

Extract from the draft minutes of the Cabinet meeting of 25 January 2023

715. Budget 2023-24 and Medium Term Financial Forecast 2023-24 to 2027-28

The Head of Finance and Section 151 Officer submitted a report a copy of which had been circulated to each Member together with the recommendations made by the Scrutiny Panel at its meeting of 24 January 2023.

Councillor King, Leader of the Council and Portfolio Holder for Strategy, explained that the following three principles had underpinned the work on the budget:-

- To face up to the challenge and secure the long term financial future of the Council.
- To secure the services that residents valued most and protected the most vulnerable.
- To recognise that the best decisions were those made together with others.

The process had been very challenging and all the options considered had been difficult. Not taking the difficult decisions and relying on reserves would likely lead to bankruptcy. In view of comments made by Groups and the Scrutiny Panel some amendments would be proposed, and the administration would continue to listen, refine and respond.

Councillor Cory, Portfolio Holder for Resources, introduced the report. Stability was key to the budget proposals. Several external factors had made this the most challenging budget process he had been involved in. These included the legacy of Brexit and the pandemic, the mini budget and the impact of inflation. The budget setting process had been as open as it could be and had included budget workshops, meetings with Alumni and discussions at Governance and Audit Committee. The Scrutiny Panel had also made a number of helpful recommendations. It was accepted that in these difficult circumstances, there would need to be a reduction in some services. The emphasis was on doing less but doing it better. It would focus support on services that residents had identified as most important: environment, town centre and neighbourhoods. It would ensure stability for the period of the MTFF and ensure growth and investment in well run services. It supported the hardest hit and those impacted most by the Cost of Living Crisis. There would be more working with parishes and partners to deliver services.

Inn terms of the Treasury Management Strategy and Statement, the comments made were welcomed. The format was based on advice from industry experts, LINK and the CIPFA Code had been followed. The figures it contained relating to the capital programme may be amended in due course following the completion of the review of the capital programme. Treasury management training for members had been scheduled for 30 January.

He thanked Paul Cook , Section 151 Officer, and his team for their work in preparing the budget proposals in such difficult circumstances.

Cabinet members also endorsed the proposals stressing how the challenge of delivering a budget in these circumstances could deliver innovative solutions and thanking the Chief Executive for her work in transforming the Council which had played a key role in delivering modern services for a modern city and allowing a balanced budget to be delivered.

Councillor Willetts, Chair of the Scrutiny Panel, attended and with the consent of the Chair addressed the Cabinet. Scrutiny of the budget was the most important piece of work undertaken by the Scrutiny Panel and considerable time and effort had been devoted to it. He would not address the resolutions of the Panel, which were largely technical, except to highlight that there was a difference of opinion in respect of the Treasury Management Strategy and whether it was possible to have a credible Strategy without a balance sheet as its foundation. However, the commissioning of independent advice on the Strategy was welcomed.

The Panel had made a number of recommendations to Cabinet. The budget was well prepared, balanced and in broad terms followed the priorities of the Strategic Plan. It had recommended that the equality impact assessments be tightened up and further consideration be given to the impact on different ethnic communities, and of the impact on the health of operatives of the suggestion different containers be allowed to be used for garden waste. There had been a lack of clarity as to whether a Treasury Management Statement could be used to support a budget without a balance sheet, and over the use of reserves, so it was recommended training be provided to members.

The Panel had also had some concerns about the assumptions made regarding the proposals to charge for garden waste collections and the impact this may have. In view of proposed reduction in the provision for Neighbourhood Services there appeared to be a conflicting policy objective. It could fall to Neighbourhood Services to deal with the impact of the charging for garden waste services and to take any necessary enforcement action. This conflict needed to be resolved. Finally, the Panel considered that greater consideration needed to be given to the pay settlements in future years in the MTFF. The proposed settlements for 24/25 onwards seemed very optimistic, as stagflation took hold it was likely that pay settlements in excess of these levels would be sought.

Councillor King and Councillor Cory welcomed the Scrutiny Panel's recommendations, and noted their view that the budget was essentially sound. The administration would continue to revisit the assumptions in the budget and would be bringing forward amendment to the proposals that would address some of the recommendations.

Councillor Scott-Boutell attended and with the consent of the Chair addressed the Cabinet to welcome the open nature of the budget setting process and the use of budget workshops. These had been welcome opportunities to share ideas and make

suggestions. The development of the Alumni meetings had also been a welcome addition to the budget process. The next challenge would be ensuring residents understood the proposals and understood that the Council was still listening.

Councillor Laws attended and with the consent of the Chair addressed the Cabinet. The impact of the war in Ukraine also needed to be acknowledged as a factor in the challenging economic landscape. The open approach to the budget setting process was welcomed and the Conservative group comments in respect of the accounts were offered in a positive way. There was no allegation of impropriety. However other authorities had made draft accounts available and it was entirely legitimate to request this. The open conversation on waste collection was also welcomed and further consideration needed to be given to the introduction of wheeled bins, although consideration needed to be given to issues of residual waste.

Councillor Goss, Portfolio Holder for Neighbourhood Services and Waste, welcomed his comments and emphasised the need to consider the health and well being benefits to operatives of wheeled bins and that hybrid methods of collection were more expensive.

Councillor Fox, Portfolio Holder for Local Economy and Transformation, emphasised that the way Councils were funded had changed fundamentally and were now expected to stand on their own feet. The budget proposals would provide stability and allow the Council to deliver modern services to a modern city, notwithstanding the challenging economic circumstances. The thanks to the Finance Team were echoed and it was important that staff were continued to be paid fairly and that the Council maintained its living wage commitments. The Council would continue to deliver a wide range of services, and unlike some other Council, there were no proposals to close any facilities.

Councillor Cory explained that it was proposed to amend the recommended decision by adding the following additional decisions, which were aimed at maintaining neighbourhood services by increasing the prospective income from the early stages of charging for garden waste. It also provided a budget for repairs and maintenance for the City Centre, and to make a recommendation to Council to provide for 100% premium Council Tax charge to be levied on second homes, with effect from 1 April 2024.

- 2.7 *To amend Appendix D to adjust the technical reconciliation and proposed savings measures in Table D4 as follows:*
- 3. *Remove Neighbourhoods Discretionary Services reduction savings of £300k*
 - 8. *Garden Waste income - increase from £200k to £600k.*
 - 26. *Remove Review of Tree Maintenance SLA with ECC saving of £50k*
- Add an additional item:*
- Table D5 (new 18) City Centre repairs and maintenance response service at a cost of £50k*
- To make any consequential amendments to Appendix J in light of the above changes.*

2.8 *To recommend to Council that it adopts the provisions contained in section 75 of the Levelling Up and Regeneration Bill once enacted which will permit the Council to apply a 100% premium council tax charge to be levied on second homes in the city with effect from 1 April 2024.*

RESOLVED that:-

(a) The 2023/24 Revenue Budget and revised Medium Term Financial Forecast as set out in Appendix A of the Section 151 Officer's report be approved.

(b) To note the Local Government Act 2003 Section 25 budget resilience statement and forecast level of balances set out in Appendix B of the Section 151 Officer's report be noted.

(c) The Treasury Management Strategy Statement 2023/24 to 2027/28 as set out in Appendix C of the Section 151 Officer's report be approved.

(d) To *RECOMMEND TO COUNCIL* the 2023/24 revenue budget requirement of £25.285m.

(e) To *RECOMMEND TO COUNCIL* Colchester's element of the Council Tax at £211.59 per Band D property being an increase of £6.12.

(f) £400k capital grant funding from the Right to Buy retained receipts reserve as set out in Section 10.7 of the Section 151 Officer's report be approved.

(g) To amend Appendix D of the Section 151 Officer's report to adjust the technical reconciliation and proposed savings measures in Table D4 as follows:

3. Remove Neighbourhoods Discretionary Services reduction savings of £300k

8. Garden Waste income - increase from £200k to £600k.

26. Remove Review of Tree Maintenance SLA with ECC saving of £50k

Add an additional item:

Table D5 (new 18) City Centre repairs and maintenance response service at a cost of £50k

To make any consequential amendments to Appendix J in light of the above changes.

(h) To *RECOMMEND TO COUNCIL* that it adopts the provisions contained in section 75 of the Levelling Up and Regeneration Bill once enacted which will permit the Council to apply a 100% premium council tax charge to be levied on second homes in the city with effect from 1 April 2024.

(i) The recommendations made by the Scrutiny Panel at its meeting on 24 January 2023 be accepted.

REASONS

To balance the 2023/24 budget and revise the Medium Term Financial Forecast.

ALTERNATIVE OPTIONS

No alternative options were proposed.