisional 2022/23 Local Government Finance Settlement

7.1 The Draft Local Government Finance Settlement was published 16 December 2021. The consultation closed 13 January 2022.

7.2 The settlement is for one year only.

7.3 For 2022/23 the settlement was more favourable than expected in the areas of New Homes Bonus, Lower Tier Services Grant, and Services Grant. These revised figures have now been built into the Medium Term Financial Forecast.

7.4 Over the coming months the Department for Levelling Up, Housing and Communities intends to work with local government on calculating new spending needs assessments for individual local authorities.

7.5 The revision of spending needs assessments is one of the main financial risks to the Council. The Department for Levelling Up, Housing and Communities state there will be a transition scheme (from 2023/24) to protect 'losing' authorities. Any transition scheme will not apply to one-off elements of the 2022-23 Settlement. The table below shows that of £7.206m government funding to the Council in 2022/23, £2.878m or 40% could be exempt from protection.

Government Funding Draft 2022-23 Local Government Finance Settlement £m	£m	One-off
Settlement Funding Assessment	4.328	
Compensation for under-indexing the business rates multiplier	0.356	0.356
New Homes Bonus	1.954	1.954
Lower Tier Services Grant	0.270	0.270
2022/23 Services Grant	0.298	0.298
Total Government Support	**7.206**	**2.878**

7.6 Business Rates were frozen at 2020/21 levels in the 27 October 2021 Budget. Council business rates baselines have therefore also been frozen in the Settlement. Under legislation councils must be compensated by the Department for Levelling Up, Housing and Communities for the impact of business rates not increasing by the Retail Price Index. For Colchester this compensation is worth £356k in 2022/23.

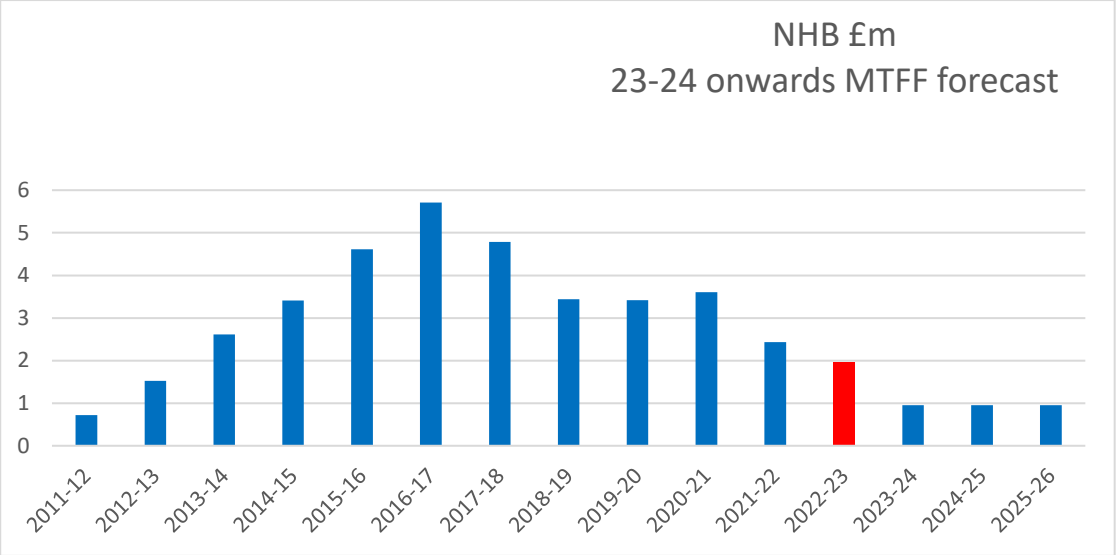
7.7 Under delegated authority agreed 13 October 2021 Cabinet, the Head of Finance in consultation with the Deputy Leader and Portfolio Holder for Resources has continued the Council's membership of the Essex Business Rates Pool. The Pool is confirmed in the Settlement.

7.8 The business rates retention system began in 2011/12. The local share is 50% of business rates collected. As a tariff authority, the Council must pay to Department for Levelling Up, Housing and Communities the difference between its business rates baseline and its assessed spending need.

7.9 Since 2011/12 growth in the local share of business rates has exceeded the baseline. The Council must pay the Department for Levelling Up, Housing and Communities a levy on the excess of its local share. Due to membership of the Essex Business Rates Pool this levy has been reduced to only 0.6%. The fundamental review of spending need set out in Section 7.5 could disturb what is an advantageous arrangement for the Council.

7.10 The Business Rates Reserve has been established to smooth year by year variations in business rates income arising in the Medium Term Financial Forecast.

7.11 The Council has been allocated £1.954m New Homes Bonus in 2022/23. This compares to the previous £950k Medium Term Financial Forecast assumption. The variance is a final year of 2019/20 legacy payments.



7.12 The Settlement announced that proposals for a revised New Homes Bonus would be published in the coming months. The revision of New Homes Bonus is also one of the main financial risks to the Council. In past years the Council has benefitted from high New Homes Bonus allocations, averaging £3.185m a year between 2011/12 and 2022/23.

7.13 Lower Tier services grant was first paid in 2021/22 and is paid again in 2022/23 at the same total of £111m nationally. It is split into 2 components – Settlement Funding Assessment or service element and Funding Floor protection. As shown in the table, Colchester's 2022/23 allocation of £270k is a substantial reduction on 2021/22. The grant's primary purpose is to ensure no authority has reduced core spending power in 2022/23 compared to 2021/22.

	21/22	**22/23**
National Total	111.000	111.000
Colchester services	0.184	0.194
Colchester cash floor	0.439	0.076
Colchester total Lower Tier Services Grant	**0.623**	**0.270**

7.14 A new Services Grant is announced in the Settlement worth £822m nationally. Colchester's allocation for 2022/23 is £298k. This one-off Service Grant is proposed for the local government finance settlement 2022 to 2023 to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government. It is distributed in proportion to each local authority's assessed spending need. The grant is intended to cover additional National Insurance costs announced in 2021.

7.15 £15m per annum nationally for the next 3 years to improve local audits was also announced in the Settlement. Details of Colchester's allocation are awaited.

7.16 On 30 November 2021 the Department for Levelling Up, Housing and Communities published a consultation paper Changes to the Capital Framework: Minimum Revenue Provision. The consultation closes 8 February 2022.

7.17 If put into force from 2023/24 as planned, the proposals would require the Council to make minimum revenue provision on loans to Amphora companies. Under current accounting policy the Council does not make such provision. This would result in considerable additional costs to the Medium Term Financial Forecast. The changes would potentially make the current business model of the Council lending to the companies unsustainable.

7.18 These changes are in addition to existing accounting requirements for advances to the companies. These include the need to demonstrate a corresponding asset value in the investment. If asset value cannot be demonstrated it is necessary to make minimum revenue provision or write down the investment to an appropriate level.

7.19 It is not clear that the purpose of the consultation is to prevent investment in local authority housing companies. If loans to housing companies are in due course exempted from the new requirements, then the planned programme of advances to Amphora Housing will be able to proceed. If loans to housing companies remain in scope, the planned advances in the capital programme will become unaffordable to the Council.

7.20 The results of the consultation will therefore be awaited before new projects are commenced in the companies that rely on borrowing from the Council or where a significant level of advance to the companies would be outstanding on 31 March 2023.

8 The Council's Budget

8.1 The Council has adopted a progressive approach to the 2022/23 budget emphasising investment in the local economy and recovery. Council tax and sales, fees and charges increases have generally been restricted to inflationary increases.

8.2 The rate of recovery will be dictated by Government policy on lockdown. Income budgets in 2022/23 assume a reduced level compared to 2020/21 original budgets in some areas and a gradual recovery. The position needs to be kept carefully under review through the normal monitoring processes.

8.3 At the same time Council efficiency and service delivery has been improved to deliver a wide range of savings. To balance its budget the Council has made appropriate use of reserves.

8.4 The Council continues to invest in the future of Colchester with projects such as the Town Deal and Northern Gateway. A vigorous programme of housing investment also continues. This capital investment will achieve improved services and increase employment.

8.5 The Council has available £254k of New Homes Bonus for allocation in 2022/23 and later years. This resource and efficient use of current budgets will help achieve the priorities in the Strategic Plan.

8.6 To balance its budget, the Council has made savings of £2.045m for 2022/23.

8.7 The Council has also allowed £2.169m for cost pressures and growth items in 2022/23. Some of the main items being;

- Inflation allowance (including fuel and utilities) - £1.006m
- 1.25% increase in National Insurance employer contributions £0.200m
- Reduction in income across a number of areas £0.388m
- Investment in the Digital Roadmap - £0.100m

8.8 The 2022/23 budget and MTFF allows for the financing costs of the Capital Programme. The Capital Programme is reported separately on this agenda.

8.9 The Council has limited most sales fees and charges to an inflationary increase. This is unavoidable given the need to finance essential services. Sales, fees and charges were agreed by November 2021 Cabinet.

8.10 The 2022/23 budget assumes a £4.95 Colchester council tax increase and the MTFF assumes the same increase is made in future financial years.

8.11 A 99% council tax collection rate is assumed. Local Council Tax Support take-up for 2022/23 onwards is assumed to be 12.5% higher than originally budgeted for 2020/21. Growth in property numbers is assumed to be 1% per annum.

8.12 The MTFF also assumes £200k of the gain from the Council's membership of the Essex Business Rates Pool.

8.13 It is also planned to use £0.450m of Council reserves for Covid-related pressures in 2022/23. This is in addition to the reserves already used in 2020/21 and 2021/22. A full statement on reserves is provided in Appendix G.

8.14 The Medium-Term Financial Forecast and the assumptions used are set out in Appendix A to this report.

9 MTFF Consultation

9.1 The budget strategy and timetable have ensured that information is available for Scrutiny Panel and input from all Members.

9.2 Budget Workshops were held on 20 September 2021; 22 November 2021; and 17 January 2022 so that all members could share in the task of meeting the budget challenge.

9.3 The Leader of the Opposition is able at any stage of the budget process to meet with officers to assist with consideration of any alternative budget proposals.

9.4 The statutory consultation with business ratepayers will take place on 9 February 2022.

9.5 Wider consultation for the 2022/23 budget has effectively been prevented by delays in government announcements with a major impact on the revenue budget. Nevertheless the Council has continued to work constructively with partners and stakeholders and consult appropriately over a wide range of projects including the Towns Fund. Key budget factors that were not available in time to permit a full budget consultation include:

- Uncertainty over the New Homes Bonus, this being covered by an unresolved Government Consultation
- Lack of clarity on the timetable and levels of increased business rates retention
- Lack of information on government levelling up proposals

9.6 It is expected that hopefully with a more stable financial framework in place for 2023/24 the normal public consultation can proceed for that year's budget.

10 Risk Management Implications

10.1 Staff and support costs reflect current assumptions but will be subject to the progress of our transformation work.

10.2 Modelling has been undertaken with service managers to assess the potential range of impacts before adopting the assumptions described within the report.

11 Financial implications

11.1 As set out in the report.

11.2 No changes are necessary to the 2020 Financial Regulations.

12 Environmental and Climate Change Implications

12.1 All budget measures are assessed for their likely environmental impact, reflecting the Council's commitment to be 'carbon neutral' by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council's recovery planning and a core theme of the new Strategic Plan.

13 Equality and Diversity Implications

13.1 Consideration will be given to equality and diversity issues in respect of budget changes proposed as part of the budget process. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

14 Other Standard References

14.1 There are no direct Publicity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Appendices

A	**2022-26 Medium Term Financial Forecast and Assumptions**
B	**Budget Robustness Statement**
C	**Treasury Management Strategy Statement**
D	**Technical reconciliations of budget requirement 2022/23**
E	**Summary Budget 2022/23**
F	**2022/23 General Fund Budgets**
G	**Reserves, Provisions and Balances**
H	**Allocation of New Homes Bonus**

Appendix A – 2022-26 Medium Term Financial Forecast and Assumptions

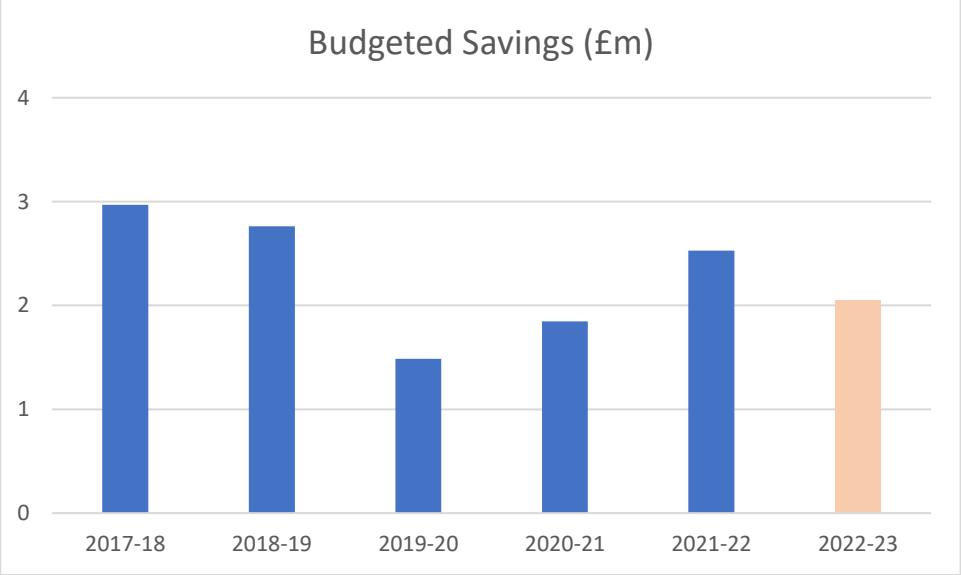
2022/23 Budget and MTFF	22/23	23/24	24/25	25/26
	£'000	£'000	£'000	£'000
Previous year's budget	**21,747**	**21,875**	**21,980**	**23,315**
Cost pressures & Growth items	2,169	496	900	900
Capital financing	0	609	385	(276)
Income losses	0	(150)	(200)	(200)
Savings	(2,045)	(146)	(50)	(50)
Change in forecast use of new homes bonus	4	(704)	300	0
Current year's budget	**21,875**	**21,980**	**23,315**	**23,689**
Business rates	(6,413)	(5,956)	(5,500)	(5,044)
Govt Grant	(568)	0	0	0
New Homes Bonus	(1,954)	(950)	(950)	(950)
Council Tax	(13,300)	(13,757)	(14,221)	(14,693)
Previously planned use of reserves	810	935	935	935
Covid use of reserves	(450)	(400)	(200)	(200)
Budget Gap Cumulative	**0**	**1,852**	**3,379**	**3,737**

MTFF Assumptions	22/23	23/24	24/25	25/25
Council Tax collection	99%	99%	99%	99%
Growth in council tax base	1.0%	1.0%	1.0%	1.0%
District council tax increase	£4.95p	£4.95p	£4.95p	£4.95p
LCTS increased take-up	12.5%	12.5%	12.5%	12.5%

Appendix B – Budget Robustness Statement

1 In 2021/22 the Council's financial position has been substantially affected by the Coronavirus pandemic. Fortunately the first quarter's income losses and additional costs have been supported by Government grants. The use of reserves for Covid in 2021/22 is expected to be £1.210m.

2 The value of new savings planned for 2022/23 is comparable to the level of savings achieved in recent financial years (see chart). The Council is however prioritising achieving high annual values of transformation savings from 2023/24 onwards to achieve a balanced and sustainable budget in the longer term



3 The Council's capital programme has resulted in increasing capital financing requirements in the 2022/23 revenue budget and in the Medium Term Financial Forecast. Care should be taken that current borrowing commitments do not restrict the scope for future spending decisions.

4 Minimum Revenue Provision accounting changes proposed by Government for 2023/24 would – if coming into force as set out in the Budget Report – render the current system of Council advances to Amphora financially unsustainable. These arrangements and the consultation progress need to be kept under thorough review.

5 The development of Colchester Northern Gateway is a major undertaking bearing significant financial risks. Given economic and business changes following Covid ongoing financial appraisal of the project is being undertaken to ensure the risks and rewards remain appropriate given the size of the Council's net budget.

6 The Council will need to carefully monitor the impact of inflation during 2022/23 in both pay and other areas.

7 The Council's borrowing requirements are largely financed in long maturity borrowing at fixed rates. Increasing interest rates may lead to additional investment income.

8 The Council has a good record of delivering agreed savings. The 2022/23 savings proposals were developed by the Transformation Board and assessed by the Finance Business Partners.

9 The Council has in place revenue and capital monitoring processes enabling it to take corrective action in the event of unexpected budget variations. The Council has sound finance and performance monitoring processes including the Performance Management Board and the Capital Programme Steering Group. These arrangements ensure that any new expenditure proposals are adequately assessed.

10 The Council is relying on an additional £0.450m use of balances to deliver its core services in 2022/23. Given the exceptional situation locally and nationally this is appropriate.

11 The budget process allows for the review of budget proposals by the Scrutiny Panel and this has applied to the 2022/23 proposals.

12 The Council's use of resources judgment by BDO in the 2019/20 audit was satisfactory, following an assessment of the Council's approach. The 2020/21 use of resources judgment is not available due to external audit delays

13 There is an effective risk management process in place in the Council.

14 The 2022/23 Provisional Local Government Finance Settlement was more favourable than expected. However planned Government recalculation of spending assessments and the abolition of new Homes Bonus are significant financial risks from 2023/24 as set out in the budget report.

15 The Chartered Institute of Public Finance and Accountancy resilience index has yet to be updated.

16 In order to maintain financial planning, monitoring and accounting at a robust level given all the risks and changes outlined above, the Finance resource and capacity within in the Council needs to be maintained and any additional accounting requirements appropriately resourced.

17 It appears therefore that the 2022/23 budget and Medium Term Financial Forecast are robust and the reserves and balances adequate as set out in the succeeding tables.

Appendix C

Treasury Management Strategy Statement
Minimum Revenue Provision Policy Statement and
Annual Investment Strategy
2022/23

1 Introduction

1.1 Statement includes the Minimum Revenue Provision Policy Statement and Annual Investment Strategy.

1.2 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Treasury management ensures that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

1.3 The second main function of treasury management is funding the Council's Capital Programme. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost.

1.4 The contribution that treasury management makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. Treasury management balances the interest costs of debt and the investment income arising from cash deposits. Since cash balances primarily result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will result in a loss to the General Fund.

1.5 Loans to third parties will impact on the treasury function. These activities are classed as non-treasury activities arising from capital expenditure and are separate from day-to-day treasury management activities.

1.6 The Chartered Institute of Public Finance and Accountancy Code defines treasury management as:

> The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

1.7 Local authorities are required to adopt a Capital Strategy to provide focus on long term capital investment plans. The Capital Strategy is set out in the Resetting the Capital Programme and the Capital Strategy report on this Cabinet agenda. Transparent reporting for non-treasury investments including loans to third parties and the purchase of investment properties or commercial activity is required under the Localism Act 2011.

Reporting requirements

1.8 Following the adoption of the Treasury Management Strategy Statement by Budget Council, Governance and Audit Committee receives a mid-year update and outturn report.

Prudential and Treasury Indicators and Treasury Strategy

1.9 The 2022/23 Treasury Management Strategy Statement is recommended to Budget Council by 26 January 2022 Cabinet. The 25 January 2022 Scrutiny Panel also considers the recommended strategy as part of its review of the Budget. The Treasury Management Strategy Statement covers:

- Capital plans (including prudential indicators)
- Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time)
- Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators
- Investment strategy (the parameters within which investments are to be managed).

1.10 The Mid-Year Treasury Management Report to Governance and Audit Committee updates on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

1.11 The annual Treasury Report after the financial year end to Governance and Audit Committee reports actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Training

1.12 The Chartered Institute of Public Finance and Accountancy Code requires the Head of Finance and Section 151 Officer to ensure that Members with responsibility for treasury management or scrutiny receive adequate training in treasury management. Training is provided in one or more presentations to members by the Council's Treasury Advisers Link Asset Management. Dates for 2022/23 will be notified when the Municipal Calendar is set. The training needs of treasury management officers are periodically reviewed.

Treasury Management Strategy for 2022/23

1.13 The Treasury Management Strategy for 2022/23 covers two main areas:

Content of Treasury Management Strategy	
Capital	capital expenditure plans and the associated prudential indicators
	minimum revenue provision policy
Treasury management	current treasury position
	treasury indicators which limit the treasury risk and activities of the Council
	prospects for interest rates
	borrowing strategy
	policy on borrowing in advance of need
	debt rescheduling
	investment strategy
	creditworthiness policy
	policy on use of external service providers

1.14 These elements cover the requirements of the Local Government Act 2003; The Chartered Institute of Public Finance and Accountancy Prudential Code: The Department of Levelling-Up Minimum Revenue Provision Guidance; The Chartered Institute of Public Finance and Accountancy Code Treasury Management Code; and Department of Levelling-Up, Housing and Communities Investment Guidance.

Treasury management consultants

1.15 The Council uses Link Asset Services as its external treasury management advisors.

1.16 Responsibility for treasury management decisions remains with the Council and undue reliance is not placed upon external advisors. Decisions use available information including external advice.

International Financial Reporting Standard 16 Leases

1.17 This Standard replaces previous guidance on leases in International Accounting Standard 17. The new Standard provides a single lessee accounting model. This requires lessees to recognise assets and liabilities for all leases. (Unless the lease term is 12 months or less or the underlying asset has a low value.) Lessors continue to classify leases as operating or finance. International Financial Reporting Standard 16 approach to lessor accounting remaining substantially unchanged from Internationl Accounting Standard 17.

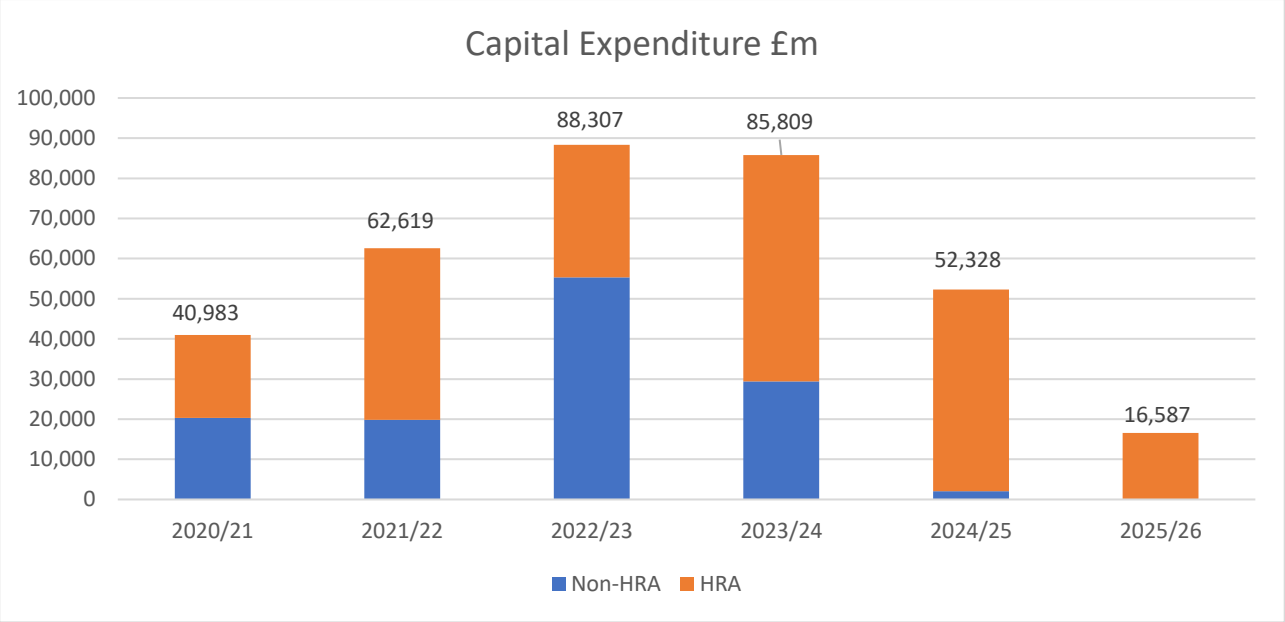
1.18 In December 2018, The Chartered Institute of Public Finance and Accountancy delayed implementation of International Financial Reporting Standard 16 in the Accounts Code until 1 April 2022. The impact of adopting International Financial Reporting Standard 16 will be disclosed in the financial statements for the year ending 31 March 2023.

2 The Capital Prudential Indicators 2020/21 – 2025/26

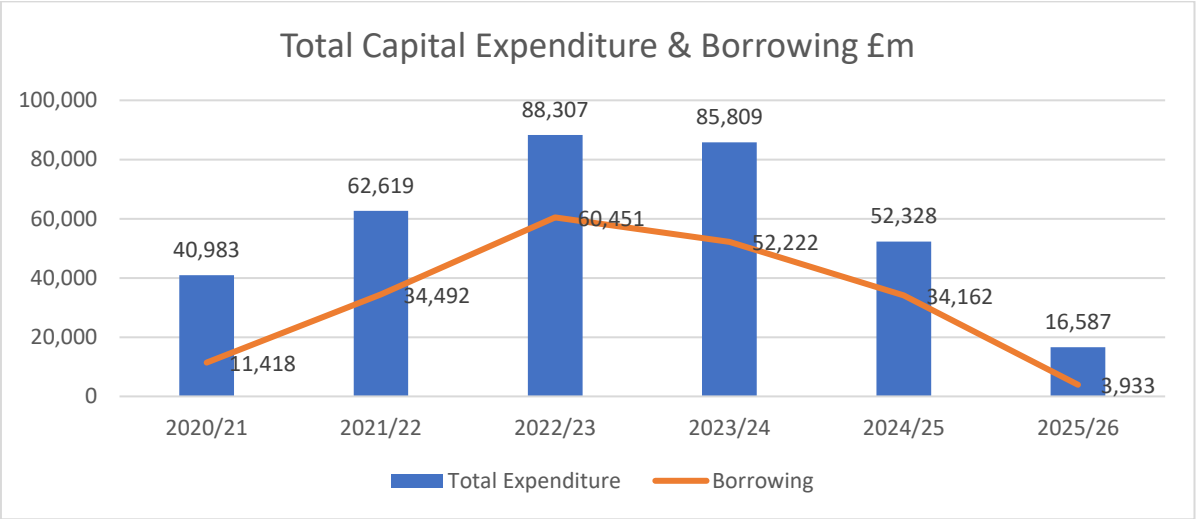
2.1 The Council's capital expenditure plans are the key driver of treasury. The output of the capital expenditure plan is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure

2.2 This prudential Indicator is a summary of the Council's capital expenditure plans as set out in the Resetting the Capital Programme and the Capital Strategy report on this agenda.



The table below summarises how the above capital expenditure plans will be financed by capital or revenue resources. The balance of financing will be provided by borrowing.



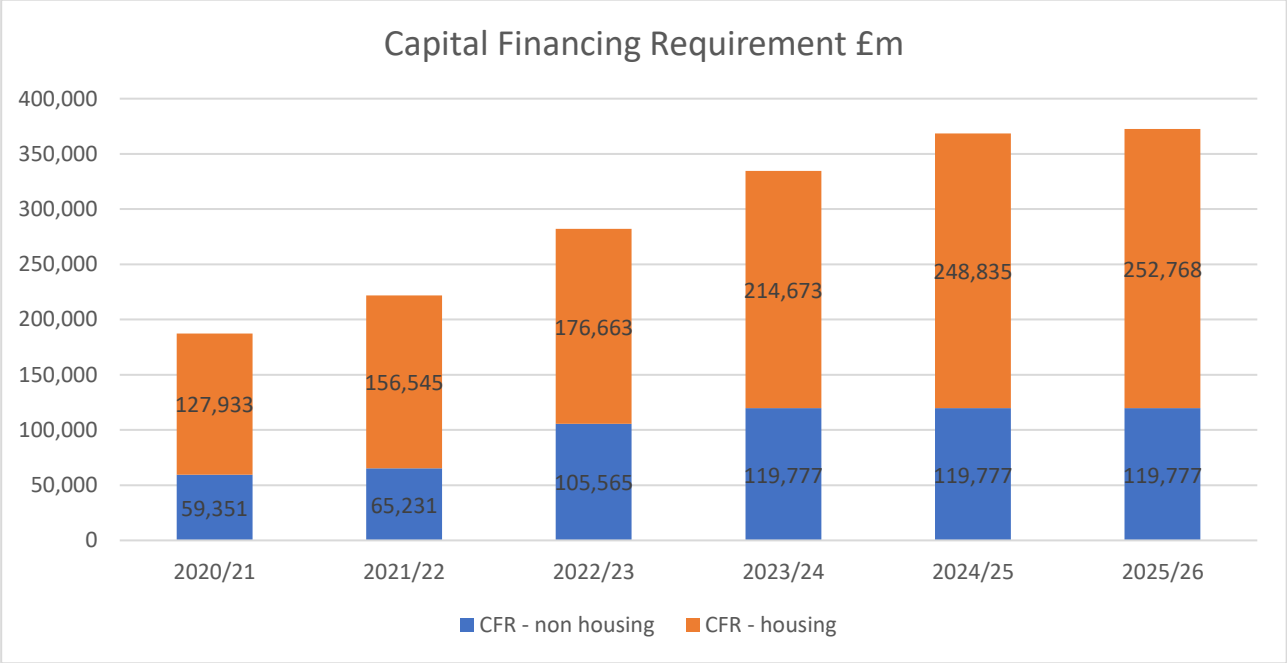
The Council's borrowing need (The Capital Financing Requirement)

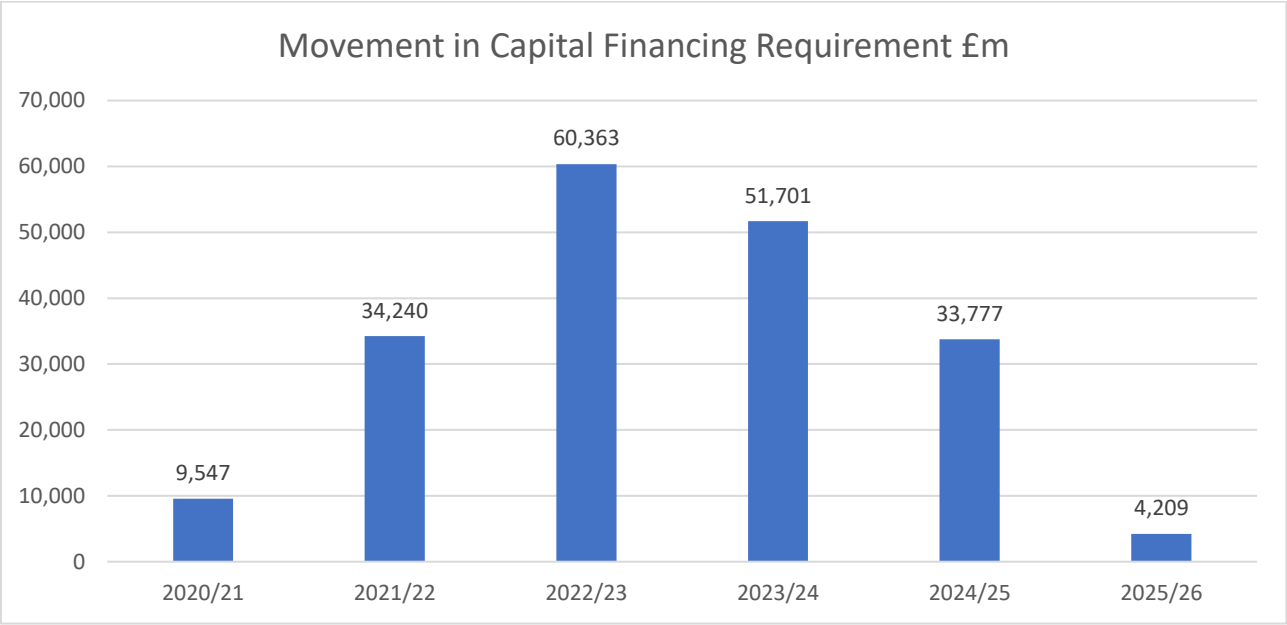
2.3 The second prudential indicator is the Council's Capital Financing Requirement. The Capital Financing Requirement is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so of its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the Capital Financing Requirement.

2.4 The Capital Financing Requirement does not increase indefinitely, as the minimum revenue provision is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

2.5 The Capital Financing Requirement includes any other long-term liabilities (for example finance leases). Whilst these increase the Capital Financing Requirement, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes.

2.6 Capital Financing Requirement projections are set out below, with a breakdown of the annual movement.





Minimum Revenue Provision Policy Statement

2.7 The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments if required.

2.8 Government regulations require the full Council to approve a Minimum Revenue Provision Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following Minimum Revenue Provision Statement:

2.9 For capital expenditure incurred before 1 April 2008 and subsequent Supported Capital Expenditure, the policy will allow for the borrowing need to be repaid on an equal instalment basis over a period of 50 years. This has the benefits of reducing the amount payable for the first 17 years, introducing a consistent level of charge, and ensuring that this element of Minimum Revenue Provision is eventually completely repaid.

2.10 From all unsupported borrowing (including finance leases) the Minimum Revenue Provision policy will be the Asset Life Method. Minimum Revenue Provision will be based on the estimated life of the assets, in accordance with the regulations. This provides for a reduction in the borrowing need over the asset's life. Repayments included in finance leases are applied as Minimum Revenue Provision.

2.11 There is no requirement in the Housing Revenue Account to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

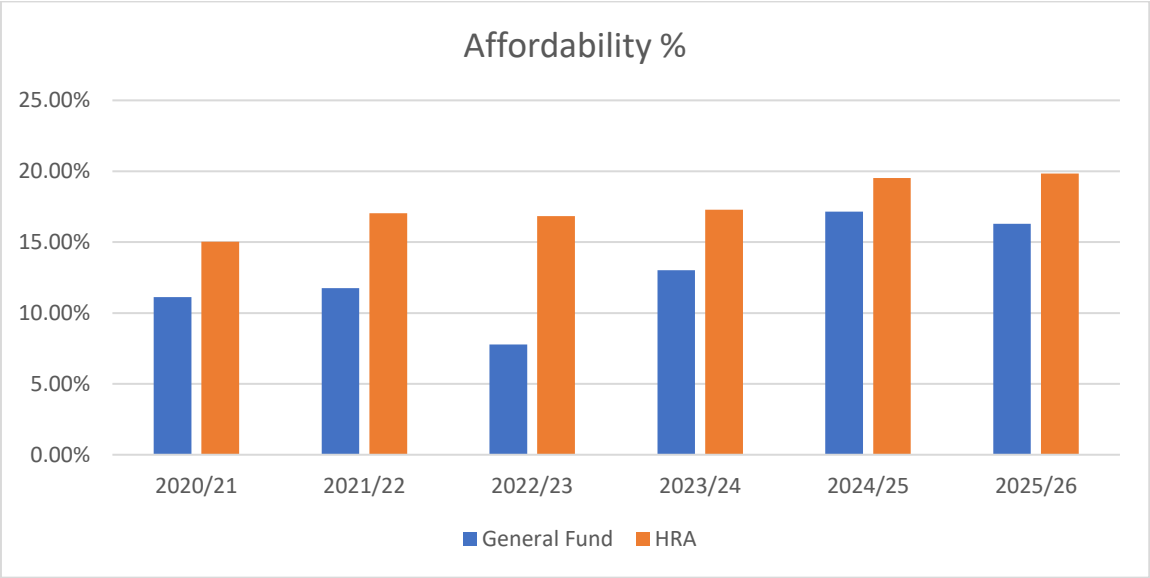
2.12 The Head of Finance in liaison with the Deputy Leader and Portfolio Holder for Resources will keep the Council's Minimum Revenue Provision Policy under

review to ensure that it remains fit for purpose in relation to its borrowing requirements.

Affordability Prudential Indicators

2.13 The previous sections of this report cover the overall capital, and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

2.14 Ratio of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.



The estimates of financing costs include current commitments and capital programme proposals on this agenda.

3 Economic Outlook provided by Link Asset Services

3.1 The Council has appointed Link Asset Services as its treasury advisor and part of the service is to assist the Council to formulate a view on interest rates. This section of the Strategy is provided by Link.

Link Group Interest Rate View	8.11.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50
Bank Rate														
Link	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.25	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	-	-	-	-	-
5yr PWLB Rate														
Link	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
Capital Economics	1.60	1.70	1.70	1.80	2.10	2.10	2.10	2.10	2.10	-	-	-	-	-
10yr PWLB Rate														
Link	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
Capital Economics	1.80	1.90	2.00	2.20	2.30	2.30	2.30	2.30	2.30	-	-	-	-	-
25yr PWLB Rate														
Link	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
Capital Economics	2.10	2.20	2.40	2.60	2.70	2.80	2.80	2.80	2.90	-	-	-	-	-
50yr PWLB Rate														
Link	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50
Capital Economics	1.90	2.00	2.20	2.40	2.50	2.60	2.60	2.60	2.70	-	-	-	-	-

MPC meeting 16th December 2021

- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.
- The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.

- After the Governor and other MPC members had made speeches prior to the MPC meeting in which they stressed concerns over inflation, (the Bank is now forecasting inflation to reach 5% in April when the next round of capped gas prices will go up), thus reinforcing the strong message from the September MPC meeting, financial markets had confidently built in an expectation that Bank Rate would go up from 0.10% to 0.25% at this meeting. However, these were not messages that the MPC would definitely increase Bank Rate at the first upcoming MPC meeting as no MPC member can commit the MPC to make that decision ahead of their discussions at the time. The MPC did comment, however, that Bank Rate would have to go up in the short term. It is, therefore, relatively evenly balanced as to whether Bank rate will be increased in December, February or May. Much will depend on how the statistical releases for the labour market after the end of furlough on 30th September 2021 turn out.

- **On 10th December we learnt of the disappointing 0.1% m/m rise in GDP** in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.

- **On 14th December, the labour market statistics** for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

- These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

- **On 15th December we had the CPI inflation** figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

- **Other elements of inflation are also transitory** e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.

- Although it is possible that the Government could step in with some **fiscal support for the economy**, the huge cost of such support to date is likely to pose a barrier to incurring further major expenditure unless it was very limited and targeted on narrow sectors like hospitality. The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!

- This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a **surprise increase in Bank Rate from 0.10% to 0.25%.** What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".

- On the other hand, it did also comment that **"the Omicron variant is likely to weigh on near-term activity".** But it stressed that at the November meeting it had said it <u>would</u> raise rates if the economy evolved as it expected and that now "these conditions had been met". It also appeared more worried about the possible boost to inflation form Omicron itself. It said that "the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation". It also noted the possibility that renewed social distancing would boost demand for goods

again, (as demand for services would fall), meaning "global price pressures might persist for longer". (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

- On top of that, there were no references this month to inflation being expected to be below the **2% target in two years' time,** which at November's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

- These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only **a "modest tightening"** in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.

- In as much as a considerable part of the inflationary pressures at the current time are indeed **transitory,** and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.

- As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that Bank Rate would be raised "in the coming months". That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of Quantitative Easing, (gilts purchased by the Bank would not be replaced when they mature).

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
    1. Raising Bank Rate as "the active instrument in most circumstances".
    2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
    3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

3.2

- **US.** Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, **CPI inflation hit a near 40-year record level of 6.8%** but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.
- **Shortages of labour** have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.
- Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the **Fed's meeting of 15th December** would take aggressive action against inflation. Accordingly, the rate of tapering of monthly $120bn Quantitative Easing purchases announced at its November 3rd meeting, was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of Quantitative Easing held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near

zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.

- **EU.** The slow role out of vaccines initially delayed **economic recovery** in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.
- **November's inflation figures** breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to *persistently* higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.

ECB tapering. The ECB has joined with the Fed by also announcing at its meeting on 16th December that it will be reducing its Quantitative Easing purchases - by half from October 2022, i.e., it will still be providing significant stimulus via Quantitative Easing purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing Quantitative Easing support.

The ECB will now also need to consider the impact of **Omicron** on the economy, and it stated at its December meeting that it is prepared to provide further Quantitative Easing support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.

- The EU has entered into a **period of political uncertainty** where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the

EU. These political uncertainties could have repercussions on economies and on Brexit issues.

- **CHINA.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of **2020**; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.

- However, the pace of economic growth has now fallen back in **2021** after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The **People's Bank of China** made a start in December 2021 on cutting its key interest rate marginally to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.

- Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

- **JAPAN.** 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.

- The Bank of Japan is continuing its **very loose monetary policy** but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July. New Prime Minister Kishida, having won the November general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

WORLD GROWTH. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a **reversal of world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

- **SUPPLY SHORTAGES**. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended

worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

4 Investment and borrowing rates

4.1 The policy of avoiding the interest cost of new borrowing by using available cash balances has served well over the last few years. However, this needs to be kept under review to avoid incurring high borrowing costs in the future when the Council may require new external borrowing to finance capital expenditure or for the refinancing of maturing debt.

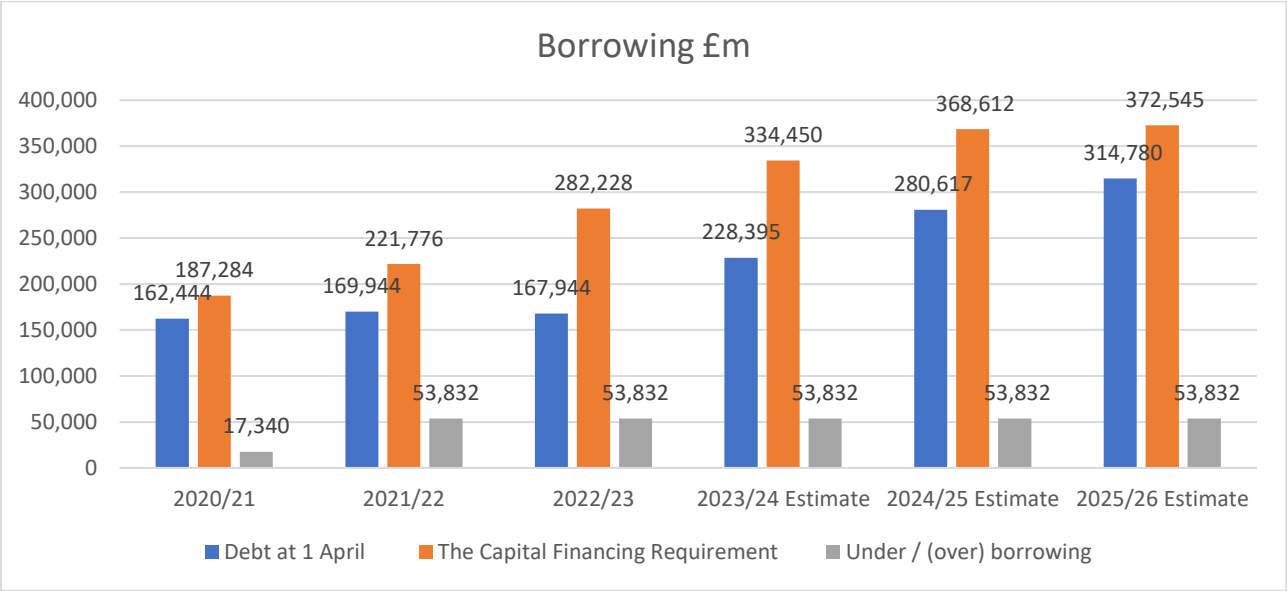
4.2 There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost - the difference between borrowing costs and investment returns.

Capital Financing Requirement

4.3 Resetting the Capital Programme and the Capital Strategy on this Cabinet agenda provides details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt position and the annual investment strategy.

Current portfolio position

4.4 The Council's treasury portfolio position at 31 March 2021, with forward projections are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement), highlighting any over or under borrowing.

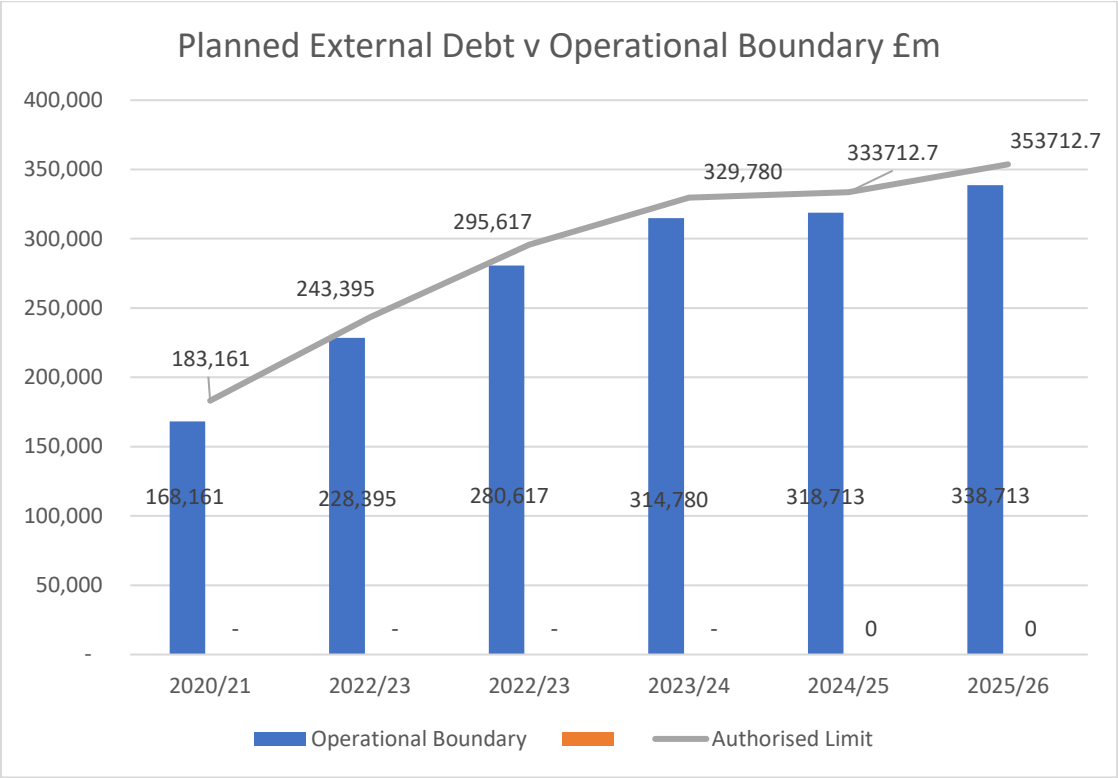


4.5 Within the prudential indicators there are key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing Requirement for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

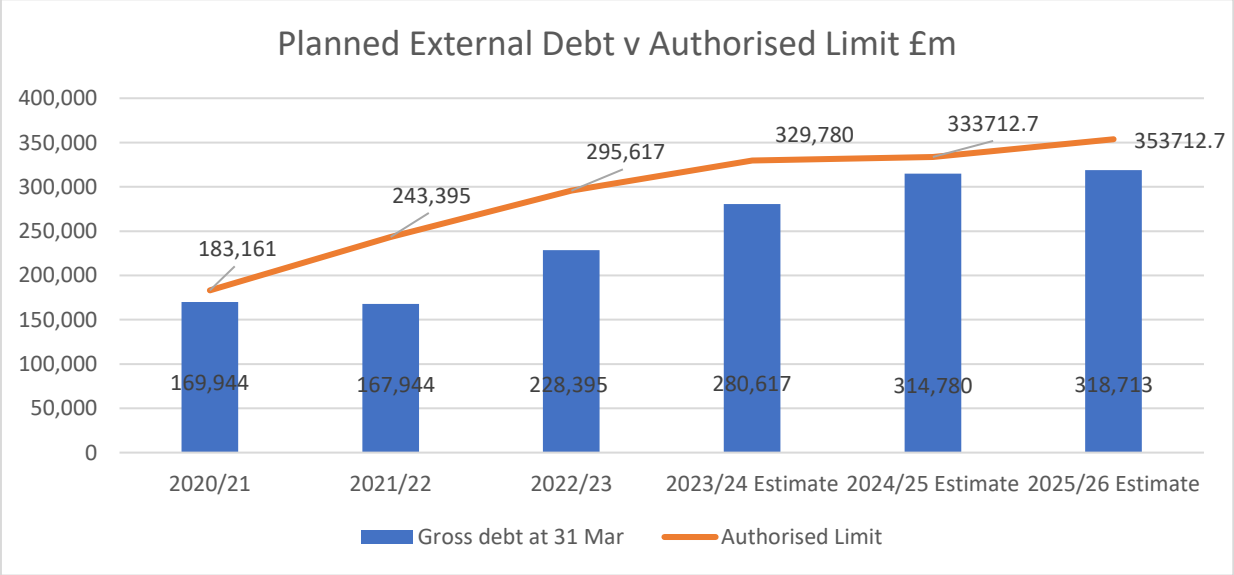
4.6 The Head of Finance and S151 Officer confirms that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future allowing for current commitments and the reset capital programme.

Treasury Indicators: Limits to Borrowing Activity

4.7 The Operational Boundary is the limit beyond which external debt is not normally expected to exceed. Planned external debt is well within the operational boundary limit.



The **Authorised Limit** for external debt represents a control on the maximum level of borrowing. This is a statutory limit determined under section 3(1) of the Local Government Act 2003. This limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer term. The chart shows that planned external debt is well within the authorised limit sought. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.



Borrowing Strategy

4.8 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is avoided.

4.9 Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Head of Finance and S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in long and short-term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long-term borrowing will be postponed, and potential rescheduling from fixed rate funding into short-term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper RISE in long and short-term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

4.10 Any major long term borrowing activity will be reported to the Governance and Audit Committee at the next available opportunity.

Treasury Management Limits on Activity

4.11 There are three debt-related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.

4.12 Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Maturity structure of fixed interest rate borrowing 2021/22		
	Lower	**Upper**
Under 12 months	0%	15%
12 months to 2 years	0%	15%
2 years to 5 years	0%	15%
5 years to 10 years	0%	15%
10 years to 20 years	0%	40%
20 years to 30 years	0%	40%
30 years to 40 years	0%	40%
40 years to 50 years	0%	10%

Policy on Borrowing in Advance of Need

4.13 The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt Rescheduling

4.14 Where short-term borrowing rates become considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). The reasons for any rescheduling to take place will include:

- the generation of cash savings or discounted cash flow savings.
- helping to fulfil the treasury strategy.
- enhance the balance of the portfolio by amending the maturity profile or the balance of volatility).

4.15 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short-term rates on investments are likely to be lower than rates paid on current debt.

4.16 Any rescheduling will be reported to the Scrutiny Panel or the Governance and Audit Committee at the earliest meeting following its action.

Municipal Bond Agency

4.17 It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board. The Council will consider making use of this new source of borrowing as and when appropriate.

Housing Revenue Account borrowing

4.18 As part of the Housing Revenue Account reform arrangements in April 2012, the Council decided to follow the 'two pool' approach to allocating existing debt, considering those loans that were originally raised for a specific purpose. This assumed that the Housing Revenue Account would be fully borrowed, however the Housing Revenue Account is now in a position where it may need to borrow to fund the Housing Investment Programme.

4.19 As the Council is maintaining an under-borrowed position, the HRA will be recharged for the cost of any new borrowing requirement based on the average balance of unfinanced Housing Revenue Account borrowing during the year, using the Public Works Loan Board variable rate as at 31 March of the previous year. In an environment of low investment returns and relatively stable borrowing rates, this provides a recharge that is beneficial to both the Housing Revenue Account and General Fund and can be reasonably forecast from early in the financial year. This approach will be reviewed annually in conjunction with the Treasury Management Strategy Statement and projected investment returns.

5 Annual Investment Strategy

Investment Policy

5.1 The Department of Levelling Up, Housing and Communities and Local Government and the Chartered Institute of Public Finance and Accountancy have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy elsewhere on this agenda.

5.2 In accordance with the above guidance, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short-term and Long-term ratings.

5.3 Ratings will not be the sole determinant of the quality of an institution, and it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this the Council will engage with its advisors to maintain a monitor on market pricing such as Credit Default Swaps and overlay that information on top of the credit ratings.

5.4 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.

5.5 Investment instruments identified for use in the financial year are listed in the Appendix, which includes Counterparty, time and monetary limits. These will cover both ‘Specified’ and ‘Non-Specified’ Investments.

5.6 Such investments are treated as expenditure for treasury management and prudential borrowing purposes even though they do not create physical assets in the Council's accounts. Appropriate budgets in respect of these activities are agreed as part of the Council's budget setting and ongoing monitoring processes and considered as part of the Investment Strategy.

5.7 Specified Investments are sterling denominated investments of not more than one-year maturity, meeting the minimum 'high' criteria where applicable. These are considered low risk assets where the possibility of loss of principal or investment income is small. Non-Specified Investments are those that do not meet the specified investment criteria. A limit of £20m will be applied to the use of Non-Specified Investments (this will partially be driven by the long-term investment limits).

Creditworthiness policy

5.8 This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's, and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies.
- Credit Default Swap spreads that may give early warning of likely changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

5.9 This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

5.10 The creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

5.11 Typically, the minimum credit ratings criteria the Council uses will be a Short-term rating (Fitch or equivalents) of F1, and a Long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will

be given to the whole range of ratings available, or other topical market information, to support their use.

5.12 All credit ratings will be monitored monthly. The Council is alerted to changes to ratings of all three agencies through its use of the creditworthiness service. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer-term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

5.13 Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and market information, and information on any external support for banks to help support its decision-making process.

Country limits

5.14 The Council will only use approved counterparties from countries with a minimum sovereign credit rating of AA-, based on the lowest available rating. However, this policy excludes UK counterparties. The list of countries that qualify using this credit criteria as at the date of this report are shown in the Appendix. This list will be amended by officers should ratings change in accordance with this policy.

5.15 In addition:

- no more than £15m will be placed with any non-UK country at any time.
- the limits will apply to a group of companies.
- sector limits will be monitored regularly for appropriateness.

Investment strategy

5.16 The Council will manage all its investments in-house. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short to medium term interest rates.

5.17 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows from our treasury advisors Link.

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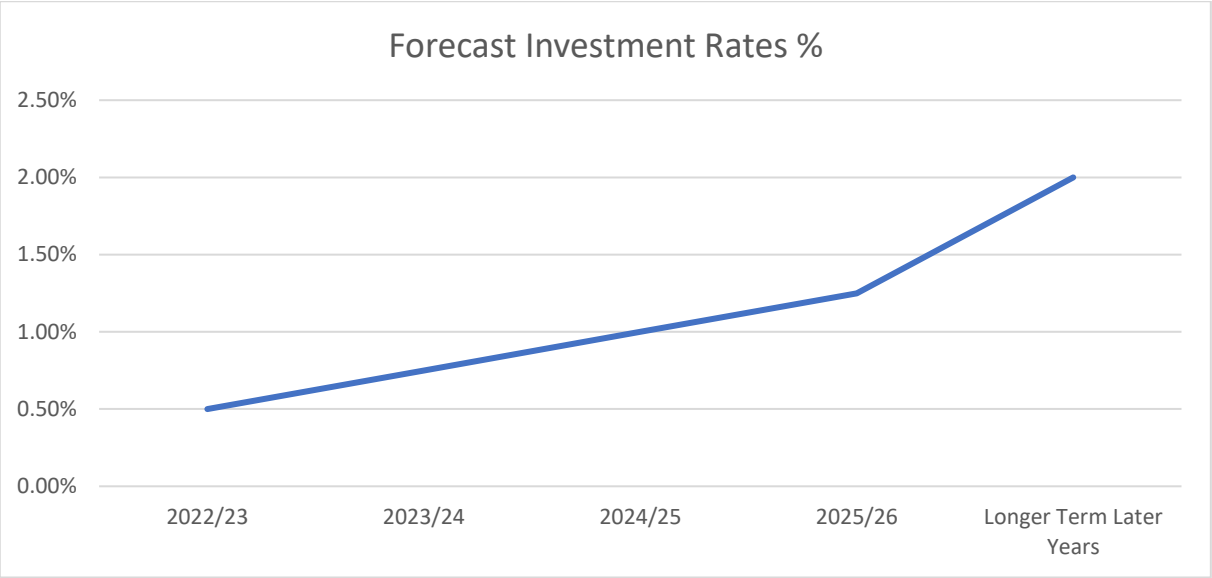


The overall balance of risks to economic growth in the UK is probably relatively even but is subject to major uncertainty due to the virus and the practical issues of the UK leaving the EU.

Investment treasury indicator and limit

5.18 The limit for the total principal funds invested for greater than 365 days is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end. The Council is asked to approve a limit of £10m for 2021/22 and subsequent years.

£000	2022/23	2023/24	2024/25
Max. principal sums invested> 365 days	£10,000	10,000	10,000

End of year investment report

5.19 At the end of the financial year, the Council will report on its investment activity to the Governance & Audit Committee as part of its Annual Treasury Report.

Link Group Interest Rate View	8.11.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50
Bank Rate														
Link	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.25	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	-	-	-	-	-
5yr PWLB Rate														
Link	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
Capital Economics	1.60	1.70	1.70	1.80	2.10	2.10	2.10	2.10	2.10	-	-	-	-	-
10yr PWLB Rate														
Link	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
Capital Economics	1.80	1.90	2.00	2.20	2.30	2.30	2.30	2.30	2.30	-	-	-	-	-
25yr PWLB Rate														
Link	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
Capital Economics	2.10	2.20	2.40	2.60	2.70	2.80	2.80	2.80	2.90	-	-	-	-	-
50yr PWLB Rate														
Link	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50
Capital Economics	1.90	2.00	2.20	2.40	2.50	2.60	2.60	2.60	2.70	-	-	-	-	-

Specified Investments – These investments are sterling investments of not more that one year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small.

Organisation	Min. Credit Criteria	Money Limit	Maturity Limit
Banks and Building Societies (including term deposits, CDs or corporate bonds)	Yellow	£10m	1 years
	Purple	£10m	1 years
	Orange	£10m	1 year
	Blue	£10m	1 year
	Red	£7.5m	6 months
	Green	£5m	100 days
	No colour	Not to be used	
UK Government Gilts	UK sovereign rating	£10m	1 year
UK Government Treasury Bills	UK sovereign rating	£10m	1 year
UK Local & Police Authorities	N/A	Unlimited	1 years
Debt Management Agency Deposit Facility	AAA	Unlimited	6 months
Money Market Funds	AAA	£10m	Liquid
Enhanced Money Market Funds	Dark Pink / Light Pink / AAA	£10m	Liquid
Bonds issued by Multilateral Development Banks	AAA	£3m	6 months

Non-Specified Investments – These are investments that do not meet the specified investment criteria. A limit of the lesser of £20m or 50% of the portfolio will be held in aggregate in non-specified investments.

Organisation	Min. Credit Criteria	Money Limit	Maturity Limit
UK Local & Police Authorities	N/A	£10m	5 years
Banks and Building Societies (including term deposits, CDs or corporate bonds)	Yellow / Purple	£10m	5 years
UK Government Gilts	UK sovereign rating	£10m	5 years
UK Government Treasury Bills	UK sovereign rating	£10m	5 years
Property fund	AAA	£5m	5 years

Notes:

- Non U.K. country limit of £15m
- Limit in all Building Societies of £10m

The use of property funds can be deemed capital expenditure, and as such will be an application of capital resources. The Council will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

The criteria in this appendix are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and / or restricted time limits.

This list is based on those countries that have sovereign ratings of AA- or higher and also have banks operating in sterling markets, which have credit ratings of green or above in the Link Asset Services credit worthiness service.

AAA	Australia Denmark Germany Luxembourg Netherlands Norway Singapore Sweden Switzerland
AA+	Finland Canada U.S.A.
AA	Abu Dhabi (UAE) France
AA-	Belgium Hong Kong Qatar UK

Appendix D – Technical reconciliations of budget requirement 2022/23

Table D1 – Technical reconciliation of budget requirement		
	Element	£'000
1	Revenue expenditure requirement for 2022/23	21,875
2	Collection fund deficit (business rates and Council Tax)	5,809
3	New Homes Bonus	(1,954)
4	Use of balances / reserves for pensions payment	935
5	Use of Business Rates Reserve	(5,809)
6	Use of Business Rates Pooling gain	(200)
7	Use of balances	(575)
8	**Budget Requirement**	**20,081**
9	Funded by:	
10	Government Grant (Services and Lower-Tier services)	(568)
11	Business Rates Baseline Funding	(4,343)
12	Business Rates Improvement	(1,870)
13	Council Taxpayers requirement (before Parish element)	(13,300)
14	**Total Funding**	**(20,081)**

Table D2 – Technical reconciliation of Band D Council Tax		
1	Council Taxpayers requirement (before Parish element)	13,300
2	Council Tax Base – Band D Properties	64,731
3	**Council Tax at Band D**	**205.47**

Table D3 – Technical reconciliation of 2022/23 Base Budget		
1	Base Budget	25,028
2	One-off items	(3,281)
3	Cost Pressures	2,035
4	Growth Items	134
5	Change in use of New Homes Bonus for one off investment	4
6	Savings	(2,045)
7	**Forecast Base Budget**	**21,875**

Table D4 – Technical reconciliation of 2022/23 savings		
1	Council Tax sharing agreement	(370)
2	Sport and Leisure improved performance	(320)
3	Savings from budgets repeatedly underspending in recent financial years	(250)
4	21/22 Pay Award Non-Consolidated 1%	(207)
5	Reduction in the use of the earmarked parking reserve due to changes in the way Traffic Regulation Work is funded within NEPP	(185)
6	Fees and charges generated over and above average council tax increase	(145)
7	Savings against salary budget costs by sharing the cost of staff in HR, Finance, Governance, and ICT with partner organisations (21/22 budget setting)	(100)
8	Reduction in overall housing benefit subsidy claim as claimants migrate from Housing Benefit to Universal Credit	(87)
9	Savings against current budgeted cost for external contracts (21/22 budget setting)	(50)
10	Digital services use of revenues and benefits new burdens funding from Department for Work and Pensions	(50)
11	Amphora extra dividend (Memoirs)	(37)
12	Shared services	(30)
13	Extension of market and public events	(30)
14	CCHL SLA income from triennial review	(29)
15	Electoral Services Team resource reduction – Elections Officer (21/22 budget setting)	(25)
16	Efficient use of Anti-Social Behaviour resources	(25)
17	Digital Communications enabling a reduction in print and post	(20)
18	Digital service delivery enabling a reduction in mileage claims	(20)
19	Healthy Homes – Disabled Facilities Grant covering more of the cost of delivering the service	(20)
20	Grounds Maintenance Contract Inflation	(18)
21	Parks & Countryside Sites Strategy	(10)
22	Digital Office enabling a reduction in central stationery	(7)
23	Car park markets and events (21/22 budget setting)	(5)
24	North Essex Parking Partnership Agreement beyond 2022 including Service Level Agreements	(5)
25	**Total Savings**	**(2,045)**

Table D5 – Technical reconciliation of 2022-23 cost pressures and growth items		
1	General Inflation (pay, contractual, utilities etc)	906
2	1.25% National Insurance Increase (Employer's Rate)	200
3	Commercial & Investment properties reduced income (primarily Culver Centre)	178
4	Contractor Payments (net of recyclable sales income)	150
5	Digital Roadmap	100
6	Fuel	100
7	Gosbecks Road loss of rental income and short-term running costs prior to sale	100
8	Executive Management Team staff changes	91
9	Local Fast Fibre Network reduced income assumptions	60
10	Locality Budgets	51
11	Market income reduced assumptions	50
12	Corporate Asset Management cost pressures	46
13	General Fund and Housing Revenue Account contingency	38
14	Woodland Project Officer	34
15	Virtual Committee Meetings	30
16	Audit Fees	25
17	Asset Valuations	6
18	Subscription Costs	4
19	**Total cost pressures and growth items**	**2,169**

Appendix E - Summary Budget 2022/23

	Adjusted Base Budget	One-Off Items	Cost Pressures	Growth Items	Technical Items	Total Savings	Detailed 22/23 Budgets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core	(106)	0	28	0		(370)	(448)
Executive Management Team	687	0	111	0		(8)	790
Corporate & Improvement	6,117	0	200	0		(178)	6,139
Community	1,604	0	176	0		(245)	1,535
Customer	2,800	0	119	0		(257)	2,662
Environmental (excl NEPP)	6,477	(926)	554	34		(314)	5,825
Place & Client	5,049	(1,650)	578	(119)		(509)	3,349
Total General Fund Services	**22,628**	**(2,576)**	**1,766**	**(85)**	**0**	**(1,881)**	**19,852**
Technical Items							
Corporate Items / sums to be allocated to services							
Procurement Savings	(58)		0			(50)	(108)
Social Lottery	50	(50)	0	0			0
Investment Allowance funded by New Homes Bonus	1,200	0	0	123		0	1,323
Previously agreed funding for Strategic Priorities	(94)		0	0		0	(94)
Digital Roadmap	0		0	100			100
Fees & Charges increase in excess of inflation	0		0			(67)	(67)
Local Council Tax Support Care Leavers Scheme	15		(15)				0
Inflation yet to be allocated	0		244			(18)	226
Transformation & Recovery	500	(500)	0				0
Improved Establishment Control	(10)		0				(10)

Rowan House	120	(55)	0	0			65
CCHL SLA	29		0			(29)	0
Non-Service Budgets							
CLIA (net interest)	1,187	(100)	0			0	1,087
R&R Contribution	300		0				300
Min Revenue Provision	2,123		0			0	2,123
Pensions	366	0	0				366
Contribution to Bad Debts Provision	20		0				20
GF/HRA/NEPP Adjustment	(3,348)		40		0		(3,308)
Sub-Total	**2,400**	**(705)**	**269**	**223**	**0**	**(164)**	**2,023**
Total incl Below the line	**25,028**	**(3,281)**	**2,035**	**138**	**0**	**(2,045)**	**21,875**
Funded by:-							
Use of balances	(125)	125	0		(125)		(125)
Contribution to balances	935	(935)	0		935		935
Use of other Earmarked Reserves	(185)	185	0		0		0
Use of Reserves - Covid 19	(2,400)	2,400	0		(450)		(450)
Use of NNDR reserve	(12,824)	12,824	0		0		0
Govt - Covid 19 Support Grant	(1,493)	1,493	0				0
Govt - Lower Tier Grant	(622)	622	0		(270)		(270)
Govt - Services Grant	0	0	0		(298)		(298)
Business Rates Baseline	(4,300)		(43)				(4,343)
NNDR Growth above Baseline	(1,620)		0		(250)		(1,870)
Business Rates Pooling	(200)		0		0		(200)
Council Tax	(12,588)		0		(712)		(13,300)
Collection fund Transfer	12,824	(12,824)	0		0		0
New Homes Bonus	(2,430)		0		476		(1,954)
Total	**(25,028)**	**3,890**	**(43)**	**0**	**(694)**	**0**	**(21,875)**

Appendix F - 2022/23 General Fund Budgets

	Direct Budgets				*Non-Direct Budgets*	
Area	**Spend**	**Income**	**Net**		***Net***	**Total**
	£'000	**£'000**	**£'000**		***£'000***	**£'000**
Corporate & Democratic Core	322	(770)	(448)		*2,631*	2,183
Total	**322**	**(770)**	**(448)**		***2,631***	**2,183**
Executive Management Team						
EMT	790	-	790		*(790)*	-
Total	**790**	**-**	**790**		***(790)***	**-**
Community						
Assistant Director	165	-	165		*(165)*	-
Licencing, Food & Safety	528	(576)	(48)		*376*	328
Community Safety	94	-	94		*15*	109
Environmental Health Services	465	(67)	398		*144*	542
Building Control	426	(501)	(75)		*302*	227
Community Initiatives	392	-	392		*143*	535
Private Sector Housing	517	(223)	294		*175*	469
Bereavement Services	947	(1,773)	(826)		*266*	(560)
Cultural Services	633	(108)	525		*977*	1,502
Colchester Museums	49	(526)	(477)		*34*	(443)
Subtotal	**4,216**	**(3,774)**	**442**		***2,267***	**2,709**
Colchester & Ipswich Museums	2,258	(1,165)	1,093		*725*	1,818
Total	**6,474**	**(4,939)**	**1,535**		***2,992***	**4,527**
Customer						
Assistant Director	161	-	161		*(161)*	-
Accounts & Debt	751	(148)	603		*(603)*	-
Local Taxation & NNDR	561	(713)	(152)		*569*	417
Benefits & Hub	909	(185)	724		*(724)*	-
Contact & Support Centre	1,083	(29)	1,054		*(1,053)*	1
Electoral Services	391	(3)	388		*71*	459
Customer Digital & Systems	954	(45)	909		*(910)*	(1)
Land Charges	139	(285)	(146)		*146*	-
Subtotal	**4,949**	**(1,408)**	**3,541**		***(2,665)***	**876**
Benefits - Payments & Subsidy	35,565	(36,444)	(879)		*594*	(285)
Total	**40,514**	**(37,852)**	**2,662**		***(2,071)***	**591**
Environment						
Assistant Director	159	-	159		*(159)*	-
Neighbourhood Services	12,496	(4,422)	8,074		*2,823*	10,897
Car Parking	981	(3,389)	(2,408)		*947*	(1,461)
Subtotal	**13,636**	**(7,811)**	**5,825**		***3,611***	**9,436**

		Direct Budgets				Non-Direct Budgets	
	Parking Partnership (NEPP)	3,909	(3,949)	(40)		*86*	46
	Total	**17,545**	**(11,760)**	**5,785**		***3,697***	**9,482**
	Place & Client						
	Assistant Director	152	-	152		*(152)*	-
	Place Strategy	698	-	698		*81*	779
	Housing	2,795	(1,335)	1,460		*(219)*	1,241
	Planning	1,165	(1,352)	(187)		*973*	786
	Sustainability & Climate Change	211	(16)	195		*44*	239
	Subtotal	**5,021**	**(2,703)**	**2,318**		***727***	**3,045**
	Company Related:-						
	Client - Commercial Company	2,028	(287)	1,741		*(2,028)*	(287)
	Corporate Asset Management	1,866	(324)	1,542		*(1,486)*	56
	Commercial & Investment	303	(2,980)	(2,677)		*2,581*	(96)
	Sport & Leisure	5,693	(5,268)	425		*1,898*	2,323
	Total	**14,911**	**(11,562)**	**3,349**		***1,692***	**5,041**
	Corporate & Improvement						
	Assistant Director	144	(129)	15		*(144)*	(129)
	Finance	1,057	(200)	857		*(857)*	-
	ICT	2,030	(404)	1,626		*(1,627)*	(1)
	People and Performance	813	(186)	627		*(693)*	(66)
	Governance	2,970	(381)	2,589		*(2,531)*	58
	Communications	601	(176)	425		*(425)*	-
	Total	**7,615**	**(1,476)**	**6,139**		***(6,277)***	**(138)**
	Total (excl. NEPP)	**84,262**	**(64,410)**	**19,852**		***1,788***	**21,640**

* Non-direct budgets reflect recharges between service areas and technical accounting charges. These are shown to present the full cost of services

Appendix G - Reserves, Provisions and Balances

	2020/21	2021/22	2022/23
	Actual	Forecast	Forecast
	£'000	£'000	£'000
General Fund Balance	2,030	2,030	2,030
Future Years Budget Support Reserve - Carry-forwards etc	6,937	1,672	1,297
Future Years Budget Support Reserve - Risk Allocation	515	515	515
Redundancy, North Essex Parking Partnership, Colchester & Ipswich Museum Service etc	1,444	1,444	1,444
Pension Reserve	1,344	2,279	3,214
Renewals and Repairs Reserve	2,845	3,298	3,944
Insurance Reserve	652	652	652
Capital Expenditure Reserve	437	601	601
Gosbecks Reserve	134	134	134
Revenue Grants unapplied	3,173	3,173	2,973
Decriminalisation Parking Reserve	1,087	902	902
Business Rates Reserve	15,875	3,051	2,851
Revolving Investment Fund Reserve	1,596	1,096	1,096
Other reserves	237	237	237
TOTAL General Fund	**38,306**	**21,084**	**21,890**
Housing Revenue Account Balance	4,489	4,090	4,090
Housing Revenue Account Retained Right To Buy Receipts – Replacement	4,819	2,544	1,440
Housing Revenue Account Retained Right To Buy Receipts – Debt	251	921	1,592
TOTAL Housing Revenue Account	**9,559**	**7,555**	**7,122**
Total	**47,865**	**28,639**	**29,012**

Appendix H – Allocation of New Homes Bonus

	Allocation of New Homes Bonus	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
1	New Homes Bonus	1,954	950	950	950	950
2	Allocated to:-					
3	Feasibility costs	250	250	250	250	250
4	Affordable housing allocation	31	150	150	150	150
5	To support the Council's Revenue Budget	600	300	0	0	0
6	Savings Implementation Costs	200				
7	Support to Tendring Colchester Borders & Local Plan	250	250	250	250	250
8	Transfer to Reserves	0	0	300	300	300
9	Support for one-off schemes (see below)	623	0	0	0	0
10	**Total allocation**	**1,954**	**950**	**950**	**950**	**950**
	Use of NHB allocation for one-off schemes					
11	Support for one-off schemes	623	0	0	0	0
12	Allocated to:					
13	Support for the Transformation Programme	250	0	0	0	0
14	Restoration of affordable housing allocation	119	0	0	0	0
15	**Balance for future allocation**	254	0	0	0	0

Cabinet 26 January 2022	Item **7(ii)**

Report of	**Chief Operating Officer**	**Author**	**Paul Cook** **☎ 505861** **Lily Malone** **☎ 03300 538 070**
Title	**Resetting the Capital Programme and the Capital Strategy**		
Wards affected	All		

1 Executive Summary

1.1 The report resets the Capital Programme 2022/23 to 2025/26.

1.2 The report also sets out the Council's Capital Strategy.

2 Recommended Decision

2.1 To recommend to Budget Council the Capital Strategy set out in Appendix A of this report

2.2 To recommend to Budget Council the reset capital programme 2022/23 to 2025/26 as set out in Appendices B and C of this report subject to recommendations 2.3 and 2.4 below.

2.3 Approval of the Town Deal schemes in the Reset Capital Programme is conditional on project business cases being approved by Cabinet, and the Department for Levelling Up, Housing and Communities.

2.4 Further advances to Council companies be reviewed in the light of the Department for Levelling Up, Housing and Communities consultation on minimum revenue provision as set out in Section 6 of this report.

3 Reason for Recommended Decision

3.1 To take forward continuing investment in Colchester, in the interests of regeneration and the health, social and economic wellbeing of residents and how they are housed, local businesses and the local economy and the attractiveness of Colchester as a destination.

4 Alternative Options

4.1 A reduced Capital Programme would reduce the benefits investments will provide in the health and wellbeing of our town, impacting regeneration, the quality of services, the accessibility of housing and the state of the public realm, regeneration and economic recovery.

5 Background Information

5.1 The Capital Programme is the Council's long-term investment in land, buildings and other infrastructure.

5.2 The new projects include several components

- The Housing Investment Programme for the ringfenced Housing Revenue Account. At around £40m a year for the next few years, this includes a much needed increase to our housing stock at social rent levels through acquisitions and building new properties, as well as major repairs and improvements to our existing stock.

- Investment to secure the long term development of Colchester and economic recovery

- Taking forward the Town deal with up to £18.2m of government funding levering in up to £75m of additional external investment. The £18.2m is split over the revenue and capital programme, with a maximum of 10% being committed to revenue.

- Improving Council services and fulfilling the Carbon Commitment.

5.3 All allocations are subject to detailed project evaluation and assessment in accordance with the Capital Strategy. The capital programme allocations allow projects to proceed subject to the normal internal controls.

5.4 Inflation may impact on the cost of the Capital Programme and the following are relevant factors:

- Some projects are cash limited grants (Town Fund, Disabled Facilities Grants) and the overall value available is not affected by inflation.

- Tenders or contracts have already been confirmed for some schemes

- Lending to the Amphora companies are preset facilities. Inflation impacts on the companies' schemes will need to be addressed by Amphora

- The inflation position on schemes will be updated as part of capital monitoring

6 Changes to the Capital Framework: Minimum Revenue Provision

6.1 On 30 November 2021 the Department for Levelling Up, Housing and Communities published a consultation paper Changes to the Capital Framework: Minimum Revenue Provision. The consultation closes 8 February 2022.

6.2 If put into force from 2023/24 as planned, the proposals may require the Council to make minimum revenue provision on loans to Amphora companies. Under current accounting policy the Council does not make such provision. This could result in considerable additional costs to the Medium Term Financial Forecast.

6.3 These changes are in addition to existing accounting requirements for advances to the companies. These include the need to demonstrate a corresponding asset value in the investment. If asset value cannot be demonstrated, it is necessary to make minimum revenue provision or write down the investment to an appropriate level.

6.4 It is not clear that the purpose of the consultation is to prevent investment in local authority housing companies, particularly where there is clear 'public good' beyond the commercial case as with Colchester Amphora Trading Limited (CAHL) committing to at least 30% affordable housing on its schemes. If loans to housing companies are in due course exempted from the new requirements, then the planned programme of advances to Amphora Housing will be able to proceed. If loans to housing companies remain in scope, the planned advances in the capital programme could become unaffordable to the Council.

6.5 The implications of the consultation should be reviewed further before new projects are commenced in the companies that rely on borrowing from the Council or where a significant level of advance to the companies would be outstanding as at 31 March 2023.

6.6 Cabinet resolved 13 October 2021 that additional resources for the Heat Network Project be allocated subject to the Deputy Leader and Portfolio Holder for Finance and the Head of Finance being satisfied as to the commercial proposition. Further lending to Amphora Energy would be subject to the consultation proposals.

6.7 The potential revenue implications of the consultation proposals are set out in the table below. The table assumes that minimum revenue provision is calculated from 2023/24 onwards as the value of the facility spread over the period the facility remains available. Alternatively a longer 25 year period might be acceptable provided this is prudent provision. A further alternative might be provision over the lifetime of the assets financed by the company from the advance. Repayment of the facility would constitute a capital receipt that could be used to finance future capital expenditure. These are provisional figures subject to finalisation of the consultation proposals and existing accounting requirements set out in Section 6.3 above, including the security of the loan.

Facility	Total facility £m	Remaining availability period from April 2023 Years	Annual MRP if spread over life of facility £m	Annual MRP if spread over 25 years £m
Amphora Energy	2.520	6	0.420	0.420*
Amphora Homes	28.800	6	4.800	1.152
Totals	31.320		5.220	1.572

*25 year MRP does not apply to the Amphora Energy facility

6.8 The Council has already committed to make revenue provision on advances to Amphora Energy following 2019/20 external audit findings.

7 Town Deal

7.1 The £16.5m capital split of the £18.2m Town Deal grant funding has been included in this report. The Town Deal schemes are subject to a business case process which will happen sequentially. All figures are indicative and will be updated in future reports. There is no additional general fund contribution included for the Town Deal schemes. This funding is from the Department for Levelling Up, Housing and Communities that is overseen by the We Are Colchester Town Deal Board. A report on these schemes will be presented in March to Cabinet.

8 The UK Infrastructure Bank

8.1 The UK infrastructure bank is expected – subject to legislation – to come into full operation during 2022-23. It will offer financing to local and mayoral authorities across the UK, for

high-value and complex economic infrastructure projects. It will also lend to the private sector. It is expected lending rates will be slightly lower than offered by the Public Works Loan Board. Borrowers will need to satisfy the Bank with appraisals and business cases in order to secure facilities. This development will be monitored to understand potential CBC eligibility for support from the new bank. However it is expected that the Bank will operate a de minimis level of £25m.

9 Overview

9.1 Capital investment is determined by the Council's Capital Strategy set out in Appendix A.

9.2 Summaries of the new schemes are set out in section 13 of the report. Appendix B sets out the revised capital programme in its totality.

10 MTFF Consultation

10.1 The cost of funding the recommended programme is provided for in the MTFF.

10.2 The budget strategy and timetable has ensured that information is available for scrutiny and input from all Members.

10.3 Budget workshops were held on 20 September 2021; 22 November 2021; and 17 January 2022 so that all Members have had the opportunity to get a better understanding of the budget challenge and share their ideas and concerns.

10.4 The Shadow Portfolio Holder has been briefed and the Leader of the Opposition is able at any stage of the budget process to meet with officers to assist with consideration of any alternative budget proposals.

10.5 The normal statutory consultation with business ratepayers and parish councils will take place.

11 Risk Management Implications

11.1 Modelling has been undertaken with service managers to assess the potential range of impacts before adopting the assumptions described within the report.

11.2 Capital and construction projects have been affected by Covid-19, with delays and additional costs arising, with our contractors and their supply chain. The impact of inflation on project costs is being carefully monitored.

11.3 Projects are monitored using Power Bi which is an interactive piece of software, part of the corporate suite of MS SharePoint functionality. Power Bi graphically depicts progress against Delivery, Time and Cost and must be measured against the Project Initiation Document (PID).

11.4 **RAG (Red/Amber/Green) Status.** Project Progress Reports and Risk Registers use the RAG status as a visual clue to performance. Its purpose is to demonstrate progress and make it clear when escalation is required. This is in accordance with Agile project management methodology which is the corporate approach used for delivering projects.

12 Strategic Priorities and Recovery

12.1 The Capital Programme will deliver the Council's strategic priorities as set out in the Strategic Plan 2020-23 and aid recovery in Colchester.

13 Financial implications

13.1 As set out in the report.

14 Environmental and Climate Change Implications

14.1 All budget measures are assessed for their likely environmental impact, reflecting the Council's commitment to be 'carbon neutral' by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council's recovery planning, a core theme of the new Strategic Plan and a clear category of investment through the capital programme.

15 Equality and Diversity Implications

15.1 Consideration will be given to equality and diversity issues in respect of budget changes proposed as part of the budget process. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

16 Other Standard References

16.1 There are no direct Publicity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Appendix A – Capital Strategy and Capital Programme

1. The Chartered Institute of Public Finance and Accountancy Prudential Code requires local authorities to produce a Capital Strategy. This is in line with the Ministry of Housing, Communities and Local Government's 2018 statutory guidance on local government investments, particularly about non-financial investments.

2. In contrast to revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services, capital investment seeks to provide long-term solutions to Council priorities and operational requirements that yield benefits to the Council generally for a period of more than one year.

3. The five aims of the Capital Strategy are:

    a. To take a long-term perspective on capital investment and to reflect the Council's wider place-making and growth agenda.
    b. To ensure investment is prudent, affordable, and sustainable over the long term.
    c. To set out the arrangements and governance for capital investment decision-making.
    d. To make the most effective and appropriate use of funds available - including revenue, capital receipts and housing right-to-buy receipts – to deliver the Council's strategic aims.
    e. To establish a clear methodology to prioritise capital proposals.

4. The Council has set out its Strategic Priorities in the Strategic Plan 2020 – 2023.

5. Colchester Commercial Holdings Ltd is the holding company for three separate subsidiaries, with related but distinct products, services, markets and opportunities. These companies make a high-quality commercial offer which maintains the strong public sector ethos of its shareholder.

    a. Colchester Amphora Trading delivers high quality products and services to public and private sector clients in the Property, Leisure and Health Care industries.

    b. Colchester Amphora Energy designs and implements low carbon energy systems and provides energy services in Colchester.

    c. Colchester Amphora Homes delivers high quality affordable and private sale homes in Colchester and the surrounding area.

6. Future loans from the Council to Amphora companies are now under review. On 30 November 2021 the Department for Levelling Up, Housing and Communities published a consultation paper *Changes to the Capital Framework: Minimum Revenue Provision.* If put into force from 2023/24 the proposals would require the Council to make minimum revenue provision on any loans, resulting in considerable additional costs to the Medium Term Financial Forecast. This would potentially make the current business model unsustainable.

7. Colchester Borough Council's Asset Management Strategy will set out the vision for how we manage our assets over the next 5 years.

Principles for Capital Planning

8. The Council operates a clear and transparent approach to the prioritisation of all capital spending. This includes decisions to invest in the Colchester Commercial Holdings group of companies.

9. The Council's programme is being set against a background of uncertainty over economic prospects and local government funding. Affordability and financial sustainability are therefore paramount in making spending decisions. The Council will only invest in projects that are affordable and financially sustainable in the long term and where risk is at an appropriate level. The achievement of external funding for all or part of project cost will be a key consideration.

10. The Council manages its capital programme by a sequential gateway process. Only projects that fulfil gateway requirements at each stage will be eventually considered for funding in the Capital Programme.

11. Proposed schemes must – in addition to demonstrating affordability and financial sustainability - demonstrate a good fit to the Strategic Plan. A project will not proceed solely because it delivers a strategic plan requirement. It must first demonstrate affordability and financial sustainability to be considered for inclusion.

Investment Principles		
Category Title	**Brief Description**	**Notes**
Assets	Investment to improve and maintain Council assets and systems	The Council will improve and maintain the condition of core assets and systems to replace them or extend their life where appropriate. The Council will make provision for lifecycle investment to maintain infrastructure to a standard that effectively supports service delivery and helps avoid unexpected costs.
Invest to Save	Invest to save and to generate returns	The Council will invest in projects that: • reduce service costs • avoid costs (capital or revenue) that would otherwise arise • invest to generate a financial return on investment (ROI) within an acceptable period. • invest in or lend to Colchester Commercial Holdings Ltd to enable subsidiary companies to provide services that generate commensurate additional dividend income for the Council.
Town Deal	Delivering the Town Deal	The Council in partnership with other agencies is delivering the Town Deal for which it is the accountable body. The Town Deal is funded by Government Grant.
Regeneration	Investing for wider economic recovery, regeneration, and growth.	The Council will work with partners to invest in place-making opportunities to grow the Colchester economy, and help tackle socio-economic, health and environmental inequalities across Colchester
Carbon Reduction	Investing to reduce the Council's scope 1 and 2 Carbon emissions	The Council has declared a climate emergency and will ensure its investments help to deliver the Climate Emergency Action Plan commitment to net zero carbon emissions by 2030.

12. The Council owns investment properties in Colchester and the portfolio generates a revenue return. The scale of investment is proportionate, and the risk is at a manageable level. Investment properties are regularly periodically to market level under a rolling programme.

13. When making non-financial investments the Council considers the balance between security, liquidity and yield based on its risk appetite. It also considers the contribution of the non-financial investment to a range of outcomes including growth and income.

14. Colchester has not borrowed for outright investment purposes and will not do so.

15. The Council's Medium Term Financial Forecast includes dividend income from Colchester Commercial Holdings Limited and investment property income to achieve a balanced budget. These contributions are at a proportionate level. Funding Sources for Capital Investment.

16. The Council funds its Capital Programme from a range of sources, which are principally:

    a. Capital receipts
    b. Grants
    c. Section 106 agreements
    d. Reserves and revenue
    e. Prudential borrowing

17. Housing Revenue Account Capital is entirely funded from the ring fenced Housing Revenue Account. It is a rolling 5-year outlook based on stock condition and planned projects. Key areas of housing investment include planned and cyclical works; mechanical and electrical and heating; accessible homes and repairs. The programme also includes development and special projects. The Housing Revenue Account capital programme is funded from:
    a. Housing Revenue Account Self Financing (The Major Repairs Reserve)
    b. Capital Receipts (Housing Revenue Account)
    c. Revenue and Reserves (Housing Revenue Account)
    d. Prudential Borrowing

Governance of the Capital Strategy

18. The resetting of the Capital Programme is agreed by full Council as part of the annual budget setting process. Approved allocations may be switched between schemes in accordance with the virement limits set out in the Council's Financial Regulations. All other changes to the Capital Programme during the financial year require a Cabinet approval.

19. Capital projects are overseen by the Programme Delivery Board (PDB), chaired by the Chief Operating Officer, This is supported by the Programme Delivery Group (PDG), chaired by the Assistant Director for Corporate and Improvement. PDB and PDG are convened monthly.

20. PDB is the governance body responsible for making service capital programme decisions and monitoring progress of all change initiatives.

    Board responsibilities are to:
    a. Approve and prioritise initiatives.

b. Schedule initiatives to make best use of finite resources.
c. Monitor the progress of initiatives and resolve escalations.
d. Ensure any conflicts between strategic initiatives and business as usual are addressed effectively.
e. Promote collaborative working across the services.
f. Review and resolve key strategic level risks and issues.

21. PDG is a Group Manager level function, responsible for reviewing progress of all change initiatives and escalating any capital and/or significant project risks to PDB. It will also provide a forum for the SMT to inform Group Managers of any new or ongoing strategic issues and/or key decisions within the organisation.

Group responsibilities are to:

a. Review the progress of initiatives and where possible resolve issues prior to escalation to PDB.
b. Promote collaborative working across the services.

22. **Managing, Monitoring and Reporting.** Project monitoring and control is about measuring progress, taking corrective action, and keeping stakeholders informed. A project prioritisation principle is applied to all projects. Projects are prioritised from 1-4 (1 being the highest priority) using a prioritisation tool that covers the following criteria against the following description:

a. Strategic impact - Alignment to the strategic plan and our services
b. Reasons for the project - Driver for the project being required
c. Risk Management - Relationship to the Strategic Risk Register
d. Customers - Customers who will be impacted
e. Technical - Technological / System requirement
f. Climate Emergency - Consider Impact
g. Return on Investment - Principle benefits from delivering the project

A range of conditions are offered which in turn produces a score against each criteria. The collective score produces a priority ranging from 1-4. The prioritisation tool is embedded in every Project Initiation Document (PID). A summary of each prioritisation score can be found at Annex F.

23. **Section 106 Infrastructure Funding Statement.** From December 2020, planning authorities are required to publish an Infrastructure Funding Statement (IFS) in accordance with the Community Infrastructure Levy (CIL) Regulations. The purpose of an IFS is to give communities a better understanding of how developer contributions have been or are planned to be used to deliver infrastructure in their area.

Developer contributions in the Borough of Colchester include section 106 planning obligations and unilateral agreements secured as part of the planning application process.

Colchester Borough is responsible for delivery of affordable homes, community facilities, sport and recreation including public open space. This statement provides details of how funds have been spent in these service areas.

24. Financial monitoring reports on the capital programme are considered quarterly by Cabinet and monthly by the Programme Delivery Group and escalated by exception to the Programme Delivery Board.

25. Relevant requirements of the Capital Strategy are incorporated in the Council's financial regulations and standing orders.

Appendix B Capital Schemes

Previously Approved Schemes with revised costs

St Mark's Community Centre	
Create a vibrant new Community Centre in partnership with the Diocese.	
Category: Regeneration	
	£m
Project Cost	1.500
Additional Funding	**0.300**
Revised Project Cost	**1.800**
External Funding	0.000
CBC funding	1.800

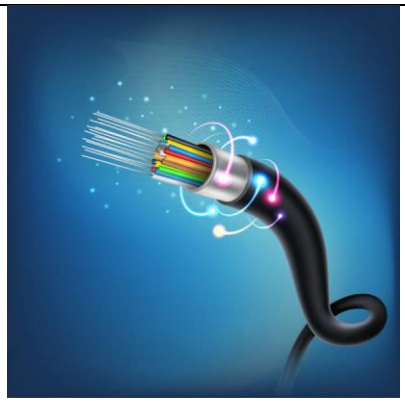
Rowan House	
The refurbishment of Rowan House will enable portions of the building to be rented to other organisations.	
Category: Carbon Reduction	
	£m
Project Cost	1.855
Additional Funding	**0.500**
Revised Project Cost	**2.355**
External Funding	0.528
CBC funding	1.827

Shrub End Depot	
Improvements are being made to Shrub End Depot to meet legal operational requirements and accommodate the demand to the service as the Borough grows.	
Category: Assets	
	£m
Project Cost	1.056
Additional Funding	**0.370**
Revised Project Cost	**1.426**
External Funding	0.000
CBC funding	1.426

Stanway Community Centre	
Development of a new community facility on the Western Bypass in Stanway.	
Category: Regeneration	
	£m
Project Cost	1.892
Additional Funding	**0.083**
Revised Project Cost	**1.975**
External Funding	1.975
CBC funding	0.000

Colchester Northern Gateway – The Walk	
To promote sustainable travel by linking a main pedestrian walk and cycle way through Colchester Northern Gateway. Increased costs of £1.143m. These will be funded £299k Amphora Energy and £443k Amphora Housing. £400k of increased cost will be funded by the Council.	
Category: Regeneration	
	£m
Project Cost	3.471
Additional Funding	**1.142**
Revised Project Cost	**4.613**
External Funding	4.213
CBC funding	0.400

LFFN	
Ensure our Borough becomes stronger by supporting businesses to recover and address the inequality of access to broadband by installing a fibre network.	
Category: Regeneration	
	£m
Project Cost	3.437
Additional Funding	**0.265**
Revised Project Cost	**3.702**
External Funding	3.228
CBC funding	0.474

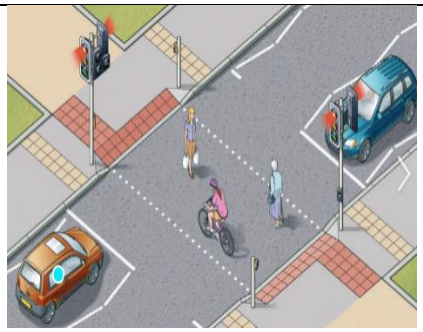


Heat Network	
Low carbon district heat system that provides renewable energy. This scheme is subject to approval by the Deputy Leader and Head of Finance. The model may prove unaffordable see section 6.6 above.	
Category: Regeneration	
	£m
Project Cost	6.500
Additional Funding	**2.052**
Revised Project Cost	**8.552**
External Funding	3.450
CBC funding	5.102

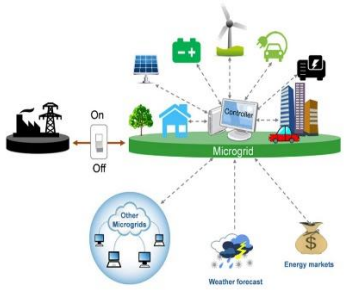
New Schemes added 2022/23 to 2025/26 reset

Land and Property Obligations	
See Confidential Appendix	
Category: Assets	
	£m
Total Project Cost	5.000
External Funding	TBC
CBC funding	5.000

Stanway Community Centre Toucan Crossing	
To promote sustainable travel by linking the crossing with community facilities to make Stanway Community Centre more accessible by foot or bike.	
Category: Regeneration	
	£m
Total Project Cost	0.200
External Funding	0.200
CBC funding	0.000



Grid Connection	
Future proofing for potential further development at Northern Gateway by providing a power connection. Subject to detailed business case.	
Category: Regeneration	
	£m
Total Project Cost	1.000
External Funding	0.000
CBC funding	1.000



Microgrid and Solar Farm	
Construct a solar park to support the Heat Network and future developments at Northern Gateway. £250k of feasibility funding needed in 2022/23 can be met from the existing capital programme allocation. Project subject to detailed business case.	
Category: Regeneration	
	£m
Total Project Cost	5.700
External Funding	0.000
CBC funding	5.700

Town Deal Schemes

Transforming Youth Provisions	
Building on existing youth provision, with a significant investment in facilities for young people. This will include the refurbishing and upgrading of the facilities in The Townhouse Youth Centre in West Stockwell Street.	
Category: Town Deal	
	£m
Total Project Cost	1.136
External Funding	1.136
CBC funding	0.000

Town Centre and Gateways Public Realm	
Investment in 4 public realm schemes at Balkerne Gate Phase 2, Holy Trinity Square, Essex County Hospital and Kerbless Streets (Sir Isaacs Walk) will enhance the accessibility and attractiveness of key town centre sites.	
Category: Town Deal	
	£m
Total Project Cost	2.772
External Funding	2.772
CBC funding	0.000

Town Centre and Gateways Historic Buildings	
Investment in the Grade 1 listed Holy Trinity Church will see it repaired, refurbished and adapted to become a new community hub operated by Community 360. The Towns Fund will also contribute towards the costs of restoring and repurposing the 'Jumbo' water tower.	
Category: Town Deal	
	£m
Total Project Cost	1.377
External Funding	1.377
CBC funding	0.000

Heart of Greenstead	
A major housing-led regeneration scheme at the centre of the estate, incorporating new active travel investment and the development of a new model neighbourhood which tackles the determinants of poor health. £2.3m awarded from the Estate Regeneration Fund, and potential £5m from Homes England. There is a HRA funding element which is reflected in HRA figures on Appendix C.	
Category: Town Deal	
	£m
Total Project Cost	34.583
External Funding	13.355
CBC funding	21.228

Digital Connectivity		
Investment in 1) a new digital skills hub in the Wilson Marriage centre, 2) a new digital working hub within the new Grow-on scheme at 43 Queen Street, of which SELEP are a funding partner and have contributed £3.8m, and 3) a new 5G-based project augmenting tourism through virtual and augmented reality.		
Category: Town Deal		
	£m	
Total Project Cost	7.119	
External Funding	6.219	
CBC funding	0.900	

Physical Connectivity		
Walking and Cycling links - Town Centre to Greenstead and University.		
Category: Town Deal		
	£m	
Total Project Cost	2.739	
External Funding	2.739	
CBC funding	0.000	

Appendix C Reset Capital Programme 2022-23

£m scheme cost including external funding	21/22	22/23	23/24	24/25	25/26
2021/22 Original Capital Programme	42.106	60.492	44.965	0.000	0.000
2021/22 HRA Original	40.292	40.821	37.282	27.071	0.000
2021/22 Total Programme	82.398	101.313	82.247	27.071	0.000
2021/22 Revised Programme	19.847	43.179	2.817	1.134	0.000
2021/22 HRA Revised	42.772	32.994	56.371	50.273	16.574
2021/22 Revised Programme	62.619	76.173	59.188	51.407	16.574
2022/23 new schemes					
St Marks Community Centre	0.000	0.020	0.280	0.000	0.000
Rowan House	0.000	0.000	0.500	0.000	0.000
Shrub End Depot	0.000	0.370	0.000	0.000	0.000
Stanway Community Centre	0.000	0.083	0.000	0.000	0.000
CNGS The Walk	0.000	0.400	0.000	0.000	0.000
LFFN	0.000	0.265	0.000	0.000	0.000
Heat Network	0.000	0.000	2.052	0.000	0.000
Land and Property Obligations- see confidential Appendix	0.000	0.000	5.000	0.000	0.000
Stanway Community Centre Toucan Crossing	0.000	0.200	0.000	0.000	0.000
Grid Connections	0.000	1.000	0.000	0.000	0.000
Microgrid and Solar Farm	0.000	0.000	5.700	0.000	0.000
Town Deal					
Transforming Youth Provisions	0.000	0.297	0.839	0.000	0.000
Town Centre and Gateways Public Realm	0.000	2.218	0.553	0.000	0.000
Town Centre and Gateways Historic Buildings	0.000	1.377	0.000	0.000	0.000
Heart of Greenstead	0.000	2.604	10.751	0.000	0.000
Digital Connectivity	0.000	2.442	0.000	0.000	0.000
Physical Connectivity	0.000	0.858	0.946	0.921	0.013
Total Additional GF schemes	**0.000**	**12.134**	**26.621**	**0.921**	**0.013**
Total Revised Capital Programme					
General Fund Programme	19.847	55.313	29.438	2.055	0.013
HRA Programme	42.772	32.994	56.371	50.273	16.574
Total Programme	**62.619**	**88.307**	**85.809**	**52.328**	**16.587**

Colchester	Cabinet	Item 7(iii)
	26th January 2022	

Report of	**Assistant Director of Corporate and Improvement**	**Author**	**Kieran Johnston** ☏ **07983 164744**
Title	**Request for Delegated Authority to Agree the Award of Contract for Microsoft Licensing**		
Wards affected	All wards		

1. Executive Summary

1.1 The Council, Colchester Borough Homes (CBH), and Colchester Commercial Holdings Ltd (CCHL) use Microsoft products and services extensively as a core part of the ICT provision. The Council manage the procurement, contract management, and supplier relationship on behalf of the Council, CBH and CCHL

1.2 The Council's current Microsoft Licensing agreement (covering the Council, CBH and CCHL) runs out on 30 September 2022. As such the Council needs to enter into a new contract via a compliant procurement process.

1.3 This report proposes that the Council makes use of a Crown Commercial Services (CCS) procurement aggregation opportunity to gain the best possible price for the next 3 year contractual period.

1.4 The CCS aggregation opportunity aims to collate the needs of customers from across the public sector to increase the volumes and gain the best price.

1.5 The CCS aggregation opportunity requires a commitment to award to the preferred supplier by 29th April 2022

1.6 If this option is pursued it is anticipated that the contract length will be 3 years, covering the period 01/10/2022 to 30/09/2025, with the potential value, over the term, being in the region of £1 million.

2. Recommended Decision

2.1 To delegate the authority to award the contract to the preferred supplier for Microsoft Licensing, under the CCS Microsoft Cloud Services Aggregation opportunity, to the Portfolio Holder for Resources, in consultation with the Assistant Director Corporate and Improvement Services.

3. Reason for Recommended Decision

3.1 The existing contract period is coming to an end and we must ensure a new licensing contract is in place to continue to use the business tools and services the Council, CBH, and CCHL rely upon.

3.2 Utilising the aggregation opportunity outlined ensures that the procurement is compliant and provides best value through maximising our volume-based buying power;

3.3 Delegating authority to the Portfolio Holder and Assistant Director for Corporate and Improvement enables the Council to agree the new contract within required timescales following the procurement exercise.

4. Alternative Options

4.1 Consideration was given to seek approval from Cabinet at the point of award of contract under the aggregated procurement but the timeline for this means that we would not have sufficient time at the point the award of contract is required.

4.2 The decision could be taken to run a separate procurement process to contract for licences separately and not take part in this aggregation. This is likely to lead to higher pricing and increase the costs to the Council of running the procurement exercise.

5. Background Information

5.1 Microsoft licensing enables the Council, CBH and CCHL to make use of all of the Microsoft core business applications in the cloud, the cloud server environment (called Azure), security and endpoint management, and the platform used to develop our business applications (known as the Power Platform).

5.2 The Council, CBH and CCHL have a combined total of around 1200 core Microsoft licences and a number of specialist licences. A total of 160 servers are running in our Azure Cloud environment which also hosts our virtual desktop environment.

5.3 Central Government negotiates public sector pricing with Microsoft on a regular basis and the latest agreement was in April 2021. Local Government licencing agreements are contracted via a Microsoft Licensing Reseller and not directly with Microsoft. Resellers add a margin onto the core licence costs agreed between Central Government and Microsoft.

5.4 The contract will be procured through a CCS aggregation opportunity which is a Public Contracts Regulations 2015 compliant process and is in accordance with the Council's Contract Procedure Rules and Procurement Strategy.

5.5 The CCS aggregation opportunity collates the needs of customers from across the public sector to increase the volumes and gain the best price through minimising the reseller margins charged. The service is offered free of charge by CCS and is a compliant, best value route to market. More information on the CCS aggregation opportunity can be found at Aggregation: Microsoft Cloud Services - CCS (crowncommercial.gov.uk).

5.6 The procurement process will be managed by CCS through the Aggregation Opportunity. CBC will provide the licensing requirements to CCS who will then follow a compliant route to market and appoint a supplier for the next 3 years.

5.7 The CCS aggregation opportunity timelines require a commitment to award to the preferred supplier by 29th April 2022, with the contract start date then being aligned to start the day after the end of the existing contract (01/10/2022).

6. Equality, Diversity and Human Rights implications

6.1 The relevant Equality Impact Assessment for the CBC Procurement Strategy can be found here or by following the path: www.colchester.gov.uk Home > Equality and Diversity > Equality Impact Assessments > Commercial Equality Impact Assessments

6.2 Through the Procurement Strategy, staff ensure that all future procurement and purchasing documentation recognises, understands and supports CBC policies with regard to equal opportunities, diversity and human rights.

7. Strategic Plan References

7.1 The provision of high quality, available, best value ICT services underpins the Council's ability to deliver against its strategic priorities.

8. Consultation

8.1 None

9. Publicity Considerations

9.1 None

10. Financial implications

10.1 The value of the contract is such that it requires approval by Cabinet and will be awarded via compliant process.

10.2 The budget for Microsoft licensing and cloud services is held within ongoing revenue budgets and the cost of this contract will be managed within the current overall budget management process.

11. Health, Wellbeing and Community Safety Implications

11.1 None identified

12. Health and Safety Implications

12.1 None identified

13. Risk Management Implications

13.1 By following a procurement process that is compliant with the Public Contracts Regulations 2015 and by implementing the controls and recommendations as set out in this report, the Council is seeking to mitigate against any potential risks or challenges.

14. Environmental and Sustainability Implications.

14.1 Microsoft have a commitment to being carbon negative by 2030; Microsoft will be carbon negative by 2030 - The Official Microsoft Blog

14.2 The Council actively manages the Azure server environment to ensure that only the required number of services are running at any one time.

14.3 Delivering high quality, efficient processes, maximising the use of Microsoft Licensing and services enables the Council, CBH and CCHL to deliver services as efficiently and sustainably as possible

Colchester	**Cabinet**	**Item 7(iv)**
	26th January 2022	

Report of	**Assistant Director of Corporate and Improvement**	**Author**	**Kieran Johnston** ☏ **07983 164744**
Title	**Request for Delegated Authority to Agree the Award of Contract for Telephony System**		
Wards affected	All wards		

1. Executive Summary

1.1 The contract for our Mitel telephone system which manages calls for our contact centre and delivers our standard "back office" phone lines is coming to an end, with the contract end date being March 2023. The current system is used by the Council, Colchester Borough Homes (CBH), and Colchester Commercial Holdings Ltd (CCHL).

1.2 The current telephone system is not optimised to support decentralised ways of working (for example home & remote working) and is focused on telephone calls only rather than managing other forms of contact (such as email or webchat) alongside voice.

1.3 Following informal market engagement, the Council has identified that moving onto a Microsoft Teams environment with an integrated Cloud Contact Centre solution, will provide immediate improvements in resilience and enable service improvement through the integration of other contact channels, increasing adoption over future years.

1.4 This report proposes that the Council procures a new solution through the Crown Commercial Services (CCS) Framework, agreement RM3808 following a mini competition.

1.5 It is anticipated that the contract length will be 3 years with options to extend for further years, with a whole life contract value in excess of £500,000.

2. Recommended Decision

2.1 To delegate the authority to award the contract to the Preferred Supplier, under the CCS Framework RM3808 – Network Services 2, to the Portfolio Holder for Resources in consultation with the Assistant Director Corporate and Improvement Services.

3. Reason for Recommended Decision

3.1 The existing contract period is coming to an end and the Council must undertake a procurement exercise.

3.2 Utilising the Crown Commercial Services (CCS) Framework, agreement RM3808 ensures that the procurement is compliant and that all major suppliers of a Microsoft Teams based service are engaged and provided with the opportunity to submit a tender; helping ensure best value and deliver the best solution.

3.3 Delegating authority to the Portfolio Holder and Assistant Director for Corporate and Improvement enables the Council to agree the new contract within required timescales following the procurement exercise.

4. Alternative Options

4.1 Consideration was given to seek approval from Cabinet at the point of award of contract under the aggregated procurement but the timeline for this means that we would not have sufficient time at the point the award of contract is required.

4.2 The decision could be taken to conduct a full OJEU compliant tender process. This would be highly unlikely to provide any added value in terms of options or price and would significantly increase the timescales for delivery and the cost to the council of running the procurement exercise.

5. Background Information

5.1 The current phone system is hosted in the Mitel Data Centre and there are dedicated links connecting the service to the Council. The current contract is with DUCL and was let through a framework agreement managed by Essex County Council. The contract end date is 31 March 2023.

5.2 The current contact centre telephone system is only accessible through the Council's virtual environment and is not available directly on a Council managed laptop. This means that Officers accessing the system are using computing resources on their local device and in the Microsoft Cloud to then access the phone system. This is not efficient from a performance perspective or a carbon perspective.

5.3 A project is being undertaken to look at reducing the number of licences and landlines needed for the new solution to a minimum, meaning we can scale any new system appropriately, minimising cost and maximising efficiency.

5.4 The current telephone solution has limited reporting and analytics and only manages phone calls. A Cloud Contact Centre solution based upon Microsoft Teams, would natively support email, chat bot, web chat and social media channels, with integration into our internal systems, our website, and other data sources; providing a seamless end-to-end customer solution.

5.5 Many Council officers access Microsoft Teams throughout their working day already and the specification for the new solution will be based upon the Teams platform; minimising the number of applications and maximising efficiency. The new solution will remove the need for physical phones on desks in corporate buildings and contact centre officers working at home will also be able to access the system simply through their home wifi.

5.6 There are a number of different suppliers who can offer a Microsoft Teams based solution and all of the major suppliers, as listed in the Gartner Magic Quadrant, are on the Crown Commercial Services (CCS) Framework agreement RM3808.

5.7 It is proposed that the contract will be procured through the CCS Framework agreement RM3808 – Network Services 2, which is a Public Contracts Regulations 2015 compliant

process and is in accordance with the Council's Contract Procedure Rules and Procurement Strategy

6. Equality, Diversity and Human Rights implications

6.1 The proposed ystem will improve accessibility to services for customers through opening up more channels for communication. Officers and customers will benefit from fully compliant, modern technology that is designed to ensure all users can have the best possible experience.

6.2 The relevant Equality Impact Assessment for the CBC Procurement Strategy can be found here or by following the path : www.colchester.gov.uk Home > Equality and Diversity > Equality Impact Assessments > Commercial Equality Impact Assessments

6.3 Through the Procurement Strategy, staff ensure that all future procurement and purchasing documentation recognises, understands and supports CBC policies with regard to equal opportunities, diversity and human rights.

7. Strategic Plan References

7.1 The provision of high quality, available, best value ICT services underpins the Council's ability to deliver against its strategic priorities

7.2 Environment and sustainability is embedded within all Council decision making and the approach outlined in this proposal supports this through less data processing and reduced need for physical telephone handsets (reduced resources).

8. Consultation

8.1 None

9. Publicity Considerations

9.1 Good communication with our residents, businesses and partners is vital and the Council must ensure that our contact systems are robust, secure, and modern; enabling customers to contact us effectively on modern channels

10. Financial implications

10.1 The value of the contract is such that it requires approval by Cabinet and will be awarded subject to a competitive tender process.

10.2 The budget for telephony is held within ongoing revenue budgets and the cost of this contract will be managed within the current overall budget management process

11. Health, Wellbeing and Community Safety Implications

11.1 Through this contract the Council will ensure that access to services for all residents, businesses and partners are maintained and improved. New ways to contact the council and opportunities to adopt web chat, bots and enhanced communication via social media can be enabled

11.2 Officers will benefit from an improved and more straightforward interface for making and receiving calls with more options to work remotely.

12. Health and Safety Implications

12.1 None identified

13. Risk Management Implications

13.1 By following a procurement process that is compliant with the Public Contracts Regulations 2015 and by implementing the controls and recommendations as set out in this report, the Council is seeking to mitigate against any potential risks or challenges.

14. Environmental and Sustainability Implications

14.1 Enabling Contact Centre staff to work remotely more easily reduces the need to travel to Office locations ; minimising the emissions from staff commuting

14.2 Removing the need for physical handsets from corporate buildings reduces power consumption and the need to maintain assets; minimising the carbon impact and consumption of natural resources used in the phones

14.3 Utilising a cloud-based solution enables the Council to take advantage of suppliers with shared infrastructure and economies of scale and removes the need for local infrastructure; minimising carbon emissions.

14.4 Maximising the use of Microsoft teams and reducing the number of IT applications in use minimises the cloud resources used; minimising the carbon impact. Government guidance document 'The technology code of practice' has been republished recently to specifically reference the need to 'make your technology sustainable'. The use of Cloud solutions are referenced as more efficient.

Extract from the draft minutes of the Policy Panel meeting of 24 November 2021

33. Mitigations Council can make regarding loss of Universal Credit uplift, and financial inequalities

A Panel member had received a statement on this item from Citizens' Advice Colchester [CAC]. CAC had operated in Colchester since 1939 and listed the pressures affecting local residents this Winter. The most widespread issues bringing people to contact CAC were debt, Universal Credit [UC] and benefits/taxation difficulties. Council Tax arrears alone had led to 798 queries being submitted to CAC. The loss of the UC uplift had disproportionally affected the young, those with disabilities and those dealing with mental health issues. CAC detailed the work they carried out to support those in need, and the intention to seek to place advisors at sites used by the Foodbank and at the C360 centre in the Town Centre. It was stressed that many of the most in need had no access to internet, and that phone and face-to-face contact options were vital.

The report was presented by Leonie Rathbone, Assistant Director – Customer, and Jason Granger, Group Manager – Customer. The officers highlighted the key points as to how the Council could and did help those in need, including those who had been in receipt of the uplift in UC. Of UC recipients, some were working on low income, some were out of work and some were unable to work. The last Budget announced an increase in work allowances by £500pa for certain recipients who were in paid employment and a reduction in the taper rate. Appendix A to the report showed what assistance the Council could and did supply.

The Council had an existing financial support team working to help those in hardship. The team had used some of their capacity specifically to assist those affected by the loss of the UC uplift. Members of the team were working on-site with partners to provide support and advice directly. The pandemic was still affecting people and services. The financial support team had distributed £1.57m in test and trace support payments and continued to make support funds available.

There had been significant changes in the labour market and people were entering and experiencing the welfare and benefits system, many for the first time in their lives. The team could advise and support those using the system and assist in challenging decisions which were felt to be unfair. Officers could offer advice to maximise income and help individuals make the most of employment opportunities, with two employment support officer positions being funded by the Department for Work and Pensions. This allowed the team to take a longer-term approach to helping people gain training and employment. Fuel poverty was also being addressed by officers, with a range of mitigations available.

The Digital Access Support Team's work was outlined, to reduce digital exclusion within the Borough.

Regarding housing, the Group Manager gave assurance that, for the Council and Colchester Borough Homes [CBH], eviction of tenants remained an option of last resort, with CBH's Financial Inclusion Team working with residents to identify solutions to financial problems. A Panel member asked what happened regarding tenants subject to CCJs and who were unable to pay rent, and what happened to arrears and evictees in the case of eviction. The Assistant Director (Customer) explained that these questions would need to be raised with CBH, as they managed matters relating to evictions. The priority remained to build sustainable tenancies. Discretionary housing payments continued to be made to residents struggling to cover rent payments and £415k of grant funding had been obtained to help maintain tenancies. The Panel noted that this was a smaller sum than was provided in the previous year, and that inflationary factors were increasing upon households.

CBH have restructured to expand the team working to help rough sleepers, where many cases of rough sleeping revolved around mental health conditions which required action to address. Elsewhere, the Healthy Homes Team worked to ensure improvements in living conditions and grants and loans were still being processed to allow disability adaptions to be installed. Expanding upon this, the Assistant Director (Customer) informed the Panel that an extra fund was expected soon to be available to help vulnerable renters on low incomes. Work as to how funds would be made available was in its early stages.

Addressing concerns about accessibility of services and advice, the Assistant Director (Customer) informed the Panel that officers were to join the C360 one-stop-shop in Colchester Town Centre [Long Wyre Street] so as to be able to conduct face-to-face work with residents at that location. This was in addition to other face-to-face options and contact avenues online and via telephone. The Council's target was to answer all telephone calls within 60 seconds; all staff working via 'phone were trained to ensure that residents received the correct support.

The officers were asked, in relation to the 14,801 UC claimants in the Borough, how many residents in total were dependent on UC payments, including dependents of claimants. A Panel member noted if the total was just twice the number of UC claimants, then around one in ten residents of the Borough relied upon UC payments being made. Officers explained that data to answer this question was not readily available, but that it would be fair to make assumptions of the type made [as noted above].

The Panel discussed the impact on the local economy of 14,801 claimants on low incomes in the local area. The difficulties and perceived stigma attached to claiming UC were raised, especially with additional hardships such as rising energy prices. Praise was given to work done with local food banks, with advice provided and 'business cards' with signposting information included within food bank packages. It was queried whether the available funding would be sufficient, and whether the County Council could lobby central government for additional funds. The Panel were told that local levels of need remained unknown at this point, but information could be reported back as the situation became clearer over time.

The Assistant Director (Customer) answered questions about digital exclusion, explaining that some without online access gained help from friends and family, that support was available from the Council's Digital Access Team and from Council advisers at various locations, including at GP surgeries. 'Phone contact remained a popular option and home visits could be arranged with the Digital Access Team to assist those who had difficulty in accessing online contact options. There remained a good range of non-digital contact options. A Panel member queried whether there was potential for the Council to be able to issue reconditioned devices to those without hardware capable of connecting to the internet.

The Panel discussed the likelihood that the coming Winter would be hard for many, and details were requested as to liaising with Citizens' Advice Colchester to ensure that vulnerable people didn't fall through the system and miss out on potential help and advice. It was also queried whether any funding gained to support residents through the Pandemic were still available and could be used to meet emergency needs of residents during the Winter. The Group Manager gave assurance that the Council had a long relationship working with Citizens' Advice which was most effective when the organisations worked together from the C360 Hub in Colchester. This helped the organisations collaborate in assisting residents.

Essex County Council funding had been sourced for a Welfare Benefits Adviser role, to help support and advise residents in hardship during the coming Winter.

The Panel discussed the ending of the £20 uplift to UC, with different members stressing that, whilst this was a national issue, the Panel's duty, and the report's purpose, was to look at the local situation and examine what the Council could do to address hardship experienced by residents. The report and work of officers were praised, and a Panel member argued that, as funding was limited, this emphasised the need for partnership working with others, so as to maximise what could be done to help residents, and what additional funding pots could be applied for. In response to being asked if the Council could provide more funding to Citizens' Advice, the Group Manager outlined the general levels of funding, support and advice that the Council provided and agreed to find out the details as to current funding provided and to circulate this to the Panel.

A Panel member raised concern regarding UC recipients who were already in low-paid employment, or unable to work, and the pressures on UC recipients from inflationary pressures such as rising fuel costs. The officers were asked how individuals might apply to receive a share of the support fund which had been mentioned as now being available. The Assistant Director (Customer) explained that officers were working with the County Council to get details as to how Household Support Fund payments could be disbursed to those who needed them. ECC had given assurances that these could be disbursed via the Essential Living Fund. The Council would promote the details of this and advice potential claimants, working with C360 and Citizens' Advice to advise residents on how to apply. The Group Manager agreed to provide details of the Household Support Scheme to members of the Panel.

Addressing the claiming of UC by those unable to work, the Group Manager explained that Personal Independence Payments [PIP] and attendance allowances were underclaimed. The Council was working to identify those who qualified and advise on how to claim.

The Panel requested more information on the outputs and impacts of the Council's work and mitigatory actions and asked what was done to analyse the effectiveness of measures used, and levels of uptake. It was suggested by one member that there was a case for increasing the flow of information and data to Cabinet members. The Assistant Director (Customer) explained that all data relating to outcomes from Financial Support Team interventions were available. The Council also had access to data from the Essential Living Fund, via ECC, and used this to find ways to increase uptake of support. The Council focused on evaluating data and outcomes to ensure maximum effectiveness.

It was noted by the Panel that the report did not mention the possibility of changing the taper on Council Tax rates as a potential mitigation and it was asked whether the Policy Panel could explore that option. The Group Manager confirmed that there had been discussion of the taper rate. Officers had discussed options relating to how claims for Local Council Tax Support were tapered, according to claimant earnings. Details were given of the 'disregard rate' and clarification given that 20p in each £1 was deducted from payments to claimants who exceeded the earnings threshold. The details of the Local Council Tax Support Scheme started to be set out in June each year, and the Panel were advised that June was therefore the best time for recommendations to be made relating to the Scheme for the following financial year .

The Panel discussed increasing fuel costs and asked if there would be any extra support for those with disabilities and/or those who were out of work. The officers confirmed that addressing fuel costs/poverty was a central part of their work. Winter Fuel Grants were underclaimed and the Council was increasing its advertising of these.

A Panel member requested that the Council's website continue to advertise advice and support options and keep a banner on its homepages to provide a link to advice and help. It was asked if the Council would continue to operate its pop-up shop presence and continue face-to-face access to services and support, rolling this out across the Borough. The Assistant Director (Customer) gave assurance that the website would be updated, and support links maintained. Information on winter support would be updated as and when developments occurred. It was planned for all elected members to be emailed with details as to where information can be found on the website, so this could be circulated to residents by their councillors. The pop-up shop would continue alongside work to create more digital access for Council services. Officer placements in community centres/facilities and GP surgeries were described. Elected members were encouraged to work with parish councils to find service access points in communities.

A Panel member remarked that information on the Warm Home Discount Scheme shown on the Council's website was impenetrable and needed to be simplified. The Assistant Director (Customer) explained that all areas of the website were being revamped and information on the Warm Home Discount Scheme would soon be

simplified and improved, with reductions in technical jargon and simplified information on the application process. This would be completed by January 2022.

The Panel expressed a wish for future updates on the matters within this item and report, especially given the number of current unknowns. Whilst the Council had limits to what it could do, the Panel emphasised that the Council could act as a facilitator, guide and coordinator. The Panel thanked the officers attending, and their teams, for all the work that they had carried out, and for the information provided.

RECOMMENDED to CABINET that: -

(a) The report and appendix be circulated to all elected members of the Council;

(b) An all-member briefing be held in February or March 2022 to provide further information on Council mitigations and outcome data;

(c) Cabinet considers this report and the comments and deliberations of the Policy Panel.

Colchester

Policy Panel

Item 9

24 November 2021

Report of	**Assistant Director – Customer**	**Author**	**Jason Granger** ☏ **07889 445614**
Title	**Mitigations Council can make regarding loss of Universal Credit uplift and financial inequalities**		
Wards affected	**All Wards**		

1. Executive Summary

1.1 In response to the Covid-19 pandemic the Government announced an uplift to Universal Credit and Working Tax credits worth £20 a week. Initially planned to last for a year, the policy was extended by six months in the March 2021 budget. The uplift has ended from 6 October 2021.

1.2 This report details how the Council can support residents who no longer receive this uplift and help reduce financial inequalities.

2. Action Required

2.1 The panel is invited to review and comment on how the Council is supporting residents affected by the removal of the £20 uplift.

3. Reason for Review

3.1 The Covid-19 pandemic resulted in significant Government support for residents, businesses, and communities. Many of these support schemes have, or are, being withdrawn. This could lead to a rise in financial inequality.

3.2 The Council, alongside key partners, can offer practical support to residents adjusting to the withdrawal of support with the intention of preventing hardship and financial inequality.

4. Background Information

4.1 Universal Credit helps those of working age with living costs, including rent, and can be claimed by those on a low income, out of work or by those who cannot work. It is paid monthly. Currently 14,801 residents are claiming Universal Credit in Colchester.

4.2 In his initial response to the Covid-19 crisis in the March 2020 Budget, the Chancellor announced a temporary one-year uplift in entitlements to Universal Credit and Working Tax Credit, of £20 per week. In the following Budget – March 2021 – the Universal Credit increase was extended for another six months, and claimants of Working Tax credits were paid a one-off equivalent amount (£500).

4.3 The Universal Credit uplift has now permanently ended from 6 October 2021. This means most residents would have received their final increased payment in September 2021.

4.4 The 2021 Autumn Budget and Spending Review announced further changes to Universal Credit. The Government announced:

- The Universal Credit taper rate – the amount of benefit taken away for every £1 earned above the work allowance – will be reduced by 8% from December 2021 bringing it down from 63% to 55%. This will mean those in work and claiming Universal Credit will be able to keep an additional 8p for every £1 of net income they earn.

- An increase of the work allowances by £500 per year. This will increase the amount that households with children or a household member with limited capability for work can earn before their Universal Credit award begins to be reduced

These uplifts to Universal Credit will apply only to those working. Whereas the £20 weekly uplift applied to those claiming Universal Credit whether in work or not.

4.5 **Appendix A** is a presentation by Assistant Director – Customer that details the practical support that is being provided by the Council to help residents navigate changes to Universal Credit and the wider financial implications of the Covid-19 pandemic.

5. Equality, Diversity and Human Rights implications

5.1 This report deals with a local response to prescribed national legislative amendments. Therefore, an Equality Impact Assessment has not been completed.

6. Strategic Plan References

6.1 The Council's Strategic Plan sets out 15 priorities, one of which being:

'Tackle the causes of inequality and support our most vulnerable people'

6.2 This report details Council interventions and how these can help mitigate financial inequalities with Colchester.

7. Consultation

7.1 None required.

8. Publicity Considerations

8.1 Much of the work to support residents will be carried out by the Financial and Employment Support team. The team is publicised via our website and through a network of partners.

8.2 Residents can make direct contact with the team, and they also accept referrals from community partners acting under authority of the resident.

9. Financial implications

9.1 There are no financial implications above the approved budget for the Financial and Employment Support Team and other substantive services.

10. Health, Wellbeing and Community Safety Implications

10.1 The proposals contain provision for dealing with welfare concerns of residents, particularly vulnerable people and the support is intended to limit hardship.

11. Health and Safety Implications

11.1 There are no health and safety implications.

12. Risk Management Implications

12.1 This report outlines support provided to residents as national government Covid-19 support schemes are withdrawn. The support is intended to mitigate any resulting financial inequalities.

13. Environmental and Sustainability Implications

13.1 There are no environmental and sustainability implications.

Appendices

- **Appendix A** – Presentation by Assistant Director – Customer ‘Mitigations Council can make regarding loss of Universal Credit uplift and financial inequalities - Support for residents’

Appendix A

Mitigations Council can make regarding loss of Universal Credit uplift and financial inequalities

- Support for residents

Policy Panel – 24 November 2021

Colchester Borough Council

Leonie Rathbone – Assistant Director – Customer
Jason Granger – Group Manager - Customer

Financial and Employment Support

Issues faced by residents	Resolution
15,000 of our residents are claiming Universal Credit and many will be losing £20 per week temporary uplift due to Covid	Working with County partners and our colleagues in DWP to support residents to maximise their income We will be working in the Job Centre Plus in Chapel Street and two new Job Centres to offer a wraparound service that is not provided by DWP (including priority debt and housing support)
Residents being told to self-isolate leading to financial hardship	We administer Test and Trace Support Payments - further allocations from Central Government and ECC are continuing into the winter
Many who are currently employed could be affected by the end of the furlough scheme and radical changes in the job market	Support residents (who may be claiming Benefits for the first time) to maximise their income through Benefits and make them aware of what is available to them
Rising fuel costs	Work with residents to ensure they are accessing services such as The Green Doctor, Extra Winter Fuel Payments, Warm Home initiatives
Ability to meet basic day to day living expenses	Partnership working with Colchester Foodbank where CBC officers provide users with specialist advice on income maximisation and employment/training opportunities Vulnerable households across the country will be able to access a new £500m support fund to help them with essentials over the coming months as the country continues its recovery from the pandemic.

Financial and Employment Support Team

Issues faced by residents	Resolution
Residents struggling to find work	We have recruited (funded by DWP) two Employment Support Officers to help those who are furthest from the employment market to find work These officers will be based at Job Centre Plus locations to be available for immediate referrals on a day to day basis We will work across partnerships (for example ECC, University and Institute) and through One Colchester embedding their role as key anchor institutions
Residents who are unable to access the internet to apply for jobs	We will enhance the role of the Digital Access Team who, along with many other partners, provide devices and digital support to minimise the challenges faced by residents who have trouble accessing online opportunities
Residents struggling to manage work and family life	As part of the Working Families Strategy ECC are launching an Essex Employers Family Friendly Charter to enable working families to balance their work and caring commitments This will commit organisations to develop and agree a set of principles that govern effective family friendly employment practice across the county to actively promote family friendly practice to the employment market and wider supply chains
Lack of opportunities and change in the employment market	We are working with partners to promote local jobs (for example - The Knowledge Gateway at Essex University, New Health Academy in North East Essex and CBC) We are part of the ECC Anchor Network who are working on five key themes to help residents including employment, skills and workforce This work is developing fast and providing opportunities for our residents

Housing Support Colchester Borough Homes and Colchester Borough Council

Issues faced by residents	Resolution
Residents facing eviction	Colchester Borough Homes will only evict as last resort Support for residents renting privately is available to help prioritise debt and manage repayment plans to prevent homelessness Discretionary Housing Payments and Exceptional Hardship Payments to help those struggling to meet their rent and council tax liabilities
Rough sleeping	Rough sleeper team restructured to strengthen prevention work with partners and now includes secondments from mental health, trauma informed counselling and support with addiction New supported accommodation pathways are in place for winter Demand and emerging issues are complex, with high physical and mental health problems that cannot be resolved without long term supported housing projects
Residents living in unsuitable housing	Healthy Homes Team within CBC ensuring the most clinically vulnerable have an improved living environment Grants and Loans are available to help with home adaptations Our Private Sector Housing Team is focussed on ensuring people live in safety and will prosecute criminal landlords when necessary

Cabinet	Item 8(i)
26 January 2022	

Report of	**Assistant Director of Place and Client Services**	**Author**	**Geoff Beales ☏ 506514**
Title	**Housing Revenue Account Business Plan 2022-2052**		
Wards affected	All wards		

1. Executive Summary

1.1 The Housing Revenue Account (HRA) Business Plan sets out the Councils plan for managing and maintaining its social housing stock. It records the expenditure and income of running its Housing Revenue Account and closely related services or facilities, which are primarily for the benefit of our tenants.

1.2 This Business Plan identifies how the housing service is delivered, as well as showing what it costs and how the finances will develop in the future, showing that the plan is laid on firm foundations and is sustainable and viable for the future. It defines the priorities for investment and gives a summary of the key risks with actions to mitigate these risks.

1.3 The Business Plan balances the need for borrowing (to build new homes) and prudent spending within a framework of choice in prioritising the delivery of new health and safety measures, the need for meeting demand for more social housing, keeping homes decent and addressing the challenges of energy efficiency and climate emergency. This is undertaken, whilst currently also dealing with rising building cost inflation, higher contract costs, higher labour and materials costs and supply chain issues affecting delivery.

1.4 The plan demonstrates how the challenges and changes from the Governments Social Housing White Paper will be met through compliance works for building safety, electrical inspections, fire risk assessments (including smoke alarms and CO2 monitoring) and fire door inspections. Following the Grenfell fire tragedy, a robust framework is in place to ensure properties are safe, there is a requirement for an increased frequency to inspections and assurance needs to be provided that subsequent works are completed.

1.5 Spending plans include costs to ensure that all our homes meet the Government standard of energy performance (Band C Energy Performance Certificate) five years early in 2030. The plan continues to support improvement of the energy efficiency of our properties, tackling fuel poverty and inequality in our stock so that the tenants benefit from warmer homes at a lower cost where possible.

1.6 Costs to reduce emissions from our stock to a zero net carbon level have been calculated to be £87m-£102m. The Plan sets out a strategy to invest in an “fabric first approach”, to insulate the poorest performing homes, before adding ever-improving technological solutions as this national problem is addressed. We will continue to monitor and develop an understanding of the technical solutions available to us and will seek funding to support delivery.

1.7 The plan ensures we deliver our Asset Management Strategy (2022- 2027) ensuring that we meet requirements to keep the stock decent and affordable considering future

changes to the Governments Decent Homes Standard, taking a fabric first approach to the retrofit of properties ensuring that they are as energy efficient as possible

1.8 The Council has ambitious plans for the development of homes and the plan ensures that there is capacity to deliver on our current plans of delivering new social homes through new build or acquisition. The New Council Housing Programme increases borrowing in the short term for construction, but the properties then reduce overall Housing Revenue Account debt in the longer term (due to the additional rents they continue to generate). That ensures that the Council continues to provide as many affordable homes as it can, giving great social value, whilst maintaining prudent financial planning.

1.9 The Business plan will be reviewed in five years with an annual update to the financial modeling provided to Cabinet annually at its January meeting. However, this Business Plan continues to push ambitions against a prudent financial context, balancing the competing needs in a way that can be justified economically, both in the short, medium and long-term consideration of the next 30-year period.

2. Recommended Decision

2.1 To approve the revised Housing Revenue Account Business Plan 2022 to 2052. (Attached as Appendix 1 to this report)

3. Reason for Recommended Decision

3.1 The HRA Business Plan sets out the Councils strategic plan for managing and maintaining the Borough's social housing stock. It sets out in detail the council's short to medium term plans and priorities for its housing and asset management services (5 years) and provides a long term (30 year) forecast on stock investment and financial planning.

3.2 The HRA Business Plan shows a sound and sensible balance for the priorities of the Council being advanced over the Business Plan period. It gives an economically sustainable strategy for which to go forwards, meeting the statutory health and safety requirements, improving the decency of homes, providing more homes and starting the journey towards carbon neutrality. This is a good framework from which to make decisions on a daily basis moving forwards, aligned with the Strategic Plan and Council priorities.

4. Alternative Options

4.1 To continue with the existing plan but this is out of date and does not reflect the Councils current priorities for delivery of new affordable housing or maintaining its existing stock.

4.2 To start the HRA Business Plan review afresh, however, this would not reach any better outcome and would delay ongoing work and planning.

5. Background Information

5.1 The HRA Business Plan sets out the Councils plan for managing and maintaining its social housing stock. It also sets out the Councils short to medium term plans and priorities (5 years and provides a longer term (30 year) forecast on stock investment and financial planning.

5.2 The Council owns 5920 properties for rent and the freehold of over 1050 leasehold flats across the Borough in addition to over 2200 garages and other buildings. The properties are managed through its Arm's Length Management Organisation (ALMO), Colchester Borough Homes (CBH).

5.3 The HRA is intended to record expenditure and income running a council's own stock and closely related services or facilities, which are primarily for the benefit of the councils tenants.

5.4 The main features of the HRA are:

- It is a landlord account, recording expenditure and income arising from the provision of housing accommodation by local authorities
- It is a ring-fenced account of certain defined transactions, related to local authority housing
- The major items of expenditure included in the account are management and maintenance costs, major repairs, loan charges and depreciation costs
- The main sources of income are in the form of tenants' rents and service charges

5.5 Legislation sets out the rules for the HRA including the ring fencing. There is no general discretion to breach the ring-fence, local authorities cannot budget for a deficit and all borrowing within the HRA is in line with the Chartered Institute of Public Finance (CIPFA) Prudential Code.

5.6 The housing stock represents CBC's highest value asset(s) and repair and maintenance cost is the largest liability. The properties owned is worth many millions of pounds, either as capital assets or as revenue generating assets and therefore planning for its sustainable future is fundamental as part of the planning and investment arrangements.

5.7 The last Business Plan was undermined by several changes as part of the Housing and Planning Act, along with the Government's decision to impose a 1% rent reduction for four years. This significantly impacted on our capacity to deliver on our objectives. However, circumstances have now changed, reverting back to annual rent increases and the borrowing cap removed giving CBC the financial ability to maintain its stock and capital/investment programme.

5.8 The Business Plan details the following priority areas of work:

- The Governments Social Housing White Paper presents a new set of challenges for the Council and CBH in respect of community engagement/consultation, increased fire safety, compliance and building safety measures.
- Government has signalled support for councils to develop new homes. We have been working towards identifying prudential rules to ensure that whatever borrowing is undertaken is affordable and sensible.
- The Business Plan sets out our ambition to deliver 268 new homes and 90 acquisitions by 2027. New homes can be built and bought directly from developers such as our own company Colchester Amphora Homes Ltd.

- There is also greater attention than ever on the impact of climate change. We have been investing in homes to make them more energy efficient and to reduce carbon emissions from materials and heat loss.

5.9 The Business Plan identifies how the service is delivered as well as:

- What it costs and how we think the finances will develop in the future
- Show that our plans are laid on firm foundations, are sustainable and viable
- What additional resources we might have for investment
- What our priorities are for investment
- A summary assessment of the key risks in the delivery of the business plan with actions to mitigate these risks.

5.10 The new and revised Business Plan shows that the challenge of delivering changes to regulation and legislation following the Governments Social Housing White Paper can be delivered. There is significant new cost, these costs are all included in the revised Business Plan and include, fire safety, building safety, gas and electric safety and compliance.

5.11 The investment priorities for keeping the stock decent over the next five years are included in the revised Business Plan. However, this may need to change when the government concludes its review of the Decent Homes Standard in Autumn 2022 and issues revised guidance.

5.12 There is a need for new homes and costs of borrowing for development and acquisitions are included in the plan. CBC will continue with its plan to deliver 350 new social homes and explore options on further acquisition of properties utilising Right to Buy receipts. However, we will be constrained on the use of 1-4-1 right to buy receipts given that new rules limit acquisitions to 20 per year.

5.13 Reviews of sheltered housing schemes will be undertaken resulting in the identification of further investment in some sheltered properties to ensure that the properties remain fit for the future. Currently work is ongoing at Elfreda House where the scheme has been demolished and is currently being rebuilt to modern day building standards.

5.14 As per the draft Asset Management Strategy costs for getting all properties up to a Band C EPC (Energy Performance Certificate) rating are included in the plan. This involves work to 901 properties at a cost of £2.5m which will be completed by 2030, 5 years ahead of the required date set by Government. Works will be completed on a worst first basis. This is on top of previously approved extra investment of £4.4m for 20201/22 and 2022/23 to make properties more energy efficient and produce less carbon.

5.15 Cost for work to decarbonise our stock are not included in the Councils carbon targets, through the work in the draft Asset Management Strategy these costs are currently estimated at £87m-£102m. The Council continues to develop an understanding of the technical solutions available and funding streams to deliver decarbonisation to our stock. In the meantime, we will take a fabric first approach when retrofitting properties and ensure stock meets the energy efficiency targets set by Government. Several new council homes have been and will be handed over to residents with properties built to future homes standards with air source heat pumps installed.

5.16 As opportunities arise the Council in partnership with CBH will bid for Social Housing Decarbonisation Funding (SHDF) as and when this becomes available. We will continue to monitor the development and implementation of new technology to deliver net zero carbon and where opportunities arise look to be innovative in implementing them.

5.17 The Business Plan and financial modelling will be updated on an annual basis and reported to Cabinet with the budget papers in January each year. The Business Plan will be reviewed in five years' time.

6. Equality, Diversity and Human Rights implications

6.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2 The recommendations will have no disproportionate impact on any protected group. The Equality Impact Assessment for the HRA Business Plan can be found here.

7. Strategic Plan References

7.1 The Strategic Plan sets out clearly the Council's priorities. The budget process has been designed to ensure that resources are allocated to meet these priorities.

7.2 This decision particularly contributes to the following Strategic Plan 2021-2023 priority areas:

- **Responding to the Climate Emergency**
  - Reduce carbon emissions to help achieve a zero-carbon footprint for Council services for 2030
  - Environment and sustainability imbedded in all Council decision making and the adaption and recovery from Covid-19

- **Tackling the causes of inequality and support our most vulnerable people**
  - Support people to live in healthy homes that meet their needs

- **Increase the number, quality, and types of homes**
  - Improve existing Council homes to keep them in good repair and improve energy efficiency
  - Continue to improve and modernise available housing for older people

- **Prevent households from experiencing homelessness**
  - Work with partners to deliver the 2020-23 Homelessness and Rough Sleeping Action Plan
  - Intervene early to prevent homelessness and work in partnership with other organisations to sustain people's accommodation
  - Tackle rough sleeping in the Borough

- **Enable economic recovery from Covid 19 ensuring all residents benefit from growth**

- Ensure our Borough becomes stronger post Covid 19 by supporting businesses to recover, adapt and build resilience
- Develop opportunities to ensure the new economy is greener, sustainable, and more resilient

- **Create an environment that attracts inward investment to Colchester help businesses to flourish**
  - Encourage green technologies and innovative solutions to the Climate Emergency
  - Maximise the social value benefits derived from third party contracts
  - Ensure the Councils assets continue to contribute to economic growth and opportunity

8. Consultation

8.1 Both CBC and CBH recognise that residents, play a central role in future policy setting and to that end both tenant and leaseholder representation have been consulted through a task and finish group during the production of this strategy along with a short survey. There are also the results from the STAR (Survey of Tenants and Residents) survey that will be used to help formulate an action plan.

8.2 CBH will need to develop a resident engagement action plan to include more consultation with residents to help tenants and leaseholders understand and take responsibility and understand safety of their homes.

8.3 Further engagement will also be required in increasing understanding of climate change and net zero carbon, so tenants understand what must be done and how this will be done to achieve our goals and aspirations in managing our assets.

9. Publicity Considerations

9.1 Good communication with tenants and leaseholders is vital and the Council, working closely with CBH, will issue information to its tenants and leaseholders to advise them of the impact of the Asset Management Strategy, a joint communications plan will be developed.

9.2 The revised Asset Management Strategy will be published on the CBC Strategies page of the website.

9.3 Once completed the action plan developed from the strategy will also be available on the website and updated regularly.

10. Financial implications

10.1 As set out in the revised Business Plan attached as Appendix 1 to this report.

11. Health, Wellbeing and Community Safety Implications

11.1 It is broadly expected that communities where these works will take place will be positively affected by the completion of the works. Improved buildings and estates reduce anti-social behaviour and crime, improve health and associated outcomes for residents and communities. The quality of housing has a significant positive impact on the health of residents within those properties.

12. Health and Safety Implications

12.1 Contractors who bid for works are expected to demonstrate a strong track record and high level of competence in managing health and safety through any procurement process. Contractors then manage health and safety on sites managed by CBH, although ultimate responsibility remains with the Council as the contracting authority.

13. Risk Management Implications

13.1 A new Business Plan is required to reflect the Councils changing obligations around ensuring homes are decent, safe, and compliant. To not agree the new plan could lead to the Councils stock not being fit for purpose and possibly subject to reputational damage, regulation penalties and disrepair claims.

13.2 Other key housing risks include: government rent policy, Right to Buy, welfare reform, demand for housing and the Social Housing White Paper. These are all detailed within the plan.

13.3 It is also important to understand the cost and assumptions around interest rates. Currently the base rate is at 0.1%, however, there appears to be a trajectory for future base rate increases. This will be important to monitor as CBC looks to continue development of new homes.

13.4 Shortages of skilled labour and issues with the supply of materials have been well documented and these have driven cost inflation in the housing sector in recent months. This rise in costs may have a knock-on effect in terms of future new supply and viability of new developments along with increases in materials and services placing an upward pressure on costs.

13.3 As part of the Councils and the Governments wider ambition to meet the net zero carbon challenge social housing providers have been set a target for energy efficiency of properties to attain an Energy Performance Certificate rating of Band C by 2035. By not implementing the Business Plan we may miss this target.

13.4 On approval of the Business Plan an action plan will be developed for the implementation of the Asset Management Strategy to monitor implementation and delivery of the recommendations and requirements as set out to ensure delivery in a timely manner over the next five years and within the budget framework set.

13.5 Further monitoring of the Business Plan will be carried out by the CBC Client Team and CBH officers as part of a formal review process. An update on the Business Plan is provided to Cabinet annually at the January meeting.

14. Environmental and Sustainability Implications

14.1 As part of the Housing Asset Management Strategy a Housing and Environmental and Sustainability Strategy has been produced. Using a specialist energy efficiency modelling database, we have looked at scenarios for delivering all our homes to EPC Band C by 2030. There are an estimated 901 homes that fall below this band and the cost of retrofitting these properties is estimated to be £2.5m. The cost of the work is included in the revised Business Plan along with previously approved extra investment of £4.4m for 20201/22 and 2022/23 to make properties more energy efficient and produce less carbon.

14.2 CBC has been taking action to improve the energy efficiency of our properties, cold damp houses and inequality in our stock create poorer health outcomes. Energy efficiency works take a fabric first approach to retrofit and include loft and cavity wall insulation and moving to installing Air Source Heat Pumps from our Capital Programme. This ensures we are tackling fuel poverty and making utility bills cheaper.

14.3 Where possible water saving measures and LED lighting are installed

14.4 There are no new PV installations planned, but where installed, tenants benefit from savings and the Council receives revenue returns which are re-invested into other initiatives.

14.5 The Government has a target that all social rented homes will be net zero carbon by 2050. The Council continues to develop an understanding of the technical solutions available and their cost as it continues to seek funding to support delivery and consider the financial viability of properties. The cost to zero carbon the Councils housing stock is estimated at between £87m-£102m. Several new homes have and will be handed over to residents that are built to the future home's standard and with air source heat pumps installed.

Appendices

Appendix 1 – Housing Revenue Account Business Plan 2022-2052

APPENDIX 1

Colchester Borough Council

30 Year HRA Business Plan Draft

December 2021

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DRAFT

1. Executive Summary

This HRA Business Plan sets out our strategic plan for managing and maintaining our social housing stock. It sets out in detail our short to medium term plans and priorities for the housing and asset management services (5 years) and provides a long term (30 year) forecast on stock investment and financial planning.

Since our last business plan, in 2013, the social housing sector has seen the impact of central Government imposed rent cuts, loss of rental convergence and a recent surge in material costs accompanied with a shortage of skilled labour. However, lower interest rates and the abolition of the centrally imposed borrowing cap go some way to offset this and deliver our housing plans.

Within this plan we seek to maximise the investment of our stock, whilst considering acquiring new affordable homes within the provisional prudential borrowing limit we have set. To put this into context our previous borrowing cap **was £140million**, which could potentially be increased within our own set limits to an average of c£275million over the next 10 years.

Our aspirational investment standard for our existing homes (The Colchester Borough Council Standard), are estimated at c£465million (at today's prices) over the next 30 years, which includes works for achieving net zero carbon of £87million and building safety works of £29million. This is still equivalent to expenditure on our homes of nearly £48,000 per property over the 30 years of investment.

To achieve a balanced plan, that does not exceed our provisional debt limits, whilst ensuring that we deliver out services to the current standard, we have needed to reduce our investment level to c£283million.

This means that whilst elements such as expenditure on zero carbon have been reduced, we will have to continually review our plan in terms of identifying grants that may become available, alternative routes for raising additional income or reassessing our expenditure priorities. We also must consider forthcoming changes for the revisit of the Government's Decent Homes Standard and other implications from the recent Social Housing White Paper.

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2. Introduction

2.1. Our HRA Business Plan

The HRA Business Plan sets out our strategic plan for managing and maintaining the Borough's social housing stock. It sets out in detail the council's short to medium term plans and priorities for its housing and asset management services (5 years) and provides a long term (30 year) forecast on stock investment and financial planning.

It builds upon our last Business Plan that was published in 2013, which demonstrated a financially viable position, laying out the foundations for use to continue delivering new homes and investing in our stock. Since this plan was produced there have been challenges such as reductions to rents charged (where rents should have continued to increase marginally above inflation), the Covid pandemic and Brexit, but also the opportunities through the abolition of the debt cap, which restricted us from any further borrowing.

We own over 5,920 properties for rent and the freehold on over 1,050 leasehold flats across the Borough in addition to over 2,200 garages and other buildings. These properties are managed through our Arm's Length Management Organisation (ALMO), Colchester Borough Homes (CBH) over the past 18 years.

Since the introduction in 2012 of Housing Revenue Account Self-Financing (which resulted in a loan settlement for us of £140million, taking on additional debt of £74million) the council has had a greater degree of control over the use and management of the HRA. Self-financing allowed decision making at a local level to drive planning for investment in housing stock and set spending priorities in line with local demand.

We continue to consider:

- Analysis of our stock and the services we provide so that we can base our future on a robust and sustainable basis.
- Develop a new longer-term management agreement with CBH.
- Working up a range of plans for potential future investment in new homes which better match the needs of our communities.
- Thinking through how the new future for Council housing can help the borough to deliver our overall strategic objectives.

The Housing green paper "A new deal for social housing" was issued in 2018 presenting a new set of challenges for the HRA, in respect of, community engagement/ consultation, increased fire protection and accountability for buildings from design and throughout occupation. This was followed up by the white paper "The Charter for Social Housing Residents" which was issued in 2021 reinforcing this through regulatory changes. We embrace these changes, and our business plan sets out how we will meet these.

Nationally attention has returned to the country's severe housing shortage and government has signalled a renewed support for councils seeking to develop new homes. A further step towards this was the lifting of the cap on borrowing to help councils to develop new housing and we have been working towards identifying prudential rules to ensure that whatever borrowing is undertaken is affordable and sensible.

This business plan sets out our ambitions for the HRA to deliver 268 new homes together with 90 acquisitions by 2027. New homes may be built or bought directly from developers such as our own company Colchester Amphora Homes. We will continue to explore opportunities to innovate (see section six).

There is also greater attention than ever on the impact of climate change. We have been investing in homes to make them more energy efficient, and to reduce carbon emissions from materials and heat loss.

This Business Plan will identify how the service is delivered as well as:

- What it costs and how we think the finances will develop in the future.
- Showing that our plans are laid on firm foundations, are sustainable and viable.
- What additional resources we might have for investment.
- What our priorities are for investment.
- A summary assessment of the key risks in the delivery of the business plan with actions to mitigate these risks.

2.2. About the Borough of Colchester

Colchester is a diverse and growing Borough with a resilient economy and a buoyant town centre. Colchester is recognised as a successful place with the drive and the tenacity to deliver an ambitious growth programme. It is in the County of Essex covering an area of 125 square miles and stretches from Dedham Vale on the Suffolk border in the north to Mersea Island on the Colne Estuary in the south and is the largest borough in Essex accounting for about 13% of the Essex population.

We have a population of more than 192,000 with an age spread of:

- 21% between 0 to 17
- 62% between 18 to 64
- 17% over 65

In terms of employment status:

- 68% are employed
- 8% are self-employed
- 3% are unemployed
- 21% economically inactive

Our housing within the borough is:

- 34% owned via a mortgage
- 32% owned outright

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- 16% privately rented
- 16% socially rented (the majority being within the HRA and including shared equity)
- 2% tied accommodation or rent free

The average price of a home in Colchester was £341,087 in February 2021, an increase of 16% in one year. Even at the lowest quartile prices average £227,000.

3. About our Vision for Housing

3.1. The Councils Vision and Values

Our Better Colchester Strategic Plan 2020-23 has the following themes:

- Tackling the climate challenge and leading sustainability
- Creating safe, healthy, and active communities
- Delivering homes for people who need them
- Growing a fair economy so everyone benefits
- Celebrating our heritage and culture

Our housing and associated services we provide have a key role in assisting us with our aims.

Colchester's 2015 5-year Housing Strategy is currently being updated but will set out the Council's ambitions for housing and will put in place objectives, targets and policies and explain how it will play a leading role to:

- Assess and plan for current and future housing needs of the local population.
- Make the best use of existing housing stock.
- Plan and facilitate new supply.
- Plan and commission housing support services which link homes to support and other services that people need to live in them.
- Help create working partnerships that secure effective housing and neighbourhood management.

The aims and objectives of the strategy will be achieved through the implementation of a Delivery Plan, working closely with a wide range of partners to achieve the vision for housing in Colchester.

The following key priorities were identified for the Housing Strategy:

- Maximise the supply of housing to meet local needs.
- Work with partners and residents to create mixed communities which are economically, environmentally, and socially healthy and resilient.
- Prevent homelessness and rough sleeping
- Improve the life chances of Colchester's residents including their Health and Wellbeing.

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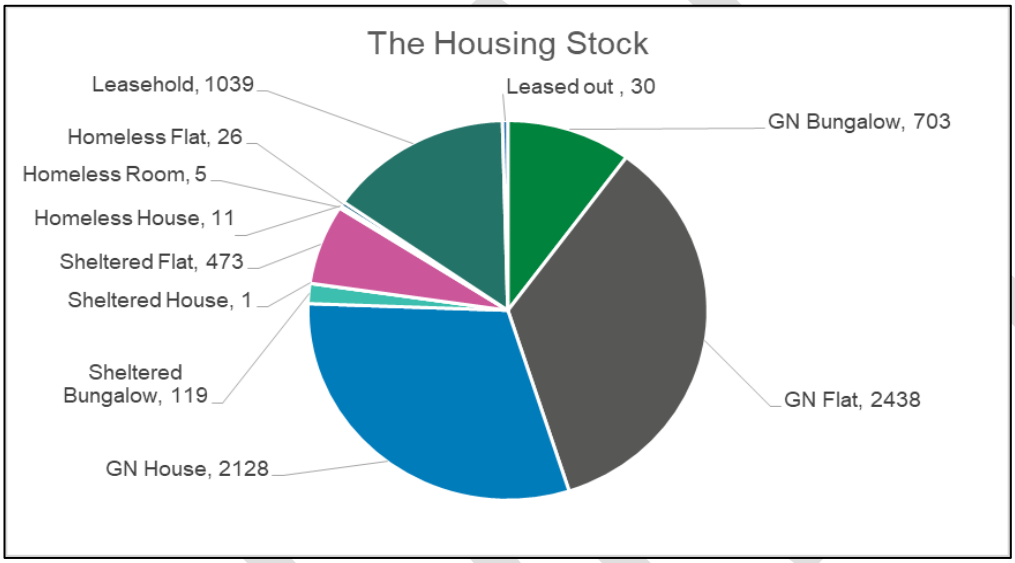
- Work with customers to help them make informed choices about their housing options.
- Make the best use of existing homes.
- Work to ensure that existing and new homes are healthy, safe and energy efficient.
- Ensure that housing and related services meet a range of specialist needs.

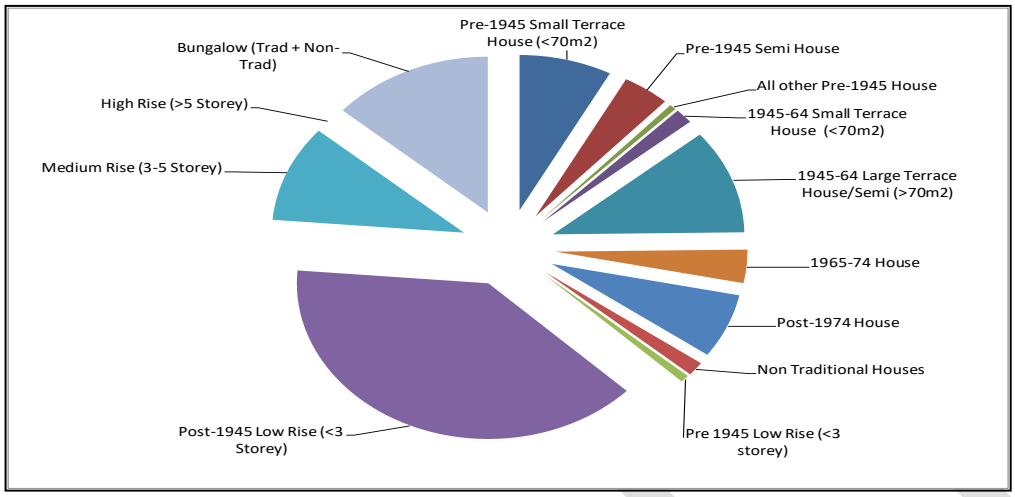
The updated delivery plan **(do members understand what this means?)** sets out actions to deliver the priorities. Much progress has been made in delivering the original priorities and will be shortly published. Included in the progress made is the delivery of new affordable homes, investment in open spaces and community facilities, development of an estate management standard and strategy and tackling anti-social behaviour.

3.2. Stock Information

The following chart shows the split of the total number of our housing stock as of January 2021.



The chart below shows the categories of our stock.



3.3. Homelessness and Rough Sleeping Strategy

In 2020 the Council published its Homelessness and Rough Sleeping Strategy 2020-25, linking with Colchester's Homelessness Charter. The key aims for the strategy are:

- Increasing access to accommodation and providing settled homes
- Helping people to sustain their accommodation
- Improving the health and wellbeing of people who experience homelessness
- Improving communication and challenging the perception and culture of homelessness

The Council will seek to deliver the right type of accommodation through its HRA to tackle these issues and we have detailed in section 6 how we plan to do so.

The Housing Solutions Team provide advice to residents and have a strong focus on preventing homelessness. In 2018 new legislation brought around changes to the assessment of applications and monitor outcomes. The Homeless Reduction Act places two additional responsibilities for the Council:

- The prevent duty – to intervene earlier
- The relief duty – to offer more support and advice

The team in the year 2020 to 2021 prevented homelessness for 187 households and relieved homelessness for 136 and helped 185 household into accommodation.

Our Rough sleeper teams ensured 101 rough sleepers were housed during the same period.

4. Current Key Risks & Opportunities

4.1. Government Rent Policy

The implications of the rent reduction and the associated challenges on the HRA have already been briefly covered. Council rents have been low in comparison to the sector and were due to reach the Government's target rent levels (set under a previous rent policy) by 2015/16. This was changed significantly by Government's policy of rent reduction by 1% for 4 years to end in 2019/20 and thereafter change to CPI+1% for a period, currently 5 years, of which we have seen one year's increase of 2.7%. The impact of rent cuts and the reinvigoration of right of buy has seen our finances significantly impacted since the self-financing settlement of 2012.

From April 2020 all local authorities must adhere to the Regulator of Social Housing new rent standard. Whilst our rents are below the target rent for each property this standard in most cases will control future rent increases and rent setting policies. The financial projections within this business plan are prudent and certain and they will comply with the standard..

4.2. Climate Change & Energy Efficiency

As part of the Housing Asset Management Strategy a Housing Environmental and Sustainability Strategy has been produced. Using a specialist energy efficiency modelling database, we have looked at scenarios for delivering all our homes to EPC band C by 2030. There are an estimated 901 homes that currently fall below this band. The cost of retrofitting these properties is estimated to be £2.5 million (excluding preliminaries and fees). Our current spending plans include these costs to ensure that all our stock will be meeting this standard.

We have been taking action to improve the energy efficiency of our properties and our average SAP rating increased to just under 74. Energy efficiency works have and continue to include loft and cavity wall insulation and moving to installing Air Source Heat Pumps from our capital programme. Where possible we install water saving measures and LED lighting.

There are no new PV installations planned but where installed tenants benefit from savings and the Council receives revenue returns which are reinvested into the above initiatives.

4.3. Right to Buy

The right to buy (RTB) policy was introduced by the 1980 Housing Act, but due to dwindling sale volumes and the then Government wishing to increase the numbers of home ownership it was reinvigorated to incentivise tenants to purchase their homes by increasing the maximum discount that can be applied to the property's value and the time in residency to qualify.

The reinvigorated Right to Buy scheme is both a risk and an opportunity. However, under the government's 'One for One Replacement' Scheme, which the council signed up to in 2012, we have the opportunity to retain a large proportion of right to buy receipts, which we can use to support the delivery of new affordable homes. The terms of the scheme mean that if the receipts are not spent within five years they are returned to government. The receipts can be used to fund a revised maximum of 40% of new development costs. The balance (60%) must come from other sources, e.g. borrowing and working with external partners. This is a welcome policy change, along with the withdrawal of the debt cap, but affordability and land availability remain the main barrier to developing more social housing.

4.4. Welfare Reform

Welfare reform continues to be a risk to the council and the sustainability of the HRA account, as large numbers of current and future claimants struggle to manage financially. There are implications for rent recovery, the bad debt provision and a potential increased demand for temporary accommodation and council housing as more households lose private rented accommodation on affordability grounds.

The Council's Customer Support Team and CBH provide professional support to vulnerable residents by assisting them with applications supported by welfare benefit specialists who provide one to one advice. The HRA continues to provide help with applying for Discretionary Housing Payments for those with the greatest hardship.

4.5. Demand for Housing

The Council holds a housing register of people needing social housing assessed into categories of need to assist with allocating homes, including those within the HRA. Of the 3,000 households on the register only 474 lets were achieved though the HRA (313) and Registered Providers (161).

The bandings and those on the register as of March 2021:

Banding	Households	Bedrooms Required	Households
A	84	One	921
B	719	Two	1,202
C	847	Three	731
D	184	Four or more	155
E	1,175		
Total	**3,009**		**3,009**

There were 209 households in temporary accommodation as of 31 March 2021.

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4.6. Fire Safety

The Grenfell Tower fire in June 2017 and thereafter the Fire Safety Act 2021 and the Building Safety Bill, now progressing through Parliament for enactment during 2021, and the Charter for Social Housing Residents: Social Housing White Paper published in November 2020 (updated January 2021) have further highlighted safety issues that remain in the affordable housing sector.
We have factored in such compliance works and building safety needs such as fire safety. This will include ongoing electrical inspections, fire risk assessment recommended actions and fire door inspections.

The exact funding requirements for the building safety works has yet to be determined. Further work is required to determine the additional fire safety measures following more intrusive Fire Risk Assessment. The Building Safety Bill will also impose additional duties on Colchester the scope of which are still to be determined. We have, however made some provisions without our plan to deliver these works.

4.7. Implications of The Green and White Paper(s)

As referenced earlier, in the aftermath of the Grenfell Tower Block Fire the Government consulted on their green paper for social housing in England.

Recent updates suggest that proposals to implement league tables for social housing providers has been abandoned (at the request of tenant representatives) however government are still keen on stronger use of KPI's for accountability. Other key proposals though, that may still be implemented and could impact on the HRA include:

- Consideration to scrapping of the current 'serious detriment' test, for tougher consumer regulation
- New home ownership options such as allowing tenants to buy as little as 1% of their property each year through shared ownership (apply to new shared ownership purchases only).
- Reversal of plans to force social landlords to offer fixed term tenancies rather than lifetime tenancies in social housing
- The potential introduction of a new stock transfer programme from councils to 'community-led' housing associations
- The return of guaranteed debt funding to help the development of affordable homes, and longer term 'strategic partnerships' for developing housing associations
- Implementation of the requirements from the Fire Safety Act, and the Building Safety Bill currently estimated to be around £1m per year. This involves a new standard for Fire Risk Assessments, Fire Door checks, and providing a Building Safety Manager.

The following white paper took further steps with the intent and approach for both a new set of Consumer Standards and proactive consumer regulation.
The four, short, outcomes-based Consumer Standards comprise:

- **Home**: Keep homes safe, decent and in a good state of repair
- **Tenancy**: Let homes and manage tenancies in a fair, transparent and efficient way

- **Neighbourhood and Community**: Keep the wider area clean and safe, help to tackle anti-social behaviour and promote community well-being
- **Tenant Involvement and Empowerment**: Understand and respond to the diverse needs of tenants, provide choice and opportunities for involvement, resolve complaints fairly and promptly

5. Housing Services

5.1. Housing Operations

Since 2003 we have delegated the day-to-day delivery of our housing landlord services to Colchester Borough Homes (CBH), whom we wholly own.

The range of service include:

- Tenancy and temporary accommodation management
- Rents and service charge collection
- Allocations and lettings
- Leasehold management
- Housing options and advice
- Repairs and maintenance including disabled adaptions and energy efficiency
- Resident Engagement

They are governed by an eleven-member board, with three specialist committees and one panel with an experienced management team leading the provision of services.

The Council has its own team of client management that monitor the performance of CBH.

5.2. CBH Mission, Vision and Values

CBH's mission is to deliver great value services that make a difference, and its vision is that they aim to be the trusted choice for local housing, property, and community services, by delivering services that are valued by customers and serving the community.

The key company values ("The CBH Way") focus on:

- Building Trust - We will work with customers to build trust in our service.
- Delivering Customer Led Services - We will work with customers to improve what we do and promote fair and equal services for all.
- Commitment to Our Communities - We will offer customers services they can rely on, which respect the needs of the community and individuals.
- Delivering Professional Services - Our staff are highly trained to enable customers to receive a knowledgeable response.
- Providing Value for Money - in everything we do.

In conjunction with the Council's housing strategy CBH have their own strategic plan (2017-2022), focusing on customer satisfaction, value for money and positive outcomes in the community and a medium-term delivery plan that covers a range of services.

5.3. Leaseholder Services

CBH manage the leaseholder service and provide a handbook providing all the important information to over 1,000 homeowners.

This details how CBH collect service charges and manage the shared amenities.

5.4. Supported Housing

This is another important service that CBH provide to ensure that independence, security, and peace of mind for our residents in 17 sheltered housing accommodation sites, whom are generally over the age of 60.

All the properties are furnished with 24-hour monitoring and response service supported by a team of visiting officers.

We also have an extra care scheme where on-site care is provided.

5.5. Anti-Social Behaviour

Everybody has a right to enjoy their life in the own way, provided they do not upset the people living near them. CBH manages the service that deals with anti-social behaviour and complaints.

The service covers a range of actions to mitigate the impact of such behaviour and includes issuing agreements, improving security and mediation.

5.6. Resident Engagement

Both CBH and the Council wish to see tenants having a real influence in services and what happens in the community, which embraces the spirit of the most recent housing white paper.

This is achieved through the following:

- The Reading Panel – reads and proposes improvements and amendments based on the feedback from a pool of tenants
- The Board – through its membership the board consists of CBH customers to ensure the wider customer base is represented and meetings are open to the public

- STAR surveys – tenants and residents can record how they feel about the services provided to help inform resource planning. In the last survey (2018) 83% of tenants were satisfied overall with the service.
- Quality Assurance Advisors – volunteers who monitor the communal areas of flats
- Resident Voice – informal discussions to help inform positive changes to the services

CBH also produce a Resident Engagement Plan that seeks to build stronger working relationships. In addition, a regular publication of Housing News and Views, provides latest information on services, meetings, surveys and what is happening in the community.

6. Housing Asset Management Strategy

6.1. Background to the Asset Management Strategy

The draft strategy has been developed to set long term plans for the strategic management of our assets in a way that has not been possible before due to the prior HRA financing regime.

The first year of this strategy is set to see the investment framework for social housing transforming; new legislation governing fire safety and building safety bringing increased responsibilities, a review of the longstanding Decent Homes Standard and increased energy standards – and this document is designed as a robust, evidenced based asset management strategy to lead our business decisions in this changing environment. Its foundations are work undertaken to improve understanding of performance of our properties, and it seeks to drive forward work to deliver value for money for the council and its current and future residents. It is supported by a live action plan that we will use to direct and monitor activity.

A component action plan will be developed to track and monitor progress against the priorities set out within the strategy, that will be monitored by the CBC/CBH Asset Management Group.

6.2. The Purpose

The draft housing asset management strategy (HAMS) will contribute to the delivery of our business plan. It structures our ability to deliver our strategic asset management objectives of the properties we own:

1. Are appropriately maintained in accordance with an agreed Colchester Standard on an agreed programme cycle.
2. Meet all regulatory standards (including building safety compliance and adherence to latest legislation) and Landlord Obligations, including the Homes and Communities Agency's (HCA) Homes Standard.
3. Are in well managed and attractive environments that feel secure and welcoming.
4. Are healthy and safe places to live (free from Category 1 Housing Health and Safety Rating System hazards).

5. Are viable and deliver a positive yield over the business planning period (ideally with an improving Net Present Value (NPV) and high levels of demand).
6. Meet the needs and aspirations of both current and future residents, contributing to high levels of satisfaction (with both the property and the neighborhood).
7. Delivering environmental and sustainability strategy which addresses the impacts of climate change, delivers the housing sock to net zero carbon by or before 2050. Using green technology and innovation to deliver these objectives.
8. Continue to improve and modernise available housing for older people.
9. Encourage green technologies and innovative solutions to the climate emergency.
10. Enable Community Development which positively supports the local community

To deliver its HAMS, Colchester must ensure that the requirements of the stock are affordable in the context of its Business Plan, and that this is 'joined up' with competing pressures for Housing Revenue Account (HRA) finance (including the delivery of aspirational improvements within the existing stock, such as energy efficiency projects, and new build provided through the Housing Futures Programme.

6.3. Investment & The Colchester Borough Council Standard

The aspirations of tenants and leaseholders (collectively referred to as residents) have been considered in the HAMS, within the constraints of the finances available. The Social Housing White Paper 2020 recommended greater engagement with residents. This will be a key factor in the preparation of future to meet objectives laid out in this strategy, balancing choice, the delivery of health & safety and addressing the enormous challenges of the climate emergency. At the same time recognising residents expect a good service, choice, and value for money to be provided in return for their rents and service charges.

Continued re-investment is required to maintain the stock in good condition. The re-investment requirements have been identified by the stock condition survey, as represented within the new Asset Management Database (Northgate Public Services by NEC). Colchester undertakes a rolling stock survey to assess the condition of the housing stock. The results of these surveys have been combined with desk-top budgetary information (such as responsive repairs) to formulate the cost reporting tables.

The 30-year expenditure requirements are under review. The current estimate in the database indicates a total 30-year re-investment requirement of £464.6million, of which £76.9million is required within the first 5 years of the plan, as detailed in the table below.

Table 1 - Cost Summary 2022-52 - (General Needs and Sheltered) from SAM - Planned												
Note: Figures exclude VAT, inflation, fees and management costs												
	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27	Years 1-5 2022-27	Year 6-10 2028-32	Year 11-15 2033-38	Year 16-20 2039-2042	Year 21-25 2043 - 2046	Year 26-30 2047-52	Total
Catch up Repairs	£837,066	£837,066	£837,066	£837,066	£837,066	£4,185,331	£4,717,584	£4,717,584	£4,717,584	£4,717,584	£4,717,584	£27,773,248
Future Major Works	£4,360,087	£4,295,471	£3,849,840	£4,475,473	£8,974,105	£25,954,976	£36,600,959	£38,751,000	£28,709,118	£47,429,310	£32,317,052	£209,762,415
Improvements	£8,112,000	£3,562,000	£7,944,000	£3,560,000	£1,912,000	£25,090,000	£8,940,000	£3,890,000	£3,890,000	£3,890,000	£8,590,000	£54,290,000
Estate Works	£300,000	£300,000	£300,000	£300,000	£300,000	£1,500,000	£500,000	£500,000	£500,000	£500,000	£500,000	£4,000,000
Contingent Major Repairs	£1,775,000	£1,055,000	£1,055,000	£1,005,000	£897,000	£5,787,000	£2,492,000	£2,492,000	£2,492,000	£2,492,000	£2,492,000	£18,247,000
Compliance Assurance	£76,000	£77,000	£78,000	£79,000	£80,000	£390,000	£390,000	£390,000	£390,000	£390,000	£390,000	£2,340,000
RTBB Works and Fee	£420,000	£450,000	£470,000	£490,000	£490,000	£2,320,000	£2,320,000	£2,320,000	£2,320,000	£2,320,000	£2,320,000	£13,920,000
100 Homes Works (Void, Energy, Fee)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
NEW: Revised Decent Homes	£300,000	£500,000	£500,000	£500,000	£500,000	£2,300,000	£2,300,000	£2,300,000	£2,300,000	£2,300,000	£2,300,000	£13,800,000
NEW: Building Safety	£500,000	£500,000	£500,000	£1,000,000	£1,000,000	£3,500,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£28,500,000
NEW: Net Zero Carbon	£0	£502,300	£502,300	£502,300	£502,300	£2,009,201	£0	£0	£16,990,220	£42,475,551	£25,485,331	£86,960,304
NEW: Surveys/review of Non-Trad	£150,000	£0	£0	£0	£0	£150,000	£0	£0	£0	£0	£0	£150,000
Supplementary Projects	£1,200,000	£0	£0	£0	£0	£1,200,000	£0	£0	£0	£0	£0	£1,200,000
Exceptional Extensive Works	£800,000	£120,000	£120,000	£120,000	£120,000	£1,280,000	£0	£0	£350,000	£100,000	£660,000	£2,390,000
NEW: Contingency	£250,000	£250,000	£250,000	£250,000	£250,000	£1,250,000						£1,250,000
Sub-Total	£19,080,153	£12,448,837	£16,406,206	£13,118,839	£15,862,471	£76,916,508	£63,260,543	£60,360,584	£67,658,922	£111,614,445	£84,771,966	£464,582,967

To achieve a balanced business plan, within our potential prudential borrowing limits, we have had to reduce the level of expenditure identified above to a more affordable £283million. The levels of costs that are included within the plan, are detailed in the section 7 below, where allowances for fees, the sheltered review and disabled adaptations are also provided for.

CBC's 'Colchester Borough Council Standard' is a collection of several standards and policies.

- Estate Standard.
- Repairs Standard.
- Communal Standards.
- Dwelling Standards and
- Garage Standards.

The Colchester Borough Council Standard is detailed in appendix 8.2. (This will be subject to review depending upon the outcome by DLUHC review of their Decent Homes Standard that is due to take place during 2022/23.)

Our new IT system, Northgate, has indicated that, as of November 2021, 1268, dwellings (21.5%) are deemed 'non-decent homes' in accordance with the DCLG June 2006 Decent Homes Standard definition. This relatively high figure is, however, mainly attributable to the impact of delays in reinvestment to key components because of COVID –19 and data migration issues which will be reviewed as part of a data integrity exercise in 2022 and it is estimated that this figure will be below 10% by March 2022.

Our plans ensure that all homes will meet and exceed this minimum standard. It should be noted that none of the failures relate to Health and Safety failures (as measured by the Housing Health and Safety Rating System (HHSRS)).

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6.4. Performance of our Stock

It is proposed that every 5 years the Council assesses viability and re-investment priorities through a Stock Viability Model that takes account of a range of factors including demand and projected costs. This appraisal process results in individual properties being allocated a red, amber, or green re-investment status (RAG).

Properties in Red or Amber status is to be the subject of further investigation, or review through an options appraisal, under the supervision of the Asset Management Group, until they are either re-classified or until such time as an alternative strategy is agreed (disposal or re-development for example).

A green status indicates that the stock classified as such is viable with a long-term future, being of low cost and high demand. Most of the stock is believed to fall within this classification and can be included within re-investment plans without concern, however, there is a need to update the viability model to take account of the impact of new investment demands on the stock.

6.5. Sheltered Stock

Reviews have been undertaken, resulting in the identification of investment in some of the sheltered schemes to improve void performance by delivering 'fit for the future' homes that will be popular with older people. Planning is underway for the remainder of the sheltered stock to be reviewed as part of a medium-term strategy.

The costs for the schemes identified for reinvestment have been included within the plan.

6.6. Future Costs to be Identified and Included

Costs for the following **will need to be added to existing investment costs modelled within this business plan** as to when outlines programmes can be devised with accurate costings and utilising any available external funding sources are available:

- Zero Carbon: We need to develop an understanding of the technical solutions available, and their cost. We will seek funding to support delivery and consider the financial viability of properties. Current estimates are between £84million and £100million (exclusive of fees). Assumed that zero carbon excluded. Whilst we have identified £87million in our expenditure requirements, a much-reduced provision of £2million has been included within this plan until we can be more certain as to the funding arrangements.
- Decent Homes 2 & Building Safety. At the same time as reviewing our own investment standard we will respond to any revised government guidance on the decent home's standard, as well as any additional costs from expected increases in consumer regulation and building safety requirements over and above the values already included within our costs identified in section 7 below.

7. Future Development & Acquisitions

7.1. The need for Additional Homes

A continual message within this plan is the need for additional affordable housing, set against the backdrop of losing stock through right to buy in Colchester.

Through several options, we will seek to acquire and develop new homes. Most of the new developments will be via our wholly owned development company, which ensures that homes can be delivered for the needs of our residents, particularly affordable ones.

We will continue to explore the options in respect of acquiring properties that were once our stock, sold under right to buy, but also from the open market.

7.2. Existing Programme

Our existing programme provides:

- 268 homes, in addition to those previously developed and incorporated into our HRA, over the next 5 years over 8 sites.
- 90 homes for acquisition

These will be funded by a mixture of Homes England Grant and useable '1-4-1' right to buy receipts.

7.3. Future Programme

There will be a continuous evaluation for the acquisition of homes, from the open market. However, we will be constrained in respect of the use of '1-4-1'useable right to buy receipts, given that new rules restrict us from such activity and limit acquisitions to 20 per year.

This can be increased on the ratio of new homes developed as 50:50. Therefore, we will continue to explore all opportunities as they arise for new development, with Colchester Amphora Homes playing a key part, whilst ensuring that any such new build is viable and not detrimental to this plan.

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8. HRA Financial Projections

8.1. How HRA Finances have Evolved Over the Last 10 Years

The HRA is a ring-fenced account relating to the council's landlord function. The self-financing system introduced in 2012 for the HRA removed the uncertainty caused by the old annual subsidy announcements and has allowed for better longer term financial planning for the ring-fenced account. Since April 2016 the government have decided to implement direct control over council rent setting which has seen a four-year programme of 1% reductions for social housing rents and the ending of social rent convergence. This is a reversal of previous policy and has led to a revision of the debt and investment strategy for the HRA. Further to this, the ability for tenants to exercise their right to buy was reinvigorated allowing discounted rates with a result of a higher number of sales that has an adverse impact on the finances for the HRA.

The core constituents of the account are rent income; both capital and revenue maintenance of the housing stock; management costs; and debt repayments. As the account has been carrying a high balance, the council has also been making revenue contributions to capital expenditure as well.

8.2. Use of the Model

We have maintained a HRA business plan model for several years which has assisted us with both short and long-term planning but with within the restriction of the debt cap imposed in conjunction with the 2012 self-financing system which offered very little in the way of borrowing headroom.

With the restrictions now abolished this provides a greater freedom to manage our HRA finances.

We have engaged Savills to support us with the modelling, bringing their experience of working with a significant number of authorities and sense checking our assumptions.

The model provided the basis for the financial elements of this business plan and is launched from April 2022 with the assumptions behind the forecasts contained in Appendix 8.3.

8.3. Treasury Management

The HRAs debt is measured by the HRA Capital Financing Requirement (HRACFR) and is forecast to be £156.5million in April 2022. To finance the HRACFR the council has several loans that have been taken out over a series of years, which finances both this but also the CBC's General Fund, thus providing an average interest rate.

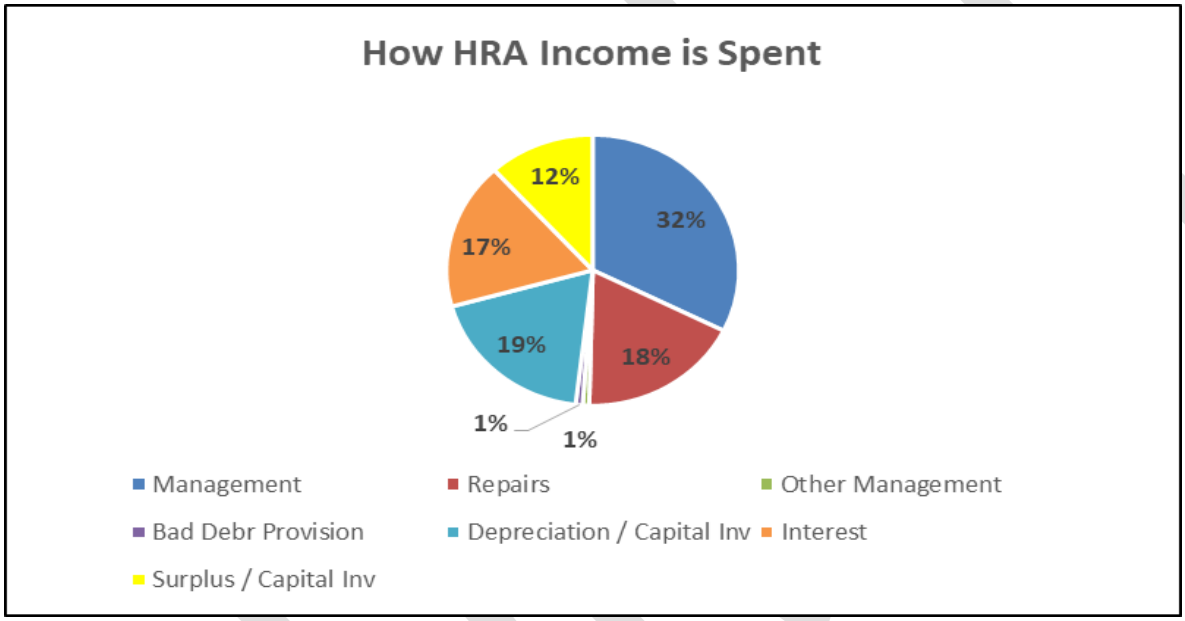
The council borrows and invests in accordance with the Treasury Management Strategy and will plan any consideration of borrowing closely through the financial strategy, HAMS, and five-year Capital Budget.

With the abolition of the HRA debt cap the council is now required to set its own prudential borrowing limits based on a series of indicators, used by other authorities and the Registered Provider sector, that ensure existing and forecast borrowing is both affordable, appropriate but also allows for contingencies for factors outside its control.

These new prudential limits have been factored into our modelling and plan to establish what it is affordable but also what additional costs, be it new development, investment in energy efficiency, increased levels of improvements to existing properties or combination of them all could be delivered.

8.4. How the Rent is Spent

The following chart shows how our rental income, service charges and other income is spent based on our forecast 2022.23 HRA budget:



This chart shows that the HRA makes a 12% surplus from its rents which is either used to finance additional capital works or retained to be utilised in future years.

8.5. Long-Term Capital Expenditure Forecasts

The table shows the reduction for the original £465million requirement for the capital expenditure requirements detailed in section 5.3, that can be afforded and modelled within this plan for the next 30 years. These are at current prices and will be subject to inflation, reductions to stock losses but also increase on account of the new build within the plan.

Reduced Cost Summary 2022-52 - (General Needs and Sheltered) from SAM - Planned													
Note: Figures exclude VAT, inflation, fees and management costs													
	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27	Years 1-5 2022-27	Year 6-10 2028-32	Year 11-15 2033-38	Year 16-20 2039-2042	Year 21-25 2043 - 2046	Year 26-30 2047-52	Total	ORIGINAL Total
Catch up Repairs	£629,569	£629,569	£629,569	£629,569	£629,569	£3,147,846	£3,147,846	£3,147,846	£3,147,846	£3,147,846	£3,147,846	**£18,887,078**	**£27,773,248**
Future Major Works	£3,384,313	£2,534,308	£3,398,627	£3,363,678	£5,501,771	£18,182,697	£28,601,255	£24,498,982	£21,725,159	£39,490,032	£24,502,972	**£157,001,097**	**£209,762,415**
Improvements	£8,112,000	£3,562,000	£7,944,000	£3,560,000	£1,912,000	£25,090,000	£8,740,000	£3,690,000	£3,690,000	£3,690,000	£3,940,000	**£48,840,000**	**£54,290,000**
Estate Works	£300,000	£300,000	£300,000	£300,000	£300,000	£1,500,000	£500,000	£500,000	£500,000	£500,000	£500,000	**£4,000,000**	**£4,000,000**
Contingent Major Repairs	£1,725,000	£1,005,000	£1,005,000	£1,005,000	£897,000	£5,637,000	£2,492,000	£2,492,000	£2,492,000	£2,492,000	£2,492,000	**£18,097,000**	**£18,247,000**
Compliance Assurance	£76,000	£77,000	£78,000	£79,000	£80,000	£390,000	£390,000	£390,000	£390,000	£390,000	£390,000	**£2,340,000**	**£2,340,000**
RTBB Works and Fee	£420,000	£450,000	£450,000	£0	£0	£1,320,000	£0	£0	£0	£0	£0	**£1,320,000**	**£13,920,000**
NEW: Revised Decent Homes	£300,000	£300,000	£500,000	£500,000	£500,000	£2,100,000	£0	£0	£0	£0	£0	**£2,100,000**	**£13,800,000**
NEW: Building Safety	£500,000	£500,000	£500,000	£750,000	£750,000	£3,000,000	£4,000,000	£4,000,000	£4,000,000	£4,500,000	£4,500,000	**£24,000,000**	**£28,500,000**
NEW: Net Zero Carbon	£0	£502,300	£502,300	£502,300	£502,300	£2,009,201	£0	£0	£0	£0	£0	**£2,009,201**	**£86,960,000**
NEW: Surveys/review of Non-Trad	£150,000	£0	£0	£0	£0	£150,000	£0	£0	£0	£0	£0	**£150,000**	**£150,000**
Supplementary Projects	£1,200,000	£0	£0	£0	£0	£1,200,000	£0	£0	£0	£0	£0	**£1,200,000**	**£1,200,000**
Exceptional Extensive Works	£550,000	£120,000	£120,000	£120,000	£120,000	£1,030,000	£0	£0	£350,000	£100,000	£660,000	**£2,140,000**	**£2,390,000**
NEW: Contingency	£250,000	£250,000	£250,000	£250,000	£250,000	£1,250,000						**£1,250,000**	**£1,250,000**
Sub-Total	£17,596,882	£10,230,178	£15,677,497	£11,059,548	£11,442,641	£66,006,745	£47,871,101	£38,718,828	£36,295,005	£54,309,878	£40,132,818	**£283,334,376**	**£464,582,663**

The above costs exclude the day-to-day repairs and cyclical maintenance which is included 18% element of gross income to the HRA in the graph above.

The original costs are identified in the far column, to give a comparison of where the 39% (£181.2million) reduction has been made. The key areas of reduction are catch up repairs and future works and zero-carbon.

An annual provision of c£0.5million is provided to cover disabled adaptations, management fees of c£1.2million and ICT expenditure. Further amendments are made for costs for supplementary projects and the sheltered review within the first 5 years of the plan.

The above excludes the expenditure for development and acquisitions.

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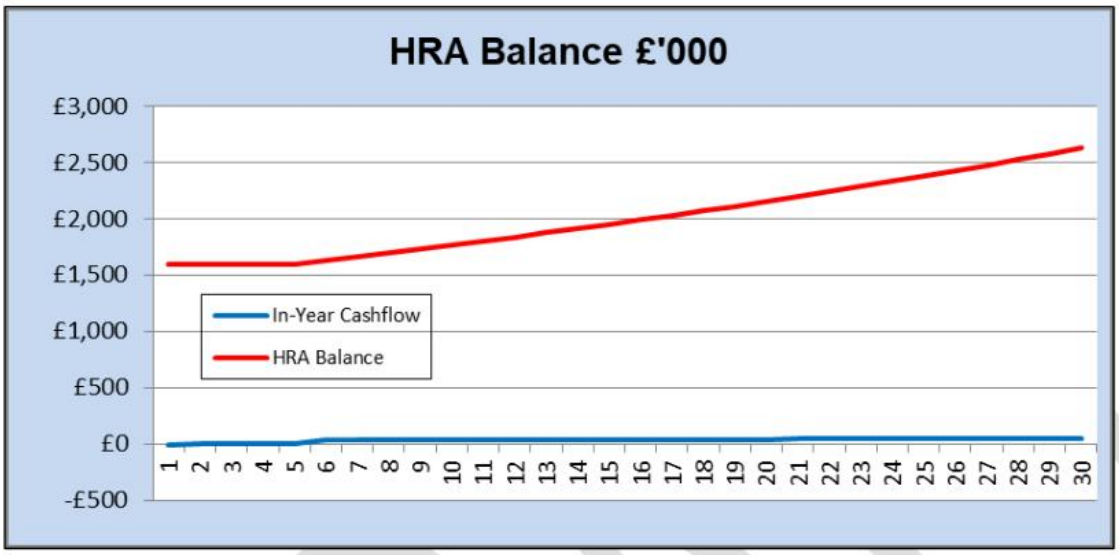
8.6. Long-Term Expenditure Forecasts

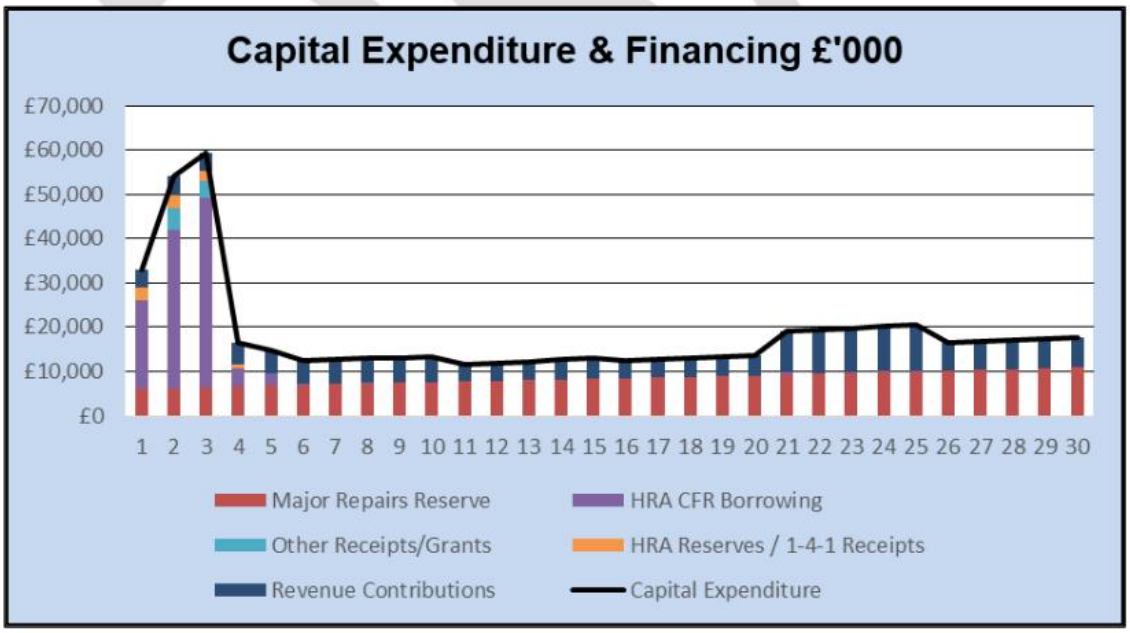
The following graphs are excerpts from our HRA business plan model for both revenue and capital.

Revenue Projections



The red line shows the projected closing balance for the HRA for each year, which demonstrates that reserves will continually increase over the plan in-line with the minimum level set within the model.

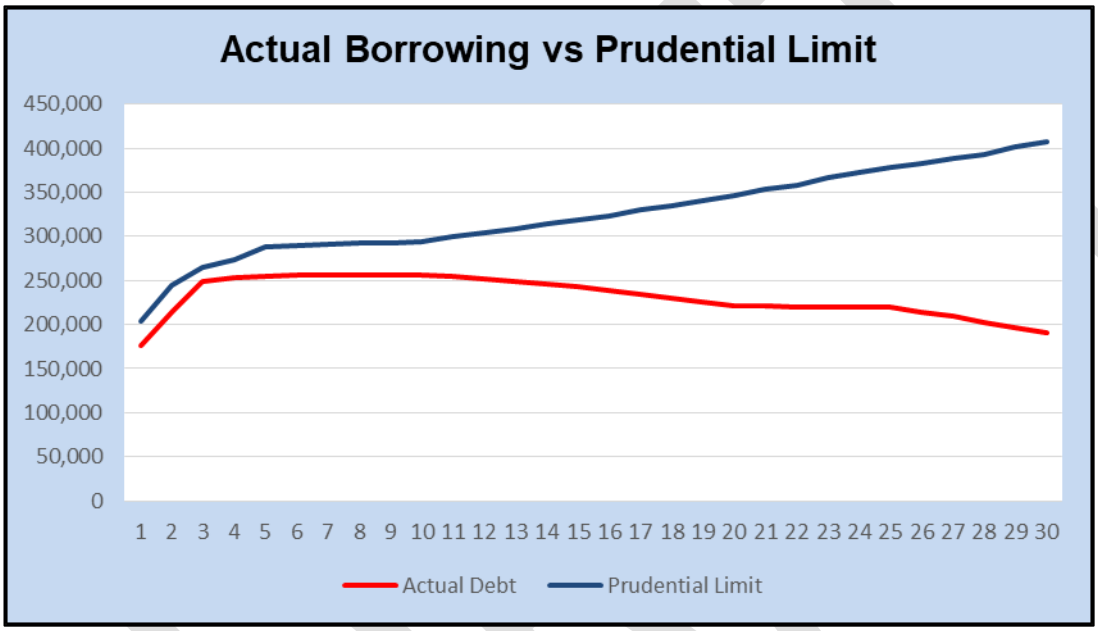
Capital Projections



This graph shows the level of capital expenditure depicted by the black horizontal line and the vertical lines demonstrate how this is funded. As there is no void between the vertical and horizontal lines, the reduced £283million total investment requirements (before inflation, fees, and supplementary expenditure) is fully funded.

8.7. Long-Term Financing Position & Capacity

The following graph shows the borrowing position for the HRA over the next 30 years, whilst fully funding the above capital expenditure.



The levels of capital expenditure modelled ensure that the above level of debt is maintained, post the initial level of borrowing required to finance the acquisition expenditure. There is a period where the level of debt is close to exceeding prudential indicators, with only £15million headroom, this will require annually monitoring to determine future borrowing and investment levels. Whilst the debt reduces during the plan's duration, based on utilising annual surpluses, the closing debt remains higher than its opening position, although there is no statutory requirement, currently, for the repayment of debt.

8.8. Impact of Opportunities

Given the current borrowing forecast and that the prudential limits set will be exceeded for a period, this shows that there is no immediate capacity for borrowing, given the marginal £15million of borrowing headroom in the early stages of the plan. However, based on the assumptions within the plan capacity does begin to grow over the duration of the plan.

Therefore, we will continually review our investment strategy both for our existing stock, development, and acquisition opportunities to ensure that we maximise on our delivery through ensuring a thorough prioritisation of our investment strategy. As part of this we will seek all opportunities for external funding to fund works to ensure our stock meets zero carbon and other alternative funding strategies.

8.9. Impact of Key Risks

We have modelled the impacts to the plan when considering both adverse but also advantageous scenarios that in some instances will be outside of the control of CBC.

Scenario	HRA Bal at Year 30 £'m	Debt at Year 30 £m	Borrowing Headroom at Year 10 £'m	Borrowing Headroom at Year 30 £'m
Base	**2.626**	**191.037**	**37.728**	**216.658**
Inflation (CPI) -0.5%	2.626	215.576	24.440	139.090
Inflation (CPI) +0.5%	2.627	164.140	51.550	304.390
Rents Frozen 2 Years 2025-27	2.625	283.365	(21.491)	64.432
Rents CPI + 0.5% Yrs 2025+	2.628	87.345	68.335	469.366
Repairs +5% Yr 3	2.626	205.501	28.472	192.417
Capital Exp +5% Yr 3	2.626	214.513	33.326	193.832
Voids & Bad Debts +1% each	2.626	224.655	16.100	161.707
Interest Rate +1% new borrowing	2.626	250.118	(17.842)	(2.919)

In summary, the plan is tolerant to changes but the largest impacts are in respect of changes to rent policy.

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9. Appendices

9.1. Financial Business Plan Assumptions

Description	Short to Medium Term	long term
Financing	Opening debt at £156.545m– Planned Borrowing £106.226m Prudential Borrowing Headroom of -£8.262m (year 10)	Prudential Borrowing Headroom £21.6m average post year 14 not fully utilised
Property changes over the plan	5,935 properties 1/4/2022 with 30 to 10 RTB per annum	10 RTB per annum
Economic – inflation and interest rates	2% core (CPI) inflation, CPI 2%+1% rent inflation for 2 year only, interest rates start at 3% for new borrowing	2% core inflation, CPI rent inflation, interest rates stable at 3% long term except for existing borrowing
Arrears and bad debts	1.5% of rents voids, 1% Bad Debts	1.5% of rents voids, 1% Bad Debts
Management costs	2022/2023 provisional budget rising at CPI	Inflation long term at CPI
Repairs costs	2022/2023 budget rising with inflation at 2.5% only (with provision for 5% uplift over years 6-10)	Inflation long term at CPI – adjusted for stock numbers
Capital profile	Existing programme plus Colchester Standard – inflated by CPI	Colchester Standard on existing stock moving with CPI – adjusted for stock numbers
Use of capital resources (RTB receipts etc) and explanation for basis	RTB receipts to General Fund with exception of new build 1-4-1 receipts	RTB receipts to General Fund

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9.2. The Colchester Borough Council Standard

In summary, the Colchester Standard includes:

1. Listening to the requirements and wishes of residents.
2. Consultation with residents about the works to be undertaken in their homes, including items of choice.
3. Keeping rents within the Government's target range.
4. The provision of an effective responsive repairs service.
5. The delivery of an agreed void standard.
6. Undertaking regular cyclical servicing and testing, to help maintain condition.
7. The use of good quality, durable and low maintenance products.
8. An 'external overview' (like an 'MoT') of all dwellings on a 6-year cycle to undertake all the external redecoration and repairs required.
9. All rented dwellings to be brought up to the Government's Decent Homes Standard by the end of 2012.
10. All dwellings to be free of any 'Category 1' (Severe) HHSRS hazards as soon as possible after identification.
11. Any kitchen, bathroom or heating distribution system that is old and in poor condition will be renewed or repaired alongside other internal components.
12. When visited by the internal works programme team all works that are required by the 5-year programme (internally) will be undertaken at the same time, helping to avoid repetitive visits, and keeping costs down.
13. Both internal and external works programmes will deal with any minor un-reported repairs whilst the contractor is on site.
14. Where renewed, a bathroom will be installed complete with sanitary ware, wall tiles, floor coverings and redecoration (with resident wall and floor colour choice).
15. Where renewed, a kitchen will be installed complete with units, worktop, wall tiles, electrics, floor coverings and redecoration. Residents will have a choice of kitchen units, worktops, floor covering, paint colour and tiles, as well as having a hand in the layout design process.
16. New kitchens and bathrooms will be fitted with extract ventilation where required.
17. Where renewed, windows will be double glazed, to 'Secured by Design Standards'.
18. Where renewed, doors will be double glazed composite or PVCu units, to 'Secured by Design Standards'.
19. Where a boiler is changed a new energy efficient unit will be fitted along with thermostatic radiator valves (where these are not already fitted).
20. A hard wired mains smoke detector will be installed to every dwelling's hallway and landing when electrical systems are renewed or upgraded.
21. Where needed, additional electrical sockets will be provided when a property is rewired, or within a kitchen when it is renewed, to meet modern living requirements.

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22. Common parts of flats and estate areas will be improved, with residents taking the lead on identification of suitable projects to be delivered through a 'challenge fund' that will be managed by the Asset Management Group.
23. Loft and wall insulation will be provided to current Building Regulation Standards, where required to be improved.
24. Communal television reception systems will be upgraded to receive digital signals; and
25. Whilst planning work, the requirements of the resident in terms of aids and/or adaptations required will be assessed and, wherever possible, incorporated into the works

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9.3. Financial Business Forecasts

HOUSING REVENUE ACCOUNT PROJECTIONS
Colchester BC

Year	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37
£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOME:															
Rental Income	28,460	29,520	31,076	33,268	33,789	34,368	34,931	35,531	36,170	37,489	37,511	38,200	38,902	39,616	40,344
Void Losses	-429	-445	-469	-501	-509	-517	-526	-535	-544	-564	-565	-575	-586	-596	-607
Service Charges	2,389	2,386	2,434	2,482	2,532	2,583	2,634	2,687	2,741	2,795	2,851	2,908	2,967	3,026	3,086
Non-Dwelling Income	988	1,007	1,028	1,048	1,069	1,091	1,112	1,135	1,157	1,180	1,204	1,228	1,253	1,278	1,303
Grants & Other Income	455	428	435	441	448	455	462	469	476	483	491	499	506	514	522
Total Income	**31,863**	**32,896**	**34,503**	**36,738**	**37,330**	**37,979**	**38,614**	**39,286**	**39,999**	**41,384**	**41,493**	**42,260**	**43,042**	**43,838**	**44,649**
EXPENDITURE:															
General Management	-10,308	-10,631	-10,846	-11,067	-11,348	-11,575	-11,807	-12,043	-12,283	-12,529	-12,780	-13,035	-13,296	-13,562	-13,833
Special Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Management	-171	-175	-178	-182	-186	-189	-193	-197	-201	-205	-209	-213	-217	-222	-226
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-250	-263	-268	-279	-290	-294	-299	-304	-310	-321	-321	-327	-333	-339	-345
Responsive & Cyclical Repairs	-5,748	-5,753	-5,866	-5,970	-6,076	-6,238	-6,430	-6,694	-6,968	-7,168	-7,306	-7,447	-7,591	-7,737	-7,886
Total Revenue Expenditure	**-16,478**	**-16,822**	**-17,157**	**-17,497**	**-17,899**	**-18,296**	**-18,728**	**-19,238**	**-19,762**	**-20,223**	**-20,616**	**-21,023**	**-21,437**	**-21,860**	**-22,291**
Interest Paid	-5,366	-5,687	-6,736	-7,290	-7,386	-7,453	-7,461	-7,471	-7,482	-7,511	-7,472	-7,397	-7,319	-7,241	-7,161
Finance Administration	-52	-53	-54	-55	-56	-57	-59	-60	-61	-62	-63	-65	-66	-67	-69
Interest Received	12	13	14	15	16	59	62	65	69	72	75	79	82	86	89
Depreciation	-6,000	-6,175	-6,497	-6,824	-6,978	-7,087	-7,203	-7,327	-7,458	-7,595	-7,735	-7,877	-8,021	-8,169	-8,318
Net Operating Income	**3,979**	**4,173**	**4,073**	**5,086**	**5,026**	**5,144**	**5,225**	**5,257**	**5,305**	**6,064**	**5,682**	**5,979**	**6,281**	**6,587**	**6,899**
APPROPRIATIONS:															
Revenue Provision (HRACFR)	0	0	0	0	0	0	0	0	0	-209	-2,491	-2,655	-2,653	-2,649	-2,857
Revenue Contribution to Capital	-3,979	-4,173	-4,073	-5,086	-5,026	-5,111	-5,192	-5,223	-5,271	-5,822	-3,155	-3,288	-3,592	-3,900	-4,004
Total Appropriations	**-3,979**	**-4,173**	**-4,073**	**-5,086**	**-5,026**	**-5,111**	**-5,192**	**-5,223**	**-5,271**	**-6,031**	**-5,646**	**-5,942**	**-6,244**	**-6,549**	**-6,861**
ANNUAL CASHFLOW	**0**	**0**	**0**	**0**	**0**	**32**	**33**	**33**	**34**	**34**	**36**	**36**	**37**	**37**	**38**
Opening Balance	1,600	1,600	1,600	1,600	1,600	1,600	1,633	1,665	1,699	1,733	1,766	1,802	1,838	1,875	1,913
Closing Balance	**1,600**	**1,600**	**1,600**	**1,600**	**1,600**	**1,633**	**1,665**	**1,699**	**1,733**	**1,766**	**1,802**	**1,838**	**1,875**	**1,913**	**1,951**

Year	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	2043.44	2044.45	2045.46	2046.47	2047.48	2048.49	2049.50	2050.51	2051.52
£'000	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
INCOME:															
Rental Income	41,815	41,839	42,607	43,389	44,185	44,996	46,635	46,662	47,517	48,389	49,276	50,179	52,005	52,035	52,989
Void Losses	-629	-630	-641	-653	-665	-677	-702	-702	-715	-728	-742	-755	-783	-783	-798
Service Charges	3,148	3,211	3,275	3,341	3,408	3,476	3,545	3,616	3,689	3,762	3,838	3,914	3,993	4,072	4,154
Non-Dwelling Income	1,329	1,356	1,383	1,411	1,439	1,468	1,497	1,527	1,558	1,589	1,620	1,653	1,686	1,720	1,754
Grants & Other Income	531	539	548	557	566	575	584	594	603	613	623	634	644	655	666
Total Income	**46,194**	**46,315**	**47,172**	**48,044**	**48,932**	**49,837**	**51,559**	**51,696**	**52,651**	**53,624**	**54,615**	**55,625**	**57,545**	**57,699**	**58,765**
EXPENDITURE:															
General Management	-14,110	-14,392	-14,680	-14,974	-15,273	-15,578	-15,890	-16,208	-16,532	-16,863	-17,200	-17,544	-17,895	-18,253	-18,618
Special Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Management	-231	-235	-240	-245	-250	-255	-260	-265	-270	-276	-281	-287	-293	-298	-304
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-358	-358	-365	-371	-378	-385	-399	-399	-407	-414	-422	-429	-445	-445	-453
Responsive & Cyclical Repairs	-8,038	-8,193	-8,351	-8,512	-8,676	-8,843	-9,014	-9,187	-9,364	-9,545	-9,729	-9,916	-10,107	-10,302	-10,501
Total Revenue Expenditure	**-22,737**	**-23,179**	**-23,636**	**-24,102**	**-24,577**	**-25,061**	**-25,563**	**-26,059**	**-26,573**	**-27,097**	**-27,631**	**-28,176**	**-28,740**	**-29,298**	**-29,876**
Interest Paid	-7,054	-6,929	-6,807	-6,676	-6,536	-6,465	-6,453	-6,439	-6,434	-6,428	-6,352	-6,205	-6,035	-5,857	-5,681
Finance Administration	-70	-71	-73	-74	-76	-77	-79	-80	-82	-84	-85	-87	-89	-91	-92
Interest Received	93	95	96	97	97	98	98	97	93	90	50	50	12	13	13
Depreciation	-8,471	-8,627	-8,785	-8,946	-9,110	-9,277	-9,447	-9,620	-9,797	-9,976	-10,159	-10,345	-10,535	-10,728	-10,924
Net Operating Income	**7,955**	**7,605**	**7,968**	**8,343**	**8,730**	**9,053**	**10,115**	**9,593**	**9,858**	**10,130**	**10,438**	**10,862**	**12,159**	**11,738**	**12,204**
APPROPRIATIONS:															
Revenue Provision (HRACFR)	-4,463	-4,037	-4,322	-4,617	-4,924	0	-838	-127	-200	-275	-4,886	-5,193	-6,370	-5,827	-6,167
Revenue Contribution to Capital	-3,453	-3,528	-3,605	-3,684	-3,764	-9,010	-9,235	-9,422	-9,613	-9,808	-5,503	-5,620	-5,739	-5,861	-5,985
Total Appropriations	**-7,916**	**-7,565**	**-7,927**	**-8,301**	**-8,688**	**-9,010**	**-10,073**	**-9,549**	**-9,813**	**-10,083**	**-10,389**	**-10,813**	**-12,109**	**-11,688**	**-12,152**
ANNUAL CASHFLOW	**39**	**40**	**41**	**41**	**42**	**43**	**43**	**45**	**46**	**47**	**49**	**49**	**50**	**50**	**52**
Opening Balance	1,951	1,990	2,030	2,071	2,112	2,154	2,198	2,240	2,285	2,331	2,377	2,426	2,475	2,524	2,575
Closing Balance	**1,990**	**2,030**	**2,071**	**2,112**	**2,154**	**2,198**	**2,240**	**2,285**	**2,331**	**2,377**	**2,426**	**2,475**	**2,524**	**2,575**	**2,626**

Colchester Borough Council

HOUSING CAPITAL PROJECTIONS
Colchester BC

Year	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37
£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
EXPENDITURE:															
Planned Variable Expenditure	-4,676	-4,023	-4,828	-4,884	-6,147	-5,143	-5,226	-5,314	-5,409	-5,507	-4,243	-4,384	-4,697	-5,015	-5,128
Planned Fixed Expenditure	-14,341	-7,840	-12,977	-8,332	-7,726	-5,285	-5,391	-5,499	-5,609	-5,721	-4,415	-4,503	-4,593	-4,685	-4,779
Disabled Adaptations	-643	-685	-674	-708	-719	-552	-563	-574	-586	-598	-609	-622	-634	-647	-660
Other Capital Expenditure	-2,660	-11,281	-62	-64	-65	-66	-68	-69	-70	-72	-73	-75	-76	-78	-79
New Build Expenditure	-10,674	-32,541	-31,732	-2,587	0	0	0	0	0	0	0	0	0	0	0
Procurement Fees	0	0	0	0	0	-1,403	-1,431	-1,460	-1,489	-1,519	-1,549	-1,580	-1,612	-1,644	-1,677
Total Capital Expenditure	**-32,994**	**-56,370**	**-50,274**	**-16,574**	**-14,657**	**-12,450**	**-12,679**	**-12,916**	**-13,163**	**-13,417**	**-10,890**	**-11,164**	**-11,613**	**-12,069**	**-12,323**
FUNDING:															
Major Repairs Reserve	6,000	6,175	6,497	6,824	6,978	7,087	7,203	7,327	7,458	7,595	7,735	7,877	8,021	8,169	8,318
HRA CFR Borrowing	20,118	38,010	34,162	3,933	2,653	251	284	366	434	0	0	0	0	0	0
Other Receipts/Grants	0	4,845	3,641	0	0	0	0	0	0	0	0	0	0	0	0
HRA Reserves / 1-4-1 Receipts	2,897	3,168	1,900	731	0	0	0	0	0	0	0	0	0	0	0
Revenue Contributions	3,979	4,173	4,073	5,086	5,026	5,111	5,192	5,223	5,271	5,822	3,155	3,288	3,592	3,900	4,004
Total Capital Funding	**32,994**	**56,370**	**50,274**	**16,574**	**14,657**	**12,450**	**12,679**	**12,916**	**13,163**	**13,417**	**10,890**	**11,164**	**11,613**	**12,069**	**12,323**
In-Year Net Cashflow	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cumulative Position	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
MRR Account:															
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Contribution (Depr)	6,000	6,175	6,497	6,824	6,978	7,087	7,203	7,327	7,458	7,595	7,735	7,877	8,021	8,169	8,318
Use of Reserve to Capital	-6,000	-6,175	-6,497	-6,824	-6,978	-7,087	-7,203	-7,327	-7,458	-7,595	-7,735	-7,877	-8,021	-8,169	-8,318
Contribution to HRACFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**

Year	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	2043.44	2044.45	2045.46	2046.47	2047.48	2048.49	2049.50	2050.51	2051.52
£'000	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
EXPENDITURE:															
Planned Variable Expenditure	-4,911	-5,002	-5,094	-5,188	-5,284	-7,909	-8,054	-8,202	-8,352	-8,506	-6,484	-6,604	-6,725	-6,849	-6,974
Planned Fixed Expenditure	-4,548	-4,639	-4,732	-4,827	-4,923	-7,699	-7,853	-8,010	-8,170	-8,333	-6,174	-6,298	-6,423	-6,552	-6,683
Disabled Adaptations	-673	-686	-700	-714	-728	-743	-758	-773	-788	-804	-820	-837	-853	-871	-888
Other Capital Expenditure	-81	-82	-84	-86	-87	-89	-91	-93	-95	-97	-98	-100	-102	-104	-107
New Build Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Procurement Fees	-1,711	-1,745	-1,780	-1,815	-1,852	-1,889	-1,926	-1,965	-2,004	-2,044	-2,085	-2,127	-2,169	-2,213	-2,257
Total Capital Expenditure	**-11,924**	**-12,155**	**-12,390**	**-12,630**	**-12,874**	**-18,328**	**-18,682**	**-19,042**	**-19,410**	**-19,784**	**-15,662**	**-15,965**	**-16,274**	**-16,588**	**-16,909**
FUNDING:															
Major Repairs Reserve	8,471	8,627	8,785	8,946	9,110	9,277	9,447	9,620	9,797	9,976	10,159	10,345	10,535	10,728	10,924
HRA CFR Borrowing	0	0	0	0	0	41	0	0	0	0	0	0	0	0	0
Other Receipts/Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HRA Reserves / 1-4-1 Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contributions	3,453	3,528	3,605	3,684	3,764	9,010	9,235	9,422	9,613	9,808	5,503	5,620	5,739	5,861	5,985
Total Capital Funding	**11,924**	**12,155**	**12,390**	**12,630**	**12,874**	**18,328**	**18,682**	**19,042**	**19,410**	**19,784**	**15,662**	**15,965**	**16,274**	**16,588**	**16,909**
In-Year Net Cashflow	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cumulative Position	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
MRR Account:															
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Contribution (Depr)	8,471	8,627	8,785	8,946	9,110	9,277	9,447	9,620	9,797	9,976	10,159	10,345	10,535	10,728	10,924
Use of Reserve to Capital	-8,471	-8,627	-8,785	-8,946	-9,110	-9,277	-9,447	-9,620	-9,797	-9,976	-10,159	-10,345	-10,535	-10,728	-10,924
Contribution to HRACFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**

Colchester	**Cabinet**	**Item 8(ii)**
	26th January 2022	

Report of	**Assistant Director for Place and Client Services**	**Author**	**Darren Brown ☎ 282891**
Title	**Housing Revenue Account Estimates 2022/23**		
Wards affected	**All**		

1. Executive Summary

1.1 This report sets out the Housing Revenue Account budget for 2022/23, including proposals for changes to tenants' rents for the coming financial year, and the management fee payable to Colchester Borough Homes. It includes at Appendix C a forecast of the potential expenditure requirements and income projections for the HRA for the next 5 years, and the updated 30 year HRA financial model at Appendix E.

2. Recommended Decision

2.1 To approve the 2022/23 HRA revenue estimates as set out in Appendix A.

2.2 To approve dwelling rents as calculated in accordance with central Governments rent policy (set out in paragraph 5.7).

2.3 To approve the HRA revenue funded element of £7,855,100 included within the total management fee for Colchester Borough Homes (CBH) (set out in paragraph 5.14).

2.4 To note a revenue contribution of £3,979,300 to the Housing Investment Programme (HIP) is included in the budget (paragraph 5.29).

2.5 To note the HRA balances position in Appendix B.

2.6 To note the Medium Term Financial Forecast (MTFF) set out at Appendix C and the 30 Year HRA financial position set out at Appendix E.

3. Reasons for Decision

3.1 Financial Procedures require the Assistant Director for Place and Client Services to prepare detailed HRA estimates for approval by the Cabinet, setting the new rent levels for the new financial year.

4. Supporting Information

Key Issues for 2022/23

4.1 There are a number of key issues relating to the HRA budget for 2022/23, with further details being included within the main body of the report. However, in summary they are as follows;

- This is the first HRA budget to be set in the context of the refreshed 30 year HRA Business Plan, which is considered separately on the agenda. The budget therefore reflects the strategic priorities identified within the HRA business plan.
- Cabinet have previously agreed further significant investment in the Councils housing stock during 2022/23, which is reflected in the 2022/23 Housing Investment Programme report elsewhere on the agenda. This includes the HIP Climate Emergency Response works. The revenue implications of this investment are therefore reflected in the 2022/23 HRA budget.
- A revised Asset Management Strategy is being finalised, and the outputs have been included in this report and the Housing Investment Programme report elsewhere on the agenda.
- This is the eleventh year of HRA Self-Financing, which radically altered the funding of Council Housing, and the investment in the housing stock and other projects is reflected in this report and the Housing Investment Programme report included elsewhere on the agenda.

Prudence

4.1.1 This report and the 2022/23 Housing Investment Programme included elsewhere on the agenda reflect significant capital spending plans over the next 5 years, reflecting the clear signal and expectation from Government that Councils will increase the supply of Council housing through new build etc, following the abolition of the HRA debt cap. For information, the Councils housing stock at 1st April 2021 totalled 5,905 dwellings, with a balance sheet value of £396.8million.

4.1.2 In April 2012, the Council took on circa £75million of debt, determined as affordable by the Government under the HRA Self-Financing settlement. In the years thereafter, any new investment and its affordability has been assessed as part of the update of the 30 year HRA Business Plan. As set out in this report, the current and further planned investment and associated borrowing cost continues to be affordable, as demonstrated by the interest cover ratio in paragraph 5.27.

Housing Rents

4.2 The Governments 4 year rent reduction period ended in 2019/20, and the Government announced that rents would revert to the previous formulaic increase for a period of 5 years. Therefore, rents will increase by Consumer Price Index (CPI) + 1% from 2020/21 to 2024/25, which means we are continuing to set **dwelling rents within Department for Levelling Up, Housing & Communities (DLUHC) guidelines and so the annual increases in rents paid by tenants are set by reference to national Government policy.** The Government expects local authorities to apply rent restructuring to all their HRA properties and is the assumption the Government made when establishing the amount of debt we would take on under HRA Reform. As a reminder, the aim is that social rents reflect the condition and location of properties, local earnings and property size. Each property continues to have a target rent calculated using the Government's

formula, and this increases annually by the September CPI figure + 1.0%. Rents are able to be moved to target rent when the property becomes empty, and there are caps in place to protect tenants from very large increases.

4.2.1 There is no information to suggest what will happen to rents after 2024/25, but the prudent assumption within the MTFF and 30 year Business Plan is that rents will increase in line with the Consumer Price Index (CPI) only.

4.3 As part of the process for setting the 2022/23 HRA budget, it is necessary to revisit the 2021/22 position to forecast the predicted level of HRA balances along with identifying any risk areas or cost pressures which could have an impact in future years.

2021/22 Revised Housing Revenue Account

4.4 Appendix A shows the Revised Housing Revenue Account (HRA) estimates for 2021/22. There have been some amendments to the original budget for 2021/22 during the course of the current financial year. A reconciliation is therefore provided in the following table between the Original and Revised budget for 2021/22:-

Reconciliation between Original and Revised 2021/22 HRA Budget

	Budget 21/22	***Commentary***
	£'000	
Original Budget Deficit	**-**	Agreed 27th January 2021
2020/21 Budgets c/fwd	399	Agreed by Assistant Director of Corporate and Improvement
Revised Budget Deficit	**399**	

2021/22 Forecast Outturn Position

4.5 When considering the financial position of the HRA, in addition to the adjustments to the 2021/22 original budget shown in the above table, it is important to note the 2021/22 forecast outturn position. It is currently predicted that the HRA will be on budget at the year-end. The table below provides a breakdown of this net position. In addition, commentary is provided on the major variations;

	Outturn 21/22
	£'000
Employee costs	35
Net Rental & Tenants Service Charge Income	421
One-off/Technical Items	
Revenue Contribution to Capital (RCCO)	(456)
Forecast 2021/22 Outturn Variance	**-**

- An overspend of £35k is forecast due to agency staff being used to provide short-term resource in the Client team.

- It is forecast that we will receive less rental and tenants service charge income of £421k. This primarily reflects the net impact of rental & service charge income being lost from dwellings and garages than assumed within the budget, through a

combination of voids and the level of Right to Buy sales, along with the timing of acquisition and additions to our housing stock.

- As a result of these forecast outturn variances, a reduced Revenue Contribution to Capital of £456k to fund the Housing Capital Programme in 2021/22 is forecast.

4.6 To provide a further explanation of the forecast outturn position, the funding of the Housing Investment Programme considered elsewhere on the agenda is derived from a number of sources. After firstly taking into account depreciation, grants and capital receipts etc, the remaining sources of funding are revenue resources from the HRA as detailed in this report, then finally borrowing in the form of new loans. Any opportunity to forego new borrowing so that interest costs can be minimised should be taken.

HRA Reform

4.7 Members will be aware of the implementation of the national reform of the Housing Revenue Account from April 2012. The 2022/23 budget therefore reflects the eleventh year of operating within this financial regime for the HRA, with commentary included on the medium and long-term outlook in this report.

4.8 Appendix E summarises the 30 year financial modelling for Colchester's HRA. This is set out using the standard approach, which is to show each of the first 5 years individually, then group the remainder of the model in 5-year bands. Further information is provided at paragraph 7, including some of the underlying principles and assumptions that are included. Given the long time-span this modelling covers, it will clearly change as time progresses as both internal and external influences have an impact. However, what it does provide is an indication of the long-term viability of the Council's HRA, given the assumptions made and the plans the Council has already identified and committed to.

5. 2021/22 Housing Revenue Account Budget

5.1 Appendix A shows the Housing Revenue Account (HRA) estimates for 2022/23. This shows a break-even budget for the year, meaning there is no planned contribution to or use of uncommitted HRA balances .

5.2 It should be noted that the MTFF included within the 2021/22 HRA budget cycle and considered by Cabinet on 27th January 2021 estimated a break-even budget for 2022/23.

Balances

5.3 The prudent level of uncommitted balances for the HRA is currently £1,600k. This recognises the transfer of risk from Central to Local Government resulting from HRA Reform, as well as providing for any adverse effects of inflation, interest rates, or Right To Buy sales on the HRA. Whilst there is certainty around interest rates given we have secured long-term fixed rates on our HRA Reform settlement debt, the abolition of the debt cap and our plans to borrow does bring a risk relating to increasing interest rates. The risk surrounding welfare reform continues to be recognised in our assessment of HRA balances.

5.4 A risk assessment has been undertaken to review the minimum prudent level of HRA uncommitted balance the Council should maintain. The results of this review are set out at Appendix D and show that it would be reasonable to retain the uncommitted balance at £1,600k. This will continue to be reviewed annually.

5.5 The estimated balances for the HRA are set out in Appendix B. The anticipated level of the uncommitted HRA balance as at 31st March 2023 is £1,600k, which is equal to the recommended prudent level. This means we are now running the HRA at the minimum

prudent level of revenue balances, and any additional cost or saving that might arise could impact on the amount of any new borrowing undertaken.

5.6 The budget at Appendix A shows that we are using as much of our revenue balances as possible to make a Revenue Contribution to fund the Housing Investment Programme. This is because it is deemed to be a more economical use of resources, rather than fund the capital programme by undertaking additional borrowing and thus incurring additional borrowing costs. This fits with the prioritising of resources indicated in this report and in the Housing Investment Programme elsewhere on the agenda. From 2022/23 thereafter, the assumption is that where required, revenue contributions to the capital programme will be made up to the point that the minimum recommended level of balance is reached.

Income

Housing Rents

5.7 By following the rent increase formula, we are continuing to set **dwelling rents within Department for Levelling Up, Housing & Communities (DLUHC) guidelines and so the annual changes in rents paid by tenants are set by reference to national Government policy.** The average rent proposed for 2022/23 is £92.68 per week compared to a current average of £89.03, an increase of £3.65 (4.1%) per week. It is difficult to anticipate future rent increases after 2022/23, given the potential for the rate of inflation to vary in the short to medium term and also for any further changes in Government rent policy. However, modelling within the MTFF and 30 year financial modelling has been undertaken using reasonable estimates of inflation rates.

5.8 Sales of council houses under the Right to Buy (RTB) scheme could reach 40 this year (46 sold in 2020/21 and 31 sold in 2019/20), which is broadly in-line with the number included in the 2021/22 HRA budget. The level of sales has levelled out in recent years, therefore the 2022/23 budget has been set assuming the sale of 30 properties, being broadly in line with recent years. The MTFF and longer term modelling does not assume a reduction in the number of sales until 2027/28. However, these assumptions will be reviewed annually as part of our future budget setting.

5.9 The budget for 2021/22 has been set using the assumption that there will be a loss of rental income of 1.50% resulting from empty properties. This is consistent with the 2021/22 budget and is intended to provide for any additional void loss that may arise as a result of the various changes being undertaken within the housing stock.

5.10 Given the abolition of the debt cap, Cabinet has already agreed plans to increase our Council Housing stock, through a combination of new build and acquisitions. The 2022/23 budget includes an estimate for the additional rental income these measures will generate.

Other Income

5.11 The rents for garages are included in the fees and charges report agreed by the Portfolio Holder for Housing and Communities, and continues the policy that reflects a pricing strategy based on market forces.

5.12 There are a range of other fees and charges for services which are made to Tenants and Leaseholders, which are agreed by the Portfolio Holder. The budget for 2022/23 assumes that the demand for these services will remain the same as the current financial year, unless mentioned otherwise.

5.13 The de-pooling of service charges to individual tenants was implemented in 2008/09. There have not been any new service charges introduced for 2022/23, only an update of existing charges to reflect the actual cost of the services provided.

Expenditure

Colchester Borough Homes Management Fee

5.14 The management fee provides funding to CBH for the services they provide under the management agreement and is funded from several sources within the Council's accounts, namely the Housing Revenue Account, the Housing Investment Programme, as well as the Council's General Fund. The following table analyses the total CBH management fee, and provides details of where the funding is shown in the Council's overall budget:

Breakdown of 2022/23 CBH Management Fee

	Budget 22/23	***Funding Source***
	£	
CBH Management costs	4,060,800	CBH Ltd Management Fee at Appendix A
R&M Management Fee	584,000	Included in Repairs & Maintenance at Appendix A
R&M Works	3,210,300	Included in Repairs & Maintenance at Appendix A
Sub-Total: HRA	**7,855,100**	
Capital Fee	1,296,000	Included within the 2022/23 Housing Investment Programme
Sub-Total: HIP	**1,296,000**	
Professional Support Unit	128,400	Included within the 2022/23 General Fund Budget
Housing Options Team	660,900	Included within the 2022/23 General Fund Budget
Facilities Management/ Engineering Team	529,800	Included within the 2022/23 General Fund Budget
Housing Systems Team	90,100	Included within the 2022/23 General Fund Budget
Sub-Total: General Fund	**1,409,200**	
Total Management Fee	**10,560,300**	

5.15 The base management fee for 2022/23 includes an allowance for inflation and the increase in employers National Insurance contributions from April 2022 as implemented by the Government, along with provision for an increase in material costs for responsive and void repairs work. Furthermore, the one-off allowance made for the increased employer pension contributions CBH now have to pay following the schemes actuarial review has fallen-out in 2022/23.

5.16 Members will be aware that at its meeting on the 27th November 2013, Cabinet approved the Council's 30 year HRA Business Plan. The revised HRA Business Plan being considered elsewhere on the agenda, the 2022/23 budget and management fee include the continuation of a number of service enhancements, which reflect the strategic priorities identified by Cabinet. The majority of these are incorporated within the existing

CBH Management Fee and Council budgets, with additional resources being directed in particular to supporting tenants.

Management Costs

5.17 The 2022/23 HRA budget includes £6,247,300 for management costs, an increase from 2021/22 (£6,048,600). Management costs form a substantial part of the HRA annual expenditure, and they consist of budgets managed directly by the Council, as well as those which are managed on behalf of the Council by CBH. Further information along with an explanation for any material changes from the 2021/22 budget is given in the following paragraphs;

5.18 The budget for Employee costs has increased by £14,200 for 2022/23. This primarily relates to provision for a pay award and an increase in the ICT training budget.

5.19 The budget for Premises costs has increased by £207,200. The budget for utility costs has increased by £186,300 recognising the national increase in gas and electricity prices, along with an increase in the grounds maintenance budget of £22,600.

5.20 The HRA receives a significant level of recharges from other Council services, along with a proportion of central support costs, such as Corporate and Democratic Core and Pension costs associated with the back-funding of the scheme. The total budget for 2022/23 has decreased by £29,700 from 2021/22.

Repairs and Maintenance

5.21 The 2022/23 Housing Investment Programme has been drafted and is included elsewhere on the agenda for approval. In respect of revenue works £5,748,200 has been included in the budget for repairs and maintenance (compared to £5,419,000 in 2021/22), of which £3,794,300 is specifically for works and associated overheads included within the CBH Management Fee. A provision of £1,739,700 is included in the budget for those works which are managed by CBH on behalf of CBC, such as external decorating and gas servicing, but where CBC still hold the contract. The balance of the budget is for works to sewage pumping stations, temporary accommodation and other CBH delegated areas. The revenue budget provides for repairs that are undertaken on a responsive basis, as well as works to void properties, and maintenance which is carried out under a planned programme such as external decorating and gas servicing.

Capital Financing Costs

5.22 The budget includes the statutory charges to the HRA for the interest costs of the Councils borrowing in respect of the housing stock. This represents a significant proportion of the Councils HRA expenditure each year. It is worth noting that any new borrowing to fund the overall Housing Investment Programme next year may be borrowed internally from the Councils General Fund, subject to the levels of borrowing required and funding available, which is at a lower rate than would be payable were we to borrow externally. This also delivers a benefit to the General Fund, as it would be receiving more interest than it would attract were it to invest externally. This approach has been considered and agreed as part of the Council's treasury management strategy.

5.23 No provision has been made at this point in time for the annual repayment of any HRA debt, as there is no statutory duty to provide for it. The Council though is statutorily responsible for self-managing its long-term indebtedness. The Council is forecast to have circa £156million of housing debt at the start of the next financial year, and it would be prudent to start to consider providing for some repayment in the future. The Treasury Management Strategy Statement approved by Cabinet on 25th January 2012 stated

"That the Council plans to make Voluntary Revenue Provisions (VRP) for the repayment of HRA debt to enable maturing debt to be repaid, whilst ensuring that this does not create an adverse impact on the business case". However, this also needs to be considered alongside the investment requirements of the housing stock, and the clear message from Government that local authorities are expected to increase their Council housing stock to help address the housing crisis.

5.24 Given the need to undertake additional HRA borrowing to support the Housing Investment Programme over the next 5 years, it would currently seem impractical to set-aside revenue resources for debt redemption over this period of time, which as a result would leave a funding gap which would need to be met by further borrowing (and hence incur additional revenue interest costs). However, this should be considered each year as part of the Councils annual budget setting process and review of the 30 year HRA financial model. Given the medium term investment needs currently identified and priorities agreed by Cabinet, it is proposed that no voluntary provision for debt repayment is included in the 2022/23 budget or MTFF at this point in time.

5.25 The 2022/23 Housing Investment Programme report included elsewhere on the agenda contains significant capital spending plans over the next 5 years, directly as a result of the Governments abolition of the HRA debt cap and the clear signal and expectation that Councils will increase the supply of Council housing through new build etc. This expenditure will be funded through a combination of using our retained 1-4-1 Right To Buy receipts, and prudential borrowing. The Councils General Fund is already able to borrow using prudential borrowing, so the HRA is simply being treated consistently.

5.26 The Councils Treasury Management Strategy is included elsewhere on the agenda, and contains prudential indicators which assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances, and include the HRA. It is also proposed to continue using the following indicator within this report, which is a measure also adopted by Registered Providers to demonstrate how easily they can pay their interest costs:

5.27 **Interest Cover Ratio.** This indicator identifies the ability of the net operating surplus in the HRA to meet the interest costs of HRA debt. It would be reasonable to expect this indicator to be in the region of 1.50 or above.

20/21 Actual	21/22 Estimate	22/23 Estimate	23/24 Estimate	24/25 Estimate	25/26 Estimate	26/27 Estimate
2.09	1.64	1.74	1.73	1.60	1.70	1.68

Revenue Contributions to Capital Outlay (RCCO)

5.28 The Council has continuously made revenue contributions to capital spending recognising the significance of targeting resources to invest in our Housing Investment Programme. Given the regime of HRA self-financing and the additional revenue resources subsequently generated, the Council is able to make significant revenue contributions to support the capital investment included within the Housing Investment Programme.

5.29 The revenue contribution included in the estimates is £3,979,300. The majority of this budget is to support the capital work programmes to the housing stock in 2022/23, which are included within the Housing Investment Programme report elsewhere on the agenda. However a provision of £60,000 has been included for ICT, which is intended to support various projects as they arise during the year.

Risk areas and budget review process

5.30 Some of the key variables that may impact during the year are shown in the table below:-

Area	**Comment**
Rental Income	The budget makes assumptions on the future level of Right To Buy sales and void levels. These are to a certain extent demand led and due to the significance of Rental Income within the HRA, can have a significant effect on the level of the HRA balance. Furthermore, the risk exists that the Government could change rent policy unexpectedly, as demonstrated by the rent reduction announcement in 2015.
Governments Welfare Reform	The budget includes an estimate of the impact of Welfare Reform. As well as providing for transaction costs etc, the budget also includes an estimate of the potential impact upon rent arrears and consequently the level of bad debts provision we would need to maintain.
New Build	The budget makes assumptions on the numbers of new properties being built, the amount and timing of expenditure, and the amount of borrowing required. These factors can all change as schemes progress.
Revenue Contributions to Capital (RCCO) / Prudential Borrowing	Capital Resources have been provisionally allocated for 2022/23 within the Housing Investment Programme report contained elsewhere on the agenda. If these resources prove insufficient, then options exist to either finance capital expenditure from revenue, or undertake additional HRA borrowing. Clearly, if one of these options was pursued, then there will be a requirement to find additional resources from the HRA.
Repairs and Maintenance	Historically, this is an area where pressure has existed on budgets such as Responsive and Void repairs, given that they are demand-led. However, in recent years this has become less of a risk. These budgets now form part of the CBH Management Fee, and the terms of the management agreement specify that CBH will be liable for any overspend up to a maximum of £200k per year, but also that they may retain any underspend up to £100k per year. Therefore, there could be a reduced impact on the HRA of variations in expenditure.
Building Cost Inflation	The budget makes assumptions on future price increases for the cost of undertaking repairs & maintenance through the tender of contracts. Given the volatility of prices currently being seen, there is a risk that prices could rise further, the cost of which would have to be funded from existing resources or HRA balances.
Utility costs	The budget makes assumptions on future prices for Gas and Electricity that are consumed within the Council's housing stock, such as Sheltered Schemes, Temporary Accommodation and Communal entrances in blocks of flats.

Area	Comment
	Given the volatility of utility prices currently being seen, there is a risk that prices could rise further, the cost of which would have to be funded from existing resources or HRA balances.
2021/22 Outturn	A net overspend of £456k is currently predicted for this year, which means a lower proportion of our Housing Capital Programme will be funded from new borrowing. Any variance on the forecast will result in a higher or lower RCCO, which will have a knock-on impact on the amount of any new borrowing undertaken.

5.31 As shown in paragraph 5.30 above several key variables have been identified. It is therefore essential that a programme of formal reviews of the HRA be set out to provide an opportunity to make changes to resource allocations during the year. The following schedule therefore sets out a suggested framework for these reviews.

Review	Comment
March 2022	Updated outturn forecast.
July 2022	Provisional pre-audit outturn / current year issues etc.
September 2022/ October 2022	Mid-year review.
December 2022 / January 2023	Outturn review / Budget 2023/24.

6. Supporting Information - Medium Term Financial Forecast (MTFF)

6.1 As part of the budget process for 2022/23 a MTFF has been produced for the HRA. This sets out the indicative budget position for the period 2022/23 to 2026/27. Although we are operating under the HRA Self-Financing regime, and more certainty is now in place, assumptions still have to be made around inflation rates, void levels, bad debts and increases in costs etc, which can of course change. To that extent, the MTFF should still be viewed as indicative.

6.2 Appendix C sets out the MTFF for the period analysed by the main areas of expenditure and income. This shows that the level of uncommitted HRA balance is able to be maintained at prudent levels throughout the MTFF. This is after meeting all the running costs of managing & maintaining the housing stock, along with servicing the borrowing costs on all HRA debt. It is also after substantial revenue contributions have been made to support the Housing Investment Programme. Planning to run the HRA balance at the minimum prudent level fits with the principle that it is more cost effective to minimise/reduce borrowing costs where possible, rather than hold a higher revenue balance than is prudently required, whilst also providing reassurance to tenants and residents that the Council is wisely managing its finances and its housing stock. This approach fits with the principle referred to in paragraph 5.6 above. The recommended level of uncommitted balance on a risk based approach is £1,600k. There are several factors which can affect the forecast position, namely:-

- ***Capital financing***

Given the treasury management strategy relating to our HRA Reform debt settlement was to borrow at fixed interest rates, this means we are able to plan with certainty into the long-term surrounding the financing costs of this debt. The MTFF includes assumptions on the interest rate we will have to pay on the further HRA borrowing that would need to be undertaken to support the Housing Investment Programme, included elsewhere on the agenda. Given that any future additional borrowing would be undertaken at the prevailing interest rates at the time, for the purposes of the MTFF a

reasonable assumption has been made on what those rates might be. This will be reviewed as part of the annual budget setting process.

- ***Rental income***

From 2022/23, the MTFF reflects the Governments announcement that rent increases will return to the previous formula of CPI + 1% up until 2024/25. There has been no indication from Government what rent policy would be after that year, but we are prudently assuming rents will increase by CPI only from 2025/26. The assumptions on the number of Right To Buy sales and the level of anticipated rent lost through void properties have been updated to reflect recent activity, but once again these are areas which can significantly alter the forecast of Rental Income and are to a certain extent demand led.

- ***Welfare Reform***

Continued provision has been made within the MTFF for the estimated potential effect on levels of rent arrears and bad debts, resulting from the introduction of Welfare Reform by the Government. The contribution to the provision for bad debts has been broadly maintained at the level for 2021/22 going forwards, with the level of provision being reviewed annually as part of the budget setting process.

6.3 The MTFF therefore provides a baseline position against which to make decisions as to the allocation of HRA resources and to determine the budget strategy over the next 5 years. The MTFF will be updated on a regular basis.

7. Supporting Information – 30 Year Financial Modelling

7.1 The implementation of HRA Reform in 2012 brought the expectation that Councils will take a greater business planning role when managing their Housing Revenue Account. Cabinet are being asked to approve the revised HRA Business Plan elsewhere on his agenda. This includes a 30 year financial model which sets out the long-term position of the Councils HRA, using 2022/23 as the base year. This is summarised at Appendix E. This is set out using a standard approach, which is to show each of the first 5 years individually, then group the remainder of the model in 5-year bands. It incorporates expenditure & income for both revenue and capital, along with the HRA balances and debt position.

7.2 The information provided by the model for future years should be viewed as indicative. This is because a number of assumptions have to be made when projecting into the future, and the following paragraphs give some further details on these. Given the potential for these to vary, the impact upon the modelling could result in an improvement or decline in the position shown, dependant on the size of change and the degree of impact upon the plan. However, prudent assumptions are made wherever possible to protect the Councils financial position and to ensure the ongoing viability of the HRA.

7.3 Officers have undertaken sensitivity analysis on the 30 year model to evaluate the impact any change or combination of changes in the assumptions could have. Further information on the work undertaken is provided at paragraph 7.24.

Income Assumptions

7.4 One of the key drivers within the financial model is inflation. This is the factor which determines future annual rent increases for tenants, and it is this income which we are able to retain in the future to meet the increased stock investment and additional borrowing costs resulting from our increased debt arising from HRA Reform.

7.5 The Government announced that when the 4 year period of rent reductions ended, rents would revert to the previous formulaic increase for a period of 5 years. Therefore, rents will increase by Consumer Price Index (CPI) + 1% up to 2024/25 in line with this

announcement. There is currently no indication to suggest what is going to happen to rent policy after this date, therefore for the purposes of Business Planning it has been assumed that rents will increase by CPI only from 2025/26 for the remaining duration of the 30 year model. As a reminder to members, a change in rent policy is the example the Government at the time quoted within the HRA Reform debt settlement that would possibly re-open the original debt settlement. However, this did not occur. Therefore, Colchester along with all other housing authorities nationally, entered into the new self-financing HRA arrangements at the time on the basis that the Government was providing certainty on national rent policy, which clearly changed.

7.6 Assumptions have been made within the model for changes in stock numbers, primarily from Right to Buy sales and from the additional stock that will be delivered as part of our new build and acquisition plans. These assumptions are consistent with those made in the budget and MTFF. The Council has entered into agreement with DLUHC to retain additional RTB receipts to deliver new affordable housing, and the proposals already approved by Cabinet should minimise the amount that has to be repaid to Government.

7.7 Assumptions have been made regarding rent lost from void properties and bad debts. An allowance has been made for ongoing operational voids, as well as an ongoing increase to the level of bad debts provision we may need to hold following the introduction of the Governments welfare reforms.

7.8 It has been assumed that income from garages will increase in line with CPI. There is the potential for this to increase, with the improvement to the financial model coming through a combination of reduced void levels as well as an increase in annual charges.

7.9 All other income budgets are assumed to increase in line with inflation.

Expenditure Assumptions

7.10 Similarly to income, inflation can have a significant impact upon expenditure levels within the 30 year financial model. It has been assumed that the Retail Price Index (RPI) will be 1% higher than the Consumer Price Index (CPI). The assumption that rents will increase by CPI + 1% means inflation on expenditure will be at the same rate as assumed for income up until 2024/25, after which there will be a 1% differential between income and expenditure assumptions (due to lack of clarity on Government rent policy after 2024/25).

7.11 Management costs have been assumed to remain at the current base level throughout the life of the 30 year model, subject to inflationary increases. The exception to this is where it is known they will alter, for example tri-annual reviews of the pension scheme by Essex County Council, or where one-off sums have been included within the base budget.

7.12 Maintenance costs have been extracted from the Councils 30 year Asset Management Strategy. Assumptions have been made around future increases in line with general inflation, but these costs are also subject to changes to the BCIS (Building Cost Inflation) and market conditions that impact as contracts are re-tendered.

Funding & Financing Assumptions

7.13 The Council's Asset Management Strategy includes the expenditure requirements of our housing stock over the next 30 years. This has been reflected in the 30 year financial model. The day to day repairs and maintenance costs are funded from the revenue account, whilst the capital expenditure requirements are funded from a variety of sources which is considered within the Housing Investment Programme (HIP) report elsewhere on the agenda.

7.14 The priority of how resources are used to fund the HIP is contained within that report for 2022/23, which in summary is aimed at using specific grants and capital receipts first, then reserves, with the intention of preserving revenue resources as far as possible as they offer the greatest funding flexibility. Should there be no or insufficient revenue resources available, then additional borrowing would be the final approach. This is because borrowing carries a cost of doing so; therefore it is treated as the last option to gain the maximum use of revenue resources available.

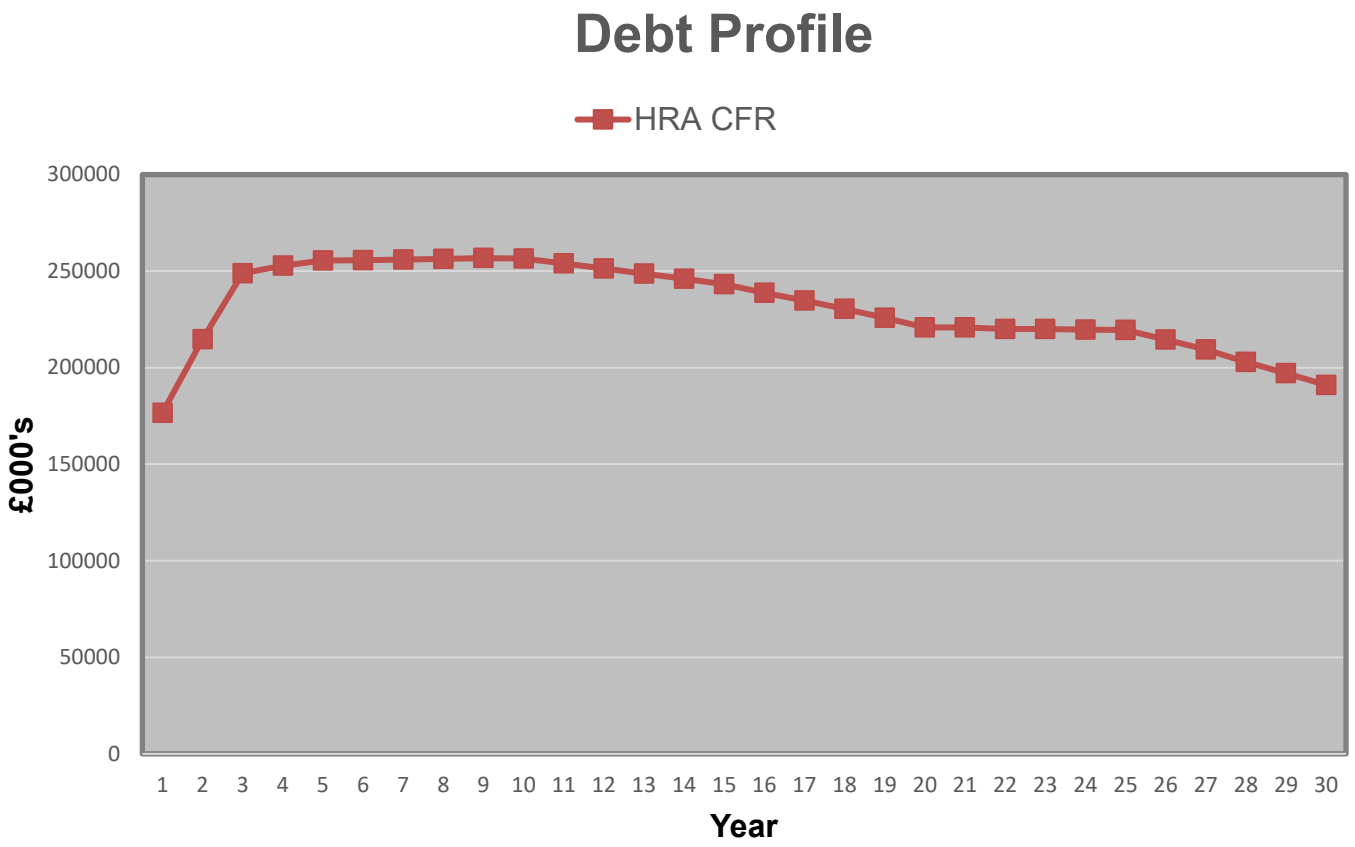
7.15 Under HRA Reform, the primary source of funding the Housing Capital Programme, especially in the early years, is a charge to the HRA which reflects the cost of depreciation to the housing stock. This is calculated locally, with reference to our actual stock condition and asset management strategy.

7.16 We are able to plan with certainty for the borrowing costs relating to the HRA Reform debt settlement, given that we entered into a number of long-term fixed rate loans. We are currently assuming a rate of 2.5% on any future borrowing undertaken to support the Housing Capital Programme, which will be reviewed annually as part of the budget cycle. However, it should be noted that the impact of interest rates can be significant, given any 1% change in interest rates would result in an annual cost of circa £150k (based on current levels of borrowing).

Debt

7.17 The measure of an authority's debt under self-financing is the HRA Capital Financing Requirement (HRA CFR). Our opening HRA debt on 1st April 2021 is expected to be £156.545million. As the HRA debt cap has been abolished by Government, the only constraint on borrowing now is that it is affordable under the prudential borrowing code.

7.18 The following graph shows our current debt profile that is being generated by the 30 year financial model. This works on the principle that once all of the costs of managing & maintaining our housing stock have been met, and the interest costs of our HRA borrowing have been paid, any residual income can be used to repay debt. It is important to state that this is an indication of the ability to repay debt, as what actually dictates whether debt is reduced is where the Council actually repay loans as they mature.



7.19 The above debt curve is consistent with a business plan for the HRA where a significant level of new build/stock acquisitions etc are being undertaken. In the early years, debt increases and then levels out around mid-way through the plan, then starts to reduce in the second half of the plan as rents have increased sufficiently to enable repayment of debt.

7.20 Given the abolition of the HRA debt cap, the Council is planning to undertake additional prudential borrowing to deliver the plans agreed by Cabinet, and as set out in the refreshed HRA Business Plan. The following table shows the predicted level of debt over the first 10 years of the current financial model, taking into account the additional borrowing and any provision for the repayment of debt;

Year	Forecast HRA Debt £000's
2022/23	176,663
2023/24	214,672
2024/25	248,835
2025/26	252,767
2026/27	255,420
2027/28	255,671
2028/29	255,955
2029/30	256,321
2030/31	256,755
2031/32	256,546

7.21 The projection in the above table is derived from a number of assumptions in the financial model, many of which are out of our direct control, for example inflation, Right

To Buy numbers etc. Therefore the figures in the table above should be viewed as indicative.

Outlook Summary

7.22 To remind Members, the main test adopted when determining the viability of an HRA business plan is whether the debt is able to be repaid by year 30. This mirrors the process that private funders adopt when considering a stock transfer proposal, as they want to be comfortable that their borrowing is capable of eventually being repaid. However, HRA Reform has put Councils firmly in control of their business plans and it is acknowledged that Councils may wish to retain debt, and in return use those resources which would otherwise have been used to repay debt to provide even greater investment locally, whether it be in relation to the existing housing stock, the provision of new affordable housing and/or improved services to tenants. Therefore, whilst the year by which all debt would be repaid is useful as a measure, it should be considered alongside the Councils overall position on repayment of HRA debt versus the desire to provide maximum investment locally. To this extent, the debt tables in this report reflect Cabinets decisions to deliver the proposals set out in the Housing Investment Programme and plans to increase the supply of Council housing.

7.23 The focus has now moved from managing within the debt cap, to managing our overall level of debt and ensure it is affordable in the long-term. The plans to increase our housing stock should be viewed as growth, and will last beyond the current 30 year modelling. As rents increase beyond year 30, then the ability to repay debt or invest further will increase.

Sensitivity Analysis

7.24 A key part of business planning is understanding the factors that can influence the outputs, and their potential impact. Therefore, a number of sensitivities can be modelled, to see how they affect the base position. The following table sets out some examples of the sensitivity analysis undertaken and their resultant impact upon the 30 year HRA model, compared to the base position shown at Appendix E;

		Variation to Base Position			
		Scenario 1	Scenario 2	Scenario 3	Scenario 4
	Base Position	Reduction in Inflation of 1% over 30 Years	Increase in Inflation of 1% over 30 Years	Decrease in Inflation of 1%, Increase in RTB's by 10,Decrease in Mgt Costs by £200k in every Year	Increase in Inflation of 1%, Increase in RTB's by 10, Increase in Mgt Costs by £200k in every Year
Peak Debt Year	Year 9	Year 10	Year 5	Year 10	Year 9
Debt at Year 30	£191.0million	£238.0million	£134.6million	£251.7million	£184.0million
Capital Investment affordable over 30 Years	£532.2million	£471.7million	£605.2million	£468.2million	£599.9million
Surplus HRA Balance at Year 30	£2.6million	£2.6million	£2.6million	£2.6million	£2.6million

7.25 The sensitivity analysis in Scenarios 1 & 2 above demonstrates the impact that inflation can have on the long-term HRA model. If inflation increases, rental income (following the Governments rent policy) increases at a higher rate than expenditure. Also, a large proportion of our costs are not affected by inflation, such as the fixed rate interest costs on our borrowing. Consequently, rising inflation results in a net gain to the HRA. Conversely though, lower inflation results in a net loss to the HRA, as we receive less rental income than we save in lower costs.

7.26 The sensitivity analysis also demonstrates how a combination of variables can influence the modelling, such as changes in inflation rates, numbers of Right To Buy sales and variations in costs for example. Depending on the scale of these changes, they could either bring a significant benefit to/put pressure on the viability of the current plan, or could actually be broadly neutral. Finally, the analysis above assumes any change would exist for each of the 30 years in the HRA, which is highly unlikely given the long time-scale involved, and also assumes no corrective action would be taken if there were a negative impact, which clearly would not be the case. However, it aims to give an understanding of how changes could impact upon the current base 30 year HRA model.

8. Strategic Plan References

8.1 The revenue estimates presented here link to the following areas of the Councils Strategic Plan 2021 to 2023:

Responding to the Climate Emergency

- Reduce carbon emissions to help achieve a zero-carbon footprint for Council services for 2030
- Environment and sustainability imbedded in all Council decision making and the adaption and recovery from Covid-19

Tackling the causes of inequality and support our most vulnerable people

- Support people to live in healthy homes that meet their needs

Increase the number, quality and types of homes

- Improve existing Council homes to keep them in good repair and improve energy efficiency
- Continue to improve and modernise available housing for older people

Prevent households from experiencing homelessness

- Work with partners to deliver the 2020-23 Homelessness and Rough Sleeping Action Plan
- Intervene early to prevent homelessness and work in partnership with other organisations to sustain people's accommodation
- Tackle rough sleeping in the Borough

Enable economic recovery from Covid 19 ensuring all residents benefit from growth

- Ensure our Borough becomes stronger post Covid 19 by supporting businesses to recover, adapt and build resilience
- Develop opportunities to ensure the new economy is greener, sustainable and more resilient

Create an environment that attracts inward investment to Colchester help businesses to flourish

- Encourage green technologies and innovative solutions to the Climate Emergency
- Maximise the social value benefits derived from third party contracts
- Ensure the Councils assets continue to contribute to economic growth and opportunity

9. Consultation and Publicity

9.1 Both CBC and CBH recognise residents play a central role in future policy setting, with the potential consideration of service improvements that would lead to changes in charges for tenants, it is anticipated that an appropriate amount of consultation will be undertaken during the course of the financial year.

9.2 The Council has conducted a Survey of Tenants and Residents (STAR) with the specific aim of obtaining customer feedback on satisfaction with services through a survey of general needs tenants, all sheltered tenants and leaseholders. CBH will need to develop a resident engagement action plan from this survey to include more consultation with residents to help tenants and leaseholders understand and take responsibility and understand safety of their homes.

9.3 Rent notices will be issued to all tenants and leaseholders in line with the Government standard period covering changes to rents and service charges for the new rent year commencing in April 2022.

10. Financial Implications

10.1 Are set out in this report.

11. Equality, Diversity and Human Rights Implications

11.1 This report has no specific human rights implications. Consideration has been given to equality and diversity issues in respect of any budget changes proposed as part of the

budget process. This has been done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

12. Community Safety Implications

12.1 Through the delivery of improvements to our housing assets and the built environment, the Council seeks to achieve improved outcomes for residents across the borough. This contributes to a reduction in the occurrence of anti-social behaviour, and the incidences of crime through investment in external elements of properties, e.g. UPVC windows and doors, and door entry systems.

13. Health and Safety Implications

13.1 This report has no significant Health and Safety implications

14. Risk Management Implications

14.1 These have been taken into account in the body of the report.

15. Environmental and Sustainability Implications

15.1 The Council has clear goals and objectives around tackling the climate challenge. The new Asset Management Strategy includes how these can be supported and delivered over the next 5 years so that within the HRA the Council has a deliverable and affordable plan that will contribute to the net carbon footprint for Council services. The Housing Investment Programme for 2021/22 and 2022/23 includes provision of £4.4m which has already been agreed by Cabinet.

Appendices

- Appendix A - Housing Revenue Account Estimates 2022/23
- Appendix B - HRA Balances Statement
- Appendix C - Medium Term Financial Forecast
- Appendix D - HRA Balances Risk Management Assessment
- Appendix E - 30 Year Financial Model

Background Papers

- None

	COLCHESTER BOROUGH COUNCIL		
	Revenue Estimates 2022/23		
	Housing Revenue Account		
	Summary		
2020/21		**2021/22**	**2022/23**
Actuals	**Expenditure & Income Analysis**	**Revised**	**Original**
		Budget	**Budget**
£000's		**£000's**	**£000's**
	INCOME		
(26,316)	Dwelling Rents (Gross)	(27,019)	(28,064)
(1,049)	Non-Dwelling Rents (Gross)	(1,062)	(1,058)
(2,465)	Charges for Services and Facilities	(2,630)	(2,686)
(55)	Contributions towards Expenditure	(53)	(55)
(29,885)	**Total Income**	**(30,764)**	**(31,863)**
	EXPENDITURE		
4,643	Repairs and Maintenance	5,419	5,748
3,836	CB Homes Ltd Management Fee	3,813	4,061
6,821	Management Costs	6,448	6,248
131	Rents, Rates and Other Charges	165	171
205	Increased provision for Bad or Doubtful Debts	250	250
4,490	Interest Payable	5,243	5,366
16,916	Depreciation and Impairments of Fixed Assets	6,000	6,000
4	Amortisation of Deferred Charges	3	3
64	Debt Management Costs	51	52
37,110	**Gross Expenditure**	**27,392**	**27,899**
7,225	**Net Cost of Services**	**(3,372)**	**(3,964)**
(10,365)	Net HRA Income from the Asset Management Account	(3)	(3)
(1,772)	Disposal of Fixed Assets	-	-
(37)	HRA Investment Income (including mortgage interest and interest on Notional Cash Balances	(16)	(12)
(4,949)	**Net Operating Expenditure**	**(3,391)**	**(3,979)**
4,766	Revenue Contribution to Capital Expenditure	3,790	3,979
(183)	**Deficit/(Surplus) for the Year**	**399**	**-**
(4,306)	Deficit/(Surplus) at the Beginning of the Year	(4,489)	(4,090)
183	Deficit/(Surplus) for the Year	399	-
(4,489)	Deficit/(Surplus) at the End of the Year	(4,090)	(4,090)

Housing Revenue Account - Estimated Balances

	£'000
Balance as at 1 April 2021	**(4,489)**
Committed - Capital Spending in 2021/22 and onwards	2,490
Less budgeted deficit/use of balances in 2021/22	399
Less forecast outturn position in 2021/22	-
Unallocated balance at 31st March 2022	**(1,600)**
Less Proposed Use of balances in 22/23 Budget	-
Estimated uncommitted balance at 31st March 2023	**(1,600)**
Recommended level of Balances	**(1,600)**
Forecast balances above prudent level at 31st March 2023	**-**

Note:

This forecast is on the basis that there are no further calls on balances during the remainder of the year.

Housing Revenue Account – Medium Term Financial Forecast

Area	*Revised Budget 21/22*	*Budget 22/23*	*Budget 23/24*	*Budget 24/25*	*Budget 25/26*	*Budget 26/27*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Income						
Housing Rents	(27,001)	(28,064)	(29,075)	(30,608)	(32,767)	(33,281)
Other Income	(3,763)	(3,799)	(3,821)	(3,895)	(3,971)	(4,049)
	(30,764)	**(31,863)**	**(32,896)**	**(34,503)**	**(36,738)**	**(37,330)**
Expenditure						
Repairs & Maintenance	5,419	5,748	5,753	5,866	5,970	6,076
Running Costs	10,674	10,730	11,068	11,291	11,528	11,823
Interest Payable	5,244	5,366	5,687	6,736	7,290	7,386
Depreciation	6,000	6,000	6,175	6,497	6,824	6,978
Other Capital Financing	36	40	40	40	40	41
RCCO	3,790	3,979	4,173	4,073	5,086	5,026
Contribution to Balances	0	0	0	0	0	0
Other	0	0	0	0	0	0
	31,163	**31,863**	**32,896**	**34,503**	**36,738**	**37,330**
Budgeted (Surplus)/Deficit	**0**	**0**	**0**	**0**	**0**	**0**
Forecast 2021/22 underspend	0	0	0	0	0	0
Revised (Surplus)/Deficit	**399**	**0**	**0**	**0**	**0**	**0**

Opening Balance	**(4,489)**	**(1,600)**	**(1,600)**	**(1,600)**	**(1,600)**	**(1,600)**
Committed Balance	**2,490**	**-**	**-**	**-**	**-**	**-**
(Surplus)/Deficit	**399**	**-**	**-**	**-**	**-**	**-**
Uncommitted Closing Balance	**(1,600)**	**(1,600)**	**(1,600)**	**(1,600)**	**(1,600)**	**(1,600)**

* It should be noted that it is currently forecast the HRA will be overspent by £456k in 2021/22, which will result in a reduced RCCO in the year. Clearly, if this level of overspend is not achieved, then there will be a resultant impact upon the level of RCCO we are able to make, and thus a knock-on impact on the amount of any new borrowing required.

Review of Housing Revenue Account Balances 2022/23

Risk Management Assessment

Factor	Assessed Risk		
	High £'000	**Medium £'000**	**Low £'000**
Cash flow (1% of £57m)	570		
Interest Rate (1.0% on £105m)		1,050	
Inflation (Decrease of 1%)		300	
Emergencies		100	
Right To Buy Sales		100	
Litigation			50
Welfare Reform	250		
	820	1,550	50

	Minimum Provision £'000
High Risk – 100%	820
Medium – 50%	775
Low – 10%	5
Sub Total	**1,600**
Other - say	-
Recommended Prudent Level	**1,600**

Housing Revenue Account – 30 Year Financial Model

Appendix E

	Year 1 2022/23 £000's	Year 2 2023/24 £000's	Year 3 2024/25 £000's	Year 4 2025/26 £000's	Year 5 2026/27 £000's	Year 1-5 Total £000's	Year 6-10 Total £000's	Year 11-15 Total £000's	Year 16-20 Total £000's	Year 21-25 Total £000's	Year 26-30 Total £000's
Revenue Account											
Income	(31,863)	(32,896)	(34,503)	(36,738)	(37,330)		(197,262)	(215,282)	(236,656)	(259,368)	(284,249)
Expenditure	31,863	32,896	34,503	36,738	37,330		197,096	215,097	236,453	259,144	284,000
(Surplus)/Deficit	0	0	0	0	0		(166)	(185)	(203)	(224)	(249)
Opening HRA Balance (Surplus)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)		(1,600)	(1,766)	(1,951)	(2,154)	(2,378)
Closing HRA Balance (Surplus)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)		(1,766)	(1,951)	(2,154)	(2,378)	(2,627)
Capital Account											
Investment:											
Stock Investment Programme	12,005	9,583	10,678	10,862	13,458	56,586	64,624	58,058	61,973	95,246	81,399
Sheltered Accommodation Review	7,715	3,027	7,863	3,125	1,199	22,929	0	0	0	0	0
Property Acquisitions	2,600	11,220	0	0	0	13,820	0	0	0	0	0
New Build	10,674	32,541	31,732	2,587	0	77,534	0	0	0	0	0
Total	**32,994**	**56,371**	**50,273**	**16,574**	**14,657**	**170,869**	**64,624**	**58,058**	**61,973**	**95,246**	**81,399**
Funded By (Resources):											
Depreciation	(6,000)	(6,175)	(6,497)	(6,824)	(6,978)	(32,474)	(36,670)	(40,120)	(43,938)	(48,118)	(52,691)
Revenue Contribution	(3,979)	(4,173)	(4,073)	(5,086)	(5,026)	(22,337)	(26,619)	(17,939)	(18,035)	(47,087)	(28,708)
Grant	0	(4,845)	(3,641)	0	0	(8,486)	0	0	0	0	0
HRA Reserves	(2,897)	(3,168)	(1,900)	(731)	0	(8,696)	0	0	0	0	0
New Borrowing	(20,118)	(38,010)	(34,162)	(3,933)	(2,653)	(98,876)	(1,336)	0	0	(41)	0
Total	**(32,994)**	**(56,371)**	**(50,273)**	**(16,574)**	**(14,657)**	**(170,869)**	**(64,624)**	**(58,058)**	**(61,973)**	**(95,246)**	**(81,399)**
Debt:											
HRA Debt at Year End	176,663	214,672	248,835	252,767	255,420		256,546	243,242	220,879	219,481	191,037

Colchester	**Cabinet** **26th January 2022**	***Item*** **8(iii)**

Report of	**Assistant Director for Place and Client Services**	**Authors: Darren Brown** **☏ 282891** **Ernie Gray** **☏ 282506**
Title	**Housing Investment Programme (HIP) 2022/23**	
Wards affected	All	

1. Executive Summary

1.1 This report sets out a summary of the proposed allocation of **£32.994million** of new resources to the Housing Investment Programme for 2022/23, along with the sources of funding. It also includes at Appendix A an indication of the potential expenditure requirements and funding sources for the years 2023/24 to 2026/27.

2. Recommended Decision

2.1 To approve the Housing Investment Programme for 2022/23.

2.2 To note the Capital Medium Term Financial Forecast (CMTFF) set out at Appendix A.

3. Reasons for Decision

3.1 Each year as part of the process to agree the Council's revenue and capital estimates the Cabinet is required to agree the allocations to the Housing Stock Investment Programme. These allow for work to be undertaken to maintain, improve, and refurbish the housing stock and its environment.

3.2 Members annually agree to accept a proposed 5 year Housing Investment Programme (HIP) in principle as the framework for procuring housing related planned works, improvements, responsive and void works and cyclical maintenance.

3.3 The proposed investment programme is linked to the Asset Management Strategy (AMS) and reviewed annually in the light of available resources and for each annual allocation to be brought to Cabinet for approval as part of the overall HIP report.

3.4 The Colchester Borough Homes (CBH) Board have considered the content of the Cabinet report submitted and is now seeking approval for the 2022/23 Capital programme.

3.5 This report seeks the release of funds under grouped headings as described in the AMS and supported by the Management Agreement dated 9th August 2013, which governs the contractual relationship between Colchester Borough Council (CBC) and CBH.

4. Supporting Information

Key Issues for 2022/23

4.1 This is the eleventh year of Housing Revenue Account (HRA) Self-Financing, and the continued investment in the housing stock and other projects is reflected in this report.

4.2 Cabinet have previously agreed investment in the Councils housing stock for the HIP Climate Emergency Response works, which is reflected in this report.

4.3 The Council is finalising the review of its Asset Management Strategy and refreshed the HRA Business Plan, and the outputs have been included in this report.

4.4 This report is considered as part of agreeing the Housing Revenue Account (HRA) estimates as the funding for the HIP, which covers capital investment in the housing stock, is very much linked to the overall level of resources for housing.

5. Funding the Housing Investment Programme

5.1 2022/23 is the eleventh year of the HRA self-financing regime. This fundamentally changed the way in which Council Housing is financed, and as a consequence a financial model for the HRA has been developed, which forecasts the HRA and HIP for each of the next 30 years, using a range of assumptions on areas such as inflation, stock numbers, future expenditure & income levels etc. This is considered further in the 2022/23 HRA Estimates report elsewhere on the agenda. The source of resources, and the priority order in which it is assumed they will be used to fund capital expenditure in the 2022/23 HIP budget and financial forecasts are as follows;

- Specific Areas of Finance (e.g. Grants),
- Capital Receipts,
- Major Repairs Reserve (Depreciation),
- Revenue contributions to capital (RCCO),
- New Additional Borrowing

5.2 The assumption made when prioritising resources to fund the HIP is that resources specifically designated to the programme will be used first, followed by capital receipts. This is so the receipts can be re-invested in affordable housing and be retained locally and not be clawed back by Central Government under the capital receipts pooling arrangements. The next form of resource to be used is the Major Repairs Reserve, which is the reserve that is built up from the depreciation charge to the HRA. This is the resource that is set aside to maintain the housing stock in its current form & condition. If there are insufficient resources within the Major Repairs Reserve to fund all of the capital works in the year, then the next call on funding is revenue. The amount of this resource will depend on the level of balances within the HRA and the extent to which they are directed to the HIP, as opposed to other budget priorities.

5.3 Finally, should there be insufficient revenue resources to fund the overall programme the assumption is that the Council will undertake HRA borrowing to fully fund the HIP. This is assumed to be the lowest priority source of funding, to minimise the resultant additional interest costs that would be incurred by the HRA. Further borrowing will be undertaken following the prudential borrowing code, which states that it must be affordable. Should the Council decide it does not want to undertake additional HRA borrowing or use revenue resources etc, then the Council would need to re-consider the programme of works proposed and the corresponding budget provision. This could include foregoing works, or re-profiling the year in which they are undertaken.

6. 2022/23 Programme of Works

6.1 The requested budget allocation for the 2022/23 programme is £32.994million. A further breakdown of the areas of work that are planned to be undertaken is shown at paragraph 9.

6.2 As part of the management agreement which commenced in August 2013 between the Council and CBH, the management fee was expanded to reflect the wider range of services CBH now provides on behalf of the Council, so it incorporates the fee for managing the capital programme. Members are therefore asked to note that the requested budget allocation in paragraph 6.1, and the budget sums included in paragraph 9 and Appendix A all include the fee for managing the capital programme, which for 2022/23 totals £1,296,000. A further breakdown of the management fee is included in the HRA Revenue Estimates report elsewhere on the agenda.

6.3 Cabinet have previously considered proposals for new projects using HRA borrowing, such as continuing new build plans and increasing Council housing stock through acquisitions. These proposals continue to be reflected in the Housing Investment Programme, with further information provided in the following paragraphs.

7. HRA Capital Medium Term Financial Forecast - 2022/23 to 2026/27

7.1 As previously stated, Cabinet agreed in principle to accept a proposed 5 year HIP subject to overall budget considerations. As a result, expenditure proposals have been included in the capital medium term financial forecast at Appendix A and updated to take account of previous years being completed and new updated year's being introduced.

New Build

7.2 The budget for 2022/23 includes a provision of £5.200million for works on Phase 3 of the re-development of garage sites, and £3.375m for further Council new build schemes. It also includes a provision of £2.099million to purchase properties developed by Colchester Amphora Homes for the Council. It should be noted that a number of assumptions have to be made on the timing and cost of these projects, but the budgets will be monitored and revised as part of the annual budget setting and capital monitoring processes. Further estimated provision has been made in subsequent years for these schemes in the CMTFF.

Acquisitions

7.3 A provision of £2.600million has been made to continue the programme of buying properties, through a combination of properties offered back to the Council through the Right to Buy legislation, and via the open market. This will be supplemented by the carry forward from 21/22 of unspent resources for property purchases as reported in the Quarter 2 Capital Monitoring report to Governance & Audit committee on 23rd November 2021. Further estimated provision has been made in the CMTFF.

7.4 A provision of £7.200million has been made for the cost of the refurbishment of Elfreda House in 2022/23. Further provision has been made in subsequent years in the CMTFF for the continued investment in the Sheltered Housing refurbishment programme.

7.5 At its meeting on 23rd November 2020, Cabinet agreed to include provision in the 2021/22 budget and subsequent years for "HIP Climate Emergency Response Works",

in order to improve energy performance of the Councils housing stock. As a result a provision of £1.286million has been included in the 2022/23 programme.

7.6 The estimated RCCO in 2022/23 is £3.979million, which is broadly in-line with the assumptions in the current business plan. In the years prior to HRA Self-Financing, the RCCO had been used to fund non-works programmes. However, as indicated in the HIP report agreed by Cabinet on 25th January 2012, RCCO's have been available to support the works element of the capital programme for 2013/14 onwards. These increased contributions have been affordable as under HRA Self-Financing the Council retains all rental income.

7.7 Members will be aware that the Council entered into agreement with DCLG in 2012 to retain additional RTB receipts to deliver new affordable housing. As a reminder, retained receipts can only be used on delivering new additional units of accommodation, not on refurbishing existing schemes. The proposals already approved by Cabinet and included in the CMTFF should minimise the amount that has to be repaid to Government.

8. Priorities for the Council

8.1 To implement the Colchester Housing AMS, that has been updated to reflect the revised investment plan, as the basis for long term planning, provision and sustainability of Colchester Borough Council's housing assets.

8.2 To allocate appropriate funding to CBH within the resources that are available to enable stock investment to proceed, improving housing conditions for our tenants.

8.3 To ensure that having achieved delivery of the decent homes' targets in December 2011 that the overall level of decency is maintained at the end of any one financial year but ensure compliance on a five-yearly basis.

8.4 To build upon current monitoring arrangements and ensure programme delivery and the effective targeting of resources particularly in respect of maintaining the value of the asset and providing Adaptations for our customers with disabilities.

9. Proposals

9.1 The report sets out below a summary of the proposed allocation of new resources for 2022/23 as defined by the AMS, aswell as those outlined in this report, with the following comments setting out the basis of the allocation.

9.2 ***Capital Investment Programme - £6.602million –*** This allocation supports the AMS and acknowledges the work required to allow the decency standard to be maintained, in the current existing stock and resulting from the acquisitions programme, therefore this substantial proportion of the overall allocation is recommended.

9.3 ***Aids & Adaptations - £0.643million -*** This contuinues to support the budget at historic levels. The proposed allocation achieves the requirement to adapt Council dwellings to meet the special needs of our customers and meet the high priority that Members place on this service.

9.4 ***Building Safety - £0.536million -*** This allocation supports the additional requirements that the emerging Building Safety Act 2023 will place on social housing stock providers to provide a robust framework to ensure that building safety works meets the new requirements.

9.5 ***Emergency Failures (statutory obligation) and Voids - £0.375million –*** This allocation supports the AMS, and the experience gained through the management

controls being exercised. It reflects the necessity to recognise capital works in the voids process along with emergency failures.

9.6 ***Emergency failures structural works - £0.504million –*** As with the previous allocation this reflects the AMS and the experience gained through the management controls being exercised. The work is generally associated with premature failure of structural elements.

9.7 ***Environmental Works - £0.640million -*** This allocation supports the AMS by continuing to address the improvements to the overall estate living environment. It will include door entry systems, block communal improvements, boundary works and PVC installations to continue to reduce the revenue reliance on painting programmes.

9.8 ***Asbestos, Legionella, Fire Safety and Overall Contingency - £1.145million –*** This allocation recognises the need to continue to proactively manage our statutory obligations in the defined areas and provides a general contingency to cover the whole of the programme together with survey work

9.9 ***Garages - £0.214million*** – This investment in the garage stock is intended to secure additional revenue income that will support the business plan in future years. We have seen a return on the investment made in previous financial years by increased garage tenancies and fewer empty garages on the sites that have been refurbished.

9.10 ***Sheltered Accommodation Improvements - £7.715million*** – This allocation supports the continuation of the overall refurbishment programme. Individual delivery contracts will be reported to Cabinet as tenders are returned.

9.11 ***Non-Works Programmes - £0.060million*** – This allocation is for capital costs linked to the further development of the Housing management system.

9.12 ***Acquisitions - £2.600million*** – As set out in the main body of the report, this allocation supports the potential to Buy Back properties offered back to the Council through the Right to Buy legislation and purchasing properties on the open market. This allocation provides the opportunity to use funding through retained 1-4-1 Right to Buy receipts, with the balance coming from prudential borrowing.

9.13 ***New Build - £10.674million*** – As set out in the main body of the report, this allocation supports the plans previously considered by Cabinet.

9.14 ***Climate Emergency Response - £1.286million*** – As set out in the main body of the report, this allocation supports the plans previously considered by Cabinet.

10. Strategic Plan References

10.1 The HIP links to the following areas of the Councils strategic plan:

10.2 The Better Colchester Strategic Plan 2020-2023 sets out clearly the Councils priorities. The services and projects delivered by CBH contribute directly to the following priority areas and their goals will be overseen through the Asset Management and Capital Monitoring Group(s), using the Asset Management Strategy Action Plan that is in development to track progress against the Strategy and the Business Plan:

Responding to the Climate Emergency

- Reduce carbon emissions to help achieve a zero-carbon footprint for Council services for 2030
- Environment and sustainability imbedded in all Council decision making and the adaption and recovery from Covid-19

Tackling the causes of inequality and support our most vulnerable people

- Support people to live in healthy homes that meet their needs

Increase the number, quality and types of homes

- Improve existing Council homes to keep them in good repair and improve energy efficiency
- Continue to improve and modernise available housing for older people

Prevent households from experiencing homelessness

- Work with partners to deliver the 2020-23 Homelessness and Rough Sleeping Action Plan
- Intervene early to prevent homelessness and work in partnership with other organisations to sustain people's accommodation
- Tackle rough sleeping in the Borough

Enable economic recovery from Covid 19 ensuring all residents benefit from growth

- Ensure our Borough becomes stronger post Covid 19 by supporting businesses to recover, adapt and build resilience
- Develop opportunities to ensure the new economy is greener, sustainable and more resilient

Create an environment that attracts inward investment to Colchester help businesses to flourish

- Encourage green technologies and innovative solutions to the Climate Emergency
- Maximise the social value benefits derived from third party contracts
- Ensure the Councils assets continue to contribute to economic growth and opportunity

11. Consultation

11.1 The Council has conducted a STAR survey with the specific aim of obtaining customer feedback through a survey of general needs tenants, all sheltered tenants and leaseholders. CBH will need to develop a resident engagement action plan to include more consultation with residents to help tenants and leaseholders understand and take responsibility and understand safety of their homes.

11.2 Further engagement will also be required to increase understanding of climate change and net zero carbon, so tenants understand what has to be done and how this will be done to achieve our goals and aspirations in managing our assets.

12. Publicity Considerations

12.1 Any housing investment has a significant impact on the quality of life for local people. As a consequence the targeting and effectiveness of the programme has huge interest for members and the public as a whole. It is recognised that ongoing publicity will need to be conducted particularly as existing programmes continue and new capital programmes are introduced. Updates will be publicised to the customers in the areas to receive work during the year. There also needs to be a communication strategy to ensure that social housing residents develop a greater awareness of issues relating to

climate change and how investment in their homes will contribute towards carbon reduction. Updates will be publicised to the customers in the areas to receive work during the year.

13. Financial implications

13.1 As set out in the report.

14. Equality, Diversity and Human Rights implications

14.1 An impact assessment has been prepared and can be viewed through the following link

http://www.colchester.gov.uk/article/12743/Commercial-Services

15. Community Safety Implications

15.1 Through the delivery of improvements to our housing assets and the built environment, the Council seeks to achieve improved outcomes for residents across the borough. This contributes to a reduction in the occurrence of anti-social behaviour, and the incidences of crime through investment in external elements of properties, e.g. UPVC windows and doors, and door entry systems. The impact of HIP works are therefore generally thought to be positive.

16. Health and Safety Implications

16.1 CBH will be responsible for implementing the delivery of this programme in a manner that reflects Health and Safety legislation, although the Council does retain the responsibility to ensure that all procedures are in place and being implemented.

17. Risk Management Implications

17.1 Risk management will be considered as the programme is developed, particularly the issues around the introduction of new programmes of work.

18. Environmental and Sustainability Implications

18.1 The environmental and sustainability implications of individual work programmes will be thoroughly assessed and considered through the procurement process for each contract.

Appendices

- Appendix A – HRA Capital Medium Term Financial Forecast 2022/23 to 2026/27

Background Papers

- None

HRA Capital Medium Term Financial Forecast – 2022/23 to 2026/27 Appendix A

Expenditure	Notes	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Stock Investment Programme etc		11,302	8,837	9,942	10,090	12,674
Sheltered Accommodation Review		7,715	3,027	7,863	3,125	1,199
Adaptations		643	685	674	708	719
Stock Investment Sub - Total		**19,660**	**12,549**	**18,479**	**13,923**	**14,592**
New Build		10,674	32,541	31,732	2,587	-
Acquisitions		2,600	11,220	-	-	-
ICT		60	61	62	64	65
Other Works Sub - Total		**13,334**	**43,822**	**31,794**	**2,651**	**65**
Total Programme		**32,994**	**56,371**	**50,273**	**16,574**	**14,657**

Resources	Notes	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Major Repairs Reserve		6,000	6,175	6,497	6,824	6,978
Revenue Contribution to Capital		3,979	4,173	4,073	5,086	5,026
Grants		-	4,845	3,641	-	-
Retained RTB Receipts Reserve		2,897	3,168	1,900	731	-
New Borrowing		20,118	38,010	34,162	3,933	2,653
Total Funding		**32,994**	**56,371**	**50,273**	**16,574**	**14,657**

Colchester	**Cabinet**	**Item 9(i)**
	26 January 2022	

Report of	**Assistant Director – Corporate and Improvement**	**Author**	**Gary Reid** ☏ **07874984922**
Title	**Half Year April 2021 - September 2021 Performance Report - Key Performance Indicators (KPI) and Other Performance News**		
Wards affected	All wards		

1. Executive Summary

1.1 This report provides details of performance against Key Performance Indicators (KPI's) at half year for 2021 - 2022. The report also includes other performance news.

2. Recommended Decisions

2.1 To review performance against Key Performance Indicators and where Key Performance Indicators have not been met that appropriate corrective action has been taken.

3. Reason for Recommended Decision

3.1 To review half year performance for 2021 – 2022 and ensure robust performance management of key Council services.

4. Alternative Options

4.1 No alternative options have been presented to Cabinet.

5. Background Information

5.1 The Council has agreed key performance indicators which it uses as part of its Performance Management Framework to help monitor progress and improvement. This report provides an update on the Council's Key Performance Indicators and a review of other performance achieved throughout the reporting period.

5.2 The report at Appendix A features an improved graphical presentation of year-to date performance, previous year performance and targets.

5.3 At the half year point for April - September 2021, the overall position is that 6 targets were achieved (or 'green'), and 7 did not meet the target in full ('red').

5.4 Of the six KPIs that have been achieved ('green' KPI's), it is worth noting that some have been exceeded. This is particularly the case in relation to Housing Benefit and Local Council Tax Scheme (KPI K1B1) where residents are receiving benefits after an average of two days processing time.

5.5 Targets for processing all types of Planning applications have also been exceeded

5.6 Targets have not been met for seven indicators ('red' KPIs) due to impacts from the Covid-19 pandemic. These are:

- K1H1 Net Additional Homes Provided
- K1H2 Affordable Homes Provided
- K1H4 Rent Collected
- K1H5 Average time to re-let Council Homes
- K1R3 Sickness
- K1W1 Residual Household Waste per household
- K1W3 Percentage of Scheduled Collections Made

5.7 **Net additional homes provided.** The housing market in Colchester remains buoyant but delivery figures are surprisingly low. This is primarily due to the timing of a number of large sites. Severalls, Rowhedge and a number of sites in Stanway have been completed whilst others are just commencing. Work has recently commenced at Gosbecks, Essex County Hospital, Brierly Paddocks and Chitts Hill and these are expected to start delivering completed units from Spring 2022. Delivery is expected to pick up as more houses become available and housebuilders are reporting large numbers of sales off plan.

5.8 **Affordable homes delivered.** Affordable housing delivery is slightly behind at the half way stage of the strategic target of 380 homes in the period of 2020-2023. Global health pandemic caused uncertainty in the market and with a short supply of materials resulted in onsite delivery being delayed. 25 Affordable Homes were delivered in Q2 of 2021/22 which was an increase of 9 homes from the previous quarter. Delivery is expected to continue to grow over the remaining quarters as more larger sites commence which will deliver a percentage of affordable housing.

5.9 **Rent Collected.** Mid-year performance is on track to achieve the year-end target. The current challenge is the increasing high level rent arrears due to County Court delays with possession action.

5.10 **Average time to re-let Council Homes**. The outturn is for the completion of 115 lettings. Performance has been affected by properties being left in poor condition and frequent requirement for environmental clearance prior to inspection leading to some delays. Performance has improved from the beginning of the year and anticipate further reduction in the length taken to re-let properties is possible over the next 6 months to bring performance closer to target.

5.11 **Sickness.** The rolling 12 month period for sickness no longer includes absence from the early stage of the pandemic when staff sickness was extremely low due to service closures, staff shielding and less societal interaction. As a result of this, and the lifting of Covid restrictions, we are seeing sickness levels return to pre-pandemic levels mainly in our front-line operational areas. There has been a spike in sickness in some operational areas, partly due to Covid or the vaccination side effects, but with an increase in general sickness as well. This has contributed to driving the sickness rates higher over the last six months.

5.12 **Residual Household Waste.** Residents have continued, in general, to generate more residual waste than recent years. This could be a possible outcome of more residents working from and/or spending more time at home. A campaign was launched in September to reinforce the current 3 bag / 1 bin limit. This is being supported by a 'reduce waste social media campaign' which is running until Christmas to encourage residents to reduce their waste #WasteLessColchester.

5.13 **Percentage of Scheduled Collections Made.** The service has been impacted by staff absences; There has been some increase in sickness related to Covid, including positive cases, isolation, as well as staff members taking sick leave due to the side effects of Covid vaccinations, as well as general sickness and general annual leave. As a result, there has been a requirement to use agency staff, however the sourcing of HGV Team Leaders has been challenging. This has all impacted on performance.

5.14 In addition to the performance described above, the Council has again received numerous awards and accreditations, and these are highlighted at the end of Appendix B.

6. Equality, Diversity and Human Rights implications

6.1 Robust performance management of key Council Services supports the aims of improving both services and the lives of everyone in the borough. Where required, specific Equality Impact Assessments will exist for policies and activities rather than for individual performance indicators or actions.

7. Strategic Plan References

7.1 There are no references to the 2020 – 2023 Strategic Plan.

8. Consultation

8.1 The report's contents do not have any direct implications regarding consultation.

9. Publicity Considerations

9.1 The performance report contains measures for our key performance indicators. Many of these are used to monitor the performance of our services, and as such these may be of public interest. The report and related information are published on the Performance and Improvement section of the Council's website.

10. Financial implications

10.1 The financial implications of the action plans to deliver the indicators form part of the budget setting process.

11. Health, Wellbeing and Community Safety Implications

11.1 Many of the KPI targets reported above ensure that Council Services that have a positive impact on Health and Wellbeing are delivered effectively.

12. Health and Safety Implications

12.1 There are no direct health and safety implications associated with this report.

13. Risk Management Implications

13.1 There are no direct risk management implications associated with this report.

14. Environmental and Sustainability Implications

14.1 The KPI's relating to recycling and the levels of residual waste collected are the key indicators that contribute to Environment and Sustainability.

Appendices

A. KPI Year End Report covering April – September 2021.
B. Awards and Other Performance News covering April – September 2021.

Corporate

Key Performance Indicators

Half Year Report

Covering April - September 2021

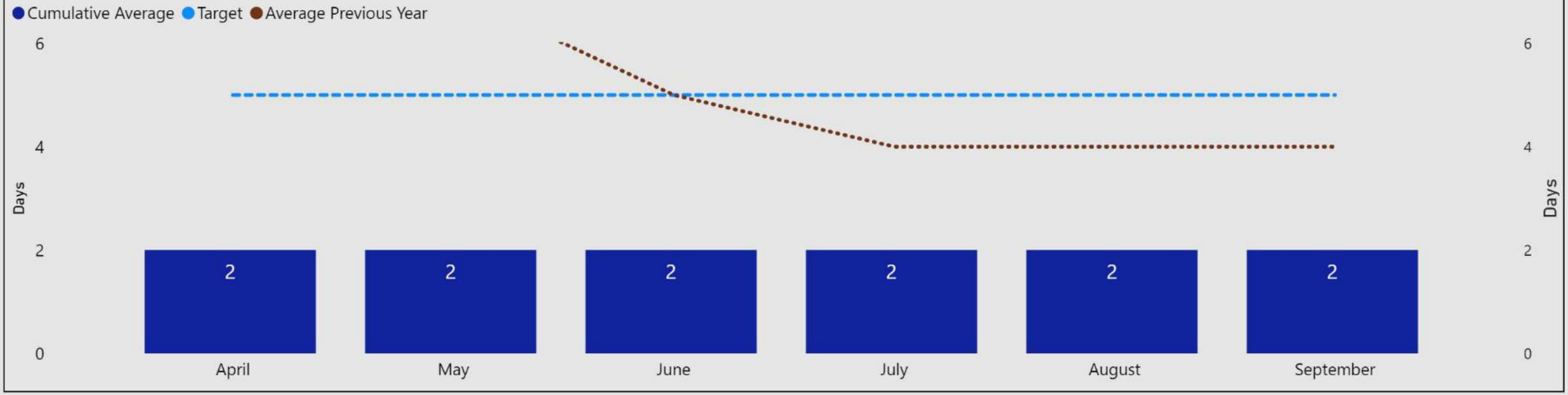
K1B1 Housing Benefit →
K1B1 LCTS →
K1H1 Additional Homes →
K1H2 Affordable Homes →
K1H3 Homelessness →
K1H4 Rent Collected →
K1H5 Re-lets →
K1P1 Planning Apps (Majors) →
K1P1 Planning Apps (Minors) →
K1P1 Planning Apps (Others) →
K1R1 Council Tax →
K1R2 NNDR →
K1R3 Sickness →
K1W1 Residual Waste →
K1W2 Recycled Waste →
K1W3 % of Scheduled Collections Made →

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1B1 Time to Process Housing Benefit new claims and changes

K1B1 Time to process Housing Benefit new claims and changes



Cumulative Average against Target

2

Target: 5

September

Supporting Narrative

The team continue to perform extremely well, keeping processing time to a minimum whilst providing excellent customer service. The teams' performance is ranked in the national top quartile and is the best in Essex.

Target 2021-2022

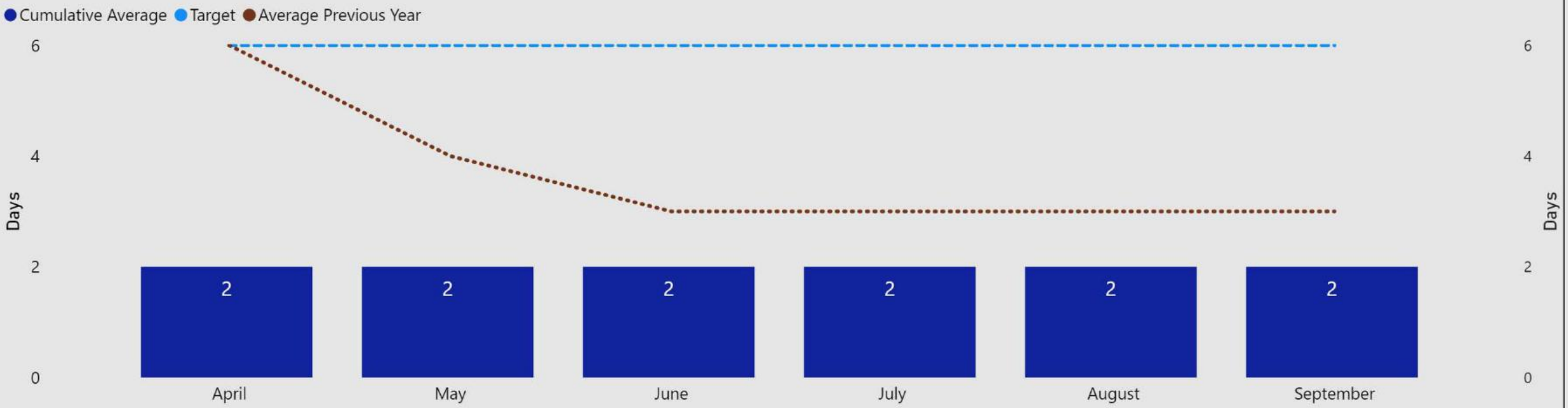
5

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1B1 Time to process Local Council Tax Scheme (LCTS) new claims and changes

K1B1 Time to process Local Council Tax Scheme (LCTS) new claims and changes



Cumulative Average against Target

2

Target: 6
September

Supporting Narrative

The number of LCTS applications remains high and this is likely to continue with benefits uplift and support during the pandemic now coming to an end. The team have performed exceptionally well exceeding the target for processing local council tax support (LCTS). LCTS has been awarded quickly to residents to help them with financial difficulties.

Target 2021-2022

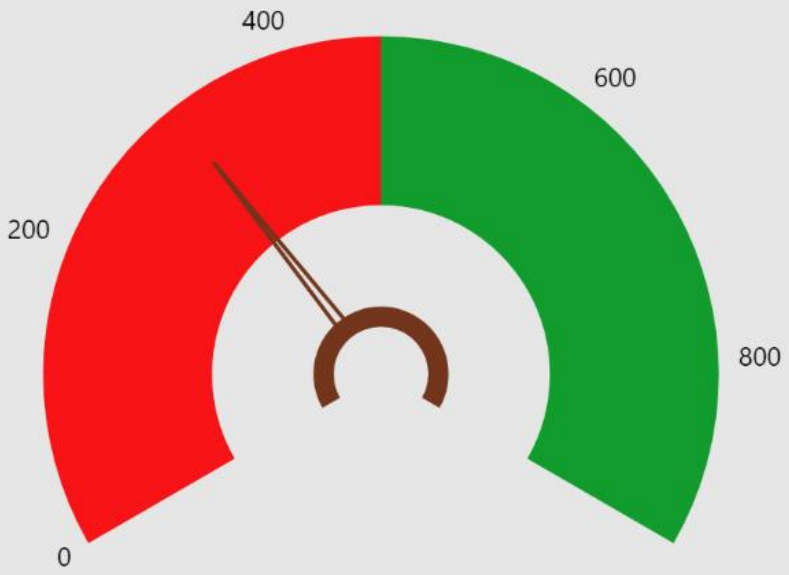
6

2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

June | September | December | March

K1H1 Additional Homes Provided

K1H1 Additional Homes Provided



313

Actual towards Target

313 !

IndicativeTarget: 460
September

Supporting Narrative

The housing market in Colchester remains buoyant but delivery figures are surprisingly low. This is primarily due to the timing of a number of large sites. Severalls, Rowhedge and a number of sites in Stanway have been completed whilst others are just commencing. Work has recently commenced at Gosbecks, Essex County Hospital, Brierly Paddocks and Chitts Hill and these are expected to start delivering completed units from Spring 2022. Delivery is expected to pick up as more houses become available and housebuilders are reporting large numbers of sales off plan.

Target 2021-2022

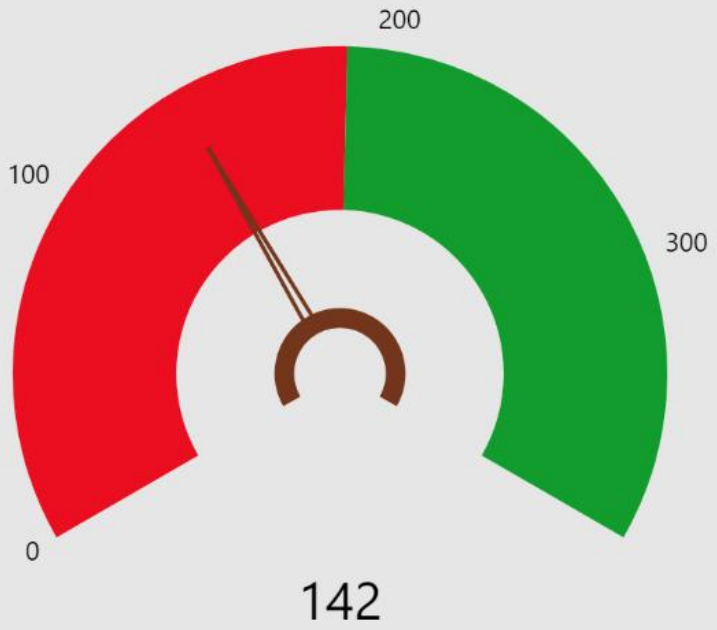
920

2015-2016 | 2016-2017 | 2017-2018
2018-2019 | 2019-2020 | 2020-2021
2021-2022 | 2022-2023

June | September | December | March

K1H2 Affordable Homes Delivered over Three Years

K1H2 Affordable Homes Delivered over Three Years



Actual against Year Two Target

142 !

Indicative Target: 192
September

Supporting Narrative

Affordable housing delivery is slightly behind at the half way stage of the strategic target of 380 homes in the period of 2020-2023. Global health pandemic caused uncertainty in the market and with a short supply of materials resulted in onsite delivery being delayed. 25 Affordable Homes were delivered in Q2 of 2021/22 which was an increase of 9 homes from the previous quarter. Delivery is expected to continue to grow over the remaining quarters as more larger sites commence which will deliver a percentage of affordable housing.

Target 2020-2023

380

2020-2021 | 2021-2022 | April | May | June | July | August | September | October | November | December | January | February | March

K1H3 Homelessness Duty Owed - number of full duty acceptances

K1H3 Full Homelessness Duty Owed

Number of full duty acceptances

Number of preventions

Number where Relief Duty provided

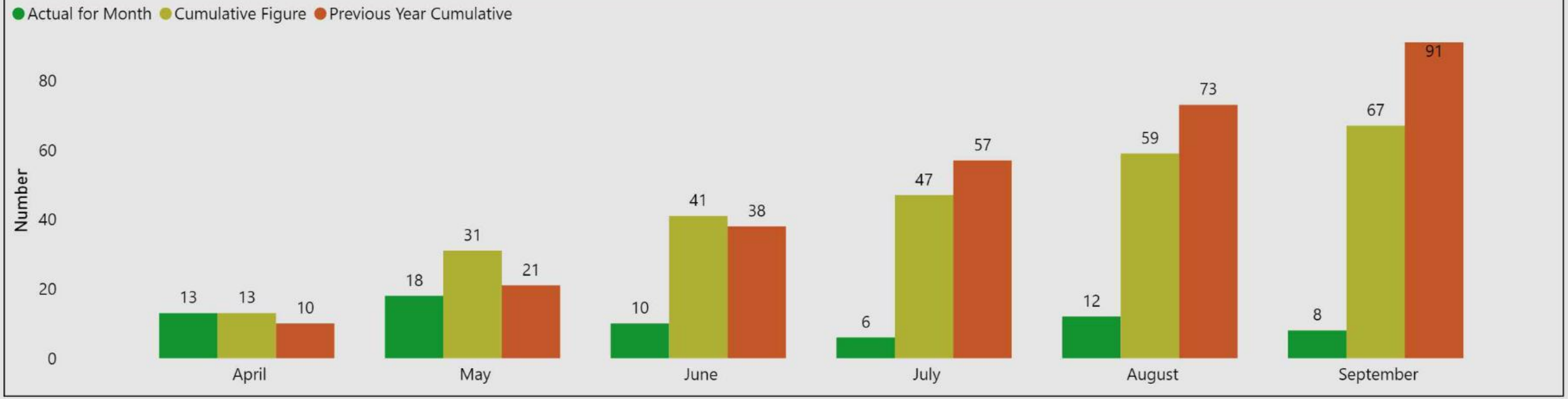
Supporting Narrative

To date there have been 601 new presentations for accommodation this year (average 100 per month). 133 households were relieved or prevented from becoming homeless and 99 households were accepted as homeless with a duty to house. At the end of September there were 201 households in temporary accommodation.

2020-2021 | 2021-2022 | April | May | June | July | August | September | October | November | December | January | February | March

K1H3 Homelessness Duty Owed - number of preventions

K1H3 Full Homelessness Duty Owed



Number of full duty acceptances

Number of preventions

Number where Relief Duty provided

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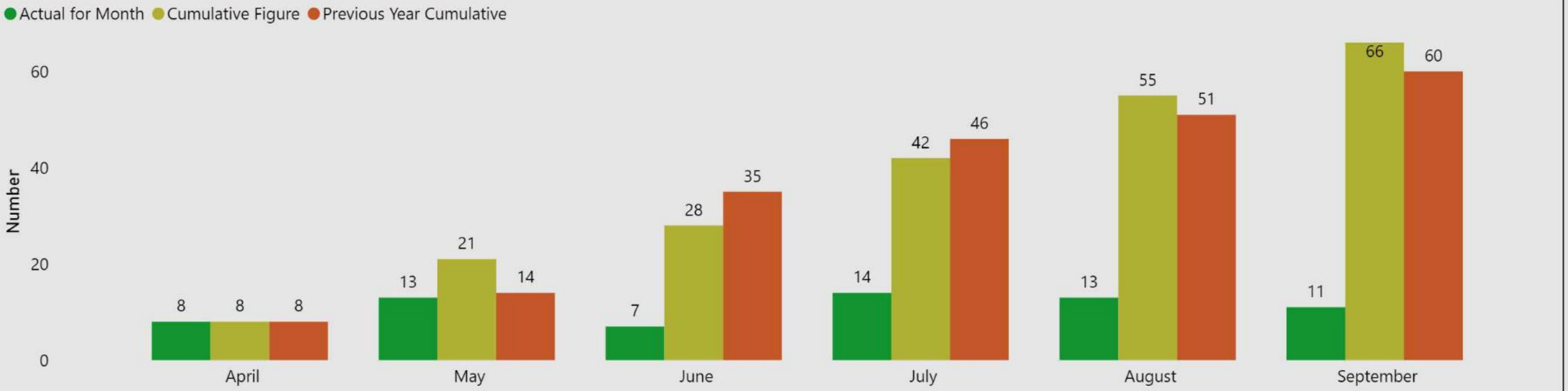
To date there have been 601 new presentations for accommodation this year (average 100 per month). 133 households were relieved or prevented from becoming homeless and 99 households were accepted as homeless with a duty to house. At the end of September there were 201 households in temporary accommodation.

2020-2021 | 2021-2022 | April | May | June | July | August | September | October | November | December | January | February | March

K1H3 Homelessness Duty Owed - number where Relief Duty provided

K1H3 Full Homelessness Duty Owed



Number of full duty acceptances

Number of preventions

Number where Relief Duty provided

Supporting Narrative

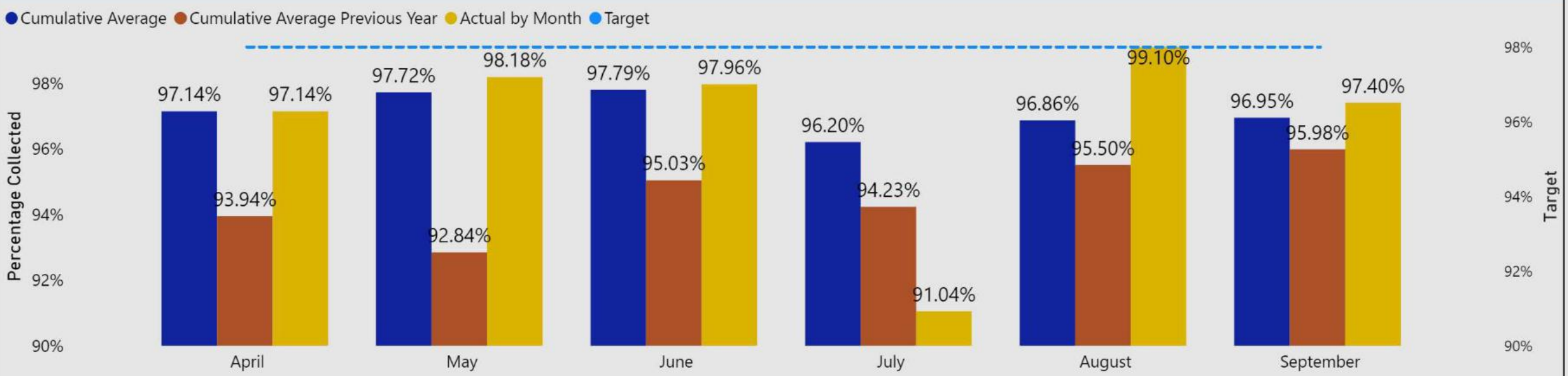
To date there have been 601 new presentations for accommodation this year (average 100 per month). 133 households were relieved or prevented from becoming homeless and 99 households were accepted as homeless with a duty to house. At the end of September there were 201 households in temporary accommodation.

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1H4 Rent Collected

K1H4 Rent Collected



Cumulative against Target

96.95%!

Target: 98%

September

Supporting Narrative

Mid-year performance is on track to achieve the year-end target.
The current challenge is the increasing high level rent arrears due to County Court delays with possession action.

Target 2021-2022

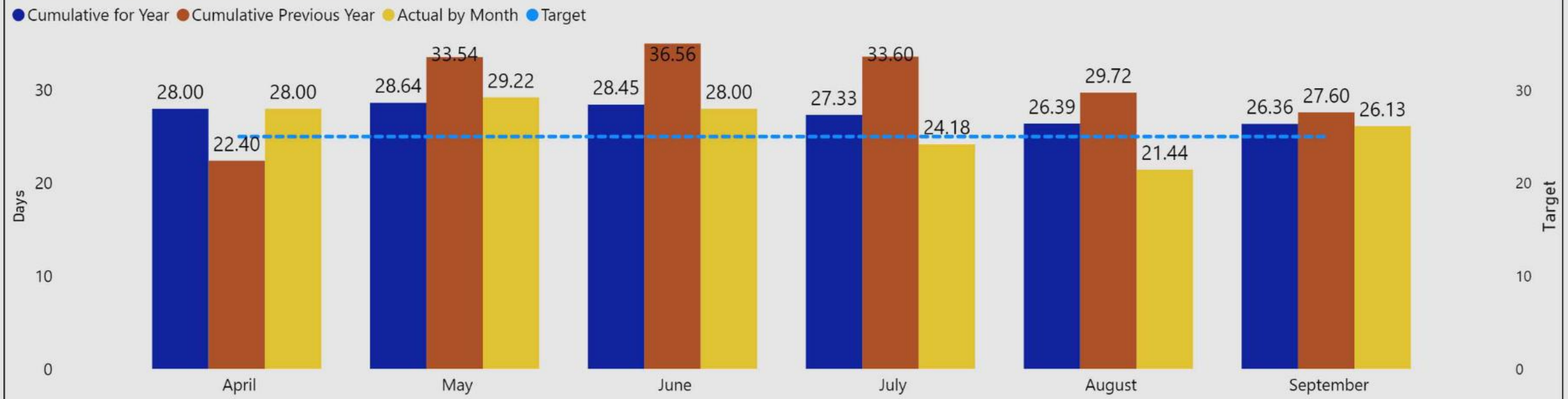
98%

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1H5 Average time to re-let Council Homes

K1H5 Average time to re-let Council Homes



Cumulative against Target

26.36 !

Target: 25

September

Supporting Narrative

The outturn is for the completion of 115 lettings. Performance has been affected by properties being left in poor condition and frequent requirement for environmental clearance prior to inspection leading to some delays. Performance has improved from the beginning of the year and anticipate further reduction in the length taken to re-let properties is possible over the next 6 months to bring performance closer to target.

Target 2021-2022

25

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1P1 Processing of Major Planning Applications

K1P1 Processing of Planning Applications - Majors

Average against Target

100%

Target: 85%

September

Supporting Narrative

The team achieved a consistently high level of decision making for major applications, 23 major applications were determined during this period, performance is on track and targets are being met.

Target 2021-2022

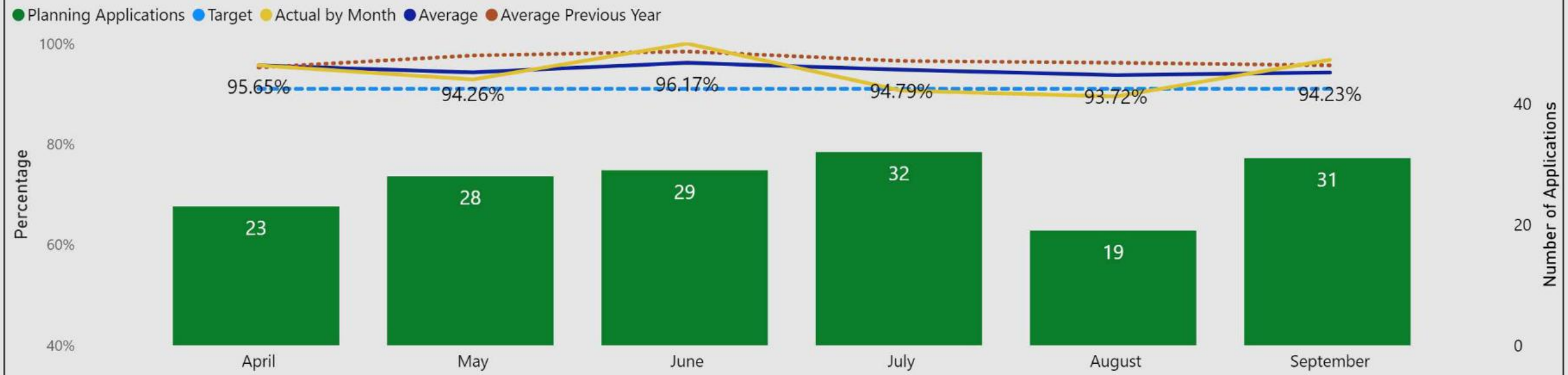
85%

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1P1 Processing of Minors Planning Applications

K1P1 Processing of Planning Applications - Minors



Average against Target

94.23%

Target: 91%
September

Supporting Narrative

The team achieved a consistently high level of decision making for minor applications, 162 minor applications were determined during this period, in a category that includes applications up to 10 new dwellings, commercial development of up to 1,000 square metres of floorspace, or sites with areas of up to 1 hectare, performance is on track and targets are being met.

Target 2021-2022

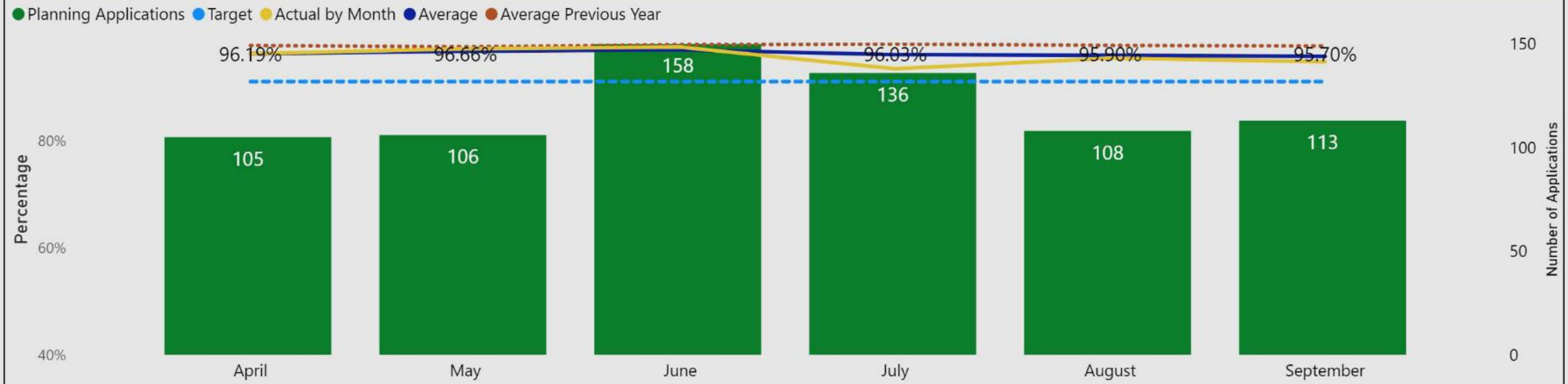
91%

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1P1 Processing of Other Planning Applications

K1P1 Processing of Planning Applications - Others



Average against Target

95.70%

Target: 91%

September

Supporting Narrative

The team achieved a consistently high level of decision making for "other" planning applications, with over 726 applications determined during this period, in a category which includes householder extensions, changes of use, adverts and lawful development certificates. This category saw the highest number of applications and forms the bulk of the planning work. Performance is on track and targets are being met.

Target 2021-2022

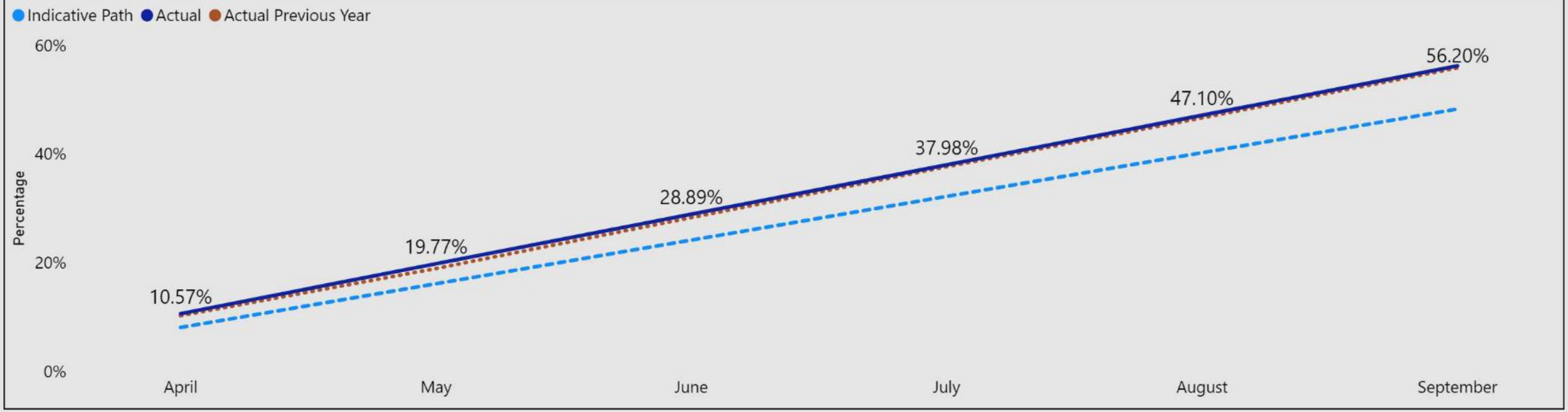
91%

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1R1 Council Tax Collected

K1R1 Council Tax Collected



Actual against Year End Target

56.20%

Indicative Path: 48.25%

September

Supporting Narrative

Collection for Council tax remains strong, exceeding the previous year and target. The team have continued to work incredibly hard this year supporting those struggling to pay their council tax due to the pandemic. This work will continue as we see people struggling due to fuel price increased over winter. The team have also collected an additional £4m compared to the previous year and the tax base continues to increase significantly every year.

Target 2021-2022

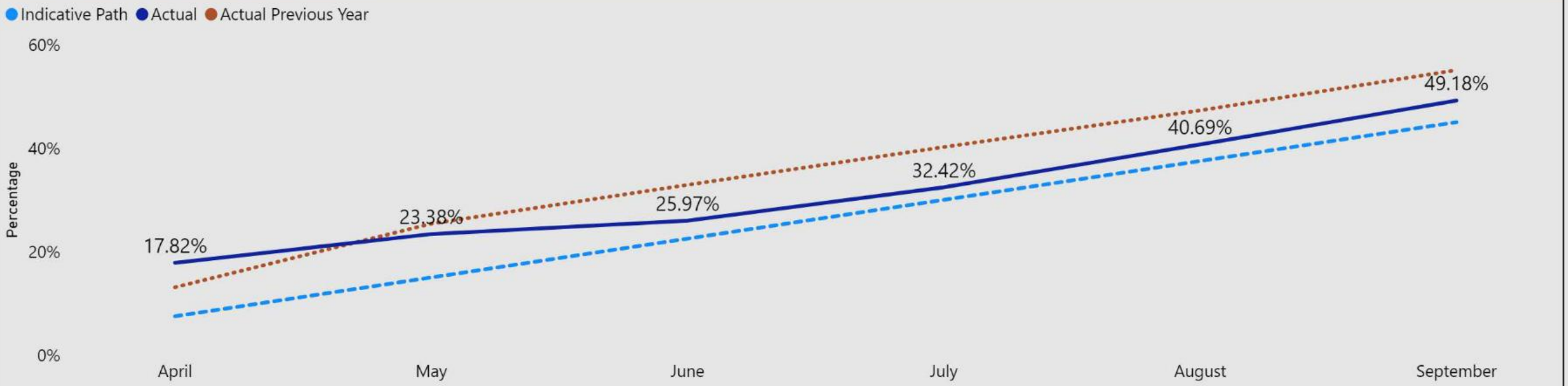
96.50%

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1R2 Business Rates (NNDR) Collected

K1R2 Business Rated (NNDR) Collected



Actual against Year End Target

49.18%

Indicative Path: 45.00%
September

Supporting Narrative

This is a difficult year for business rates collection; however, the figures are starting to improve as we resumed normal recovery action. The team continue to work on grants distribution on top of the normal work flow. A discretionary relief scheme was announced by Government providing LAs with significant funds to award to those affected by the pandemic. Guidance for this scheme is still to be released and it is possible that this will not be implemented now until the next financial year.

Target 2021-2022

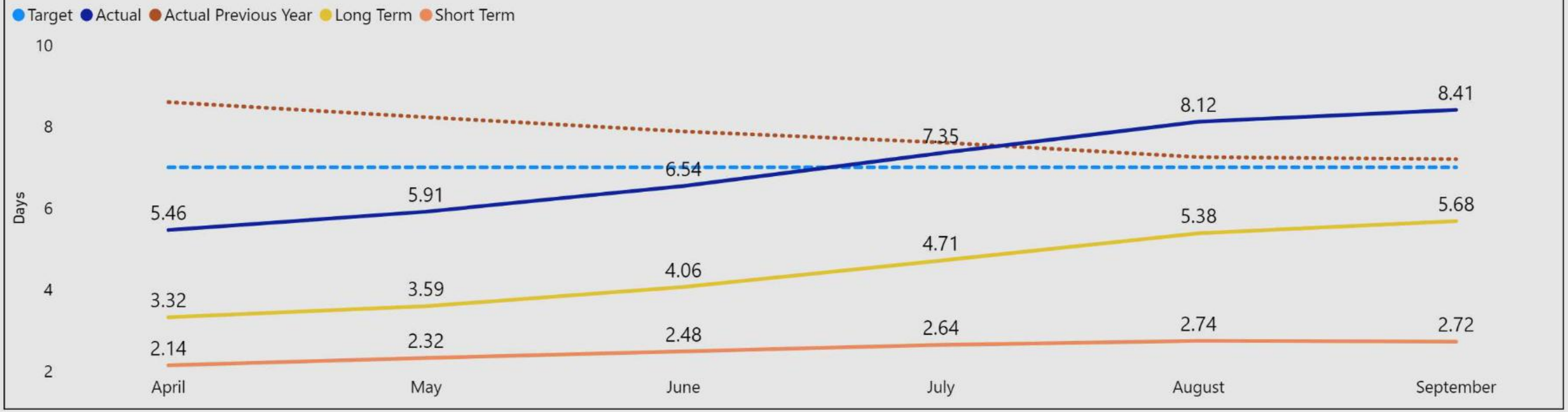
90%

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1R3 Sickness Rates in Days

K1R3 Sickness Rates (Rolling Figures)



Actual against Target

8.41 !

Target: 7

September

Supporting Narrative

The rolling 12 month period for sickness no longer includes absence from the early stage of the pandemic when staff sickness was extremely low due to service closures, staff shielding and less societal interaction. As a result of this, and the lifting of Covid restrictions, we are seeing sickness levels return to pre-pandemic levels mainly in our front-line operational areas. There has been a spike in sickness in some operational areas, partly due to Covid or the vaccination side effects, but with an increase in general sickness as well. This has contributed to driving the sickness rates higher over the last six months.

Target 2021-2022

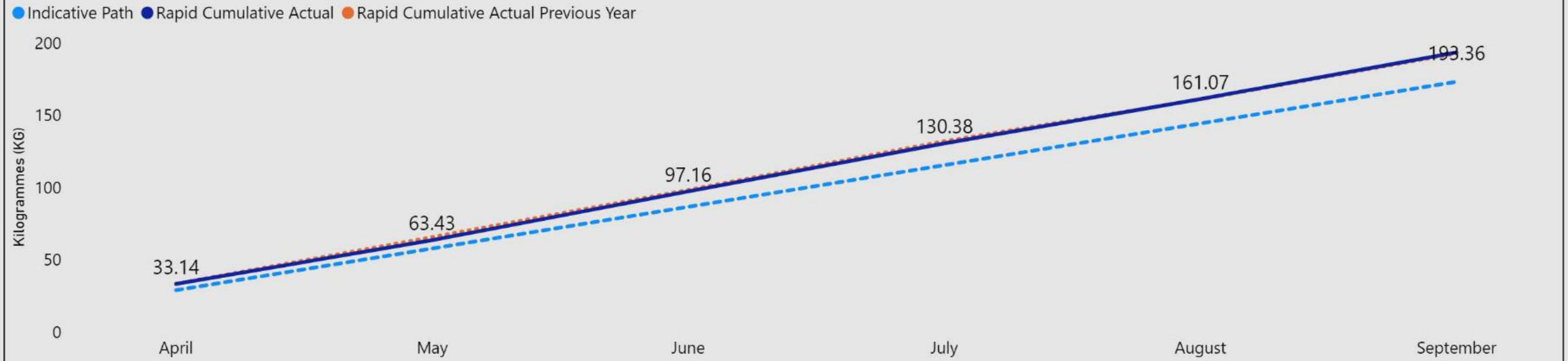
7

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1W1 Residual Waste (Rapid)

K1W1 Residual Household Waste per Household



Actual against Target

193.36!

Indicative Path to date: 173.00
September

Supporting Narrative

Residents have continued, in general, to generate more residual waste than recent years. This could be a possible outcome of more residents working from and/or spending more time at home. A campaign was launched in September to reinforce the current 3 bag / 1 bin limit. This is being supported by a 'reduce waste social media campaign' which is running until Christmas to encourage residents to reduce their waste #WasteLessColchester.

Target 2021-2022

346

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1W2 Household Waste Reused, Recycled and Composted (Rapid)

K1W2 Household Waste Reused, Recycled and Composted

Average against Target

52.91%

Target: 53%

September

Supporting Narrative

Whilst a little behind on the target, the service is confident that the amount of household waste reused, recycled and composted will improve in the coming year, particularly with the reintroduction of textile collections and the reinforcement of the 3 bag / 1 bin limit.

Target 2021-2022

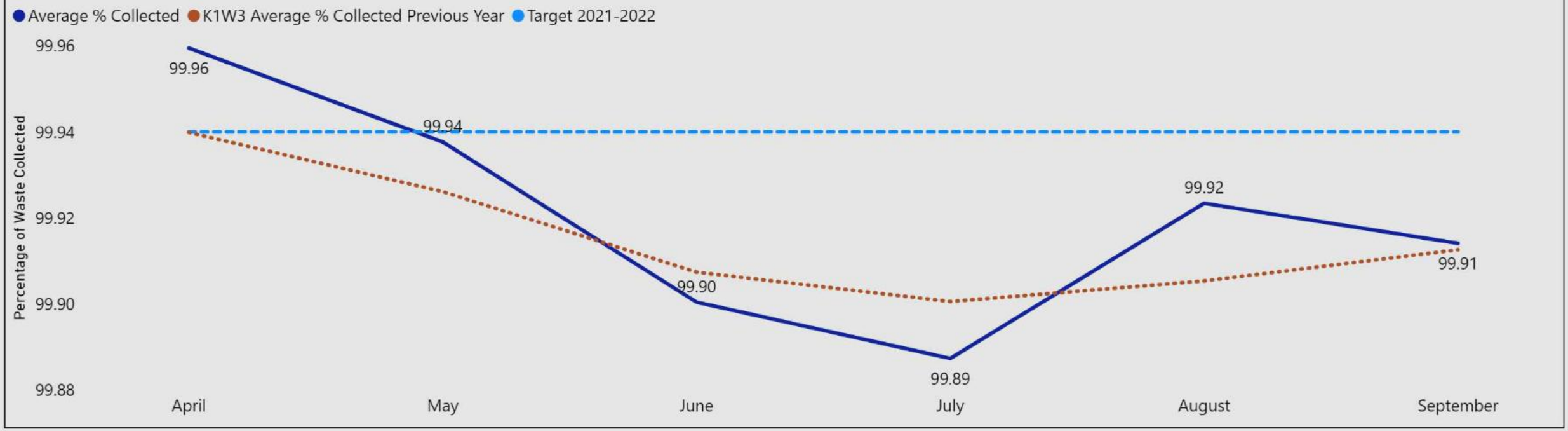
53%

2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022

April | May | June | July | August | September | October | November | December | January | February | March

K1W3 Percentage of Collections Made

K1W3 Percentage of Collections Made



Average against Target

99.91 !

Target: 99.94%
September

Supporting Narrative

The service has been impacted by staff absences; There has been some increase in sickness related to Covid, including positive cases, isolation, as well as staff members taking sick leave due to the side effects of Covid vaccinations, as well as general sickness and general annual leave. As a result, there has been a requirement to use agency staff, however the sourcing of HGV Team Leaders has been challenging. This has all impacted on performance. The management team have been working hard to balance the staffing levels, utilisation of agency and the operational delivery. Protection measures remain in place and have been reinforced where possible. Management is confident that performance can be sustained, but there remains a continued risk of sourcing HGV Team Leaders if the service continues to have high levels of absence, and absences related to Covid. A development programme is starting to train Loaders into Team Leaders.

Target 2021-2022

99.94%

Other performance news

- ## Awards and accreditations

The highlights are summarised here and are also shown on www.colchester.gov.uk in the achievements section

Achieved April 2021 to March 2022 – half-year report	
British Parking Awards (BPA) 2021	The North Essex Parking Partnership (NEPP) won three national awards for organisations that have made a significant contribution to improving parking. The NEPP was also shortlisted in the Communications category for its dedicated coronavirus webpage to keep residents informed, three videos including showing the benefits of using contactless MiPermit payments and work on social media highlighting the Positive Parking Agenda (PPA) and Selfish Parker campaigns. • The **Positive responses to the pandemic award**' category recognises and honours the exceptional work that parking teams have done to support the NHS, local authority clients and communities across the UK manage, mitigate and fight the coronavirus pandemic. Along with the dedicated coronavirus webpage, NEPP extended support to NHS staff members by offering a free parking permit. Single yellow line restrictions were eased to allow for increased homeworking and less commuters during the lockdown stages of the pandemic. Residents were also offered a three-month extension to their parking permits. • The **'Parking as a service award**' for creating a positive experience for motorists, recognising work done to create easy-to-understand, non-confrontational and person-centric services. NEPP supported the Positive Parking Agenda which focuses changing perceptions and misconceptions towards parking, as well as the 'Don't be a Selfish Parker' campaign. In addition, recognition is given to the 3PR and Park Safe Schools projects which aim to tackle dangerous and illegal parking around schools. • The **MiPermit Inspiration award** for making a significant contribution to improving parking was awarded to Richard Walker (Group Manager) as an exemplar of excellent practice that has inspired colleagues, clients and the wider parking community. **September 2021**
Park Mark awards and Park Mark Plus - British Parking Association (BPA)	All 20 CBC-owned car parks across Colchester borough have retained national Park Mark awards for their safety, accessibility and quality management for the thirteenth consecutive year. Last year, Colchester Borough Council's Priory Street Car Park was only the second car park in the country to receive Park Mark Plus status, and it has retained this elite award in 2021. The award recognises only the highest-quality car parks, and assesses a range of criteria, including services, operations, design and build. To qualify for the award, car parks must already have the BPA's Park Mark award and meet the Disability Parking Accreditation criteria. **September 2021**

Association for Public Excellence (APSE) Annual Service Awards 2021	More than 320 submissions were submitted to award organisers with Colchester Borough Council (CBC) being shortlisted in two categories - Best Service Team of the Year, and Best Community and Neighbourhood Initiative. CBC's Waste Management and Recycling Service was shortlisted in the Team of the Year category in recognition of the efforts to provide an outstanding service throughout the Covid-19 pandemic and the team's continual improvement to develop a sustainable service for the future. The 'Together We Grow Communities' project was shortlisted in the Best Community and Neighbourhood Initiative category in recognition of the partnership work with not-for-profit social enterprise Together We Grow CIC. The partnership has worked together planting trees in communities as part of the Colchester Woodland and Biodiversity Project. **August 2021**
LGC Awards 2021	Colchester Borough Council has been shortlisted in the Economic Support category of the LGC Awards 2021. The winners will be announced in November 2021. LGC editor Nick Golding said: "*The past year of Covid response has stretched councils and their staff to the limit, and yet still local government has innovated and provided the leadership places have so desperately needed during the pandemic. The LGC Awards are about recognising the most exceptional local government talent – and in this year, of all years, we can really say that those shortlisted have put in a truly heroic performance*." **July 2021**
Museums + Heritage awards	Community Impact Award - Colchester and Ipswich Museums (CIMS) won this category for their Museum From Home activity packs for children, launched during the pandemic. The judges said: "*With long-standing, personal relationships and an approach which ensured access to digital wasn't a barrier, the winner's quick-thinking made a real difference to hard-to-reach communities*". Covid special recognition award – Colchester Museums Manager Pippa Pickles was in a national shortlist of six from hundreds of nominations for this award. It recognises Pippa's contribution to the pandemic by not only opening Colchester Castle safely following the first lockdown, but for all her hard work in leading Colchester Borough Council's team in supporting the NHS vaccination programme – more here. **July 2021**
Disability Confident	As a Disability Confident Committed Employer, we have committed to ensure our recruitment process is inclusive and accessible; communicate and promote vacancies; offer an interview to disabled people; anticipate and provide reasonable adjustments as required; support any existing employee who acquires a disability or long-term health condition, enabling them to stay in work. Re-accredited for a further three years to 2024. **June 2021**
LEXCEL	Legal Services have been re-accredited following the Lexcel standard's annual inspection, for the 21st consecutive year. Lexcel is the Law Society's legal practice quality mark for excellence in legal practice management and excellence in client care. **June 2021**

Park Active - British Parking Association (supported by Department for Transport)	Colchester was proud to be the first Park Active scheme in the UK, which supports the environment and encourages active travel to build healthier communities. The scheme allows people to leave their car at a Park Active location and then walk or cycle for the rest of their journey. In Colchester, motorists pay a discounted parking rate for doing so. **April 2021**

As a strategic funding partner, CBC congratulated Firstsite on winning Museum of the Year in September 2021. This Art Fund award is the world's largest museum prize and is a celebration of the country's finest museums and galleries.

Other sources of performance data

Statistics and data – the way we collate and publish a range of council statistics, performance indicators, datasets and information has been updated. Pulling all this together (including information previously on the Datashare section of our website) will help us to maintain open and accessible information for customers, businesses, and other interested parties.

The new Council Data section at colchester.gov.uk/council-data is designed so that people can easily find out information we hold, our obligations on open data and transparency, as well as how to make a freedom of information request.

Categories include spending, business rates, democracy, housing, land, parking, planning and licensing, recycling and waste.

Annual reports – the Council produces annual reports on its performance in various areas. These are brought into one place on the Council's website here for ease of reference, and to make it easier for the public to find which annual reports are available.

Single Data List -this is a list of all the datasets that local government must submit to central government. The list is reviewed and updated annually. Local authorities are not obliged to provide any data which is not on the list without extra funding.

Cabinet	Item 9(ii)

26 January 2022

Report of	**Assistant Director – Corporate and Improvement**	**Author**	**Gary Reid** ☏ **07874984922**
Title	**Half Year covering April 2021 to September 2021 Performance Report - 2020-2023 Strategic Plan Action Plan**		
Wards affected	All wards		

1. Executive Summary

1.1 This report provides details of progress in delivering against the Councils Strategic Plan for 2020-2023 at half year of 2021-2022.

2. Recommended Decisions

2.1 To confirm satisfactory delivery against the Strategic Plan Action Plan and that the Council has made satisfactory progress in meeting its strategic goals.

3. Reason for Recommended Decision

3.1 To ensure the Council has robust performance management of delivery against key strategic goals.

4. Alternative Options

4.1 No alternative options have been presented to Cabinet.

5. Background Information

5.1 The Council has agreed a new Strategic Plan covering 2020-2023. This report provides a review of progress against the Strategic Plan covering half year 2021-2022.

5.2 Details of progress made in delivering against each aim is shown in the report at Appendix A. This shows that despite the impact of the Covid-19 Pandemic, significant progress has been made in delivering against each of the themes of the Strategic Plan.

5.3 Some key highlights from the first 6 months are detailed below:

5.4 **Tackling the climate challenge and leading sustainability -** All Town and Parish Councils have been contacted and offered free trees and shrubs for planting on their land or for distribution to their residents – 15 have expressed an interest for over 7,000 trees.

5.5. **Creating safe, healthy, and active communities -** Work has commenced on constructing a new community centre at Stanway and facilities available to communities have been promoted through a range of methods reaching more than 15K customers / residents monthly**.**

5.6 **Delivering homes for people who need them -** The first new site developed by Amphora Homes site is now occupied, seeing the Council-owned companies first market sales and also delivering 2 affordable homes.

5.7 **Growing a better economy so everyone benefit**s - The Local Full Fibre Network (LFFN) Project has led to over £10m of private investment being secured from VX Fibre who have also started deploying ultrafast broadband across wards using our new network.

5.8 **Celebrating our heritage and culture -** The exhibition, 'Decoding the Roman Dead' opened in July at the Castle and is believed to have significantly contributed to the visitor numbers that exceeded pre-pandemic levels during the summer.

6. Equality, Diversity and Human Rights implications

6.1 Progress and improvement of these and many of the actions within the Strategic Plan Action Plan support our aims of improving both services and the lives of everyone in the borough. Where required, specific Equality Impact Assessments will exist for policies and activities rather than for individual performance indicators or actions. Progress on the Council's Equality Objectives are included within the Strategic Plan Action Plan Update.

7. Strategic Plan References

7.1 The Strategic Plan Action Plan demonstrates delivery of across all the current Strategic Plan priorities.

8. Consultation

8.1 The report's contents do not have any direct implications, however, the Strategic Plan and priorities were agreed using the results of significant research and taking into account previous public consultations.

9. Publicity Considerations

9.1 The performance report contains progress in delivering key goals of the Strategic Plan Action Plan and it is important that residents and businesses are made aware of these. Many of the achievements will have been publicised during the year but the report and related information will also be published on the Performance and Improvement section of the Council's website.

10. Financial implications

10.1 All achievements detailed in the Strategic Plan Action Plan were delivered from within existing approved budgets and as such, there are no new financial implications associated with this report.

11. Health, Wellbeing and Community Safety Implications

11.1 There are actions within the Strategic Plan Action Plan which aim to improve community safety and as such this report provides progress updates in this area.

12. Health and Safety Implications

12.1 There are no direct health and safety implications associated with this report.

13. Risk Management Implications

13.1 There are no direct risk management implications associated with this report.

14. Environmental and Sustainability Implications

14.1 Tackling the Climate Challenge and leading sustainability is a key theme of the Strategic Plan and the report at appendix 1 provides details of the progress in delivering the associated goals.

Appendices

Appendix A – Strategic Plan Action Plan Half Year Report

Better Colchester Strategic Plan Action Plan (SPAP) 2020 – 2023
Scrutiny Panel Half Year Report covering April – September 2021

Themes:

- **Tackling the climate challenge and leading sustainability**
- **Creating safe, healthy, and active communities**
- **Delivering homes for people who need them**
- **Growing a better economy so everyone benefits**
- **Celebrating our heritage and culture**

Tackling the climate challenge and leading sustainability:

- Respond to the Climate Emergency
- Conserve and enhance biodiversity
- Enable more opportunity for walking and cycling around Colchester
- Strategic Priorities achievements and next steps

Respond to the Climate Emergency

Goal	Achievements
Reduce carbon emissions to help achieve a net zero Carbon footprint for Council Services by 2030.	Direct emissions were reduced by 12.8% (791.5 tonnes of CO_2e) between figures recorded for financial year 2019-2020 and financial year 2020-2021. A Climate Challenge and Sustainability strategy document was shared with the Climate Opportunity Working Group and partners to begin to elaborate outcomes and targets.

Respond to the Climate Emergency	
Goal	**Achievements**
Environment and sustainability embedded within all Council decision making and the adaptation and recovery from Covid-19.	All new Project Initiation Documents have a mechanism to assess environmental impacts and 8 projects have completed the assessment since its introduction in June, all of which have shown consideration of their project impacts on the environment and how these can be mitigated.
Air quality across Colchester is improved.	CAReless pollution - No vehicle idling campaign. Launched a school's toolkit to promote Clean Air June 2021. The campaign has been promoted over the summer to raise awareness including in Culver Square, at a local school, Eco Festival, and the Anti Loo Roll Brigade festival. Bikeability resumed in the summer term, and we have continued to carry out pre and post Bikeability surveys with children and their parents.
Continue to support residents to reduce, reuse and recycle their waste.	There has been a slight decline in recycling rates to approximately 52% which is being affected by the amount of household waste that has been generated as result of more residents working from and/or spending more time at home. A reduce waste social media campaign is underway to encourage residents to reduce their waste #WasteLessColchester. A campaign has also been launched to reinforce the current 3 bag / 1 bin limit.
Conserve and enhance biodiversity	
Goal	**Achievements**

Respond to the Climate Emergency	
Goal	**Achievements**
Minimise the environmental impact of our activities.	Our high emitting assets or ways of working have been identified (top 3 are Leisure World, Fleet and affordable housing). Project proposals developed for Housing (HRA) improvements and decarbonisation of Rowan House to reduce asset and travel emissions are well advanced and entering towards delivery phases. A review of the Carbon Management Plan (CMP) 2016-2020 is complete with some actions to be rolled into the upcoming CMP for 2022-2027.
Enhance environments to create more space for nature to grow and thrive through greening and natural seeding.	The Council has been successful in securing funding through a joint application with the Essex Forest Partnership for the supply, planting and maintenance of new standard (2-3m high, not whip trees), in locations across the Borough, beside riverbanks, roads and footways to create shade and mitigate flooding; A total of 325 trees to benefit wildlife, combat flooding and provide shade to reduce drought / heat.
Discover, nurture and enable the work led by communities that promotes biodiversity.	The work delivered in partnership with not-for-profit, social enterprise Together We Grow CIC (TWG) in 2020 has been recognised recently through the nomination of an award in the prestigious Association for Public Service Excellence (APSE) Service Awards 2021.

Respond to the Climate Emergency	
Goal	**Achievements**
Plant native species and manage our woodlands, meadows and greenspace whilst sustaining existing habitats.	All Town and Parish Councils have been contacted and offered free trees and shrubs for planting on their land or for distribution to their residents – 15 have expressed an interest with over 7,000 trees being requested. The project is partnering with Big Green Internet, Woodland Trust to deliver the Red Squirrel Project to plant up to 4kms (20,000 whips) of new hedgerow on Mersea Island.
Work alongside communities to maintain clean, green neighbourhoods and urban spaces that we all look after and enjoy.	Across many sites in the Borough residents are acting as guardians over the newly planted Woodland sites. These 'Tree Guardians' are now being recognised and provided with the tools to help them continue with their roles. A campaign to recruit more Tree Guardians and showcase the wonderful work they do and the impact they make is being shared.
Enable more opportunity for walking and cycling around Colchester	
Goal	**Achievements**
Work with partners to implement strategies and develop measures to reduce traffic in the town centre.	Worked with partners to promote sustainable travel behaviour change, healthier lifestyles and reduce car dependency including through Colchester Travel Plan Club (CTPC) network. Worked closely with Enform and Eco Colchester to put on Colchester's First Eco festival, with CBC leading on the sustainable transport offer. This included marketing and website to encourage sustainable travel to the festival, ecargo bike try outs, spin scooter training and

Respond to the Climate Emergency	
Goal	**Achievements**
	Wheels for All try outs. Approximately 3000 people attended and over 800 people visited the various sustainable travel related stalls.
Improve facilities and routes for cyclists and walkers to enable active travel behaviours, healthier lifestyles and reduce car use.	Premises identified and planning application submitted for a secure cycle parking facility in the town centre including location and operational requirements and sub-letting to a community bike maintenance organisation. Worked with Colchester Cycle Campaign on review of the Colchester Cycling Delivery Strategy Supplementary Planning Document (SPD), and its alignment with the ECC Colchester Cycling Action Plan.
Ensure major regeneration projects put physical activity, cycling and walking at the forefront of development.	CNG Sports Park construction was completed in November 2020 and opened as Covid restrictions lifted in 2021. The Sports Park has new pedestrian crossings and cycleways on route to the facility. The Walk, a new cycleway and pedestrian link through the heart of the Northern Gateway, from Mill Road has now been completed.
Strategic Priorities achievements and next steps	
Goal	**Achievements**

Respond to the Climate Emergency	
Goal	**Achievements**
To increase biodiversity, wildflowers and accessibility to Council open spaces, the 'Greening Colchester' policy will be further developed through the Woodland and Biodiversity Project and based on the outcomes from the 2021 growing season pilots, in consultation with ward Councillors and the Environment and Sustainability Panel.	A plan for Blossom Circles tree planting as a Covid memorial has been developed. A combination of plug planting and seeding will take place at selected sites during the winter season 2021. A rolling programme of works has been developed for strimming across the Borough.
To support residents to reduce, reuse and recycle their waste a budget will be made available to support the delivery of neighbourhood services, such as improving waste bins and containers for recycling materials, where demand has at times outstripped supply, and to ensure our frontline staff always have the equipment they need to do their job.	Several initiatives are underway which include the following: • Litter and dog bin policy • Litter engagement strategy • Litter bin route optimisation • Volunteer support and education programme • Additional operative resource • 'Smart' bin pilot in Dedham • Supply of Colchester Market jute/cloth bags

Respond to the Climate Emergency	
Goal	**Achievements**
We will invest in improved welfare, safety and compliance at the Shrub End depot whilst working towards a long-term strategy for our operational depot services.	A programme of works to improve welfare, safety, and compliance at the Shrub End depot has been identified. Included in the work programmes are the following considerations: • Demolition of weighbridge and removal of 3 “Bird Cage” steel supports • Supply and positioning of concrete interlocking blocks • Storage bay sleeper replacement and steel sheet installation. • Lagoon repairs • Chain link fencing repairs/replacement • Bailing shed • Replacement of surface water drainage, tarmac and concrete surface repairs and white Lining • Pump station refurbishment • Toilets • New lockers • New rest room furniture • Shelter for crewing out • Cycle cage • New weighbridge • Bird netting • Car parks works
Creating safe, healthy and active communities: • Build on community strengths and assets	

• Tackle the causes of inequality and support our most vulnerable people • Provide opportunities for young people • Strategic Priorities achievements and next steps	
Build on community strengths and assets	
Goal	**Achievements**
Take an Asset Based Community Development (ABCD) Approach and work alongside communities to build a borough where people are more empowered, self-sufficient, healthy, active, happy and doing what they enjoy.	New One Colchester Community Hub is now open following a soft launch on 20 September. The Crisi Café is due to open the new space in November. One Colchester partnership working together across all sectors including voluntary and community sector to support and keep people safe and second phase of asset mapping work has been completed. One Colchester - Communities Can approved and ABCD awareness and training is being rolled out across Council and partners in line with Communities Can.
Encourage belonging, involvement and responsibility in all Colchester's communities and neighbourhoods.	One Colchester Commissioned Asset Mapping completed, and refresh planned for every 6 months. Data is being used to inform work with system partners. Awareness and training of ABCD delivered across system and more planned.
Work with our partners to make volunteering and community involvement as easy as possible.	Thousands of additional volunteers engaged and supporting communities throughout the last 18 months, many specifically supporting the most vulnerable during Covid19 pandemic. One Colchester approach led by C360 to recruit and support volunteers across the Borough. This has created new opportunities and simple mechanisms for recruitment.

Build on community strengths and assets	
Goal	**Achievements**
	The system is ready and prepared for any winter issues relating to Covid or other health, financial and social challenges.
Maximise developer contributions (such as Section 106) and other funding mechanisms to help fund community infrastructure.	Active engagement, using ABCD, carried out with community groups, voluntary groups and Town and Parish Councils, to agree a S106 project plan for each ward, in preparation for receipt of S106 developer contributions.
Tackle the causes of inequality and support our most vulnerable people	
Goal	**Achievements**
Work alongside Public Health to take steps that mitigate Covid-19 infection risks and control outbreaks across the population.	One Colchester system approach to outbreak control led to successful and joined up approach maximising the resources. This included working with Colchester Business Improvement District, University, Parish and Town Councils, Police, Health Colleagues, Voluntary Sector, and many others.
Support residents to do the things they enjoy doing to stay healthy, happy and physically active.	Community Response continues to support the most vulnerable and 'Community Response' Pack remains updated to share relevant information, advice, and contacts.

Build on community strengths and assets	
Goal	**Achievements**
	Use of the Local Development Pilot (LDP) and system partners at identify key areas of actions and invest in activity area to encourage inactive residents in the most deprived areas to become more active. Work with One Colchester and continue to lead the Alliance 'Be Well' domain so issue is covered by a system solution. Encourage active lifestyles and continued working with communities and partners to improve access to walking, cycling and open spaces.
Enable access and involvement in community green space, countryside sites, sport, and leisure facilities.	We have promoted facilities available to communities through regular email marketing (reaching more than 15K customers / residents monthly), printed advertisement including billboards, paid digital advertising, social media and press releases. An Open Day was held on the 24 July which attracted over 4K residents and customers. This was largely promoted through press releases, 32K leaflets delivered to resident's homes, and strong radio interviews and coverage by BBC Essex and Actual Radio. On the 30 August, the Sports Park social media accounts had over 4K followers and £1.6K has gone towards promoting the Sports Park social media account to North Essex & South Suffolk. Our commissioned cycle track race video and 360 Sports Park tour received good engagement.

Build on community strengths and assets	
Goal	**Achievements**
Support people to live in healthy homes that meet their needs.	The Senior Occupational Therapist in Housing Project has been extended for a further 3 years to April 2024 as a result of its success from Years 1 and 2. This partnership with Essex County Council improves delivery of Disabled Facilities Grants and joint-working. The Mental Health and Housing Partnership Project has re-launched following being put on hold during the pandemic. This brings frontline council and mental health services together to support vulnerable residents that are at risk of losing their homes or requiring hospital admission.
Supporting the most vulnerable residents through our One Colchester partnership.	Have worked with One Colchester partners on projects s such as the winter warmth project. Building trusted, open, and transparent relationships with community leaders from diverse communities such as our BAME and Faith communities. Used external funding to support our most vulnerable residents – through the Local Delivery Pilot (LDP), North East Essex Health & Wellbeing Alliance and the Department for Environment, Food and Rural Affairs (DEFRA). Safer Colchester website updated to include information on Covid-19 related issues, alongside information on staying safe, hidden harms (such as domestic abuse), hate crime and anti-social behaviour.
Provide opportunities for young people	

Build on community strengths and assets	
Goal	**Achievements**
Goal	**Achievements**
Provide positive opportunities for young people to engage with their local community and do things that interests them, keeps them safe, makes them happy and supports improved mental wellbeing.	Being delivered through a programme within the Towns Fund, with £1.3m included for capital improvements and We Are Colchester working through a multi partner steering group to work up schemes including improvements to Town House and other existing building and facilities within the Geographical footprint.
Support the creation of strong, safe, and friendly communities that care about each other.	Continue with the production and updating of the Community Response Pack and Residents Contact Pack. Ensuring Town and Parish Councils are engaged and supported through regular engagement, contact and involvement in local decision-making processes. Re-launch of the Rural Crime Tool kit and Rural Community Safety Fund to provide communities with ideas, information, support, and funding to make their neighbourhood a better place to live. Re-launch of Keep Safe for Colchester; a free scheme helping vulnerable residents to feel safer and more confident out in the town.

Build on community strengths and assets	
Goal	**Achievements**
Work with Essex Police, Colchester Borough Homes, Essex Youth Service, and other partners to reduce anti-social behaviour and tackle serious crime.	Working together through the Multi Agency Coordination Panel (MACP) partners have targeted individual criminals and used their combined powers to disrupt the criminal in addition to the criminality. This approach has seen one Organised Crime Group archived. Emerging groups are under review on a bi-monthly basis. Partnership campaign – Safeguarding Vulnerable children on Transport Networks. Essex Results: Face to face engagements – total 976. Digital reach – social media reach over 202,500, social media clicks 1023, social media engagements 2955 and over 87,500 Newsletters.
Work alongside our partners to improve cleanliness and community safety in the town centre.	Town Centre Action Plan (TCAP) partnership meetings held fortnightly to continue to discuss individuals causing (or vulnerable to) anti-social behaviour, hotspots and problem solve issues. New Action Plan produced May 2020 to ensure effective monitoring and evaluation of activity. Joint working with the Police and the Town Centre Business Improvement District (BID) to help businesses safely re-open within Covid-19 guidelines.
Upgrade and extend the CCTV network to reach more places.	The CCTV infrastructure was installed on site between July 2020 and April 2021, with the project closure completed in July 2021. The project was delivered throughout lock down periods in the Covid pandemic and remained on time and on budget, with over 100km of cable installed, expanding the coverage from the town other parts of urban Colchester including the new Sports Park at the Northern Gateway.

Build on community strengths and assets	
Goal	**Achievements**
Strategic Priorities achievements and next steps	
Goal	**Achievements**
We will continue to prioritise all efforts to reduce the transmission of coronavirus and risks of infection, including local track and trace, whilst doing everything we can to protect the livelihoods of our residents and businesses.	Covid19 response included community led approaches across the borough supporting most vulnerable with food deliveries, medicines, and befriending schemes. Thousands of additional volunteers engaged and supporting communities throughout the last 18 months, many specifically supporting the most vulnerable during Covid19 pandemic. One Colchester approach led by C360 to recruit and support volunteers across the Borough. This has created new opportunities and simple mechanisms for recruitment. The system is ready and prepared for any winter issues relating to Covid or other health, financial and social challenges.
We will expedite progress on delivering new Community Halls at St Mark's, Highwoods and Western by-pass, Stanway.	**St Marks Community Centre** Good Progress is being made on the community centre. A community engagement webinar was held in early September with an online survey to accompany it which received 46 responses and very positive feedback. **Stanway Community Centre**

Build on community strengths and assets	
Goal	**Achievements**
	Pre commencement planning conditions have been discharged. Discussions with Stanway Parish Council continue regarding the lease.
Members' Locality Budgets for 2021-2022 were cut by 50% as part of the budget strategy process in the previous financial year and these will be restored back to £2,000 with immediate effect so that every councillor can support local priorities in their wards.	This goal has been delivered.
Our open spaces have become increasingly significant and important to support residents' physical and mental wellbeing during the Covid pandemic. Funding will be allocated to enhance the security of our open spaces and prevent unauthorised access that could pose a risk to the biodiversity and accessibility of these important locations.	The first stage of an audit has been completed. Prioritisation and costings are currently being finalised. A summary of achievements will be included in the year end SPAP report.

Build on community strengths and assets	
Goal	**Achievements**
We will investigate opportunities to brighten-up multi-story car parks (MSCP), for example through decoration or other environmental improvements.	Proposal for a 'UK first' innovative EV charging solution in Council Carpark completed and with PFH for sign off. Proposal includes associated charging points, bay painting and signage. Charge points to include bay sensor technology linked to the MiPermit system.

Delivering homes for people who need them:

- Increase the number, quality and types of homes
- Prevent households from experiencing homelessness
- Create new communities and adopt a new Local Plan that delivers jobs, homes and the infrastructure to meet the borough's future needs
- Strategic Priorities achievements and next steps

Increase the number, quality and types of homes	
Goal	**Achievements**
Deliver 30% affordable housing across all our mixed tenure housing sites.	Work started on site on the first housing site in July 2020 and the first homes were completed in July 2021. The first Amphora Homes site is now occupied, seeing the Council-owned companies first market sales, but also delivering 2 affordable homes.

Increase the number, quality and types of homes	
Goal	**Achievements**
	The Northern Gateway South site also gained outline planning permission including for the 350 homes Amphora will build here from 2022 which will include 30% affordable housing.
Deliver 380 affordable council and housing association homes by 2023.	Between April and September 2021, 41 affordable homes have been delivered in Colchester. 38 homes were existing properties purchased by the Council and 2 were new homes delivered through Colchester Amphora Homes a 1 was delivered through Section 106 at Rowhedge Wharf by Chelmer Housing Association (CHP). The running total of affordable homes delivered is 142 out of the target of 380.
Improve existing Council homes to keep them in good repair and improve energy efficiency.	The Housing Investment Programme slowed during the pandemic due to the nature of the work (being in people's homes). Safe working practices were put in place for various works but not all works were possible where tenants are more vulnerable. Supply, materials, cost increases and labour shortages are hindering progress for our contractors in 2021 and combined with the backlog caused by the pandemic the works are continuously reviewed and regularly reprogrammed to attempt to catch up. The programme was on track prior to Covid..
Deliver new low/zero carbon Council homes for our residents.	Construction of 24 new Council homes began in 2020-2021 and all of these are being built to 'Future Homes 2025' principles making them the most energy efficient homes that the Council has built to date. The first homes were completed at Hardings Close, Aldham, in August 2021.

Increase the number, quality and types of homes	
Goal	**Achievements**
	£4.5m of 'Climate Emergency Response Works' was agreed in 2020 and this extra investment has been in delivery during 2021 to increase the EPC ratings of our most inefficient, older, homes and help tackle fuel poverty and inequality. The '100 homes' project to acquire 100 additional council homes included work to improve the energy performance of the homes. 78 homes have been secured to date, with many now improved and being occupied.
Ensure all new homes delivered by the Council are designed to a high quality across all tenures.	The current collection of new homes already delivered, in progress, and soon to be progressed, are the most energy efficient homes CBC have constructed. Most have no gas boilers and are using air source heat or other low carbon measures. Accessibility is also being prioritised. There are several Part M Category 2 properties, with features such as level access showers.
Continue to improve and modernise Council owned housing for older people.	Elfreda House was emptied in 2020 and all previous tenants were successfully re-homed with good relationships and communications maintained throughout. The contract for works, to demolish and re-build, was awarded and construction commenced in September 2021.
Prevent households from experiencing homelessness	
Goal	**Achievements**

Increase the number, quality and types of homes	
Goal	**Achievements**
Work with partners to implement the 2020-2025 Homelessness and Rough Sleeping Strategy delivery plan.	The actions in the new Homelessness and Rough Sleeping Strategy Delivery Plan have been reviewed and updated. The updated Delivery Plan and Progress report has been published on the Colchester Borough Council website.
Intervene early to prevent homelessness and work in partnership with other organisations to sustain people's accommodation.	From April 2021 to the end of September 2021 homelessness was prevented for 67 households and during the same period 66 households were assisted into accommodation under the relief duty.
Tackle rough sleeping in the borough.	The Rough Sleeping Team have worked with 62 people who have been provided with advice, support and assistance. During the same period, 27 rough sleepers or those at risk of sleeping rough have been accommodated in the private rented sector, supported housing, social housing and 4 rough sleepers have been reconnected back to locations where they have a local connection and support networks. Colchester Borough Council (CBC) in conjunction with Colchester Borough Homes (CBH) have successfully bid for funding under the governments Rough Sleeper Accommodation Pathway (RSAP) and were awarded • £457,500 capital funding to be spent in 2021/2022 to purchase 6 ex local authority one bed flats (50% of total scheme costs and the maximum percentage we could bid for)

Increase the number, quality and types of homes	
Goal	**Achievements**
	• £105,700 revenue funding to fund a support worker for 3 years The properties will form part of the housing and support pathway for rough sleepers in addition to the specialist supported housing, based on 'Housing First' principles. The work of the Rough Sleeper Team continues to be funded under the governments Rough Sleeper Initiative (RSI) which CBC in conjunction with CBH has successfully bid for and been awarded £325,572 for 2021-2022.
Create new communities and adopt a new Local Plan that delivers jobs, homes and the infrastructure to meet the borough's future needs	
Goal	**Achievements**
Create a Development Plan Document for Tendring Colchester Borders Garden Community to include zero carbon emissions in the community development and green procurement.	Joint work with TDC and ECC is underway. Having completed review and scope of evidence base various commissions in progress with interim reports be prepared to help inform Drafting the DPD. Link road and RTS progressing under HIF and planning applications submitted. Engagement website launched and several consultations have taken place.
Establish a Delivery Vehicle and investment package for the next phase	Members from the three Authorities have met and confirmed their commitment to achieving the principles of Garden Communities for this site as well as confirming the intent to resource the

Increase the number, quality and types of homes	
Goal	**Achievements**
of the Tendring Colchester Borders Garden Community.	work necessary. Governance arrangements, programme and resource implications continue to be developed.
Develop the Colchester Northern Gateway as a sustainable place to live, work and play.	The Sports Park was completed in November 2020 and opened in Spring 2021 after Covid restrictions. Improved walking and cycling included 2 new cycleways along Boxted Road and Severalls Lane, as well as dedicated crossings over Junction 28 of the A12 roundabout / slip roads. The Walk commenced in July 2020, but 'Phase 2' started in April 2021 and completed at the end of September to provide an attractive, tree-lined, avenue dedicated to walking and cycling through the heart of the Northern Gateway and connecting to existing communities.
Ensure the Council has a good supply of land available for new homes and business.	Adopted Local Plan provides for housing land up to 2023 and adequate employment land. Emerging Local Plan will allocate sites to provide land for housing and employment up to 2033 and beyond. Section 1 of the Local Plan adopted and Section 2 examination well advanced.
Create great places to live through the provision of new homes with infrastructure and facilities that support sustainable living and promote health and wellbeing.	Progress is being made towards adoption of new Local Plan and several Neighbourhood Plans have been adopted. Planning applications have continued to be determined and will deliver new homes and infrastructure.

Increase the number, quality and types of homes	
Goal	**Achievements**
Strategic Priorities achievements and next steps	
Goal	**Achievements**
To help clear the current backlog of enforcement cases and enable training of a new apprentice role (currently being recruited to), an additional in-year budget contribution will provide additional capacity in the Planning Enforcement team.	The Planning Enforcement team has been bolstered by the appointment of an experienced officer on a fixed term contract. An apprentice has also been appointed who covers planning and enforcement.
We will work with the County Council and local communities to ensure that any proposed developments on Council-owned land reflect the needs of the local community, optimise opportunities to create sustainable and affordable homes, and improve access to public transport and active travel choices.	The Council has delivered its first homes through both the Colchester Amphora Homes programme of mixed-tenure housing, as well as the first new build in the Council's own 'New Council Housing Programme'. The Council homes are being built to 'Future Homes 2025' principles, with features such as renewable energy sources included on all new homes. Potential housing sites in the town centre are being aligned with wider transport projects including the Active Travel Fund 2, Rapid Transport System (RTS) and other ideas that are emerging. Non-housing Council developments are also leading with the sustainability agenda, including the flagship Northern Gateway Heat Network. 'The Walk' promotes walking and cycling through

Increase the number, quality and types of homes	
Goal	**Achievements**
	the heart of the Northern Gateway, whilst the new LFFN 'Ultrafast' Broadband Network will help people work from home and access services without travelling.
We will seek to construct a workable proposal for a revised allocation at Middlewick enabling the creation of a Country Park and/or Nature Reserve between Abbot's Road and Birch Brook.	The Local Plan Inspector has published suggested Modifications which are currently out for consultation. When the final report is received and there is certainty regarding the allocation of Middlewick in principle, more detailed work can begin to inform a masterplan.

Growing a better economy so everyone benefits:

- Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth
- Work with partners to deliver a shared vision for a vibrant town
- Create an environment that attracts inward investment to Colchester and help businesses to flourish
- Strategic Priorities achievements and next steps

Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth	
Goal	**Achievements**
Ensure our borough becomes stronger post Covid-19 by supporting businesses to recover, adapt and build resilience.	A significant level of advice, support and emergency grants have been provided to local businesses to support them through the pandemic. This has included enhanced business support and advice, delivered by Colbea, enabled through CBC funding. We have also worked with partners in North East Essex to fund enhanced business support. This has included: • The Click it Local initiative which provides an online shopping portal for independent local businesses which launched in April • A suite of business advice and support services is currently being commissioned The support we have provided has been recognised by the Council being shortlisted for an award for Business Support from the Local Government Chronicle.
Work with partners to facilitate a high skill, high wage, low carbon workforce.	CBC has maintained ongoing engagement with Partners including SELEP, Colchester Institute, University of Essex, and Essex County Council to encourage and promote skills training and upskilling of the existing and new workforce. We have secured investment to explore a Care Tech initiative locally to boost care and technology businesses working together. We are working with colleagues in North East Essex to support extra IT training for people who have lost work during the pandemic.

Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth	
Goal	**Achievements**
Develop opportunities to ensure the new economy is greener, sustainable and more resilient.	Town Deal funding has been awarded to Colchester including for projects that promote walking and cycling such as a new cross-town cycleway and enhanced public realm. We are currently working with Colbea to fund and launch an advice and training initiative to support business to reduce their carbon footprint.
Work with our partners to enable Colchester town centre to be a more vibrant, resilient, and adaptable to future change.	Our work with 'We are Colchester' partners to deliver the Town Deal will include improved public spaces, easier transport, better digital connection, and new community facilities. We are currently developing Business Cases to access funding for these schemes We have worked with the Colchester Business Improvement District (BID) to deliver new parklets on the High Street and are working with them to install new gateway signage to promote use of local town centre retail.
Transform the Northern Gateway as a hub for improved wellbeing, physical activity, jobs, housing, and renewable energy.	The Sports Park completed in November 2020 and is open. The Walk completed September 2021. CNG South will commence construction in 2022. Turnstone is also agreed and will move into construction phase at the end of 2021 or early 2022, whilst the Energy Centre will also commence in 2021 (see above).
Address the inequality of access to Gigabit Broadband in communities.	Over 100km of broadband cabling has been delivered to build a direct link from London to Colchester and the Metronet is nearing completion. Broadband deployment works started in July 2020 and the High Street works were coordinated with ECC to be deployed early, before

Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth	
Goal	**Achievements**
	the town centre 're-opened', in order to allow the pavement repairs to follow on with minimal disruption to the re-opening town centre businesses. The Local Full Fibre Network (LFFN) Project has led to over £10m of private investment being secured from VX Fibre who have also started deploying ultrafast broadband into our most deprived wards using our new network and parts of Council owned sites for equipment. These areas would otherwise not be provided for by the open market for many years.
Tackle local skills shortages working with businesses, University of Essex, Colchester Institute, and other partners.	Engagement has continued with Partners including SELEP, Colchester Institute, University of Essex, and Essex County Council to encourage skills training and upskilling of the existing and new workforce. The Town Deal includes investment in digital hubs which will bring significantly expanded skills provision, upskilling the local workforce and helping them adapt to change. Business Cases to access funding for these schemes are currently being produced. We have secured investment to explore a Care Tech initiative locally to boost care and technology businesses working together.
Work with partners to deliver a shared vision for a vibrant town	
Goal	**Achievements**

Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth	
Goal	**Achievements**
Agree a Town Deal with partners and the Government to attract significant new investment.	On behalf of the 'We Are Colchester' Board, our Town Investment Plan was submitted on 31 October 2020. This culminated in an £18.2m award to Colchester as part of the 3 March 2021 budget statement (in addition to £1m accelerated Town Deal funding for Public Realm in the Town Centre. Business Cases for the Town Deal projects are now being prepared to meet the governments deadline for submission. Considerable support is being provided to ensure these cases are completed on time.
Collaborate with the town centre Business Improvement District (BID).	We continue to collaborate closely with the BID including participating on their Board and Advisory Group, Town Centre Task Force and in their Leisure Recovery Board and working with them to deliver specific improvement projects (such as the new High Street parklets, see above) and working to co-ordinate marketing and communications.
Continue to regenerate Colchester Town Centre using Council assets, aligned private investment, the Town Deal and Town Investment Plan.	Our Town Deal funding will enable a range of projects to help regenerate the Town Centre including enhancing public spaces.
Create an environment that attracts inward investment to Colchester and help businesses to flourish	
Goal	**Achievements**

Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth	
Goal	**Achievements**
Ensure our strategy for inclusive economic growth supports the ambitions outlined in the North Essex Growth Strategy, the Local Industrial Strategy, and our Town Deal.	We have started work to produce a new Economic Growth Strategy for the borough. This will set out our priorities for supporting the Borough's economy and job creation, focus our Economic Development work, and respond to Strategies of partner agencies such as Essex County Council.
Ensure a good supply of employment land and premises to attract new businesses and allow existing firms to expand and thrive.	We have an up to date local plan in place that allocates sufficient land and contains policies to encourage economic growth. Approval of applications are in line with policies adopting a flexible approach where necessary.
Encourage green technologies and innovative solutions to the Climate Emergency.	Council received funding for 25 electric cargo (e-Cargo) bikes and 5 electric trailers (e-trailers) from Energy Saving Trust to contribute to decarbonising the Council's fleet, as well as the fleets of ten local businesses. Electric cargo bikes have been given out to all 10 champions who are using them on a regular basis. Several e-Cargo bikes and e-trailers have also been loaned out to several businesses and organisations on short term loans on a 'try before you buy' basis.
Maximise the Social Value benefits derived from third party contracts.	From October 2020, the Council started issuing tenders using the Social Value framework (SVF) developed by the SVP and tailored for Colchester. Given the time needed for

Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth	
Goal	**Achievements**
	submission of bids, evaluation, and award of contracts before the period of work starts, it is anticipated that reporting on the delivered benefits will be available towards the end of 2021-2022.
Ensure the Council's assets continue to contribute to economic growth and opportunity. Develop a decarbonisation financial strategy and investment plan.	Work on the Asset Management Strategy continued, and several projects have emerged during 2021 for Council-owned sites.
Strategic Priorities achievements and next steps	
Goal	**Achievements**
Improvements will be made to signage and interpretation around the Town Centre to support and encourage residents and visitors to make the most of their experience in Colchester and increase the length of time visitors stay.	A task and finish group has been assembled to deliver this goal. A summary of achievements will be included in the year end SPAP report.

Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth	
Goal	**Achievements**
The Queen celebrates her Platinum Jubilee in 2022 which provides a wonderful opportunity to 'dress' the town and support our local communities to join the celebrations and stimulating the local economy.	Numerous concepts and ideas have been established and require further exploration and feasibility. A cross-service officer working group has been created to develop the options and will pull in external partners as appropriate.
As Britain's First City, and oldest recorded town, Colchester has been a highly significant regional centre for over 2,000 years. The Council will look to work with partners across Colchester, including the Town Deal Board, to put together a bid for City Status in 2022.	A website due to launch on 14 October 2021. An engagement plan has been developed involving key stakeholders and members of the public. A summary of achievements will be included in the year end SPAP report.

Celebrating our heritage and culture:

- Agree and implement a new Cultural Strategy that supports our cultural assets
- Strengthen Colchester's tourism sector and welcome more visitors each year
- Protect, enhance and celebrate Colchester's unique heritage
- Strategic Priorities achievements and next steps

Agree and implement a new Cultural Strategy that supports our cultural assets	
Goal	**Achievements**
Work with partners to deliver a collaboration Cultural Vision and Ambitions for the borough with Delivery of Strategy in 2021-2022.	Between April and October 2021, Counterculture have worked on the research and consultation phase reporting to a client Project Team including the Council's Strategic Arts Partners, the Mercury, Colchester Arts Centre and Firstsite. By the beginning of Sept just under 1000 people had engaged with the public consultation, including attendance of 178 at an evening open event held at the Mercury Theatre. As of the same date over 45 major stakeholder interviews had taken place, with other stakeholders responding via detailed questionnaire. Work on the first draft commenced in September, overlapping with the end of the consultation phase at the end of that month.
Agree the key milestones and investment necessary to deliver the strategy.	Budget and milestones agreed. See above. Investment Strategy resulting from the work will form part of future budget setting discussions.
Continue to provide sustainable grant funding to support Mercury Theatre, Firstsite and Colchester Arts Centre (CAC) and help the sector to adapt and recover from the impact of Covid-19.	Three-year grant funding commitment agreed for 2020-2023. The Council has now extended this commitment until 2026. 2020-2021 Strategic Arts Partner grants front loaded at the beginning of year in line with ACE to support organisations through Covid. Additional match funding committed to unlock Cultural Recovery Fund Kick Start funding for in train capital project at Colchester Arts Centre (CAC). CAC subsequently received grant of £128,182 from the Fund.

Agree and implement a new Cultural Strategy that supports our cultural assets	
Goal	**Achievements**
Identify further opportunities to improve the cultural offer for residents and visitors.	At the onset of lockdown, the Creative Colchester Board and Project Group combined to meet online every two weeks (normally every 2 months), to provide additional representation and support for the sector. The relevant Director and Cabinet Members from CBC Leadership attended to update representatives, signpost to grants, other funding and listen to concerns. Meetings reverted to bimonthly 'in 2021 but replacing Project Group meetings with a regular public forum open to all those working in the creative sector. Grants have been released and postponed events/activity receiving funding from the Creative Events Fund have been taking place throughout summer/autumn 2021 including Colchester Pride, Festival of Rice and Spice, Eco Colchester, Colchester Write Night and others.
Strengthen Colchester's tourism sector and welcome more visitors each year	
Goal	**Achievements**
Promote Colchester's heritage and visitor attractions to increase visitor numbers and to support jobs.	School visitor numbers were very low although the service responded by creating a digital Schools offer and 360 tour which is anticipated to be a useful legacy well into the future. Reopening in the summer 2021, visitor numbers and income at the Castle soared. Between 'Freedom Day' (19 July) and the end of August the Castle welcomed 13,987 people, more than a 1000 seen in the same period in 2019. Income was 30% up, further buoyed by a temporary

Agree and implement a new Cultural Strategy that supports our cultural assets	
Goal	**Achievements**
	VAT decrease. A slow return of schools is however anticipated to weigh down figures from September.
Expand the events programme to encourage more visitors and position Colchester as a destination for major events.	Events programmes were hugely disrupted by Covid. However, 2021 rekindled events including Olly Murs in Castle Park, the Nearly Festival, Oktoberfest and other events all keen to return as soon as safely possible. The Women's Tour of Britain cycling event took place in Colchester on 8 October 2021 (and will again in 2022). This is an internationally televised event with world and Olympic champions competing. Colchester's profile will benefit from such events.
Work with partners and the Town Centre Business Improvement District (BID) to improve the public realm for residents and visitors.	Installation of parklets in partnership with the BID in locations in the High Street has been completed. This provides additional space to the footway and outdoor seating areas. In addition, it provides the opportunity for introducing trees and planting to this urban area. These have proved very successful and are being very well used. Officers have worked with the BID, Wivenhoe, Tiptree, Mersea and Dedham Councils to develop action plans and identify the support required to open High Streets safely using government 'Welcome Back Fund' funding. A successful Community Action Day was held in Colchester town centre on Monday 16 August. CBC Wardens and operatives worked with businesses, residents and were supported by Bid Ambassadors and Cllr's to tidy up certain areas in the Town Centre and residential areas.

Agree and implement a new Cultural Strategy that supports our cultural assets	
Goal	**Achievements**
	The Town Deal Bid / Town Investment Plan incorporates improved public realm through specific projects within the Town Deal Boundary, in both the accelerated £1m phase (now in delivery), and the main award.
Improve the information available to Visitors through the launch of a new improved Website.	New www.visitcolchester.com website launched August 2020 with improved functionality (particularly for mobile devices) and content. Design includes extensive use of video recycled from the Colchester tourism ad and newly commissioned for the project.
Promote Colchester and the wider Borough to attract visitors back after the lifting of Covid restrictions and lockdown	Scheduled alongside Government Road Map Out of Lockdown Steps 1-4: Step 1 and 2: focus on outdoor experiences/offer including wider Borough green spaces/coast and urban walks. Step 3: 'Colchester and the Beautiful Borough Welcomes You Back' film launched during English Tourism Week to coincide with major reopening of indoor attractions plus serviced accommodation. Viewed 50K plus times on social media. Step 4: 'Roman Holiday' themed staycation campaign also supporting Decoding Roman Dead Exhibition at Castle launched mid-July with over 80K interactions on social media: also included sponsoring the Liverpool Street Station ticket gates (Network Rail 915,206 verified passengers passing through during this period) launch of new free 'Family Roman Trivia Trail'

Agree and implement a new Cultural Strategy that supports our cultural assets	
Goal	**Achievements**
	for summer holidays and Roman themed walking tours, competitions etc. Google Ad words campaign over summer holidays to drive users to website and events (200K plus impressions).
Protect, enhance and celebrate Colchester's unique heritage	
Goal	**Achievements**
Enhance and promote our heritage by better revealing our assets by supporting projects and initiatives to increase public awareness and access to their heritage in daily life.	The Heritage Manager/ Heritage officer delivered a digital programme for Heritage Open Days in 2020 engaging 14,827 people through 14 films (10 of which produced by the museum service). 7 venues opened for socially distanced visits, including the Roman Circus Centre. COVID still had a significant impact on the 2021 programme, although a good number, 27 venues participated. 3,692 people visited these or participated in the programme of town walks, 1346 of which were castle visitors. Two more films were produced, adding to those created for the 2020 programme and continuing to engage thousands of viewers.
Continue to deliver a major exhibition at Colchester Castle bi-annually.	The exhibition, 'Decoding the Roman Dead' opened in July at the Castle and is believed to have significantly contributed to the visitor numbers that exceeded pre-pandemic levels during the summer. Associated podcasts and a film produced with Dan Snow and History Hit is also likely to have boosted the exhibition's profile.

Agree and implement a new Cultural Strategy that supports our cultural assets	
Goal	**Achievements**
Encourage and support the use of our Heritage sites for Community events, activities and theatre.	The Castle team have worked hard to identify activities (new and existing) that can be hosted safely. The Escape room experience and Nightz at the Museum were reinstated, and bespoke tours introduced including 'Dark Tours' for Halloween introduced. General guided tours were reintroduced swiftly following the relaxation of COVID restrictions.
Strategic Priorities achievements and next steps	
Goal	**Achievements**
Our museums service will explore the potential to create smaller displays such as 'Cabinets of Curiosity' at external venues to help widen exposure to some of our artefacts and exhibitions.	Museums have contributed to permanent display in Mercury Theatre welcome area and to ongoing temporary exhibitions at Firstsite. Proposed displays in vacant shops superseded by BID programme of public artworks.
We will investigate the potential to highlight heritage assets which are not normally seen by the public, and we will look for creative opportunities for events that help celebrate the unique character of Colchester.	Colchester Archaeological Trust have excavated trial pits in Lion Walk but have been unable to locate mosaic. Further investigation commissioned at request of PFH. Works to Duncan's Gate identified and monument consent to be applied for. The Parks team have cleared the site, much improving the aesthetic and helping to protect the walls from plant growth.

Agree and implement a new Cultural Strategy that supports our cultural assets	
Goal	**Achievements**
	Small grants scheme for cultural events planned for new year. Online developing application forms based upon previous successful grants administered by Visitor and Cultural Services Manager. New interpretation boards being progressed for Roman Circus, Hilly Fields and Brerechurch Dyke - anticipated for completion by financial YE. One new interpretation panel has been installed in St Botolphs Churchyard. Heritage Open Days in September introduced two new heritage sites to the long-standing participants - Cannock Mill and Gray's Summerhouse. 3,600 people visited heritage locations, many usually inaccessible to the public, and participated in historic tours around Colchester. The Decoding the Dead exhibition opened in June 2021 and will close in January 2022. The exhibition featured objects not normally on display and contributed to a surge in visitor numbers over the Summer, with figures the highest since the Castle's redevelopment in 2014. A collaboration with History Hit also saw more than 200,000 people from around the world engaging with two podcasts and two films produced on the channel about the exhibition and Colchester's heritage. Funded by WBF, The Castle sycamore tree will be decorated with fairy lights, turned on by Sir Bob Russell on the 2 December. Further lighting for trees around Castle to be installed in January.

Cabinet	Item 9(iii)

26 January 2022

Report of	**Assistant Director of Corporate and Improvement Services**	**Author**	**Richard Clifford**
Title	**Councillor Development Policy and Strategy**		
Wards affected	Not Applicable		

1. Executive Summary

1.1 This report proposes a revised Councillor Development Policy and the introduction of a Councillor Development Strategy.

2. Recommended Decision

2.1 To approve the draft Councillor Development Policy and Councillor Development Strategy and to recommend the Councillor Development Policy to Full Council for adoption.

3. Reason for Recommended Decision

3.1 The Councillor Development Policy needs to be reviewed to ensure it remains relevant and up to date. The updated policy proposed the introduction of a Councillor Development Strategy.

3.2 Both the Councillor Development Policy and Strategy are key documents that will support the Council's bid for reaccreditation for the Councillor Development Charter (previously known as Charter Status for Elected Member Development). The benefits of the Charter are that it demonstrates that the Council's member development processes are in line with good practice. This provides reassurance to current and potential members, and to other external inspections such as Peer Reviews. It also provides a reassurance to residents that their elected representatives are provided with effective support to enable them to undertake their roles and responsibilities effectively.

4. Alternative Options

4.1 No alternative options are proposed.

5. Background Information

5.1 The Council has made a commitment to securing the Councillor Development Charter (previously known as Charter Status for Elected Member Development). The timescale for this is that the assessment must be held by the end of March 2022.

5.2 The three criteria for the Councillor Development Charter against which the Council's policies and procedures will be assessed are:-

- There is clear commitment to Councillor development and support;
- The Council has a strategic approach to Councillor development;
- Learning and development is effective in building skills and knowledge.

There are a number of elements within each criteria.

5.3 One of the suggested means of demonstrating the commitment to Councillor development is through a Councillor Development policy. The Councill has such a policy, which was originally agreed in support of the initial bid for Charter Status in 2011 and it has been reviewed periodically since then. The policy has been reviewed again and some minor amendments have been made to bring it up to date. The revised policy is attached at Appendix 1.

5.4 The most significant change to the policy is the introduction of a Councillor Development Strategy (see paragraph 3.5). This is intended to a be a less high level document setting out more practical aspects on the delivery of member development and current member development priorities. It is suggested that this be a live document that can be easily amended by Cabinet on the basis of recommendations from the Group as priorities change.

5.5 A proposed draft Councillor Development Strategy is at Appendix 2. The current development priorities are based on priorities identified through the Councillor training needs analysis and current Council priorities. The links to the Strategic Plan are shown to demonstrate how they link to the Council's strategic priorities. The Strategy also sets out the current preference for delivering development online and for light touch evaluation of member development.

5.6 Both the revised Policy and the Strategy were reviewed by the Member Development Group at its meeting on 21 December. The documents attached to this report incorporate the comments of the Group, who approved their recommendation to Cabinet.

6. Equality, Diversity and Human Rights implications

6.1 An EQIA for the councillor development policy has been prepared and can be accessed via the link below.

http://www.colchester.gov.uk/CHttpHandler.ashx?id=2290&p=0

7. Strategic Plan References

7.1 Member development supports all the Strategic Plan priorities by promoting the skills and knowledge members need in order to fulfil their roles effectively. One of the objectives of the Councillor Development Strategy is to demonstrate the links between Councillor development priorities and the Strategic Plan.

8. Financial Implications

8.1 The LGA fee for the Charter programme is £3000. This has already been met from the previous years Member Development Budget.

8.2 Any training arising from the Councillor Development Strategy will be met from existing Member Development budget

9. Standard References

9.1 There are no particular references to consultation or publicity considerations or community safety; health and safety, environmental sustainability or risk management implications.

Appendix 2

Councillor Development Policy

Introduction

Colchester Borough Council is committed to supporting local councillors in carrying out their roles as democratically elected representatives of the community and community leaders, and recognises the need to provide appropriate training, learning and development opportunities to help councillors undertake these roles.

Scope and Purpose

1.1 This policy applies to all Councillors.

1.2 The purpose of this Policy is to set out the Council's commitment to provide appropriate learning and development opportunities for all councillors, to enable them to acquire the knowledge and skills they require to be effective across all their roles and to provide a structured and planned approach to learning and development activities.

1.3 The Council recognises that continuing investment and commitment to Councillor's learning and development is integral to achieving the Council's strategic objectives and the delivery of high quality services.

Key Principles

Equality of Access and Opportunities

2.1 All Councillors will have equal access to and participation in training and development opportunities, subject to their personal needs, taking into account those with work or family commitments.

2.2 Councillors will have the opportunity to benefit from training and development opportunities, regardless of disability, race, national ethnic or social origin, gender, sexuality, age or religion.

2.3 All members must have due regard to the Members Code of Conduct and the Nolan principles and regular updates must be provided to members as part of the member development programme.

Councillor-led Approach

2.3 The Council's approach to learning and development will be Councillor-led with representatives from all political groups invited to participate in the planning, delivery and evaluation of Councillor development activities. Councillors are encouraged to identify their own development needs and participate fully in development events.

2.4 The Portfolio Holder with responsibility for member development shall chair an all party Member Development Group. The Group will advise on the planning, delivery and evaluation of Councillor development activities and where appropriate report and make recommendations to

Cabinet on Councillor development issues. In addition to the Portfolio Holder, each political group shall nominate one representative to the Group.

2.5 The Member Development Group will make recommendation to Cabinet and will report to Cabinet on an annual basis.

Resources

2.5 The Council will allocate a budget for Councillor development. The Member Development Group will regularly monitor the Councillor development budget.

2.6 Councillor entitlements to travel and subsistence for attendance at learning and development events is stated in the Members' Allowances Scheme.

Identifying Development Needs

3.1 To support the Council strategic priorities there will be a process for identifying learning and development needs at all levels:-

- Individual
- Political Groups
- Corporate/Strategic

3.2 To identify training and development needs at an individual level every Councillor will be offered the opportunity to formally identify their training needs on a regular basis.

3.3 Identification of learning and development needs at political group level will be through the political group representatives on the member development group.

3.4 Identification of learning and development needs at a corporate or strategic level will be thorough the Council's business planning processes, including the Leadership Team.

3.5 A Councillor Development Strategy should be prepared by the Member Development Group to identify the priority areas for development and how these should be met. The Strategy should identify how these link to the Council's strategic objectives.

Mandatory Training

4.1 Councillors must undertake relevant training and development before sitting on Committees and Panels exercising quasi-judicial functions, the details of which will be set out in the relevant Committee's Procedure Rules.

4.2 All Councillors should undertake regular training in respect of Safeguarding, Equality and Diversity and GDPR.

4.3 All newly appointed Chairs of Committees and Panels must undertake training in chairing skills within 3 months of appointment, unless they have significant experience of chairing meetings in a Local Authority environment.

Delivery of Activities

5.1 The Council will seek to use a wide range of methods to provide Councillors with the opportunities to meet identified learning and development needs. This will include online learning and briefings and training delivered remotely.

5.2 Information about learning and development events will be published well in advance and appropriately publicised.

Evaluation

6.1 The Council will ensure that learning and development is evaluated in benefits and impacts, including value for money. This will include both immediate review of individual learning and development activity and high level evaluation of how learning and development has contributed to the achievement of the Council's strategic objectives.

6.2 As part of this process of evaluation, an annual report on member development activities will be made to Cabinet.

Roles and Responsibilities

7.1 Individual Members are responsible for identifying their learning and development needs and for seeking opportunities to improve their effectiveness and increase their potential. They are responsible for sharing knowledge and skills amongst other members.

7.2 The Member Development Group will be responsible for monitoring the of councillor development and ensure it meets members' needs and for the preparation of the Councillor Development Strategy. The Group will also monitor the councillor training budget, overseeing the evaluation of development and monitoring the application of this policy.

7.3 The day to day management of councillor development will be the responsibility of Democratic Services and a named officer will be identified with responsibility for councillor learning and development. The current officer with responsibility for councillor development is Richard Clifford, Lead Democratic Services Officer.

Leadership Academy

8.1 The Council is committed to the development of the leadership of the Council and all members of the Cabinet and Group Leaders are encouraged to attend the IDEA's Leadership Academy. The Council will fund one place, at Leadership Academy each year from the core councillor training budget. The place will be allocated by the Leader of the Council.

Appendix 3

Councillor Development Strategy

Purpose

The purpose of the Councillor Development Strategy is to set out the priorities for Councillor Development within Colchester Borough Council and how this should be delivered. It sits underneath the Councillor Development Policy which sets out the overall framework for Councillor Development and the principles which underpin it.

The Strategy has been prepared by the all party Member Development Group and agreed by Cabinet. The Strategy is designed to be a live document which should be reviewed on a regular basis by the Member Development Group.

Member Development Priority Areas

The current priority areas for member development are set out below. These priority areas have been agreed by the Member Development Group and take account of the results of Training Needs Analyses completed by Councillors. They also take account of priorities identified through the Member Development Group and recommendations from the Council's Committees and Panels.

Subject	Purpose	Links to Strategic Pan
Budget Workshops	To ensure all members are kept informed of the budget setting process and the development of the budget throughout the municipal year. To provide a forum where all members can contribute ideas or suggestions that support budget setting process	Indirectly supports all Strategic Plan priorities
Partnerships	To keep members informed of the Council's work with partners and hoe these contribute to the Council's strategic objectives. To foster greater understanding of the work of partner organisations and how this impacts on the borough To foster better working relationships with partner organisations.	Indirectly supports all Strategic Plan priorities
Community health and wellbeing	To increase members awareness of some of the	Creating Safe, healthy and active communities –

	health related issues facing the borough, To keep members informed of the response by the Council and its partners to the Covid 19 pandemic To help partner organisations to provide key information to partners to promote with the communities they represent.	tackle the causes of inequality and support our most vulnerable people.
Support for residents and impact of changes to the benefits system	To increase members awareness of some of the changes to the benefits systems, including the ending of the Universal Credit uplift, and the support provided to residents to mitigate this.	Creating Safe, healthy and active communities – tackle the causes of inequality and support our most vulnerable people.
Local Plan/Garden Community	To keep members updated on the development of the Local Plan. To raise awareness and knowledge of members on policies contained in the emerging and adopted Local Plan, and significant developments in respect of the development of the Garden Community.	Delivering homes for people who need them – create new communities and adopt a new Local Plan that delivers jobs, homes and the infrastructure to meet the borough's future needs.
Resilience and work/life balance for Councillors	To provide Councillors with support and strategies to help them manage the stress and challenges of the role, particularly in the wake of the demands of the Covid 19 pandemic	Indirectly supports all Strategic Plan priorities

Mandatory training

Councillors must undertake relevant training and development before sitting on Committees and Panels exercising quasi-judicial functions. Training on planning, licensing and the code of conduct will be offered at the start of the municipal year to ensure tht those members who are

appointed to regulatory committees have an opportunity to undertake the training and take their place on the Committee.

General refresher sessions should be offered through the course of the municipal year in order to keep members training up to date and to ensure there is a sufficient pool of trained substitutes.

Training on more specific specialised issues should also be considered throughout the course of the municipal year.

Induction

Following each election a structured induction programme for newly elected Councillors must be delivered. The aim of the programme is to ensure members are given the necessary information to enable to take on their role effectively as soon as possible, and to enable them to understand quickly how the Council; works. The content of the structure of the induction programme may vary for year to year, but should be approved by the Member Development Group in advance. It should normally include the following:-

- An introduction to the structure and management of the Council and the Council's companies;
- Key contacts and FAQs;
- Familiarisation with the Council offices;
- Meeting rules and etiquette;
- Access to the relevant IT systems;
- Provision of IT equipment and training in how to use it;
- Mandatory training;
- Code of Conduct.

Delivery tools

A range of tools should be used to deliver member development. Whilst the in person session led by a trainer or senior officer remains at the heart of the member development programme, a flexible approach should be taken and other delivery methods should be used where appropriate, and a blended approach using a number of methods, taking account of different learning styles, may be appropriate.

Alternative methods of development delivery can include:-

- Attendance at external training courses
- The circulation of written briefings and material;
- Webinars
- Online training
- Workbooks

Council has expressed a view that the mandatory training on GDPR, Safeguarding and Equality and Diversity is best delivered through online training.

Since the onset of the Covid 19 pandemic, the delivery of member development sessions has moved online and sessions are now delivered through Microsoft Teams. This has led to an increased attendance at member development sessions. This has advantages in that:-

- Members are able to attend without making a visit to the Town Hall, so is less demand on members' time. Development can be more easily slotted in to members other commitments.
- Sessions can be more easily recorded and then made available to members who were unable to attend.
- There is no attendance limit set by the capacity of a meeting room.

Therefore online remains the preferred method for the delivery of member development sessions, although it is recognised that there may be occasions on which an in-person meeting is more suitable.

Evaluation

It is important that development is evaluated to assess its impact to the organisation and to ensure that the resources invested in development are providing value. Member development sessions should be evaluated through the use of feedback forms and significant member development initiatives, such as induction or particular programmes of development in which significant resources has been invested, should be evaluated. However, that evaluation should be comparatively light touch and should be mindful of both officer and Councillor resource.

Where external training is commissioned and providers seek their own feedback/evaluation this should be shared with the Council.

The Member Development Group is responsible for the monitoring the evaluation of member development and should report on annual basis to Cabinet.

Cabinet	Item 10(i)

26 January 2022

Report of	**Assistant Director of Place & Client**	**Author**	**Matthew Brown** ☏ **507348**
Title	**St Nicholas Square Contractor Appointment**		
Wards affected	Castle Ward		

1. Executive Summary

1.1 In August 2020, Colchester Borough Council was awarded £1m Accelerated Town Deal funding to create new Public Spaces at St Nicholas Square and Balkerne Gate. Following extensive design work, we want to appoint a contractor to undertake the construction and groundworks at St Nicholas Square as the project moves forward.

2. Recommended Decision

2.1 To award a contract to Brooks & Wood to undertake the works for a contract period to the end of 2022.

2.2 If the recommended bidder cannot fulfil their obligations under the contract, to award a contract to the next highest ranked bidder.

3. Reason for Recommended Decision

3.1 Following evaluation of submitted bids against the criteria and process detailed in the Invitation to Tender, the recommended bidder submitted a bid that met the essential requirements and scored the highest overall marks to offer the best combination of technical merit, social value benefits and pricing compared to other bidders.

4. Alternative Options

4.1 The project cannot be completed without appointment of a contractor and as the preferred contractor scored the highest on value and was also the cheapest bid there is no other alternative.

5. Background Information

5.1 In August 2020, CBC was awarded £1m ‘accelerated’ funding by the Department for Leveling Up, Homes and Communities (DLUHC) under its ‘Town Deal’ programme, to create a new public space at St Nicholas Square and bring forward part of the enhanced public realm scheme at Balkerne Gate. Together, these schemes stimulate wider regeneration through significantly improving Colchester town centre public realm at two strategically important ‘gateway’ locations, better linking local assets (car parks, retail,

leisure, historical and cultural / economic) thus making Colchester safer and more attractive, leading to increased visitor footfall, improved experience and consumer spend.

5.2 St Nicholas Square will be regenerated and as a gateway location it will significantly improve the wider town centre character and offer, complementing recent public and private sector investment including £35m iconic Fenwick department store anchor development, new Curzon Cinema, £28m Firstsite visual arts facility and the £10m Greyfriars boutique hotel, along with recent £10m refurbishment and expansion of the nearby George Hotel. Plans to capitalise on this momentum of investment was strengthened in summer 2018 with the formation of a business consortium led Business Improvement District that will generate further investment in the town. Furthermore, the area immediately surrounding the square itself has seen significant recent private sector investment, which this scheme will support along with economic recovery from Covid in the town centre.

5.3 This infrastructure and activity will provide a positive and planned response to the evident wider national decline in town centre retail, and will support wider inward investment into Colchester as a place to live, work and do business. Colchester has a fast growing population, with significant further housing and population growth anticipated and planned including the Tendring Colchester Borders Garden Community development three miles to the east of the town centre, attracting thousands of new homes. St Nicholas Square will provide an important asset to help accommodate and support this wider population and economic growth.

5.4 As funder, DLUHC require the money allocated to the project to be spent within a short timescale; however they are being lenient, recognising the challenges brought about by the pandemic and cost inflation pressures in the supply chain. Appointing a contractor is a lengthy procurement process and St Nicholas Square is a small but complex project.

5.5. In line with the proposed programme, Colchester Borough Council originally advertised the tender in the summer of 2021, however only one bid was received. This was for £1.2m against a scheme costed by quantity surveyors as having a value of £500k. Given the price and lack of comparative bids, the tender was readvertised in September 2021 with prices as outlined in the attached tender report (Confidential Appendix A). The project is being managed by Colchester Amphora on the council's behalf.

5.6 Due to price rises for materials and supply chain issues affecting the construction industry across the country, all tenders were significantly higher during the second tender process as well. The preferred contractor was the lowest of the submissions received but the price remains significantly higher than originally costed.

5.7 Following discussion at the Colchester Town Deal Board on 16th December 2021 it was agreed that outstanding monies from other Town Deal town centre public realm schemes could be reallocated to St Nicholas Square to cover the shortfall and enable the scheme to go ahead in line with funding requirements. Through altering the detailed execution of the suite of public realm schemes we have been able to maintain investment in the Town Centre, meeting as far as possible the outcomes and outputs specified in our Town Investment Plan. DLUHC have also been contacted and have formally confirmed they support this approach. Details are provided in the not for publication appendix to this report, Appendix A.

6. Equality, Diversity and Human Rights implications

6.1 The designs for the space have involved consultation with a number of disability groups and a wider community consultation took place in early 2021.

6.2 CBC will ensure that all remaining work required to bring this scheme to final delivery including all contracts for management & operation and final design include further and more detailed Equality Impact Assessment, including ensuring engagement and consultation with key user groups and representatives.

7. Standard References

7.1 There are no particular consultation or publicity considerations or financial; community safety; health and safety or risk management implications from this action. References to the 2020-2023 Strategic Plan for this and other town centre public realm schemes are as follows;

Growing a fair economy so everyone benefits:

- Ensure our borough becomes stronger post Covid-19 by supporting businesses to recover, adapt and build resilience.
- Work with partners to facilitate a high skill, high wage, low carbon workforce.
- Work with our partners to enable Colchester town centre to be more vibrant, resilient, and adaptable to future change.

Work with partners to deliver a shared vision for a vibrant town:

- Work with partners to deliver a shared vision for a vibrant town.
- Continue to regenerate Colchester Town Centre using Council assets, aligned private investment, the Town Deal and Town Investment Plan.

Create an environment that attracts inward investment to Colchester and help businesses to flourish:

- Ensure our strategy for inclusive economic growth supports the ambitions outlined in the North Essex Growth Strategy, the Local Industrial Strategy, and our Town Deal.
- Ensure the Council's assets continue to contribute to economic growth and opportunity.

Furthermore the scheme also supports two further strategic plan priorities;

Creating safe, health and active communities

The scheme develops an accessible, inclusive and attractive public space to encourage people into the town centre and promote walking and cycling.

Celebrating our heritage and culture

The scheme will create a new public space which celebrates the history of the area, with spaces for local market stalls and performance/event areas to encourage further cultural activity.

8. Consultation

8.1 Local businesses and stakeholders have been consulted with alongside Colchester's Business Improvement District, Historic England and Planning. A wider public consultation took place in February 2021.

8.3 Wider engagement and consultation has been undertaken and is ongoing. Further consultation will be undertaken throughout the remaining stages of finalising the detailed design and scope of the facility including the project delivery plan and as part of the wider Town Deal programme.

9. Publicity Considerations

9.1 The tender was advertised through Contracts Finder in the usual way.

10. Financial implications

10.1 Please see attached tender report (confidential Appendix A)

10.2 The scheme, which is wholly grant funded will provide an attractive new asset which will support the renewal of our town centre in line with the Council's strategic priorities as set out above.

10.3 This specific action (award contract for construction) forms part of the established budget for the project and thus does not create any new, additional, or unknown costs to the authority.

11. Health, Wellbeing and Community Safety Implications

11.1 No Community Safety concerns identified.

12. Health and Safety Implications

12.1 All health and safety compliance and regulations will be strongly adhered to during both design and construction.

13. Risk Management Implications

13.1 The risks of not implementing this decision are that time will be lost due to impending Accelerated Town Deal monies needing to be spent. Should the project be delayed there is a danger this funding could be required to be returned.

14. Environmental and Sustainability Implications

14.1 Procurement will consider both the Council's Social Value and sustainability policies.

14.2 The design of the scheme intends to create a sustainable environment and include new trees.

Appendices

Appendix A – Tender Report – Not for Publication

Extract from the draft minutes of the Policy Panel meeting of 24 November 2021

32. Minutes of Previous Meeting

Concern was raised by a Member of the Panel that the plans for a Covid-19 memorial blossom circle were already agreed and planting about to begin, even though the Panel were expecting to receive a formal report on options in order to be able to make recommendations to Cabinet regarding this before plans were finalised. It was argued that the site chosen, Kings Head Meadow [North of Castle Park, Colchester], was not accessible for members of the public with reduced mobility and was not appropriate. Other Panel members agreed and voiced concern that the Panel had been circumvented, having expected the matter to come back before the Panel so that recommendations could be made to the Portfolio Holder. There was also no chance to call in the decision. Panel members posited that a message should be sent to Cabinet that communications need to be better, in the spirit of cooperation and goodwill, and that the Panel must be given opportunities to make recommendations.

Rory Doyle, Assistant Director – Environment, explained that the intention had not been to mislead the Panel and that the plan had been to take the proposed site for approval by the Portfolio Holder and report back to the Policy Panel. Other commemoration actions were planned. Insufficient funding was available for planting multiple blossom circle sites across the whole Borough unless external funding was sourced. Officers were looking at alternatives which could be rolled out or supported.

Panel members expressed dissatisfaction that members had not been briefed on the blossom circle going ahead and instead learned about it via the local newspaper. A Panel member informed the Panel that Sir Bob Russell, High Steward of Colchester, also had concerns regarding the location of the blossom circle and had been told that the Policy Panel had approved the site. The Panel had not approved or recommended this site and this point needed to be clarified. The Panel had not recommended specific sites but had recommended that sites be found across the Borough. A suggestion which had been made was Trinity Church churchyard, in Colchester Town Centre, as a location which would allow people to come together for quiet reflection. Panel members confirmed that this was still a site that they felt should be looked at.

It was noted that the tree planting in Stanway had been cancelled, and detail was requested as to any Council plans to plant a blossom circle or memorial tree for the Stanway community. With reference to the planting season just beginning, a Panel

member suggested that the Policy Panel could put forth suggestions for planting sites as recommendations to Cabinet or the Portfolio Holder.

The Assistant Director – Environment informed the Panel that a number of tree planting schemes were commencing across the Borough as part of the Colchester Woodland & Biodiversity Project starting with the Blossom Circles at Kings Head Meadow on 27 November 2021. Members of the local community had been able to apply to join the planting day and a second planting day had been arranged with NHS staff, volunteer groups and community groups on 1 December 2021. Consultation on the site had been carried out and invitations now issued to guests for the planting. Regarding the planned planting on the Stanway site, unexpected archaeological issues at that site meant that planting had to be cancelled.

A Panel member argued that the finance made available was insufficient and that more was needed so as to allow planting to take place across the Borough in a meaningful way. The Assistant Director explained that the £10k initial funding was a fund for the Civic Team to coordinate a commemorative event proposed to take place in March 2022 but this is still in the stages of planning. Partner funding and donations were also being sourced to support this. The tree planting had been funded separately through the Woodland and Biodiversity Project and from funding for Cabinet priorities. There were significant numbers of other planting sites across the Borough as part of this programme.

The Panel considered the commemoration event, with one view being that Charter Hall was not the right venue and would not have the appropriate atmosphere.

A member of the Panel informed the Panel that a member of the public who had planned to attend and speak on the commemoration plans and planting had not been able to attend. She grieved her relatives lost to the pandemic and had wanted to make her view known that the blossom circle site in Kings Head Meadow would not be accessible to her and that a more inclusive position should have been found.

RESOLVED that: -

a) The Chairman of the Policy Panel would write to Cabinet to express the Panel's disquiet and concerns regarding the handling of Covid-19 memorials and the lack of opportunity for Policy Panel to make recommendations;

b) The Chairman of the Policy Panel would invite the Portfolio Holder to the next meeting of the Policy Panel [12 January 2022] to answer questions on plans and actions for Covid-19 memorial sites and events, and to hear the concerns of the Policy Panel;

c) The minutes of the meetings held on 22 September 2021 be confirmed as a correct record.

RECOMMENDED to CABINET that Cabinet consider the Policy Panel's suggestions regarding the siting of memorials, including for a town centre memorial to be provided in a location such as the church yard of Trinity Church.

PETITIONS, PUBLIC STATEMENTS, QUESTIONS

(i) Have Your Say submissions from members of the public

Date of Meeting	Details of Members of the Public	Subject Matter	Form of Response	Date Completed
Council, 2 December 2021	William Sunnucks	Motion on Climate Change	Issues raised would have been addressed in the course of the debate on Climate Change, but the motion was not debated due to time constraints.	-
Council, 2 December 2021	Manda O'Connell	Joint Committee for Tendring/Colchester Borders Garden Community	Issues raised were addressed in the Council's discussion on the item.	2 December 2021
Council, 2 December 2021	James Marchant	Joint Committee for Tendring/Colchester Borders Garden Community	Issues raised were addressed in the Council's discussion on the item.	2 December 2021
Council, 20 December 2021	Sir Bob Russell	Appointment of Chief Executive	The Mayor thanked Sir Bob Russell for his comments.	20 December 2021

Date petition received	Lead Petitioner	Subject Matter	Form of Response	Date Completed
No valid petitions received in this period.				