

Council Meeting

**Council Chamber, Town Hall, High Street,
Colchester, CO1 1PJ
Wednesday, 18 February 2015 at 18:00**

Information for Members of the Public

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COLCHESTER BOROUGH COUNCIL
Council
Wednesday, 18 February 2015 at 18:00

TO ALL MEMBERS OF THE COUNCIL

Published 17/02/2015

You are hereby summoned to attend a meeting of the Council to be held at the Town Hall, Colchester on Wednesday, 18 February 2015 at 18:00 for the transaction of the business stated below.



Chief Executive

AGENDA - Part A
(open to the public including the press)

Please note that the business will be subject to short breaks at approximately 90 minute intervals.

Members of the public may wish to note that Agenda items 1 to 5 are normally brief.

Apologies

Councillors Arnold, Bentley, Fairley-Crowe, Gamble, L Scott-Boutell

1 Welcome and Announcements

(a) The Mayor to welcome members of the public and Councillors and to invite the Chaplain to address the meeting. The Mayor to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Mayor's discretion, to announce information on-

- action in the event of an emergency;
- use of mobile phones;
- audio recording of the meeting;
- location of toilets.

2 Have Your Say!

The Mayor to ask members of the public to indicate if they wish to ask a question, make a statement or present a petition on any matter relating to the business of the Council - either on an item on

the agenda for this meeting or on a general matter not on this agenda and to invite any such contributions (Council Procedure Rule 6(2)).

(Note: A period of up to 15 minutes is available for general statements and questions under 'Have Your Say!').

3 **Minutes**

A... Motion that the minutes of the meetings held on 11 December 2014 and 19 January 2015 be confirmed as a correct record.

Minutes of Council meeting 11-12-14 11 - 20

Minutes of Council meeting 19-01-15 21 - 22

4 **Mayor's Announcements**

Mayor's Announcements (if any) and matters arising pursuant to Council Procedure Rule 8(3).

5 **Declarations of Interest**

The Chairman to invite Councillors to declare individually any interests they may have in the items on the agenda. Councillors should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors may wish to note the following:-

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.
- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgement of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.

- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

6 **Items (if any) referred under the Call-in Procedure**

To consider any items referred by the Scrutiny Panel under the Call-in Procedure because they are considered to be contrary to the policy framework of the Council or contrary to, or not wholly in accordance with, the budget.

7 **Recommendations of the Cabinet, Panels and Committees**

To consider the following recommendations:-

7(i) **Strategic Plan 2015-18** 23 - 32

B... Motion that the recommendation contained in minute 50 of the Cabinet meeting of 28 January 2015 be approved and adopted.

7(ii) **Colchester's Environmental Sustainability Strategy 2015-2020** 33 - 34

C... Motion that the recommendation contained in minute 51 of the Cabinet meeting of 28 January 2015 be approved and adopted.

7(iii) **2015/16 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast** 35 - 50

The Leader of the Council will move the suspension of Council Procedure Rule 14(3) to allow the Portfolio Holder for Business and Resources and the leaders of the Conservative, Labour and Highwoods and Stanway Independent Groups to speak untimed on this item only.

D... Motion that the recommendations contained in minute 52 of the Cabinet meeting of 28 January 2015 and the recommendations contained in the Assistant Chief Executive's report entitled Precept and Council Tax Levels 2015/16 be approved and adopted.

Please note that in accordance with the provisions of Council Procedure Rule 15(3) any motion or amendment on the setting of the Council's budget must be subject to a named vote.

8 **Notices of Motion pursuant to the provisions of Council Procedure Rule 11**

To consider the following Motions:-

(i) **Magna Carta**

Proposer: Councillor Willetts

E... Noting that 15th June 2015 marks the 800th anniversary of the sealing of Magna Carta, which proclaimed the liberties of all free people and is the basis of the constitution of many nations, Council commends the principal clauses of Magna Carta to the people of Colchester as a bulwark against oppressive authority."

As the motion relates to a non-executive matter, it will be debated

and determined by Full Council.

Main Amendment

Proposer: Councillor Liddy

That the motion on Magna Carta be approved and amended subject to the following amendments:-

- The deletion of the words “Noting that” and their replacement with the word “The”;
- The deletion of all the words following the word “nations” and the addition of the following words:-

. This Council notes the totemic status of the 1215 Magna Carta and its symbolic effect in English law. It also notes that only two of the original sixty three chapters still survive. They are set out below and are commended to the residents of Colchester:-

(39) No free man shall be seized or imprisoned, or stripped of his rights or possessions, or outlawed or exiled, or deprived of his standing in any way, nor will we proceed with force against him, or send others to do so, except by the lawful judgment of his equals or by the law of the land.

(40) To no one will we sell, to no one deny or delay right or justice.

Should the Main Amendment be agreed, the revised wording of the Motion would be as follows:-

The 15th June 2015 marks the 800th anniversary of the sealing of Magna Carta, which proclaimed the liberties of all free people and is the basis of the constitution of many nations. This Council notes the totemic status of the 1215 Magna Carta and its symbolic effect in English law. It also notes that only two of the original sixty three chapters still survive. They are set out below and are commended to the residents of Colchester:-

(39) No free man shall be seized or imprisoned, or stripped of his rights or possessions, or outlawed or exiled, or deprived of his standing in any way, nor will we proceed with force against him, or send others to do so, except by the lawful judgment of his equals or by the law of the land.

(40) To no one will we sell, to no one deny or delay right or justice.

(ii) Pedestrian Crossing at Cymbeline Way

Proposer: Councillor Goss

Colchester Borough Council wishes to applaud Essex County Council for listening to local Colchester Citizens and committing to leaving a pedestrian crossing on the Cymbeline Way for use by the hundreds of students and commuters who use it on a daily basis to

get safely to Colchester North Station, St Helena School, Colchester Institute and the surrounding area. However, Colchester Council wishes to be fully engaged in the siting of the proposed "temporary" crossing and wants commitment from Essex County Council that a crossing will remain in place permanently and that it won't be removed from the new site. The Council resolves to send a copy of this resolution along with the names of all Councillors who supported it to Cllr Bass, Essex County Council Cabinet member for Highways and Transportation.

As the motion relates to a non-executive matter, it will be debated and determined by Full Council.

(iii) Renaming of Hythe Station

Proposer: Councillor Havis

G... Colchester Borough Council requests that Network Rail renames Hythe Station as Colchester Hythe Station to bring it in line with the other Colchester stations.

As the motion relates to a non-executive matter, it will be debated and determined by Full Council.

Main Amendment

Proposer: Councillor T. Young

That the Motion on the Renaming of Hythe Station be approved and adopted subject to the following amendments:-

- The deletion of the words "Network Rail" and their replacement with the words "Abellio Greater Anglia (working in collaboration with Network Rail)";
- The insertion of the following additional text at the end of the Motion:-

"This Council believes that any changes to the classification of Hythe Station should not have an adverse effect on the pricing or fare structure for passengers travelling towards London or on the Clacton line.

This Council supports a more integrated railway under a publicly accountable authority which would make the changes outlined above far easier to achieve."

Should the Main Amendment be approved, the revised wording of the Motion would be as follows:-

"Colchester Borough Council requests that Abellio Greater Anglia (working in collaboration with Network Rail) renames Hythe Station as Colchester Hythe Station to bring it in line with the other Colchester Stations.

This Council believes that any changes to the classification of Hythe Station should not have an adverse effect on the pricing or fare structure for passengers travelling towards London or on the Clacton line.

This Council supports a more integrated railway under a publicly accountable authority which would make the changes outlined above far easier to achieve.”

(iv) Foster Carers

Proposer: Councillor Lissimore

H... This Council recognises the invaluable work that foster carers do for the community.

As the motion relates to a non-executive matter it will be debated and determined by Full Council.

9 Questions to Cabinet Members and Chairmen pursuant to Council Procedure Rule 10

To receive and answer pre-notified questions in accordance with Council Procedure Rule 10(1) followed by any oral questions (not submitted in advance) in accordance with Council Procedure Rule 10(3).

(Note: a period of up to 60 minutes is available for pre-notified questions and oral questions by Members of the Council to Cabinet Members and Chairmen (or in their absence Deputy Chairmen)).

At the time of the publication of the Summons, no pre-notified questions had been received.

10 Schedule of Portfolio Holder Decisions

51 - 54

To note the Schedule of Portfolio Holder decisions covering the period 2 December 2014 - 5 February 2015

11 Urgent Items

To consider any business not specified in the Summons which by reason of special circumstances the Mayor determines should be considered at the meeting as a matter of urgency.

12 Reports Referred to in Recommendations

The reports specified below are submitted for information and referred to in the recommendations specified in item 7 of the agenda:

Strategic Plan 2015-18, report to Cabinet 28 January 2015
Colchester's Environmental Sustainability Strategy 2015-20, report to Cabinet 28 January 2015
2015/16 Revenue Budget, Capital Programme and Medium Term Financial Forecast, report to Cabinet 28 January 2015

| | |
|--|-----------|
| Strategic Plan - report to Cabinet 280115 | 55 - 66 |
| Environmental Sustainability Strategy - report to Cabinet 280115 | 67 - 108 |
| 2015/16 General Fund Revenue Budget, Capital Programme and MTF - report to Cabinet 280115 | 109 - 180 |

13 **Exclusion of the Public**

In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential 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)

Council

Thursday, 11 December 2014

- Attendees:** Councillor Christopher Arnold (Member), Councillor Kevin Bentley (Member), Councillor Elizabeth Blundell (Member), Councillor Mark Cable (Member), Councillor Nigel Chapman (Member), Councillor Peter Chillingworth (Member), Councillor Beverly Davies (Member), Councillor John Elliott (Mayor and Chairman), Councillor Andrew Ellis (Member), Councillor Marcus Harrington (Member), Councillor Pauline Hazell (Member), Councillor Brian Jarvis (Member), Councillor John Jowers (Member), Councillor Margaret Kimberley (Member), Councillor Sue Lissimore (Member), Councillor Richard Martin (Member), Councillor Will Quince (Member), Councillor Peter Sheane (Member), Councillor Dennis Willetts (Member), Councillor Tina Bourne (Member), Councillor Dave Harris (Member), Councillor Cyril Liddy (Member), Councillor Michael Lilley (Member), Councillor Julie Young (Member), Councillor Tim Young (Member), Councillor Nick Barlow (Member), Councillor Lyn Barton (Member), Councillor Helen Chuah (Member), Councillor Barrie Cook (Member), Councillor Nick Cope (Member), Councillor Mark Cory (Member), Councillor Annie Feltham (Member), Councillor Bill Frame (Member), Councillor Ray Gamble (Member), Councillor Martin Goss (Member), Councillor Julia Havis (Member), Councillor Jo Hayes (Member), Councillor Professor Peter Higgins (Member), Councillor Mike Hogg (Member), Councillor Martin Hunt (Member), Councillor Jon Manning (Member), Councillor Lesley Scott-Boutell (Member), Councillor Paul Smith (Member), Councillor Laura Sykes (Member), Councillor Anne Turrell (Member), Councillor Gerard Oxford (Member), Councillor Philip Oxford (Member), Councillor Roger Buston (Member), Councillor Chris Pearson (Member), Councillor Rosalind Scott (Member), Councillor Dominic Graham (Member), Councillor Justin Knight (Member), Councillor Jessica Scott-Boutell (Member), Councillor Theresa Higgins (Deputy Mayor)
- Substitutes:** No substitutes were recorded at the meeting

36 Minutes

RESOLVED that the minutes of the meeting on 22 October 2014 be confirmed as a correct record.

37 Have Your Say!

Darius Laws addressed Council pursuant to the provisions of Council Procedure Rule

7(5). He noted that a notice had been served on the new owner of Jumbo to tidy the exterior of building. He hoped that the same process would be applied to other decayed buildings in the town centre. He hoped that any planning application that may be submitted in the future would be considered carefully and that decisions would not be influenced by a vocal minority. As with other historic buildings, a solution needed to be found that would allow it to be brought back into use with a modern function. Jumbo was a real asset to the town and if redeveloped in the right way, would help generate tourism

Andy Hamilton addressed Council pursuant to the provisions of Council Procedure Rule 7(5). He noted the recent press coverage of firstsite. He expressed his concern about recent uses of firstsite, such as the hiring of a room to a law firm seeking clients wishing to bring legal proceedings against the NHS and the live streaming of the play "John". These were not appropriate uses for a publicly funded gallery. He asserted that firstsite was effectively bankrupt and it had requested that the Council pay for repairs and maintenance to the building. He questioned why the Council refused to accept that as an art gallery the Visual Arts Facility was a financial disaster and why the Council continued to support firstsite.

Councillor T. Young, Portfolio Holder for Community Safety, Licensing and Culture, responded and explained that issues around firstsite would be discussed during the debate on the motion on firstsite on the agenda for this meeting. "John" was an award winning National Theatre production.

38 Local Council Tax Support 2015-16

RESOLVED that the recommendation contained in minute 43 of the Cabinet meeting of 26 November 2014 be approved and adopted.

39 Officer Pay Policy

RESOLVED that the recommendation contained in minute 45 of the Cabinet meeting of 26 November 2014 be approved and adopted.

40 Appointment of Deputy Mayor 2015-16

RESOLVED that Councillor Julie Young be appointed as Deputy Mayor of the Borough of Colchester for the 2015-16 municipal year.

41 Review of the Council's Ethical Governance Policies

RESOLVED that the recommendation contained in minute 25 of the Governance

Committee meeting on 14 October 2014 be approved and adopted.

42 Review of the Members Code of Conduct and the Council's Arrangements

RESOLVED that the recommendation contained in minute 26 of the Governance Committee meeting of 14 October 2014 be approved and adopted.

43 Review of Local Code of Corporate Governance

RESOLVED that the recommendation contained in minute 28 of the Governance Committee meeting of 14 October 2014 be approved and adopted.

44 Notices of Motion pursuant to the provisions of Council Procedure Rule 11

(i) Unsolicited Telephone Calls

It was proposed by Councillor Jowers that:-

“This Council requests the Chief Executive of OFCOM to take such regulatory or technical action necessary to protect the people of Colchester from the avalanche of unsolicited sales and marketing telephone calls which blight their lives.”

On being put to the vote the motion was carried (UNANIMOUS).

(ii) Street Lighting

Councillors Bentley and Turrell (in respect of their membership of Essex County Council) and Jowers (in respect of his membership of Essex County Council and as Chairman of the Essex Police and Crime Panel) declared a non-pecuniary interest in this item pursuant to the provisions of Council Procedure Rule 9(5).

It was proposed by Councillor Harris that:-

“This Council seeks to reverse the impact of Essex County Council’s Part Night Street Lighting policy within the Colchester Borough by paying to Essex County Council the sum of £130,000 per annum (identified by Essex County Council as the amount saved by the night time switch off of the Borough's lights) to enable the Colchester street lights to remain on all night.

The amount to be spent is to be taken from council reserves to meet the remainder of the 2014-2015 financial year and then to be funded either through the council tax, the use of council reserves or a combination of both, the funding of Colchester Borough street lights throughout the night to be met by this Council only until Essex County

Council is persuaded to reverse its unpopular and dangerous policy.

Essex County Council's own figures state that the measure, if funded by the council tax, would only cost residents of Colchester 3p per week per household and, whilst the Labour Group remains upset that local people would have to pay again for something that Essex County Council is already charging them, believes that accidents and certain types of crime increasing show that action has to be taken to get the lights back on."

A main amendment was moved by Councillor Barlow that the motion be approved and adopted subject to the following amendments:-

- In paragraph 1 the deletion of the words "paying to" and their replacement with the words "requesting that "and the addition of the word "finds" after the words ""Essex County Council"
- In paragraph 2 the deletion of the all the words after the words "council reserves" and their replacement with the following words:-

', other funds or savings that the County Council sees fit to use for this purpose, or through the County Council seeking funding from the Green Investment Bank to upgrade all of the county's street lights. The Green Investment Bank has £3.8bn to make the country's infrastructure greener and stronger and it has stated that councils making this switch will be able to repay this funding quickly and then make up to 80% savings on electricity."

- In paragraph 3 the deletion of all the words from "Essex County Council" to already charging them" and their replacement with the words "This Council."

Councillor Harris indicated that the main amendment was accepted and the motion was deemed amended accordingly.

On being put to the vote, the motion was carried.

A named vote having been requested pursuant to the provisions of Meetings General Procedure Rule 15(2), the voting was as follows:-

Those who voted for were:-

Councillors Barlow, Barton, Bourne, Chuah, Cook, Cope, Cory, Feltham, Frame, Gamble, Goss, Graham, Harris, Havis, Hayes, P. Higgins, Hogg, Hunt, Knight, Liddy, Lilley, Manning, G. Oxford, P. Oxford, Pearson, Scott, J. Scott-Boutell, L. Scott-Boutell, Smith, Sykes, Turrell, J. Young and T. Young.

Those who voted against were:-

Councillors Bentley, Blundell, Cable, Chapman, Chillingworth, Davies, Ellis, Harrington, Hazell, Jowers, Kimberley, Lissimore, Martin, Sheane and Willetts.

Those who abstained from voting:-

Councillors Arnold, Buston, Jarvis, Quince, the Deputy Mayor (Councillor T. Higgins) and the Mayor (Councillor Elliott).

(iii) Colchester Hospital University NHS Foundation Trust

Councillors Davies (in respect of her employment by the Trust) and Ellis (in respect of his spouse's employment by the Trust) declared a disclosable pecuniary interest in this item pursuant to the provisions of Council Procedure Rule 9(5) and left the meeting during its consideration and determination.

Councillor Graham (in respect of his employment by Holmes and Hills) and T. Young (in respect of his role as a Non-Executive Director of Southend University Hospital NHS Foundation Trust) declared a non-pecuniary interest in this item pursuant to the provisions of Council Procedure Rule 9(5).

It was proposed by Councillor Harrington that:-

“This Council, responding to the concerns of the residents of the Borough of Colchester whose Hospital University NHS Foundation Trust has been placed in special measures, and noting the reassuring transparency of the Improvement Plan, commends to the Secretary of State for Health the significant progress the Trust has made to implement the Improvement Plan to lift itself out of special measures, and requests that the Secretary of State for Health affords to the Trust every possible support and resource available to him to enable the Trust to complete the Plan as expeditiously as practicable, so that the people of Colchester may once again enjoy the services of an NHS Hospital of which they can be proud.”

A main amendment was moved by Councillor Bourne that the motion be approved and adopted subject to the following amendments:-

“The deletion of all the words after “This Council” and their replacement with the following words:-

- notes the reassuring transparency of the Colchester Hospital University Foundation Trust Improvement Plan, submitted for discussion at a recent Council Scrutiny meeting.
- requests that all local and national partners, including Colchester Borough Council, provide every possible support and resource to enable the Trust to complete

the Plan.”

Councillor Harrington indicated that the main amendment was accepted and the motion was deemed amended accordingly.

On being put to the vote, the motion was carried (UNANIMOUS)

(iv) Reduction in VAT for Tourist Attractions and Accommodation

Councillor Lissimore (in respect of her role as Vice Chair of Visit Essex) declared a non-pecuniary interest in this item pursuant to the provisions of Council Procedure Rule 9(5).

It was proposed by Councillor T. Young that:-

“This Council believes the Government should reduce the rate of VAT for tourist attractions and accommodation from 20% to 5% in order to boost the tourism industry and economy in Colchester and across the United Kingdom. We note the campaign to cut VAT on tourism has support from backbench MPs from across the political spectrum.

A reduction in tourism VAT would lower the price of tourism services, encouraging more domestic and international tourists to travel to places like Colchester. The increase in visitors would provide a significant boost to local businesses, such as Colchester Zoo, and to our own attractions like Colchester Castle, and would lead to further investment, jobs, exports and economic growth across the UK.

From next year 25 out of the other 27 EU members states will enjoy the benefits of a reduced tourism VAT rates providing a significant competitive advantage to their tourism sectors.

A reduction in tourism VAT could be implemented by the Government immediately without any new legislation, would provide 123,000 jobs over 10 years and generate up to £3.9 billion each year for the UK economy. In the Colchester parliamentary constituency alone it has been calculated that 225 new jobs would be created and the local economy would be boosted by over £7.5million.

This Council calls on the Government to commit to reduce tourism VAT to deliver economic growth and investment for Colchester, and the wider UK economy.

A copy of this motion to be sent to our local Members of Parliament encouraging them to raise the issue at Westminster and support the campaign to reduce VAT on tourism.”

On being put to the vote, the motion was carried (UNANIMOUS).

(v) **firstsite**

Councillors Bentley, Jowers and Turrell (in respect of their membership of Essex County Council) declared a non-pecuniary interest in this item pursuant to the provisions of Council Procedure Rule 9(5).

Darius Laws addressed Council pursuant to the provisions of Council Procedure Rule 7(5). He believed that firstsite was now at a crossroads. There was a consensus emerging that it was not quite working. There was not enough art within the gallery and it was not attracting sufficient visitors. In terms of reputation it was underperforming. These issues needed to be addressed. He suggested that the twentieth anniversary of the Britpop rivalry between Oasis and Blur could provide the opportunity for an interesting and popular exhibition. This could link up to pubs and local music venues and would generate interest and visitors to firstsite and to Colchester more generally.

It was proposed by Councillor Quince that:-

“This Council, noting that The Arts Council Plan for 2011-15 sets a goal to become more audience focused, and an objective to develop arts support for people and places with the least engagement, calls upon the Arts Council to work with firstsite and other relevant partners to influence the programme to include a popular wide range of Colchester’s own contemporary artistic achievements.”

On being put to the vote the motion was carried (UNANIMOUS)

45 Questions to Cabinet Members and Chairmen pursuant to Council Procedure Rule 10

| Questioner | Subject | Response |
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| Verbal Questions | | |
| Councillor Sheane | Why did the Portfolio Holder for Housing and Public Protection not consider the provision of public toilets in West Mersea was an essential service that Colchester Borough Council should provide, given that West | Councillor Bourne, Portfolio Holder for Housing and Public Protection, explained that the provision of public toilets was not a statutory duty and therefore, given the budget pressures facing the Council, |

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| | <p>Mersea was a tourist resort? Would the Portfolio Holder meet with him and West Mersea Town Council to look at other options to keep the toilets open without them being a financial burden on West Mersea Town Council?</p> | <p>alternative ways of delivering the service needed to be explored. Offering town and parish councils the opportunity to take on the responsibility for the service was a proportionate response to enable the Council to provide its statutory duties. She understood why West Mersea Town Council was concerned but was pleased that they considered the service a priority and hoped therefore they would take on responsibility for three of the toilet blocks, as two other parishes had. The Borough Council would continue to maintain the toilet block at Willoughby Avenue.</p> <p>A full written response to the Town Council's queries would be sent shortly. The Town Council should consider this and contact her again if they had further queries.</p> |
| Councillor Cable | <p>Did the Portfolio Holder for Housing and Public Protection consider it was fair for Dedham Parish Council to take on the burden of toilet facilities when these were primarily used by 200,000 visitors Dedham received annually? Would the Portfolio Holder attend a meeting of Dedham Parish Council on 12 January 2015 to</p> | <p>Councillor Bourne, Portfolio Holder for Housing and Public Protection, explained that she was in communication with Dedham Parish Council on this issue and had sent further correspondence today. However, the Borough Council did not own the toilet blocks in Dedham at the Drift or the lease. The land was</p> |

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| | explain her decision? | <p>leased by Dedham Parish Council from St Albans and Chelmsford Church Trust. The Borough Council had in fact been maintaining a toilet block that was not its responsibility.</p> <p>The Parish Council should consider the further correspondence and contact her again if they had further queries. Ward councillors were always welcome to contact her if they had concerns or queries.</p> |
| Councillor Jowers | What would happen to the toilet blocks in West Mersea if West Mersea Town Council did not take on responsibility for them? | Councillor Bourne, Portfolio Holder for Housing and Public Protection, explained that the decision would be published shortly and would be subject to call in. A full EQIA had been completed. As the Council would need to pay NNDR on the blocks if they were not used as toilets, they would need to be demolished if the Town Council decided they were not a priority. |
| Councillor Cory | In the light of a recent report by the Commons Environmental Audit Committee about the risk to public health from air pollution, to what extent had Colchester Borough Council worked to meet targets aimed at reducing air pollution? Was | Councillor Bourne, Portfolio Holder for Housing and Public Protection, explained that the Council had received £200,000 of funding from the Department of Transport to trial innovative technology that aimed to cut nitrogen |

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| | the Council working towards a clean and green public transport network? | oxide exhaust emission from buses by 90%. This would be fitted to ten buses and the air quality at key locations monitored. She hoped that the bus companies would follow this example and fit similar technology in their vehicles. |
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46 Appointment of Honorary Aldermen

RESOLVED that:-

- (a) The revised process for the appointment of Honorary Aldermen contained at paragraph 3 of the Monitoring Officer's report be approved and adopted.
- (b) The Monitoring Officer be authorised to made the necessary consequential amendments to the Constitution.

47 Schedule of Decisions by Portfolio Holders

RESOLVED that the Schedule of Portfolio Holder decisions covering the period 7 October 2014 - 1 December 2014 be approved and adopted.

Council

Monday, 19 January 2015

Attendees: Councillor Christopher Arnold (Member), Councillor Kevin Bentley (Member), Councillor Nigel Chapman (Member), Councillor Peter Chillingworth (Member), Councillor John Elliott (Mayor and Chairman), Councillor Margaret Fairley-Crowe (Member), Councillor Marcus Harrington (Member), Councillor Pauline Hazell (Member), Councillor Brian Jarvis (Member), Councillor John Jowers (Member), Councillor Sue Lissimore (Member), Councillor Jackie Maclean (Member), Councillor Richard Martin (Member), Councillor Peter Sheane (Member), Councillor Dennis Willetts (Member), Councillor Dave Harris (Member), Councillor Michael Lilley (Member), Councillor Julie Young (Member), Councillor Tim Young (Member), Councillor Helen Chuah (Member), Councillor Barrie Cook (Member), Councillor Nick Cope (Member), Councillor Mark Cory (Member), Councillor Annie Feltham (Member), Councillor Bill Frame (Member), Councillor Jo Hayes (Member), Councillor Professor Peter Higgins (Member), Councillor Mike Hogg (Member), Councillor Martin Hunt (Member), Councillor Paul Smith (Member), Councillor Laura Sykes (Member), Councillor Beverley Oxford (Member), Councillor Gerard Oxford (Member), Councillor Philip Oxford (Member), Councillor Roger Buston (Member), Councillor Robert Davidson (Member), Councillor Chris Pearson (Member), Councillor Dominic Graham (Member), Councillor Justin Knight (Member), Councillor Theresa Higgins (Deputy Mayor)

Also in attendance:

Honorary Aldermen Bober, Cannon, Cooke, Fairhead, Fulford, Gower, Green, Hall, Spyvee, Stevens and Webb.

48 Prayers

The meeting was opened with prayers by Alderman Spyvee.

49 Apologies

Apologies were received from:-

Former Councillor Blandon

Councillors Barlow, Barton, Blundell, Bourne, Cable, Davies, Ellis, Gamble, Goss, Havis, Kimberley, Liddy, Manning, Naish, Offen, Quince, Scott, Scott-Boutell, J, Scott-Boutell, L and Turrell

Honorary Alderman Browning, Bouckley, Brooks, Frank, Garnett, Holt, Russell, Sandford, Spendlove, Trusler and Wheeler.

50 Honorary Aldermen

It was PROPOSED by Councillor Hunt and RESOLVED UNANIMOUSLY that in pursuance of the provisions of Section 249 of the Local Government Act 1972, this Council confer the title of "Honorary Alderman" on former Councillors Sonia Jean Lewis, Colin Leslie Sykes, Mary Blandon and Terence Richard Sutton in recognition of their loyal and eminent service as members of the Council and its constituent authority.

Honorary Aldermen Lewis, Sykes and Sutton offered their thanks to Council following their appointment.

Extract from the minutes of the Cabinet 28 January 2015

50. Strategic Plan 2015-18

The Chief Operating Officer submitted a report a copy of which had been circulated to each Member together with minute 36 of the Scrutiny Panel meeting of 27 January 2015.

Councillor Willetts attended and with the consent of the Chairman addressed the Cabinet. Many of the achievements listed in the Strategic Plan were not the responsibility of the Council and the success of these other organisations should be acknowledged. For example the new junction on the A12 and Phase 3 of the Northern Approach Road had been funded by Essex County Council, but this was not recognised in the Plan. The document was not a Strategic Plan but a bland wish list. A Strategic Plan should set out the priorities of the Council and identify where resources would be put to deliver those priorities. The Scrutiny Panel had highlighted the omission of the University, which was the 3rd largest employer in Colchester. It did not deal with the major issues facing the borough, such as regeneration of the town centre, the development of greater business opportunities, coordinating the various elements of public transport or dealing with the growing gulf between the prosperous and less prosperous parts of the borough.

Councillor Hunt, Leader of the Council and Portfolio Holder for Strategy responded and highlighted that the Strategic Plan did acknowledge that the Council had worked with partners to deliver successes and he had also stressed this when presenting the Strategic Plan at the Scrutiny Panel. The Council developed strong and effective relations with partners in order to ensure that these partners devoted resources to Colchester. The Strategic Plan contained a reference to the development of the Knowledge Gateway by the University.

The Strategic Plan did set out the vision and priorities for the borough and the Council for the next three years. It was informed by considerable consultation both with residents and with officers. Details of how the Strategic Plan would be implemented would follow in the Strategic Plan Action Plan and over £500,000 had been allocated to fund delivery of the Action Plan.

Councillor T. Young, Portfolio Holder for Community Safety, Licensing and Culture, Councillor Barlow, Portfolio Holder for Street and Waste Services, and Councillor Smith, Portfolio Holder for Business and Resources, all expressed their support for the Strategic Plan. In particular they highlighted the amount of consultation that had been undertaken and the key words “Vibrant, Prosperous, Thriving, Welcoming” that summed up what the Council was seeking to achieve. It was also highlighted that the

University was featured three times in the Strategic Plan. Notwithstanding this, Cabinet accepted the recommendations from the Scrutiny Panel.

RESOLVED that:-

(a) The Strategic Plan 2015-18 be agreed subject to:-

- The University being included in the Strategic Plan;
- The bullet point “Make more of the great culture and heritage in Colchester so that visitors can enjoy the history and passion” be rewritten to incorporate the creativity within Colchester and local residents.

(b) An action plan to achieve commitments in the Strategic Plan be prepared.

RECOMMENDED TO COUNCIL that the Strategic Plan be adopted and included within the Policy Framework.

REASONS

The last Strategic Plan was published in February 2012 and runs to 2015. It now needs to be refreshed in light of changing circumstances and expectations

The Strategic Plan is one of the core statutory elements of the Council’s Policy Framework, as set out in Article 4 of the Council’s Constitution. It must therefore be adopted by full Council

The Strategic Plan sets the framework for the Council’s three year Medium Term Financial Forecast and its Capital Programme. Both the Plan and the Budget will be debated at the same full Council on 18 February 2015.

ALTERNATIVE OPTIONS

The current Strategic Plan expires at the end of the financial year. A new plan is required and needs to be adopted by full Council

The absence of a Strategic Plan would create a significant risk of the Council failing to identify and deliver on its core priorities.

An updated draft of the Strategic Plan 2015-2018 taking account of the recommendations of Cabinet is attached.



VIBRANT
PROSPEROUS
THRIVING
WELCOMING



**RICH HERITAGE,
AMBITIOUS FUTURE**

Colchester's Strategic Plan 2015–18

Achievements

**The Strategic Plan 2012–2015 set out our priorities.
Here are some of the things we have delivered:**

Transport

- A new junction on the A12, enabling regeneration in North Colchester
- Additional cycle routes, encouraging more people to cycle
- Park & Ride in North Colchester
- Opened the Stanway Western Bypass

Economy

- Relocation of the Borough's Charter Market to the High Street
- Land deals for Northern Gateway creating new jobs
- Start up of Colchester Enterprise Hub to support future entrepreneurs

Investment

- Williams & Griffin committing £30m investment in the store
- The development of the Knowledge Gateway at Essex University
- Over £1m in grants to support the Voluntary Sector
- Maintained grants to the Arts

Housing

- The first new Council Houses built in 30 years
- Refurbishment of Worsnop House, a sheltered housing scheme
- Investment in our existing housing stock with the installation of 800 solar panels

Leisure and heritage

- Redevelopment of Colchester Castle with £4.2m of external funding
- Embraced the Olympics by staging a leg of the Torch Relay
- Created new play areas in Castle Park
- Usage of Leisure World increased by 20% after refurbishment
- Green Flags for green spaces

Environment

- Introduction of a food waste collection to 70,000 homes
- Undertook 11 Days of Action
- Achieved Purple Flag status for our town centre
- Met our target to reduce CO2 emissions



Our Colchester

The Strategic Plan 2015–2018

This plan sets out the direction and potential for our Borough. As a Council we have an ambitious range of goals to achieve that build on the successes of the last three years, working with a large number of partners to get the best for our residents. To help us decide on the priorities for the next three years we held a number of focus groups with the public, independently selected to make sure we included all sections of our communities.

These focus groups gave us some important messages:

- Most people like living in Colchester
- We need to make more of our heritage
- There need to be more opportunities for business
- Transport and retail need to be improved
- Growth needs to be managed and housing needs to be affordable
- We need to be ambitious for the whole Borough

These are the four words that we feel sum up what we want to achieve:



Vibrant

promoting our heritage and working hard to shape our future.



Thriving

attracting business and selling Colchester as a destination.



Prosperous

generating opportunities for growth and supporting infrastructure.



Welcoming

a place where people can grow and be proud to live.



COLCHESTER VIBRANT



- Enhance the diverse retail and leisure mix supporting independent businesses valued by residents and visitors
- Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life
- Make more of Colchester's great heritage and culture so that people can enjoy them and draw inspiration for their creative talents
- Create the right environment for people to develop and flourish in all aspects of life both business and pleasure.





- Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment and tourism opportunities
- Support people to develop the skills needed by employers in the future to take advantage of higher paid jobs being created
- Provide opportunities to increase the number of homes available including those that are affordable for local people and to build and refurbish our own Council houses for people in significant need
- Ensure transport infrastructure keeps pace with housing growth to keep the Borough moving.



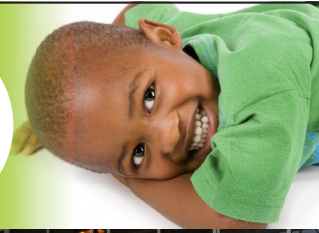
COLCHESTER THRIVING



- Promote Colchester's heritage and wide ranging tourism attractions to enhance our reputation as a destination
- Be recognised as a centre of learning with excellent schools, colleges, University and educational opportunities for young people to make the best of their potential
- Be clear about the major opportunities to work in partnership with public, private and voluntary sectors to achieve more for Colchester than we could on our own
- Cultivate Colchester's green spaces and opportunities for health, wellbeing and the enjoyment of all.



COLCHESTER WELCOMING



- Ensure Colchester is a welcoming and safe place for residents, visitors and businesses with a friendly feel that embraces tolerance and diversity
- Improve sustainability, cleanliness and health of the place by supporting events that promote fun and wellbeing
- Create a business friendly environment, encouraging business start-ups, support to small and medium sized enterprise and offer development in the right locations
- Make Colchester confident about its own abilities, to compete with the best of the towns in the region to generate a sense of pride.





Vibrant

promoting our heritage and working hard to shape our future.



Prosperous

generating opportunities for growth and supporting infrastructure.



Thriving

attracting business and selling Colchester as a destination.



Welcoming

a place where people can grow and be proud to live.



Colchesterfuture



Colchesterfuture



To find out more about this plan visit our website
www.colchester.gov.uk or scan the code here.



Extract from the minutes of the Cabinet meeting 28 January 2015

51. Colchester's Environmental Sustainability Strategy 2015-2020

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member.

Cabinet received a presentation from Wendy Bixby, Sustainability and Projects Officer, which set out the vision behind the Strategy, the challenges facing the Council and Colchester and the achievements to date. The Strategy's two strategic priorities were highlighted: 'Community leadership' by reducing the environmental impact of the Council's building, services and operations and; 'Building resilient communities' by working with residents, business and third sector organisations.

Councillor T. Young, Portfolio Holder for Community Safety, Licensing and Culture, thanked Wendy for her presentation and for the work involved in drafting the Strategy. This was a vitally important Strategy that cut across all the Council's services and the work of all Portfolio Holders. Officers across the Council had been involved in the creation of the Strategy. The Strategy demonstrated that the Council took its Strategic Plan commitment to be cleaner and greener seriously.

Councillor Feltham, Portfolio Holder for Communities and Leisure Services, expressed her support for the Strategy and in particular emphasised the importance of the green spaces in the borough. The Strategy demonstrated the importance of working with partners across the borough and was also an invitation to residents to make a contribution through their individual actions.

RESOLVED that the new Environmental Sustainability Strategy for Colchester for 2015 to 2020 be agreed.

RECOMMENDED TO COUNCIL that the new Environmental Sustainability Strategy for Colchester for 2015 to 2020 be adopted as part of the Council's Policy Framework.

REASONS

Environmental sustainability is a strategic priority for the Council. Having an adopted strategy will provide the Council, its partners, employees and residents with a clear statement of direction for its environmental sustainability related activities. The Strategy can show how the Council will undertake the detailed implementation of its priorities. The Council does not have a statutory responsibility to produce and publish an Environmental Sustainability Strategy; however, the strategy does

incorporate the Council's statutory responsibilities to produce a Greenhouse Gas Emissions Report and Home Energy Conservation Act (HECA) Report.

ALTERNATIVE OPTIONS

To amend or not adopt the Environmental Sustainability Strategy. There are however clear risks to not having a robust evidence based strategy in place such as not achieving local priorities, not being able to evidence and articulate the Council's (CBC) wider vision for environmental sustainability and not providing a strong focus to residents and partners about their contribution to meeting our priorities.

Extract from the minutes of the Cabinet meeting 28 January 2015

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member together with minutes 37 and 38 of the Scrutiny Panel meeting of 27 January 2015.

Councillor Willetts attended and with the consent of the Chairman, addressed the Cabinet and emphasised that the Conservative Group agreed with much of the budget. There was a lack of detail in some areas, for example around town centre funding. The freeze in Council Tax was supported. A rise could not be justified given the level of reserves. The level of savings set out in section 6 of the report was also welcomed and the administration should continue to improve the efficiency and effectiveness of the Council. The reduction in Full Time Equivalent posts was noted and should control of the Council change in the forthcoming elections, he hoped that the groups forming the current administration would support further efficiencies on this scale. The current approach on the use of the New Homes Bonus was also supported, although there was a risk in reliance on the New Homes Bonus given that the government's approach could change depending on the outcome of the General Election.

Councillor Smith, Portfolio Holder for Business and Resources, stressed that the proposed budget directed funding towards strategic plan priorities. £547,000 was specifically allocated to support the delivery of the Strategic Plan in areas where additional resource was needed. Areas that would receive increased funding included heritage, employment, traffic management and the environment. Frontline services were would be protected, despite the significant reduction in the baseline budget. Further efficiencies on the scale proposed by the opposition would inevitably impact on the delivery of front line services.

Councillor Bourne, Portfolio Holder for Housing and Public Protection, expressed her concern about the impact on staff of further efficiencies on the scale proposed by the opposition. This had already been a difficult period for staff, many of whom demonstrated great commitment to the Council.

RESOLVED that:-

(a) It be noted that the outturn for the current financial year is forecast to be within budget and that a reduction in the use of the Food Waste grant is proposed (paragraph 3.5 of the Assistant Chief Executive's report).

(b) The cost pressures, growth items (including proposed use of New Homes Bonus), savings and increased income options identified during the budget forecast

process as set out at Appendices B, C, D and E of the Assistant Chief Executive's report be approved.

(c) The 2015/16 Revenue Budget requirement of £23,231k (paragraph 6.7 of the Assistant Chief Executive's report) and the underlying detailed budgets set out in summary at Appendix F and Background Papers to the Assistant Chief Executive's report, subject to the final proposal to be made in respect of Council Tax, be agreed and *RECOMMENDED TO COUNCIL*.

(d) Colchester's element of the Council Tax for 2015/16 at £175.23 per Band D property be *RECOMMENDED TO COUNCIL*, which represents no change from the current rate, noting that the formal resolution to Council will include Parish, Police, Fire and County Council precepts and any changes arising from the formal Finance Settlement announcement and final completion of the business rates NNDR 1. This will be prepared in consultation with the Leader of the Council.

(e) The provisional Finance Settlement figures set out in Section 7 of the Assistant Chief Executive's report including the figures for the business rates retention scheme and the arrangements for completion of the required return of estimated business rates income as set out at paragraph 7.11 of the Assistant Chief Executive's report be noted.

(f) The Revenue Balances for the financial year 2015/16 as set out at Appendix I of the Assistant Chief Executive's report be agreed and the following also be agreed:-

- the minimum level be set at a minimum of £1,800k
- £71k of balances be applied to finance items in the 2015/16 revenue budget.
- a contribution to balances of £560k be made in respect of the specific items shown at paragraph 9.9 of the Assistant Chief Executive's report.

(g) The updated position on earmarked reserves set out in section 10 of the Assistant Chief Executive's report be noted and the release of £20k from the S106 monitoring reserve be agreed.

(h) It be agreed and *RECOMMENDED TO COUNCIL* that £100k of Revenue Balances be earmarked for potential unplanned expenditure within the guidelines set out at paragraph 11.3 of the Assistant Chief Executive's report.

(i) The Medium Term Financial Forecast for the financial years 2015/16 to 2018/19 be noted.

(j) The position on the Capital Programme shown at section 14 of the Assistant Chief Executive's report be noted and:-

- the releases set out in paragraph 14.5 and 14.6 of the Assistant Chief Executive's report be agreed.
- the inclusion in the Capital Programme of the Priory Street Car park scheme set out in paragraph 14.7 of the Assistant Chief Executive's report be *RECOMMENDED TO COUNCIL*.

(k) The comments made on the robustness of budget estimates at section 15 of the Assistant Chief Executive's report be noted.

(l) The 2015/16 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the background paper at Appendix M of the Assistant Chief Executive's report be agreed and *RECOMMENDED TO COUNCIL*.

REASONS

The reasons for the decisions were set out in detail in the Assistant Chief Executive's report.

ALTERNATIVE OPTIONS

Various options were investigated at every stage of the budget setting process.



Council

18 February 2015

Item

7(iii)

| | | | |
|----------------|--|--------|--------------------------|
| Report of | Assistant Chief Executive | Author | Sean Plummer ☎ 282347 |
| Title | Precept and Council Tax Levels 2015/16 | | |
| Wards affected | Not Applicable | | |

The purpose of this report is to set out the statutory resolutions the Council is required to approve in order to set the Council Tax for each band for the financial year 2015/16.

1. Decision Required

- 1.1 To approve the statutory resolutions as set out at Appendix 1 which are in accordance with the Local Government Finance Act 1992, as amended by the Localism Act 2011, in respect of the Council Tax for each band for the financial year 2015/16.

2. Reasons for Decision

- 2.1 The Council is required, in accordance with the Local Government Finance Act 1992, as amended by the Localism Act 2011, to set formally the Council Tax for each band, which will include precepting authorities.

3. Alternative Options

- 3.1 The resolutions are a statutory requirement.

4. Colchester Borough Council's Council Tax Requirement

- 4.1 Cabinet on 28 January 2015 approved and recommended to Council the 2015/16 revenue budget requirement. The final grant settlement notification confirmed the earlier provisional figures in respect of the total Settlement Funding Assessment. However, there are two issues to bring to the attention of Council:

Local Retention of Business Rates

- 4.2 The Cabinet report set out the arrangements, issues and risks associated with the local retention of business rates. It was outlined that the Council is required to submit a return of estimated business rates income for 2015/16 (the NNDR 1). The budget proposals in the Cabinet paper were based on additional anticipated income above the baseline funding level of £700k for 2015/16.
- 4.3 The table below sets out how the budgeted figures compare to the estimates set out in the NNDR 1, which shows potential additional income to the Council of £145k. It is proposed that given the uncertainty and the significant risks and assumptions associated with the scheme, the 2015/16 budget should continue to reflect the estimated additional income of £700k, with any further income being held within balances against future risks in this area. Any fluctuation in overall NNDR income during the year will be reflected in

the surplus/deficit figure in the 2016/17 budget and the issue of ongoing income from retained business rates will be considered as part of the budget strategy for 2016/17.

| | Budget Estimate £'000 | NNDR 1 Figures £'000 | Change £'000 |
|------------------------------|--------------------------|----------------------------|-----------------|
| Retained NNDR income | 5,677 | 6,040 | 363 |
| Less: Baseline Funding Level | 3,927 | 3,927 | |
| Surplus / (Deficit) | 1,750 | 2,113 | 363 |
| CBC share of surplus (40%) | 700 | 845 | 145 |

New Homes Bonus

- 4.4 Alongside the announcement of the finance settlement, the Government confirmed the New Homes Bonus figure for 2015/16. The Council responded to the consultation on the New Homes Bonus by highlighting a number of discrepancies between the figures used for affordable homes delivered. As a result of this the total level of New Homes Bonus has increased by £4k. As the Council has allocated all the New Homes Bonus payment in respect of affordable homes to spend in that area, it is proposed that the same approach is agreed for this additional amount.
- 4.5 Cabinet recommended agreed that Colchester's element of the Council Tax for 2015/16 be agreed at £175.23 for Band D properties, which represents a freeze on the current rate.
- 4.6 In approving Colchester's element of the Council Tax, account has to be taken of Revenue Support Grant, Retained Business Rates and any surplus or deficit arising from the Collection Fund. Colchester's Council Tax requirement also has to reflect Parish Council spending and the following table sets out the position:

| | £'000 | £'000 |
|---|---------|---------------|
| Colchester's Budget Requirement | 17,876 | 19,645 |
| Add: Contributions to Balances | 489 | |
| | 18,365 | |
| Parish Councils' Requirement (Appendix 2) | 1,280 | |
| Less: | | (7,122) |
| Revenue Support Grant | (3,195) | |
| Retained Business Rates (baseline funding) | (3,927) | |
| Less: Surplus on Collection Fund | | (809) |
| Council Tax Requirement | | 11,714 |

4.7 Colchester's Council Tax at Band D for 2015/16 is £175.23 and is determined as follows:

| | |
|---|----------------|
| Council Tax Requirement (as detailed above) | £11,714,753 |
| Divided by Council Tax Base | 59,547.4 |
| Council Tax at Band D (including Parishes) | £196.73 |
| Deduct Parish Element | (£21.50) |
| Council Tax at Band D for Colchester Borough Council | £175.23 |

5. Essex County Council, Essex PCC and Essex Fire Authority

5.1 In order to determine formally the overall level of Council Tax, account has to be taken of the precept requirements of Essex County Council, Essex Police & Crime Commissioner and Essex Fire Authority. The following table sets out the overall position based on information received at the date of writing this report. Essex County Council, Essex Fire Authority and the Essex PCC are expected to formally approve their budgets on 10, 11 and 19 February respectively. Any change to the information set out in this report will be reported to this meeting.

| | Council Tax at Band D | | | |
|--|-----------------------|-----------------|--------------|-------------|
| | 2014/15 £ | 2015/16 £ | % Increase | £ Increase |
| Colchester Borough Council | 175.23 | 175.23 | Nil | Nil |
| Essex County Council | 1,086.75 | 1,086.75 | Nil | Nil |
| Essex Police and Crime Commissioner | 144.27 | 147.15 | 1.996 | 2.88 |
| Essex Fire Authority | 66.42 | 66.42 | Nil | Nil |
| | 1,472.67 | 1,475.55 | 0.195 | 2.88 |

5.2 The overall position (excluding Parishes) for each band is as follows:

| Band | A | B | C | D | E | F | G | H |
|--------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Borough | 116.82 | 136.29 | 155.76 | 175.23 | 214.17 | 253.11 | 292.05 | 350.46 |
| County | 724.50 | 845.25 | 966.00 | 1,086.75 | 1,328.25 | 1,569.75 | 1,811.25 | 2,173.50 |
| Police | 98.10 | 114.45 | 130.80 | 147.15 | 179.85 | 212.55 | 245.25 | 294.30 |
| Fire | 44.28 | 51.66 | 59.04 | 66.42 | 81.18 | 95.94 | 110.70 | 132.84 |
| TOTAL | 983.70 | 1,147.65 | 1,311.60 | 1,475.55 | 1,803.45 | 2,131.35 | 2,459.25 | 2,951.10 |

The appropriate Parish elements are added to these figures. Full details of the tax rates are given in Appendix 1. (Details of the individual Parish Precepts are set out in Appendix 2).

6. Special Expenses

6.1 Special expenses are defined as those expenses incurred by the Council in performing, in part of the borough, a function performed elsewhere in the borough by a Parish Council. The Local Government Act 1992 allows the Council to treat any special expenses as general expenses, i.e. as part of its own budget requirement for Council Tax purposes, provided the Council resolved accordingly.

6.2 It is reasonable for the Council to continue to treat special expenses as general expenses, and for clarity it is considered sensible to reaffirm this position on an annual basis. A resolution to this effect, therefore, is included within Appendix 1.

7. Strategic Plan References

7.1 The Strategic Plan objectives have informed all stages of the Council's budget setting process.

8. Publicity Considerations

8.1 The usual arrangements will be made to publish the approved tax levels in the local press and to produce the Council Tax Information Leaflet for distribution with the Council Tax bills. These will be in accordance with the legal requirements.

9. Financial Implications

9.1 As set out above.

10. Consultation

10.1. The budget report to Cabinet set out consultation in respect of the budget including the statutory NNDR ratepayers meeting. This meeting took place on 10 February 2015, and notes of the meeting will be added to the Council's website in due course.

11. Standard References

11.1. Having considered equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

RESOLUTIONS

1. It be noted that the Tax Base has been approved and the following amounts were calculated for the year 2015/2016 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992 as amended ("the Act):
- (a) 59,547.4 equivalent band D properties being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax base for the year. (Item T in the Act)
- (b) Part of the Council's area for the parish of:

| Parish | Parish Tax Base |
|----------------------|----------------------------|
| Abberton & Langenhoe | 423.9 |
| Aldham | 205.5 |
| Birch | 299.5 |
| Boxted | 572.2 |
| Chappel | 215.9 |
| Copford | 662.1 |
| Dedham | 895.8 |
| East Donyland | 632.9 |
| East Mersea | 116.9 |
| Eight Ash Green | 638.5 |
| Fingringhoe | 330.6 |
| Fordham | 314.1 |
| Great Horkesley | 1,030.1 |
| Great Tey | 370.7 |
| Langham | 486.8 |
| Layer Breton | 127.9 |
| Layer de la Haye | 700.0 |
| Layer Marney | 85.2 |
| Little Horkesley | 92.4 |
| Marks Tey | 903.2 |
| Messing cum Inworth | 171.2 |
| Mount Bures | 103.8 |
| Myland | 4,670.6 |
| Stanway | 3,059.3 |
| Tiptree | 3,318.1 |
| Wakes Colne | 232.6 |
| West Bergholt | 1,315.3 |
| West Mersea | 3,089.6 |
| Winstred Hundred | 475.6 |
| Wivenhoe | 2,864.2 |
| Wormingford | 184.9 |

Being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.

2. Calculate that the Council Tax Requirement for the Council's own purposes for 2015/16 (excluding parish precepts) is £10,434,490

3. The following amounts be now calculated by the Council for the year 2015/2016 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
 - (a) 141,369,353 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act. [Gross Expenditure]
 - (b) 129,654,600 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act. [Gross Income including Government grants]
 - (c) 11,714,753 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax Requirement for the year. (Item R in the formula in Section 31B of the Act)
 - (d) 196.73 Being the amount at 3(c) above divided by the amount at 1(a) above, calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year. [Council Tax, including parishes]
 - (e) 1,280,253 Being the aggregate amount of all special items referred to in Section 34(1) of the Act. [Parish Precepts]
 - (f) 175.23 Being the amount at 3(d) above, less the result given by dividing the amount at 3(e) above by the amount at 1(a) above (Item T in the formula), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(g) Part of the Council's area

| | |
|---------------------------------------|--------|
| Abberton & Langenhoe | 201.99 |
| Aldham | 222.63 |
| Birch | 203.31 |
| Boxted | 215.64 |
| Chappel | 242.68 |
| Copford | 214.77 |
| Dedham | 202.25 |
| East Donyland | 260.07 |
| East Mersea | 239.13 |
| Eight Ash Green | 216.46 |
| Fingringhoe | 202.02 |
| Fordham | 261.31 |
| Great Horkesley | 186.61 |
| Great Tey | 217.73 |
| Langham | 211.80 |
| Layer Breton | 175.23 |
| Layer de la Haye | 195.63 |
| Layer Marney | 175.23 |
| Little Horkesley | 200.51 |
| Marks Tey | 221.29 |
| Messing cum Inworth | 223.19 |
| Mount Bures | 197.39 |
| Myland | 193.62 |
| Stanway | 209.62 |
| Tiptree | 233.19 |
| Wakes Colne | 230.00 |
| West Bergholt | 217.38 |
| West Mersea | 242.20 |
| Winstred Hundred | 200.34 |
| Wivenhoe | 261.53 |
| Wormingford | 216.54 |
| All other parts of the Council's area | 175.23 |

Being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basis amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(h) Parts of the Council's Area

| Parish | Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Abberton & Langenhoe | 134.66 | 157.10 | 179.55 | 201.99 | 246.88 | 291.76 | 336.65 | 403.98 |
| Aldham | 148.42 | 173.16 | 197.89 | 222.63 | 272.10 | 321.58 | 371.05 | 445.26 |
| Birch | 135.54 | 158.13 | 180.72 | 203.31 | 248.49 | 293.67 | 338.85 | 406.62 |
| Boxted | 143.76 | 167.72 | 191.68 | 215.64 | 263.56 | 311.48 | 359.40 | 431.28 |
| Chappel | 161.79 | 188.75 | 215.72 | 242.68 | 296.61 | 350.54 | 404.47 | 485.36 |
| Copford | 143.18 | 167.04 | 190.91 | 214.77 | 262.50 | 310.22 | 357.95 | 429.54 |
| Dedham | 134.83 | 157.31 | 179.78 | 202.25 | 247.19 | 292.14 | 337.08 | 404.50 |
| East Donyland | 173.38 | 202.28 | 231.17 | 260.07 | 317.86 | 375.66 | 433.45 | 520.14 |
| East Mersea | 159.42 | 185.99 | 212.56 | 239.13 | 292.27 | 345.41 | 398.55 | 478.26 |
| Eight Ash Green | 144.31 | 168.36 | 192.41 | 216.46 | 264.56 | 312.66 | 360.77 | 432.92 |
| Fingringhoe | 134.68 | 157.13 | 179.57 | 202.02 | 246.91 | 291.81 | 336.70 | 404.04 |
| Fordham | 174.21 | 203.24 | 232.28 | 261.31 | 319.38 | 377.45 | 435.52 | 522.62 |
| Great Horkesley | 124.41 | 145.14 | 165.88 | 186.61 | 228.08 | 269.55 | 311.02 | 373.22 |
| Great Tey | 145.15 | 169.35 | 193.54 | 217.73 | 266.11 | 314.50 | 362.88 | 435.46 |
| Langham | 141.20 | 164.73 | 188.27 | 211.80 | 258.87 | 305.93 | 353.00 | 423.60 |
| Layer Breton | 116.82 | 136.29 | 155.76 | 175.23 | 214.17 | 253.11 | 292.05 | 350.46 |
| Layer de la Haye | 130.42 | 152.16 | 173.89 | 195.63 | 239.10 | 282.58 | 326.05 | 391.26 |
| Layer Marney | 116.82 | 136.29 | 155.76 | 175.23 | 214.17 | 253.11 | 292.05 | 350.46 |
| Little Horkesley | 133.67 | 155.95 | 178.23 | 200.51 | 245.07 | 289.63 | 334.18 | 401.02 |
| Marks Tey | 147.53 | 172.11 | 196.70 | 221.29 | 270.47 | 319.64 | 368.82 | 442.58 |
| Messing cum Inworth | 148.79 | 173.59 | 198.39 | 223.19 | 272.79 | 322.39 | 371.98 | 446.38 |
| Mount Bures | 131.59 | 153.53 | 175.46 | 197.39 | 241.25 | 285.12 | 328.98 | 394.78 |
| Myland | 129.08 | 150.59 | 172.11 | 193.62 | 236.65 | 279.67 | 322.70 | 387.24 |
| Stanway | 139.75 | 163.04 | 186.33 | 209.62 | 256.20 | 302.78 | 349.37 | 419.24 |
| Tiptree | 155.46 | 181.37 | 207.28 | 233.19 | 285.01 | 336.83 | 388.65 | 466.38 |
| Wakes Colne | 153.33 | 178.89 | 204.44 | 230.00 | 281.11 | 332.22 | 383.33 | 460.00 |
| West Bergholt | 144.92 | 169.07 | 193.23 | 217.38 | 265.69 | 313.99 | 362.30 | 434.76 |
| West Mersea | 161.47 | 188.38 | 215.29 | 242.20 | 296.02 | 349.84 | 403.67 | 484.40 |
| Winstred Hundred | 133.56 | 155.82 | 178.08 | 200.34 | 244.86 | 289.38 | 333.90 | 400.68 |
| Wivenhoe | 174.35 | 203.41 | 232.47 | 261.53 | 319.65 | 377.77 | 435.88 | 523.06 |
| Wormingford | 144.36 | 168.42 | 192.48 | 216.54 | 264.66 | 312.78 | 360.90 | 433.08 |
| All other parts of Council's area | 116.82 | 136.29 | 155.76 | 175.23 | 214.17 | 253.11 | 292.05 | 350.46 |

Being the amounts given by multiplying the amounts at (f) and (g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. It be noted that for the year 2015/2016 Essex County Council, Essex Police & Crime Commissioner and Essex Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Valuation Bands

| Precepting Authority | A | B | C | D | E | F | G | H |
|-----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Essex County Council | 724.50 | 845.25 | 966.00 | 1,086.75 | 1,328.25 | 1,569.75 | 1,811.25 | 2,173.50 |
| Essex PCC | 98.10 | 114.45 | 130.80 | 147.15 | 179.85 | 212.55 | 245.25 | 294.30 |
| Essex Fire Authority | 44.28 | 51.66 | 59.04 | 66.42 | 81.18 | 95.94 | 110.70 | 132.84 |

5. Having calculated the aggregate in each case of the amounts at 3(h) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2015/2016 for each of the categories of dwellings shown overleaf:
6. For the purposes of Section 35 of the Local Government Act 1992, any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish council or chairman of a parish meeting shall not be treated as special expenses.
7. Determines that the Council's basic amount of Council Tax for 2015/16 is **not excessive** in accordance with the principles approved under Section 52ZB of the Act, and as shown in the calculation below.

(a) Percentage increase defined by the Secretary of State as constituting an excessive increase for 2015/16: 2%

(b) Percentage increase in the Council's basic amount of Council Tax:

| | |
|----------------------|---------|
| 2014/15 amount | £175.23 |
| 2015/16 amount | £175.23 |
| Percentage increase: | 0% |

The figure at 7(b) is less than the figure at 7(a) above and therefore the Council's basic amount of Council Tax for 2015/16 is **not excessive** and no referendum is required.

8. Discretionary council tax discounts and exemptions for 2015/16 are:

| | |
|--|--------------------------------------|
| Reference to: | Council position |
| <i>Second Homes: (Prescribed classes of Dwelling A & B)</i> | Discount be kept at 0% |
| <i>Empty dwellings undergoing major repair (formerly Exempt Dwellings "Class A")</i> | No discount applicable to this class |
| <i>Vacant dwellings (formerly Exempt Dwellings "Class C")</i> | No discount applicable to this class |
| <i>Empty Homes Premium</i> | A maximum premium of 50% be charged. |

9. Parts of the Council's Area

| Parish | Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Abberton & Langenhoe | 1,001.54 | 1,168.46 | 1,335.39 | 1,502.31 | 1,836.16 | 2,170.00 | 2,503.85 | 3,004.62 |
| Aldham | 1,015.30 | 1,184.52 | 1,353.73 | 1,522.95 | 1,861.38 | 2,199.82 | 2,538.25 | 3,045.90 |
| Birch | 1,002.42 | 1,169.49 | 1,336.56 | 1,503.63 | 1,837.77 | 2,171.91 | 2,506.05 | 3,007.26 |
| Boxted | 1,010.64 | 1,179.08 | 1,347.52 | 1,515.96 | 1,852.84 | 2,189.72 | 2,526.60 | 3,031.92 |
| Chappel | 1,028.67 | 1,200.11 | 1,371.56 | 1,543.00 | 1,885.89 | 2,228.78 | 2,571.67 | 3,086.00 |
| Copford | 1,010.06 | 1,178.40 | 1,346.75 | 1,515.09 | 1,851.78 | 2,188.46 | 2,525.15 | 3,030.18 |
| Dedham | 1,001.71 | 1,168.67 | 1,335.62 | 1,502.57 | 1,836.47 | 2,170.38 | 2,504.28 | 3,005.14 |
| East Donyland | 1,040.26 | 1,213.64 | 1,387.01 | 1,560.39 | 1,907.14 | 2,253.90 | 2,600.65 | 3,120.78 |
| East Mersea | 1,026.30 | 1,197.35 | 1,368.40 | 1,539.45 | 1,881.55 | 2,223.65 | 2,565.75 | 3,078.90 |
| Eight Ash Green | 1,011.19 | 1,179.72 | 1,348.25 | 1,516.78 | 1,853.84 | 2,190.90 | 2,527.97 | 3,033.56 |
| Fingringhoe | 1,001.56 | 1,168.49 | 1,335.41 | 1,502.34 | 1,836.19 | 2,170.05 | 2,503.90 | 3,004.68 |
| Fordham | 1,041.09 | 1,214.60 | 1,388.12 | 1,561.63 | 1,908.66 | 2,255.69 | 2,602.72 | 3,123.26 |
| Great Horkesley | 991.29 | 1,156.50 | 1,321.72 | 1,486.93 | 1,817.36 | 2,147.79 | 2,478.22 | 2,973.86 |
| Great Tey | 1,012.03 | 1,180.71 | 1,349.38 | 1,518.05 | 1,855.39 | 2,192.74 | 2,530.08 | 3,036.10 |
| Langham | 1,008.08 | 1,176.09 | 1,344.11 | 1,512.12 | 1,848.15 | 2,184.17 | 2,520.20 | 3,024.24 |
| Layer Breton | 983.70 | 1,147.65 | 1,311.60 | 1,475.55 | 1,803.45 | 2,131.35 | 2,459.25 | 2,951.10 |
| Layer de la Haye | 997.30 | 1,163.52 | 1,329.73 | 1,495.95 | 1,828.38 | 2,160.82 | 2,493.25 | 2,991.90 |
| Layer Marney | 983.70 | 1,147.65 | 1,311.60 | 1,475.55 | 1,803.45 | 2,131.35 | 2,459.25 | 2,951.10 |
| Little Horkesley | 1,000.55 | 1,167.31 | 1,334.07 | 1,500.83 | 1,834.35 | 2,167.87 | 2,501.38 | 3,001.66 |
| Marks Tey | 1,014.41 | 1,183.47 | 1,352.54 | 1,521.61 | 1,859.75 | 2,197.88 | 2,536.02 | 3,043.22 |
| Messing cum Inworth | 1,015.67 | 1,184.95 | 1,354.23 | 1,523.51 | 1,862.07 | 2,200.63 | 2,539.18 | 3,047.02 |
| Mount Bures | 998.47 | 1,164.89 | 1,331.30 | 1,497.71 | 1,830.53 | 2,163.36 | 2,496.18 | 2,995.42 |
| Myland | 995.96 | 1,161.95 | 1,327.95 | 1,493.94 | 1,825.93 | 2,157.91 | 2,489.90 | 2,987.88 |
| Stanway | 1,006.63 | 1,174.40 | 1,342.17 | 1,509.94 | 1,845.48 | 2,181.02 | 2,516.57 | 3,019.88 |
| Tiptree | 1,022.34 | 1,192.73 | 1,363.12 | 1,533.51 | 1,874.29 | 2,215.07 | 2,555.85 | 3,067.02 |
| Wakes Colne | 1,020.21 | 1,190.25 | 1,360.28 | 1,530.32 | 1,870.39 | 2,210.46 | 2,550.53 | 3,060.64 |
| West Bergholt | 1,011.80 | 1,180.43 | 1,349.07 | 1,517.70 | 1,854.97 | 2,192.23 | 2,529.50 | 3,035.40 |
| West Mersea | 1,028.35 | 1,199.74 | 1,371.13 | 1,542.52 | 1,885.30 | 2,228.08 | 2,570.87 | 3,085.04 |
| Winstred Hundred | 1,000.44 | 1,167.18 | 1,333.92 | 1,500.66 | 1,834.14 | 2,167.62 | 2,501.10 | 3,001.32 |
| Wivenhoe | 1,041.23 | 1,214.77 | 1,388.31 | 1,561.85 | 1,908.93 | 2,256.01 | 2,603.08 | 3,123.70 |
| Wormingford | 1,011.24 | 1,179.78 | 1,348.32 | 1,516.86 | 1,853.94 | 2,191.02 | 2,528.10 | 3,033.72 |
| All other parts of Council's area | 983.70 | 1,147.65 | 1,311.60 | 1,475.55 | 1,803.45 | 2,131.35 | 2,459.25 | 2,951.10 |

Parish Council Precepts 2015/16

| Parish | Precept 2014/15 £ | Precept 2015/16 £ | Increase/ (Reduction) £ | Increase/ (Reduction) % |
|----------------------|-------------------------|-------------------------|-------------------------------|-------------------------------|
| Abberton & Langenhoe | 10,049 | 11,344 | 1,295 | 13 |
| Aldham | 9,106 | 9,740 | 634 | 7 |
| Birch | 8,206 | 8,410 | 204 | 2 |
| Boxted | 20,743 | 23,125 | 2,382 | 11 |
| Chappel | 13,032 | 14,562 | 1,530 | 12 |
| Copford | 25,740 | 26,179 | 439 | 2 |
| Dedham | 23,619 | 24,205 | 586 | 2 |
| East Donyland | 49,740 | 53,695 | 3,955 | 8 |
| East Mersea | 7,336 | 7,470 | 134 | 2 |
| Eight Ash Green | 24,979 | 26,328 | 1,349 | 5 |
| Fingringhoe | 8,757 | 8,857 | 100 | 1 |
| Fordham | 25,475 | 27,038 | 1,563 | 6 |
| Great Horkesley | 21,930 | 11,723 | (10,207) | (47) |
| Great Tey | 15,104 | 15,756 | 652 | 4 |
| Langham | 17,799 | 17,800 | 1 | 0 |
| Layer Breton | 0 | 0 | 0 | n/a |
| Layer de la Haye | 13,714 | 14,280 | 566 | 4 |
| Layer Marney | 0 | 0 | 0 | n/a |
| Little Horkesley | 3,182 | 2,336 | (846) | (27) |
| Marks Tey | 37,921 | 41,597 | 3,676 | 10 |
| Messing cum Inworth | 7,419 | 8,210 | 791 | 11 |
| Mount Bures | 2,275 | 2,300 | 25 | 1 |
| Myland | 71,265 | 85,895 | 14,630 | 21 |
| Stanway | 117,214 | 105,221 | (11,993) | (10) |
| Tiptree | 169,785 | 192,323 | 22,538 | 13 |
| Wakes Colne | 12,050 | 12,740 | 690 | 6 |
| West Bergholt | 44,738 | 55,443 | 10,705 | 24 |
| West Mersea | 170,675 | 206,917 | 36,242 | 21 |
| Winstred Hundred | 11,275 | 11,940 | 665 | 6 |
| Wivenhoe | 223,366 | 247,180 | 23,814 | 11 |
| Wormingford | 3,533 | 7,639 | 4,106 | 116 |
| Totals | 1,170,027 | 1,280,253 | 110,226 | 9 |

**Record of Decisions taken under Scheme of Delegation to Cabinet Members
2 December 2014 – 5 February 2015**

| Portfolio – Business and Resources | | | | | |
|---|---------------|--|---------------|--|-----------------|
| Date | Number | Report Title | Author | Decision | Result |
| 22/01/15 | BUS-00-15 | National Non-Domestic Rates Discretionary Rate Relief Policy | Sam Preston | To approve the proposed NNDR Discretionary rate Relief Policy for adoption from 1 April 2015 | Agreed 28/01/15 |

| Portfolio – Communities and Leisure Services | | | | | |
|---|---------------|---------------------|---------------|-----------------|---------------|
| Date | Number | Report Title | Author | Decision | Result |
| No decisions taken in this period | | | | | |

| Portfolio –Community Safety, Licensing and Culture | | | | | |
|---|---------------|---------------------|---------------|-----------------|---------------|
| Date | Number | Report Title | Author | Decision | Result |
| No decisions taken in this period | | | | | |

| Portfolio – Customers | | | | | |
|-----------------------------------|---------------|---------------------|---------------|-----------------|---------------|
| Date | Number | Report Title | Author | Decision | Result |
| No decisions taken in this period | | | | | |

**Record of Decisions taken under Scheme of Delegation to Cabinet Members
2 December 2014 – 5 February 2015**

| Portfolio – Economic Development and Regeneration | | | | | |
|---|--------|--------------|--------|----------|--------|
| Date | Number | Report Title | Author | Decision | Result |
| No decisions taken in this period | | | | | |

| Portfolio – Housing and Public Protection | | | | | |
|---|------------|---|--------------------|---|---|
| Date | Number | Report Title | Author | Decision | Result |
| 08/12/2014 | HOU-007-14 | Housing Revenue Account Fees and Charges 2015-16 | Daniella Woraker | <p>Approval of the fees and charges as set out in Appendix A to the report.</p> <p>To approve the introduction of charges for refurbished garage sites with effect from January 2015 as set out in Appendix A to the report.</p> <p>Agreement to the proposal to delegate to Heads of Service the authority to vary Housing Revenue Account Fees & Charges in-year.</p> | Agreed 15/12/2014 |
| 15/12/2014 | HOU-008-14 | Public Conveniences in Dedham, West Mersea and Wivenhoe | Cassandra Clements | <p>To approve the transfer or closure of the following public conveniences in West Mersea and Wivenhoe from 1st April 2015:</p> <ul style="list-style-type: none"> • West Mersea - Fairhaven • West Mersea – Coast Road | Decision called in. Call in withdrawn 5/2/2015. |

**Record of Decisions taken under Scheme of Delegation to Cabinet Members
2 December 2014 – 5 February 2015**

| | | | | | |
|------------|------------|--------------------------------------|-------------|--|----------------------|
| | | | | <ul style="list-style-type: none"> • West Mersea – High Street • Wivenhoe – High Street <p>To approve the cessation of any future maintenance (building repairs, cleaning, opening and closing) of the public convenience at from 1st April 2015:</p> <ul style="list-style-type: none"> • Dedham – The Drift | |
| 15/12/2014 | HOU-009-14 | Disposal of 31 West Stockwell Street | Holly Brett | <p>To approve the Asset Management Group recommendation to dispose of 31 West Stockwell Street, Colchester, CO1 1HR on the open market</p> <p>To authorise the Head of Commercial Services, in conjunction with the Portfolio Holder for Housing and Public Protection, to agree offers made on the property and settle final terms and consequential matters to complete any sale.</p> <p>To request Cabinet use the ring fenced HRA capital receipt to either fund the Housing Capital Programme or to provide the</p> | Agreed 22/12/2014 |

**Record of Decisions taken under Scheme of Delegation to Cabinet Members
2 December 2014 – 5 February 2015**

| | | | | | |
|-------------|------------|---|---------------|---|-------------------|
| | | | | repayment of HRA debt in order to maximise the value of the receipt to CBC. | |
| 15/12/2014 | HOU-010-14 | Sale of HRA Land at Bromley Road, Colchester | Alison Turner | To approve the sale of land at Bromley Road, Colchester, in accordance with the Disposals of Small parcels of Land policy | Agreed 22/12/2014 |
| 22/01//2015 | HOU-011-14 | Provision of a new software system and supporting hardware to support the community alarms system | Rob Hill | To approve the lease purchase of replacement Community Alarm (Helpline) Software and Associated Hardware | Agreed 28/01/15 |


Portfolio – Strategy

| Date | Number | Report Title | Author | Decision | Result |
|-----------------------------------|--------|--------------|--------|----------|--------|
| No decisions taken in this period | | | | | |

Portfolio – Street and Waste Services

| Date | Number | Report Title | Author | Decision | Result |
|-----------------------------------|--------|--------------|--------|----------|--------|
| No decisions taken in this period | | | | | |

28 January 2015

| | | | |
|-----------------------|--------------------------------|---------------|---|
| Report of | Chief Operating Officer | Author | Ann Hedges |
| Title | Strategic Plan 2015 -18 | |  282202 |
| Wards affected | All | | |

Cabinet is asked to recommend to full Council that it adopts the strategic Plan 2015-18 at its meeting on 18 February 2015

1. Decisions Required

- 1.1 To agree the draft Strategic Plan 2015-18 and recommend to full Council that it be adopted at its meeting on 18 February 2015.
- 1.2 To ask officers to prepare an action plan to achieve commitments in the Strategic Plan

2. Reasons for Decisions

- 2.1 The last Strategic Plan was published in February 2012 and runs to 2015. It now needs to be refreshed in light of changing circumstances and expectations
- 2.2 The Strategic Plan is one of the core statutory elements of the Council's Policy framework, as set out in Article 4 of the Council's Constitution. It must therefore be adopted by full Council
- 2.3 The Strategic Plan sets the framework for the Council's three year Medium Term Financial Forecast and its capital Programme. Both the Plan and the Budget will be debated at the same full Council on 18 February 2015.

3. Alternative Options

- 3.1 The current Strategic Plan expires at the end of the financial year. A new plan is required and needs to be adopted by full Council
- 3.2 The absence of a Strategic Plan would create a significant risk of the Council failing to identify and deliver on its core priorities.

4. Supporting Information

- 4.1 The new Strategic Plan will replace the existing plan that expires on the 31 March 2015.
- 4.2 The Strategic Plan sets the overall vision and a set of priorities for the borough and the Council for the next three years. An action plan will be developed to support the Strategic Plan. This will set out specific actions to be taken to deliver the priorities.
- 4.3 A set of principles was adopted for the new Strategic Plan:
 - The new plan would be more about the place that just the Council

- It would demonstrate leadership and look at a long term vision
- That it would be meaningful
- That it would be ambitious for the place

4.4 The new Plan has a number of sections:

- A new vision statement “Rich heritage, ambitious future”
- A description of some of the achievements from the last Strategic Plan
- A set of four words that sum up what we want to achieve
- Broad descriptions of what we will work towards under each of these words

5. Consultation

5.1 The Council undertakes significant amounts of consultation every year however it was felt that some additional information was required to help develop the this Strategic Plan. A number of consultations have been undertaken:

5.2 Qualitative consultation with the public was commissioned and a series of structured focus group were held with residents representing different ages, gender, location, demographic profiles, BME and disability. Some important messages came out of these:

- That most people liked living in Colchester
- That we need to make more of our heritage
- That there need to be more opportunities for business
- That transport and retail need to be improved
- That growth needs to be managed and housing needs to be affordable
- That we need to be ambitious for the whole Borough

5.3 A series of workshops was also carried out with staff. These sessions listened to staff views about priorities and helped to shape the plan

5.4 Key partners were also consulted. A draft of the strategic plan was shared and views sought on how this fitted with the priorities in other organisations.

6. Publicity Considerations

6.1 The Strategic Plan is a key element of the Council's continued external engagement activity. The Council will continue to ensure promotion of strategic activity via new and existing communications channels including direct, in person, in the press and on social media platforms.

6.2 The Council will communicate at key milestones of strategic projects to promote a strong positive reputation as a vibrant, prosperous, thriving and welcoming borough

7. Financial implications

7.1 The financial implications of the action plan to deliver the priorities are incorporated into the annual budgeting process

7.2 A sum of £547k from the New Homes Bonus for 2015/16 will be used to support actions for delivery of the Strategic Plan in areas where it is felt additional resource is needed

8 Equality, Diversity and Human Rights implications

- 8.1 The Strategic Plan 2015-18 has a range of objectives and themes which will promote equality and diversity. This includes “Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life” and “Ensure Colchester is a welcoming and safe place for residents, visitors and businesses with a friendly feel that embraces tolerance and diversity”.
- 8.2 An Equality Impact Assessment is available to view on the website [here](#), or by following this pathway from the homepage:
Your Council>How the Council works>Equality and Diversity>Equality Impact Assessments>Corporate and Financial Management>Strategic Plan 2015-18.
- 8.3 The communication strategy for the Plan will comply with the existing Council policies for access and availability in different formats
- 8.4 The plan includes a priority about equality and diversity that meets the requirements of the Equality Act.

9 Community Safety Implications

- 9.1 Community Safety remains a priority in the Strategic Plan

10 Health and Safety Implications

- 10.1 There are no Health and Safety implications of the Strategic Plan.

11 Risk Management Implications

- 11.1 As action plans are developed, risks will be identified
- 11.2 The absence of a Strategic Plan would create a risk for the Council failing to deliver on its core priorities

Background Papers

- Scrutiny report 27 January 2015
- Summary of the Public Consultation



VIBRANT
PROSPEROUS
THRIVING
WELCOMING



**RICH HERITAGE,
AMBITIOUS FUTURE**

Colchester's Strategic Plan 2015–18

Achievements

**The Strategic Plan 2012–2015 set out our priorities.
Here are some of the things we have delivered:**

Transport

- A new junction on the A12, enabling regeneration in North Colchester
- Additional cycle routes, encouraging more people to cycle
- Park & Ride in North Colchester
- Opened the Stanway Western Bypass

Economy

- Relocation of the Borough's Charter Market to the High Street
- Land deals for Northern Gateway creating new jobs
- Start up of Colchester Enterprise Hub to support future entrepreneurs

Investment

- Williams & Griffin committing £30m investment in the store
- The development of the Knowledge Gateway at Essex University
- Over £1m in grants to support the Voluntary Sector
- Maintained grants to the Arts

Housing

- The first new Council Houses built in 30 years
- Refurbishment of Worsnop House, a sheltered housing scheme
- Investment in our existing housing stock with the installation of 800 solar panels

Leisure and heritage

- Redevelopment of Colchester Castle with £4.2m of external funding
- Embraced the Olympics by staging a leg of the Torch Relay
- Created new play areas in Castle Park
- Usage of Leisure World increased by 20% after refurbishment
- Green Flags for green spaces

Environment

- Introduction of a food waste collection to 70,000 homes
- Undertook 11 Days of Action
- Achieved Purple Flag status for our town centre
- Met our target to reduce CO2 emissions



Our Colchester

The Strategic Plan 2015–2018

This plan sets out the direction and potential for our Borough. As a Council we have an ambitious range of goals to achieve that build on the successes of the last three years, working with a large number of partners to get the best for our residents. To help us decide on the priorities for the next three years we held a number of focus groups with the public, independently selected to make sure we included all sections of our communities.

These focus groups gave us some important messages:

- Most people like living in Colchester
- We need to make more of our heritage
- There need to be more opportunities for business
- Transport and retail need to be improved
- Growth needs to be managed and housing needs to be affordable
- We need to be ambitious for the whole Borough

These are the four words that we feel sum up what we want to achieve:



Vibrant

promoting our heritage and working hard to shape our future.



Thriving

attracting business and selling Colchester as a destination.



Prosperous

generating opportunities for growth and supporting infrastructure.



Welcoming

a place where people can grow and be proud to live.



COLCHESTER VIBRANT



- Enhance the diverse retail and leisure mix supporting independent businesses valued by residents and visitors
- Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life
- Make more of the great culture and heritage in Colchester so that visitors can enjoy the history and passion
- Create the right environment for people to develop and flourish in all aspects of life both business and pleasure.





- Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment and tourism opportunities
- Support people to develop the skills needed by employers in the future to take advantage of higher paid jobs being created
- Provide opportunities to increase the number of homes available including those that are affordable for local people and to build and refurbish our own Council houses for people in significant need
- Ensure transport infrastructure keeps pace with housing growth to keep the Borough moving.



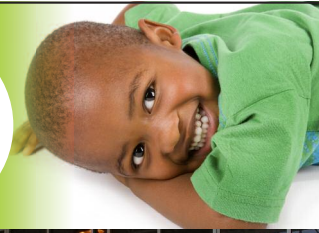
COLCHESTER THRIVING



- Promote Colchester's heritage and wide ranging tourism attractions to enhance our reputation as a destination
- Be recognised as a centre of learning with excellent schools and colleges and educational opportunities for young people to make the most of their potential
- Be clear about the major opportunities to work in partnership with public, private and voluntary sectors to achieve more for Colchester than we could on our own
- Cultivate Colchester's green spaces and opportunities for health, wellbeing and the enjoyment of all.



COLCHESTER WELCOMING



- Ensure Colchester is a welcoming and safe place for residents, visitors and businesses with a friendly feel that embraces tolerance and diversity
- Improve the cleanliness and health of the place by supporting events that promote fun and wellbeing
- Create a business friendly environment, encouraging business start-ups, support to small and medium sized enterprise and offer development in the right locations
- Make Colchester confident about its own abilities, to compete with the best of the towns in the region to generate a sense of pride.





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Colchesterfuture



Colchesterfuture



To find out more about this plan visit our website
www.colchester.gov.uk or scan the code here.



28 January 2015

| | | | |
|-----------------------|---|---------------|--------------------|
| Report of | Head of Commercial Services | Author | Wendy Bixby |
| Title | Colchester's Environmental Sustainability Strategy 2015-2020 | | |
| Wards affected | All wards | | |

This report concerns the adoption of a new Environmental Sustainability Strategy for Colchester

1. Decision(s) Required

- 1.1 To adopt a new Environmental Sustainability Strategy for Colchester for 2015 to 2020.
- 1.2 To recommend to full Council that the Strategy is adopted as part of the Council's Policy Framework.

Reasons for Decision(s)

- 2.1 Environmental sustainability is a strategic priority for the Council. Having an adopted strategy will provide the Council, its partners, employees and residents with a clear statement of direction for its environmental sustainability related activities. The Strategy can show how the Council will undertake the detailed implementation of its priorities. The Council does not have a statutory responsibility to produce and publish an Environmental Sustainability Strategy; however, the strategy does incorporate the Council's statutory responsibilities to produce a Greenhouse Gas Emissions Report and Home Energy Conservation Act (HECA) Report.

3. Alternative Options

- 3.1 To amend or not adopt the Environmental Sustainability Strategy. There are however clear risks to not having a robust evidence based strategy in place such as not achieving local priorities, not being able to evidence and articulate the Council's (CBC) wider vision for environmental sustainability and not providing a strong focus to residents and partners about their contribution to meeting our priorities.

4. Supporting Information

- 4.1 The new Environmental Sustainability Strategy 2015-2020 builds on the significant progress already made by the Council. CBC, working with its partners, has already developed and successfully delivered a number of services and projects across the Council which support environmental sustainability. These are set out in Section 4 of the strategy. A number of these are highlighted below:
 - Successful sustainable transport projects and services - The Cycle Colchester Training and Events Programme; Colchester Travel Plan Club; Colchester Station Travel Plan; 'Better Town Centre' focussing on traffic reduction in the town centre.
 - Successful projects and services to reduce energy costs and fuel poverty - Carbon Management Programme; Energy Efficiency advice and guidance; 'Warm Homes' and projects to reduce fuel poverty; Energy Efficiency training for frontline staff, local

organisations and voluntary groups; Installation of Photo-Voltaic (PV Solar) Panels on Colchester Borough Councils housing stock and our own commercial buildings; Partnership event with En-form to deliver 'Green Open Homes' open day events; Big Community Switch for residents to access cheaper energy bills.

- Successful projects and services which help the Council and its residents to reduce, reuse and recycle - Food Waste trials and implementation across the borough; Working with ECC on the Waste busters project, promoting recycling and reuse and composting; Local Community Zone Teams behaviour change work (such as recycle week).

4.2 The Environmental Sustainability Strategy 2015-2020 has been developed with officers from across CBC and external partners. It has been shaped by an extensive evidence base and by the input of the Policy Review and Development Panel (June 2013) which recommended that the new strategy focus on supporting communities to do more and enable residents to take action to build resilience.

4.3 Working with CBC Officers and external organisations has helped to identify the key priority areas on which to focus actions. The information in the evidence base helped shape the strategy and looked at the following key areas:

- Community energy and energy efficiency
- Transport and accessibility
- Resource management and waste
- Engaged communities
- Low carbon economy
- Development and the built environment
- Natural resources
- Open space
- Food and farming
- Water and Flooding
- Climate Change

4.4 An over-arching vision has been developed for the strategy:-

“Colchester will be a leading sustainable borough by demonstrating strong performance in tackling climate change; resource efficiency; environmental protection and enhancement (of both natural and built environments); sustainable transport and quality of life for all, whilst respecting its special qualities and capacity for growth.”

4.5 The new Environmental Sustainability Strategy for Colchester takes account of national guidance. It also brings together local priorities arising from previous work undertaken such as Colchester's Climate Risk Assessment (2010); The Nottingham Declaration (signed in 2007); The Local Authority Carbon Management Plan (2008-2012).

The Environmental Sustainability Strategy has two strategic priorities:

1. **Community Leadership** by reducing the environmental impact of Colchester Borough Council's Buildings, Services and Operations
 - Key objectives include: reducing energy use; supporting our staff to be greener; and improving our housing stock.
2. **Building resilient communities** by working with Colchester's Residents, Businesses and Third Sector Organisations.

- Key Objectives include: supporting local communities to help them become more resilient to climate change; creating opportunities to reduce energy costs and use in our communities; and working to reduce fuel poverty.

The Strategy will be a live document that will seek to achieve its aims and objectives through the implementation of a 5 year Delivery Plan.

- 4.6 Monitoring and review - The Strategy is intended to be a working document with actions being implemented throughout the life of the Strategy. A report on the progress delivering the actions in the Delivery Plan will be produced on an annual basis and circulated to relevant stakeholders and presented to the Portfolio Holder with responsibility for Sustainability. A copy will also be made available on the Council's web-site.

5. Proposals

- 5.1 It is proposed that the Cabinet adopt the Environmental Sustainability Strategy 2015 – 2020 and in doing so support the implementation of the delivery plan, which will deliver the strategy.
- 5.2 That the Cabinet recommend to full Council that the Strategy be adopted as part of the Council's Policy Framework.

6. Strategic Plan References

- 6.1 Colchester's Environmental Sustainability Strategy has several links to the existing Strategic Plan 2012 -2015 including:
- Enabling local communities to help themselves.
 - Supporting more vulnerable groups.
 - Engaging with the voluntary sector.
 - Working in partnerships to help tackle health (including fuel poverty)
 - Showing tolerance and changing behaviours to create better local communities.

7. Consultation

- 7.1 Consultation on the draft strategy was carried out in October 2014. It was agreed by the project group that two consultation exercises would be undertaken. An online questionnaire was used to capture the views of residents which helped fill gaps in the strategy and evidence base where local information was lacking. Paper copies of the survey were available at the Library on request for those who were unable to complete the survey online. The second consultation exercise involved one to one meetings with different service areas, or individual Officers from the Council and external organisations.
- 7.2 The results of the consultation have been used to shape the Strategy. Local information gathered from the consultation has been included in the Evidence base.

8. Publicity Considerations

- 8.1 The Strategy documents will be published on the Council's website. A communications plan is being developed to publicise the Strategy and generate interest and commitment to the Delivery Plan.

8.2 Opportunities will be sought to publicise successful achievements arising as a result of the work undertaken to deliver the Strategy, in particular where external funding has been secured to support new partnership projects.

9. Financial implications

9.1 Any resources required to implement the actions in the Strategy will be delivered from existing budgets. Encouragement will be given to partners to commit their resources to meeting the priorities set out in the strategy. As many of the organisations are members of the Project Group they have already helped to shape the strategy and shown their commitment to its delivery.

9.2 External grant funding, and where appropriate a collaborative approach to securing these funds, will help towards the implementation of some of the actions identified in the strategy.

10. Equality, Diversity and Human Rights implications

10.1 [An Equality Impact Assessment](#) has been completed and published on our website. It is anticipated that there will be a positive benefit to Colchester residents, businesses and partners.

11. Community Safety Implications

11.1 It is anticipated that with the implementation of the Strategy Delivery Plan there will be a positive benefit for Community Safety. This would be as a result of taking mitigating action to build resilience against the effects of climate change, and addressing issues such as flooding and energy security.

12. Health and Safety Implications

12.1 The adoption and implementation of the ESS will have positive implications on health and safety as follows:

- Improved well-being.
- More resilient communities.
- Reduction of Fuel Poverty in Colchester.

13. Risk Management Implications

13.1 Managing the risks associated with Climate Change, such as over heating in summer; flooding and extreme cold weather conditions; coastal floods all influence the way in which the Council will help build more resilient communities. Working closely with Essex County Council, the Environment Agency; Energy providers; the Emergency Planning Network and Water Management Companies are all ways in which we can identify and manage risk.

Attachments

- Strategy 2015-2020 (Appendix includes the Delivery Plan)

Background Papers

- Evidence Base (for copy please email wendy.bixby@colchester.gov.uk)
- [Climate Change Risk Assessment 2010](#)



Environmental Sustainability Strategy (2015-2020)

| Version Control table | |
|--|--|
| Version number | 1 |
| Date current version produced | January 2015 |
| Due date for next review | Approved and ready to go to Cabinet 28 th January 2015 |
| Authors: | Wendy Bixby Sustainability & Projects Officer Wendy.bixby@colchester.gov.uk |
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Foreword



Cllr Tim Young
Portfolio Holder responsible for Environmental Sustainability
Colchester Borough Council

I am pleased to introduce Colchester Borough Council's Environmental Sustainability Strategy which provides information about our approach to environmental issues, and identifies what we are aiming to achieve over the next five years.

Colchester Borough Council is leading the way in Environmental Sustainability and this has been achieved by working with partners and taking action beyond our statutory duties.

Whilst the strategy sets out the actions Colchester Borough Council will take, it also describes how we intend to work across the services using our resources to work with and influence partners and the private sector to help us achieve our strategic priorities.

Through the delivery of an action plan we will demonstrate how the Council is leading by example by working in a cost effective way, using resources wisely and reducing the environmental impact of our operations.

These are challenging times for local government. The new Environmental Sustainability Strategy will be delivered against a backdrop of a significant reduction in funding for local government. Colchester Borough Council has undergone a transformational review of its services and delivery, and working more sustainably will help us achieve reduction targets set for 2017 when the Council needs to demonstrate zero reliance on local government funding.

The increasing importance of environmental issues means that Colchester Borough Council has a key role to play at a local and regional level in promoting environmental sustainability.

This document should be viewed in conjunction with the Environmental Sustainability Evidence base.

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1. Introduction

This is Colchester's first Environmental Sustainability Strategy which has been developed to demonstrate how the Council continues to lead the way in environmental sustainability, as well as guide its staff and partners on how to work in the most effective and sustainable way. It sets out a challenging vision for the Council. It has been developed by a project team made up of key people across Colchester Borough Council and its partner organisations, all of whom are strongly committed to delivering local projects and services which work towards national, regional and local targets.

Our Environmental Sustainability Strategy demonstrates our commitment to reducing the environmental impact of our core activities and services. The aim of this strategy is to build on the progress already made by the Council; meet key priorities; and set out our plan to work across the Council and with external partners to meet new challenges that we face in the future.

This new Environmental Sustainability Strategy recognises our achievements so far, and takes into account the Council's existing Climate Risk Assessment which provides predictions, risks and potential actions. The Climate Change Projections (outlined in the Essex County Council Sustainability Appraisal and Strategic Environment Assessment 2010), and other key documents listed within the evidence base provide information for a realistic forecast and overview of the situation for Colchester. Based on this information, Colchester's Environmental Sustainability Strategy sets out priorities for a period of five years. Some of the projects identified in the delivery plan can be delivered with existing resources. Others will require the identification and approval of additional resources. Several projects will deliver efficiencies for the Council. In the current financial climate of reduced resources for the Council, the Council will need to look carefully at how it uses its financial resources to deliver this strategy.

Global research has shown that at least 50% of all carbon emissions come from buildings. We have 6,103 properties in our housing stock and 47 buildings which include offices and numerous operational sites (including a waste and recycling centre). Therefore, cutting carbon emissions from Council buildings, operations and services becomes our primary priority. Through the strategy delivery plan we will integrate and embed environmental sustainability into activities throughout the Council, and reduce the environmental impact of our operations as well as achieving better value for money for both the Council and our residents.

A reduction in our carbon footprint will also contribute towards the International Kyoto commitment to reduce greenhouse gas emissions by at least 80% against 1990 levels by 2050.

2. Our vision

Colchester will be a leading sustainable borough by demonstrating strong performance in tackling climate change, resource efficiency, environmental protection and enhancement (of both natural and built environments), sustainable transport and quality of life for all, whilst respecting its special qualities and capacity for growth.

3. Challenges

The Climate Change Risk Assessment, supported by our evidence base, found that we have some significant challenges to overcome in order to achieve our vision. These include:

- Climate change and unsustainable resources.
- Traffic congestion and air pollution.
- The need to reduce waste and recycle more.
- The risk of both flooding and water scarcity in a changing climate.
- Loss of biodiversity.

In addition to this we must recognise the special qualities and distinctiveness of Colchester and its coastline; this means specific challenges for Colchester Borough Council including:

- Ensuring that development to meet the demand for homes and jobs respects the special qualities and distinctiveness of Colchester.
- Recognising that older buildings have cultural value to society and while their energy performance is sometimes lower than very energy efficient modern buildings they warrant protection and careful handling.
- Protecting Marine Conservation Zones along Colchester's coastline, including the River Blackwater and surrounding areas, which provides a productive mosaic of habitats with Special Areas of Conservation (SAC), Special Protection Areas (SPA) and Sites of Special Scientific Interest (SSSI) designations.

4. What we have achieved so far

4.1 Services and Projects

We have already developed a number of services and projects across the Council which support environmental sustainability. These include, but are not restricted to:

- The Cycle Colchester Training and Events Programme;
- Implementing a transportation policy linked to new development;
- Colchester Travel Plan Club;
- Colchester Station Travel Plan;
- 'Better Town Centre' focussing on traffic reduction in the town centre;
- Carbon Management Programme;
- Energy Efficiency advice and guidance;
- Food Waste trials and implementation across the borough;
- Reduce, Reuse and Recycle activity;
- Countryside and Country Parks service to protect and enhance local wildlife;
- Working with ECC to promote the Eco-schools project ;
- Working with ECC on the Waste busters project, promoting recycling and reuse and composting
- 'Warm Homes' and projects to reduce fuel poverty;
- Business Green Doctor Project;
- Colchester Borough Council housing stock improvement programme;
- Big Community Switch for residents to access cheaper energy bills;
- Access to energy and tariff switching for Small Medium Enterprises (SME) via the Big Community Switch portal;
- Local Community Zone Teams behaviour change work (such as recycle week);
- Private Sector Housing promotion of grants and use of enforcement powers;
- Disseminating information from The Carbon Trust and Carbon Action Network (CAN) events;
- Zone Warden Community engagement with regular 'coffee and chat' events to support more vulnerable residents with energy efficiency in the home;
- Energy Efficiency training for frontline staff, local organisations and voluntary groups;
- 3000 Energy Performance Certificates completed on our own housing stock in 2014.
- Installation of Photo-Voltaic (PV Solar) Panels on Colchester Borough Councils housing stock;
- Partnership event with En-form to deliver 'Green Open Homes' open day events;
- Working with private landlords to support them in the provision of energy efficient housing for tenants;
- Community projects focussing on reducing excess winter deaths and fuel poverty.

The Council also recognises the importance of climate change mitigation which encompasses the actions being taken, and those that have been proposed in the delivery plan, to limit the magnitude and/or rate of long-term [global warming](#) on the borough. Examples of mitigation include switching to [low-carbon energy](#) sources in our own buildings and housing stock; reducing energy consumption; reducing car travel and promoting car share; 'reduce, reuse, recycle' and encouraging local community projects to engage in environmental sustainability including wood recycling and local food growing.

4.2 Reducing CO2 emissions

The Council has been recording CO₂e emissions since 2006/7 (this is known as the baseline year). The total emissions in that baseline year were 10,150 tonnes of CO₂e. By 2013/14 we reduced our annual emissions to 6,313 tonnes of CO₂e.

In 2008 we signed up to the Local Authority Carbon Management (LACM) Programme and made a commitment to reduce our carbon emissions in Council buildings by 25% by the year 2012. The programme was successful and we exceeded our targets. By the end of LACM, in 2012, we measured that over 2,444 tonnes of CO₂e had been prevented from being emitted by our operations into the atmosphere. This resulted in 133 tonnes more CO₂e being saved than our target.

We achieved these carbon reductions by reducing our energy usage and installing multiple energy saving measures into each of our buildings, assessing which are cost effective and could be installed elsewhere. We also delivered more energy efficiency measures to our own commercial buildings and housing stock by installing Photo-Voltaic (PV Solar) Panels. We use more energy efficient vehicles and have converted the majority of the fleet to bio fuels. We have also replaced some maintenance and lease vehicles with electric vehicles, especially in locations such as our country parks.

We have worked to make Council sites and buildings more environmentally sound by carrying out viability studies to address problems associated with identified risks for our region.

4.3 Procurement

Our procurement process enables us to promote productive use of resources and materials. This involves integrating environmental considerations into all stages of the purchasing process from avoiding unnecessary purchases and identifying greener products, to the specifications we use for contracts. The Council recognises the significant benefits to sustainability and the local economy of procuring from local small businesses. We changed our Procurement Strategy in 2012 to make the process easier for local businesses to participate in the procurement process.

4.4 Colchester's Comprehensive Climate Risk Assessment

In 2010 the Council carried out its own Comprehensive Climate Risk Assessment (CCRA) and identified a range of priorities as 'very high' risk; as a result an action plan was designed and the following key activities were completed:

- The Environment Agency & Essex County Council developed a county strategy for managing flood risk.
- Anglian Water worked to ensure that building development was not permitted where drainage systems do not have the capacity to cope.
- Anglian Water carried out an awareness campaign to educate the public about the need for reduced water usage and encouraged the planting of drought resistant gardens.
- Our Planning Team worked to ensure residential development met the code for sustainable homes standards (minimum of level 3) and that non-residential development met the minimum BREEAM rating of 'very good'.
- Colchester Borough Council also engaged and worked with Waterwise East to promote good practice in water efficiency.

5. Context

5.1 National drivers and legislation

There are a number of key national and local drivers that have informed the development of this strategy. In addition to the key headings shown in this section a summary of drivers are provided with the Glossary (Section 10).

Housing and asset management:

- The Code for Sustainable Homes (Communities and Local Government 2008) is the national standard for the sustainable design and construction of new homes, although this is set to change, until further guidance is provided Colchester Borough Council continues to apply this as it aims to reduce carbon emissions and create homes that are more sustainable.
- Decent Homes Standard - In July 2000 the government released the green paper 'Quality and Choice: A Decent Home for All'. This set out standards which all council housing had to meet.
- The government's 'Warmer Homes, Greener Homes' Strategy sets out plans to reduce carbon emissions in the housing sector.

Health and well-being:

- The Public Health England Cold Weather Plan (CWP) 2013 - Provides us with 'the role of the Council', and the Warm Homes Healthy People (WHHP) evaluation document allows us to look at other Councils 'lessons learned'.
- The Public Health Outcomes Framework for England 2013 – 2016 identifies how climate change risks can impact on health, and how homes that are not meeting minimum standards mean an increased demand on the NHS.
- The Climate Change Risk Assessment advises that climate change could have significant implications for the health and wellbeing of the UK population. There are implications for public health, the continuity of health and social care services both within the NHS and beyond, the resilience of local emergency services and the impact on the most socially vulnerable.

Energy efficiency:

- Community Energy Strategy: 'People Powering Change' (January 2014) focuses on the benefits of community energy; maintaining energy security and tackling climate change.
- DECC Policy: 'Helping Households to cut their energy bills'. Informs that smart meters are the next generation of gas and electricity meters and are part of the government's plan to upgrade the UK's energy system.
- DECC Policy: 'Reducing demand for energy from industry, business and the public sector.' Recognises the role the Council can play in supporting local businesses to reduce their carbon emissions.
- DECC Policy: 'Supporting international action on climate change'. Links within the policy provide access to annual summary documents on international negotiations on climate change.

- Department of Energy and Climate Change (DECC) are also leading the way with eight major renewable electricity projects, unveiled in 2014 as part of the government's world leading electricity reforms, with the intention of giving a massive boost to green growth and green jobs.
- CRC Energy Efficiency Scheme (Environment Agency 2010) formerly known as the Carbon Reduction Commitment - this is the UK's mandatory climate change and energy saving scheme. The scheme started in April 2010 and is administered by the Environment Agency. It is central to the UK's strategy for improving energy efficiency and reducing carbon dioxide (CO₂) emissions, as set out in the Climate Change Act 2008.

Climate Change:

- Defra: National Adaptation Programme - July 2013 saw the publication of the first [National Adaptation Programme](#) (NAP) as well as a [Strategy](#) for the second round of the Adaptation Reporting Power. The NAP sets out what Government, businesses and society are doing to become more climate ready. Colchester Borough Council is a member of the East of England Adaptation Network.

Protecting the natural environment:

- The Biodiversity Duty - The Natural Environment and Rural Communities Act 2006 came into force on the 1st October 2006. Section 40 of the Act gives all public bodies a legal duty to consider biodiversity in their work.
- The main source of legislation used to manage human activities in the seas of Europe is the Common Fisheries Policy (CFP).

5.1 Local drivers

The Local Government Act 2000 gives the full Council responsibility for approving its [policy framework](#) and its budget. The key statutory elements of the Council's framework include the Local Transport Plan, the Local Plan and Licensing. The Colchester Local Plan guides the future growth and development of the Borough. The Local Plan is underpinned by a Sustainability Appraisal (SA) which tests the environmental, social and economic performance of policies and objectives against a set of sustainability objectives. A new Local Plan is currently being developed

Changes are currently being proposed to Council's statutory policy responsibilities under the Deregulation Bill.

A range of other plans and strategies are included in the Council's Policy Framework, either by government recommendation or as a matter of local choice. Environmental Sustainability is a key priority for Colchester Borough Council and is a cross cutting theme across a wide range of these strategies and policies, and will sit within the Council's Policy Framework.

This new strategy supports work to implement strategy delivery and action plans, and contributes to the following key local plans, strategies and policies:

- [The Colchester Borough Council 2012-15 Strategic Plan](#) sets out the Council's local vision to be cleaner and greener, and includes a commitment to promote sustainability and reduce congestion, as well as reducing, reusing and recycling our waste. The plan sets out how the Council will play its part in making Colchester a place where people want to live, learn, work and visit. This plan is currently being reviewed.
- Allotment Strategy – Colchester Borough Council runs 19 allotment sites within the borough with over 1104 plots. The strategy sets out the Council's approach to enabling people to access these sites and promoting the wider benefits of growing your own food and keeping fit.
- [Colchester Parks and Green space strategy](#) This strategy considers how opportunities can be taken to ensure economic growth is linked to sustainable communities with better quality environment for residents and visitors to Colchester. The strategy seeks to ensure Colchester has well designed green spaces that people want to use and respect.
- [Housing Strategy](#) - We are currently developing a new Housing Strategy for Colchester. The strategy sets out our plans for the future for housing and related services.
- [Tree Policy](#) - covers the management of all trees on Council owned land and those trees currently managed by Colchester Borough Council as part of agency agreements with other organisations and public bodies in the Borough.
- [Air Quality Management \(LAQM\)](#) - Local authorities have a statutory duty to monitor and report on Air Quality within the area. The reporting aspect of Local Air Quality Management (LAQM) consists of Updating and Screening Assessment (USA) which is done every three years. A new Low emissions strategy is also being drafted by Colchester Borough Council for 2015/16.
- Environmental Protection addresses a wide range of issues across the borough including drainage, air quality, pollution, water quality and public health.
- [The Management Plan](#) for Castle Park, High Woods Country Park and Local Nature Reserves seek to enhance wildlife habitat, encouraging and preserving flora and fauna.
- The Council is responsible for producing the Colchester Development Plan which guides the future growth and development of the Borough. The Focused Review of the Local Plan is underpinned by a [Sustainability Appraisal \(SA\)](#) which tested the environmental, social and economic performance of the Focused Review policies against a set of sustainability objectives.
- There are a wide range of [evidence base documents](#) that help to shape Planning Policy; these are regularly updated and available to view on the Council's website.
- Financial Assistance Policy – provides access to small home improvement loans to enable installation of energy efficiency measures. It is subject to review at present and therefore not available online to view. This link will be updated once the review is completed.
- [Street Care Strategy and Improvement Plan](#) focuses on improving the quality of the environment, achieved by improving litter standards, removing the blight of abandoned vehicles, fly-tipping, graffiti and fly-posting, improving feelings of safety and security and engendering a sense of care and respect for the place in which people live, work and visit.

- [The Local Transport Plan](#) focuses on an efficient, effective and sustainable integrated multi-modal transport network with identified measures put in place to accommodate the transport needs of Colchester.
- [Genetically Modified Crops Policy](#) sets out how the Council will monitor and review the potential hazard GM Crops pose to residents of the Borough and the local environment.
- [Waste Strategy](#) addresses how Colchester will deal with its waste in the future.
- [Street Services SPD](#) addresses effective waste management and recycling in new development.
- [Sustainable Construction SPD](#) works to improve the sustainability of new buildings.
- [Cycling Delivery Strategy SPD](#) addresses sustainable transport and cycling provision.
- [Procurement Strategy](#) promotes long-term sustainability by reducing the carbon footprint through our supply chain

The Council regularly develops, refreshes and replaces strategies, policies and plans. Once this strategy is adopted it will play an important part in the work that we do as a Council, it will be a key consideration when policies and strategies are under review. It will assist other service areas to consider the impacts of their work on the environment.

DRAFT

6. Our Environmental Sustainability Priorities

In order to achieve our environmental sustainability vision, we have identified 2 strategic priorities:

Strategic Priority 1

'Community Leadership' by reducing the environmental impact of Colchester Borough Council's Buildings, Services and Operations

Key Objectives:

- Meet targets in CO2e reduction.
- Show community leadership by making further commitments to reduce carbon emissions.
- Embed green procurement.
- Reduce energy use.
- Assess opportunities for saving water.
- Support our staff to be greener.
- Improve our housing stock.
- Improve recycling performance.

Strategic Priority 2

'Building resilient communities' by working with Colchester's Residents, Businesses and Third Sector Organisations.

Key Objectives:

- Support local communities to help them to become more resilient to climate change.
- Align our own strategies to enable a collaborative approach with external partners.
- Develop, create and promote opportunities for environmental understanding, to help retain rural skills and grow the local green economy.
- Identify sources of grant and match funding.
- Create opportunities to reduce energy costs and use in our communities.
- Identify opportunities to deliver sustainable transport.
- Increase the number of warmer, greener homes.
- Encourage residents and businesses to access information about environmental sustainability online.
- Work to reduce fuel poverty.
- Engage with partner agencies that could support us in the delivery of sustainability projects.
- Support activities and projects that meet the 'buy local' agenda to keep trade local.

6.1 Strategic Priority 1: Community Leadership

To achieve this we will:

6.1.1 Reduce the environmental impact of Colchester Borough Council's Buildings, Services and Operations

As outlined within the Delivery Plan, we will:

- Meet targets in CO2e reduction.
- Show community leadership by making further commitments to reduce carbon emissions.
- Reduce CO2e emissions from all Council buildings, operations and services by operating a carbon management plan.
- Embed green procurement by making informed choices about the way we buy products and services. Partners and suppliers are required to minimise the amount of construction waste going to landfill.
- Look at opportunities to reduce energy use in our own buildings by monitoring the effectiveness where energy efficiency measures have been installed and applying this method to other locations.
- Monitor our transport use.
- Access opportunities for rain harvesting and grey water collection systems for Council buildings and operations.
- Make recycling easier, particularly for people living in flats.
- Make improvements to our housing stock to make them more energy efficient and reduce fuel poverty.

6.1.2 Support our staff

As outlined within the Delivery Plan, we will:

- Work with staff to raise awareness of energy usage and encourage carbon footprint ownership.
- Ensure consistency between initiatives for staff and residents, and encourage actions which can be applied at home or at work.
- Create a 'carbon reduction culture' working with both new and existing staff to help them understand environmental issues and take ownership of their own work and home environments.
- Encourage staff to think about how to reduce waste and save energy.

6.2 Strategic Priority 2: Building resilient communities

To achieve this we will:

6.2.1 Work with Colchester's residents, businesses and third sector organisations

As outlined within the Delivery Plan, we will:

- Support local communities to help them become resilient to climate change.
- Align our strategies to enable a collaborative approach with external partners to achieve environmental sustainability.
- Develop, create and promote opportunities for enhancement of environmental understanding, which will help retain rural skills and grow the local green economy.
- Identify sources of grant and match funding.
- Look at opportunities to reduce costs and save energy in our communities.
- Identify opportunities to deliver sustainable transport.
- Ensure environmental sustainability information is available online to promote self-service.
- Inform and encourage behaviour change which will help to build the resilience of communities.
- Encourage people to make more informed choices and understand the environmental impact decisions made will have on Colchester's future.

6.2.2 Support for residents

As outlined within the Delivery Plan, we will:

- Support residents to reduce energy usage which will positively impact on their CO2e emissions.
- Provide information and advice to local communities so that new community groups will emerge to address local issues.
- Work in partnership to deliver community events to enable residents to learn from the experience of community champions.
- Work collaboratively with the third sector to deliver projects which help to build resilient communities.
- Reduce the number of tenants who live in fuel poverty through making improvements to the Council's own housing stock.
- Take a multi-agency approach to reduce fuel poverty amongst owner-occupiers.

7. Equality and Diversity

Equality and diversity is a key cross-cutting theme identified in our delivery plan. Equality and diversity issues have been considered as part of the development of our Environmental Sustainability Strategy through carrying out an [equality impact assessment \(EQIA\)](#).

8. Implementation and Monitoring of the Strategy

This strategy represents a challenging vision for the Council.

To ensure that the key priorities are delivered a delivery plan has been developed which is included as appendix one. It outlines the actions to be carried out over the next five years;

The Environmental Sustainability Strategy will be reviewed and progress against the delivery plan will be monitored. The delivery plan will be updated annually and a progress report will be published on the Council's website.

The Environmental Sustainability Strategy will be communicated as widely as possible. Some of the ways in which we will do this are to:

- Develop a robust Communications Plan to communicate the Delivery Plan;
- Align internal strategies when under review;
- Involve partners to align actions with their work and strategies.

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9. Appendix

| <h1 style="text-align: center;">Environmental Sustainability</h1> <h2 style="text-align: center;">Delivery Plan</h2> | | | | |
|--|--|--|--|---|
| Priority 1 – ‘Community Leadership’ by reducing our environmental impact of Council’s Buildings, Services and Operations. | | | | |
| Key Deliverable 1.0 - Meet targets in CO2 reduction by 2020. | | | | |
| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
| ESS 1.0.1 | Aim to meet 40% reduction in carbon emissions by 2020 (from baseline year 2006/7) to assist the Council in meeting an 80% reduction in carbon emissions by 2050. | Implement a new 5 year Carbon Management Plan by end of 2016 which will help to identify that a 40% reduction is achievable (this will depend on implementing a LACM plan where projects identified can achieve a further 2000 tonnes of carbon savings.). | Council can demonstrate reduction in environmental impact which shows community leadership and its commitment to environmental sustainability. | Corporate Facilities Manager and Sustainability & Projects Officer. |
| ESS 1.0.2 | Publish our Greenhouse Gas Report annually. | Report completed in accordance with current guidance from Low Carbon Trust/ DECC and published on CBC website. | Clear assessment of our targets against our carbon reduction targets. | Sustainability & Projects Officer. |
| ESS 1.0.3 | Complete a benchmark exercise with other Councils on measuring carbon foot print. Sharing good practice and measuring of performance. | Identify method of good practice and create template by end of April 2016. Complete benchmark exercise by end of 2017. | A measurement of our own performance against peers will allow for a focus on improvement activity. | Sustainability & Projects Officer. |
| ESS 1.0.4 | Identify most efficient use of fuel for fleet vehicles by end of 2016. | Complete annual report on fuel use for fleet vehicles and make recommendations for vehicle upgrades/changes. | A clear understanding of how the Council is reducing CO2 emissions from individual vehicles, even if the overall impacts greater due to a fleet vehicle increase to meet need. | Fleet and Depot Manager. |

Key Deliverable 1.1 - Show community leadership by making further commitments to reduce carbon emissions.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|-----------------------|--|--|--|---|
| ESS 1.1.1 | CBC to make a public commitment to increasing energy efficiency and use of renewable energy sources. | CBC to become a signatory of the Covenant of Lord Mayors by end of 2016. | CBC is committed to reducing carbon emissions and operating more sustainably. | Sustainability & Projects Officer. |
| ESS 1.1.2 | CBC to make a strategic commitment to reducing carbon emissions. | CBC to sign up to Climate Local by end of 2016. | Provides ongoing commitment made to reduce carbon emissions and progression from Nottingham Declaration. | Sustainability & Projects Officer. |
| ESS 1.1.3 | Meet statutory reporting requirements under the Home Energy Conservation Act (HECA). | Publication of HECA report March 2015. | Identifies progress made and new focus areas for the future. | HECA Monitoring Project Team, led by Sustainability & Projects Officer. |

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Key Deliverable 1.2 - Embed green procurement.

| ID Code Source | Description of Milestone | Output | Outcomes | Responsibility |
|----------------|--|---|--|---|
| ESS 1.2.1 | Environmental sustainability is applied to procurement process to ensure best value and best practice are being applied. | Align environmental sustainability strategy aspirations with the procurement strategy by end of April 2015. | Strategy and delivery plan to reflect work in most areas of business activity including construction, furniture, IT equipment and transport. | Commercial Procurement Manager and Sustainability & Projects Officer. |
| ESS 1.2.2 | Seek to ensure that CBC selects products and services that minimise environmental impacts. | Implement changes to policies by end of 2015. | By making informed choices about the products we buy, we will make a difference to the environment. | Commercial Procurement Manager. |

Key Deliverable 1.3 - Look at opportunities to reduce energy use.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|----------------|---|---|--|--|
| ESS 1.3.1 | Monitor and reduce energy use in our own buildings by 31 March 2016. | Identify areas where reduction in energy could be secured. | Able to use lessons learned from existing measures to see what is most effective in reducing energy use. | Corporate Facilities Manager and Utility Company - Bellerby Smith. |
| ESS 1.3.2 | Identify opportunities for development of low carbon private sector homes by end of 2015. | Complete a viability study. | Sites identified within Colchester for development of low carbon homes. | Private Sector Housing Manager. |
| ESS 1.3.3 | Develop Heat Maps for Northern Gateway by end of 2016. | Department of Energy and Climate Change funding for Viability study to be secured by end of 2015. | Identify suitable technologies and approaches to energy generation, distribution and supply; highlight opportunities for Northern Gateway. | Economic Growth Manager. |

Key Deliverable 1.4 - Assess opportunities for rain water harvesting and/or grey water collection systems for council buildings and operations.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|-----------------------|---|--|---|--|
| ESS 1.4.1 | Identify opportunities for rainwater harvesting and/or grey water collection systems on Council owned buildings in Parks and Country Parks. | Viability Assessment to be completed. | Sustainable watering systems in place for parks and country parks where viable by end of 2017. | Park Ranger. |
| ESS 1.4.2 | Encourage drought resistant planting to reduce the need for watering. | <p>1) Explore opportunity for competition/display with Community organisations.</p> <p>2) Review pilot for dry garden at Castle Park, to see if viable to extend into wider area to support drought resistant planting schemes by end of 2015.</p> | Planting across CBC owned gardens and parks are more drought resistant. | Park Ranger - to lead, with support of Sustainability & Projects Officer bringing community partners together. |
| ESS 1.4.3 | Reduce mains water use at recycling plant in Shrub End. | Assess the opportunity for rain water collected at the Shrub End depot to be used for cleaning of cans in a new can recycling process by end of 2017. | Use of mains water to clean cans for recycling will be kept to a minimum and water collected on site will be well utilised. | Fleet and Depot Manager. |

Key Deliverable 1.5 - Supporting our staff.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|----------------|--|---|---|--|
| ESS 1.5.1 | Environmental Sustainability awareness learning programme to be implemented by end of 2016. | Run two staff initiatives per year. | Staff have improved level of awareness of how their role impacts on energy use; CO2 reduction targets and achievements. | Training Officer, supported by Sustainability & Projects Officer. |
| ESS 1.5.2 | Staff aware of their own carbon footprint, and what they can do to minimise it by end of 2017. | Staff will submit energy saving suggestions; these will be recorded to assess current levels of awareness after each training initiative. | Staff have a good level of awareness and want to make savings and reduce CO2 emissions by end of 2016. | Sustainability & Projects Officer. |
| ESS 1.5.3 | Energy usage and environmental impact information available on website with links on the HUB (staff online portal) by end of 2016. | Links regularly circulated to highlight new and updated information via internal bulletins. | Staff are able to access environmental impact information easily by end of 2015. | Sustainability & Projects Officer (with support from external organisations such as Energy Savings Trust). |
| | | | | |

Key Deliverable 1.6 - Housing stock improvement.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|----------------|--|--|---|------------------------|
| ESS 1.6.1 | Photo Voltaic (PVs) fitted to all housing stock where appropriate. | PV Project completed once all viable properties have had systems installed or the Feed in Tariff reduces below financial model criteria. | 2560 Homes improved and more energy efficient (760 properties completed to date with a further 1800 anticipated to be completed by September 2015 depending on FiT rate). | Housing Asset Manager. |
| ESS 1.6.2 | Viability of new energy efficiency measures for housing stock. | Energy assessments to be completed all properties identified by end of 2020. | Clear direction of management of stock. | Housing Asset Manager. |
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Key Deliverable 1.7 - Improve recycling performance.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|----------------|--|--|--|--------------------------|
| ESS 1.7.1 | Complete delivery plan for flat recycling project by end of 2016. | Undertake exercise to identify properties which do not have recycling facilities (i.e. flats) by end of 2016. | Flats recycling will be measured for improvements and delivery will be shaped around solutions offering best results by end of 2016. | Waste Strategy Officer. |
| ESS 1.7.2 | Develop recycling and reuse projects with external partners and explore/ apply for external funding opportunities to fund this work. | <p>1) Work with community organisations to identify projects that will capture the imagination of local people.</p> <p>2) Seek funding for Waste Bag Recycling Project and link up with Castle Park for public engagement.</p> | <p>1) Increased awareness of how to work with community partners to deliver pilot projects in connection to re-use and recycling.</p> <p>2) Increased awareness of drought resistant planting through the Waste Bag Recycling Project.</p> <p>3) Multi agency approach to improving recycling and thinking more sustainably.</p> | Waste Strategy Officer. |
| ESS 1.7.3 | Benchmark recycling performance with other local authorities. | Results to be measured and comparison made by end of 2015. | Able to identify further ways in which recycling might be improved by end of 2015. | Waste Strategy Officer. |
| ESS 1.7.4 | Establish metal can sorter at Shrub End depot. | Viability study completed by end of 2014. New machine installed by end of 2017. | Better quality recycling of cans from January 2018. | Fleet and Depot Manager. |

Priority 2 – ‘Building resilient communities’ by working with Colchester’s Residents, Businesses and the Third Sector.

Key Deliverable 2.1 - Supporting Local communities to help them become resilient to climate change.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|-----------------------|---|---|--|--|
| ESS 2.1.1 | Keep residents informed about changes to Green Deal, ECO and local energy efficiency opportunities/ measures from April 2015. | Actively promote opportunities to local residents and work with Zone Teams to help raise awareness within the local communities. | Residents will be able to access what they are entitled to and make informed choices about making their homes more energy efficient from April 2015. | Community Initiatives Project Officer. |
| ESS 2.1.2 | Support the development of community driven projects (such as energy groups and transition towns). | Work with local Environmental Charities and Community groups to develop new projects that will fill gaps in provision, and help them to access external start-up funding. | Resident groups will feel empowered and address issues that affect them locally by end of 2015. | Sustainability & Projects Officer. |
| ESS 2.1.3 | Enable better access to developing local emergency plans for Town & Parish Councils from April 2015. | Continue to work with the group of District Emergency Planning Officers DEPO to assist in the roll out of training courses to support development of community based emergency plans. | Rural and Coastal Communities most at risk will be better prepared for emergencies. Local Town and Parish Councils across Colchester will understand how to develop a local emergency plan and the resources available to them. | Health, Safety and Emergency Planning Advisor. |
| ESS 2.1.4 | Improve support for vulnerable residents during cold weather spells from Autumn/Winter15. | Public Health leaflet ‘Keep warm, keep well’ disseminated to vulnerable residents by end of September 15. | Reduced number of excess winter deaths, and improved living conditions for vulnerable people during cold weather. | Joint approach via the CBH Resident Engagement Team, Community Initiatives Team and Zone Team. |

Key Deliverable 2.2 - Alignment of Colchester Borough Council strategies to enable a collaborative approach with external partners to achieve environmental sustainability.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|-----------------------|--|--|---|------------------------------------|
| ESS 2.2.1 | Develop a new Low Emissions strategy by end of 2015. | Work with ECC/ CBC colleagues and Defra funded air quality specialist to identify steps to improve air quality in Colchester | Reduce harmful emissions from road transport, while simultaneously seeking reductions in greenhouse gas emissions where feasible | Environmental Protection Manager. |
| ESS 2.2.2 | Develop a new Housing strategy by end of 2015. | Work with a Project Group made up of external partners to identify steps to fulfil sustainable housing requirements. | A clear connection between the strategies and how they will work side by side, in particular linking fuel poverty actions and development of sustainable homes. | Strategic Housing Manager. |
| ESS 2.2.3 | Work in partnership with Social Housing providers to develop sustainability projects to support wider number of Colchester residents by end of 2016. | Identify opportunities for collaborative projects between CBC and Colchester based social housing providers. | Supporting people who are most vulnerable in our communities to reuse, recycle, reduce energy costs and think more sustainably. | Strategic Housing Manager. |
| ESS 2.2.4 | To enable partnership working and achievement of joint outcomes with local providers focussing on environmental sustainability. | Monthly meetings to review projects and identify joint approach to achieving targets, starting in April 2015. | Strengthening our way of working with external agencies to achieve joint objectives. | Sustainability & Projects Officer. |

Key Deliverable 2.3 - Develop, create and promote opportunities for developing environmental understanding which will help retain rural skills and grow the local green economy.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|-----------------------|--|--|---|---|
| ESS 2.3.1 | Development and retention of rural skills and local training opportunities. | Support rural training provider to access external funding and look at ways in which we can assist to promote training opportunities for young people in Colchester. | Improved local travel options; supporting local trades; retaining traditional skills; supporting alternative apprenticeship schemes. | Enterprise and Tourism Manager. |
| ESS 2.3.2 | Support growth of local projects that provide access to locally grown produce to start at the end of 2015. | Work to promote local projects such as the Farmers markets in Colchester. | Working in partnership with community organisations to reduce the need for importing of food sources; encourages the use of seasonal food which supports the wider 'buy local' agenda and the FSB 'Keep Trade Local' manifesto. | Enterprise and Tourism Manager & Sustainability and Projects Officer. |
| ESS 2.3.3 | Support green business growth | Identify green business opportunities in Colchester and work with ECC to enable ERDF and other appropriate EU funding to support growth of the sector. | Benefits to local economy and advancement of green business in Colchester. | Enterprise and Tourism Manager. |

Key Deliverable 2.4 - Identify sources of grant and match funding.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|-----------------------|---|---|---|---|
| ESS 2.4.1 | <p>Deliver pilot project to support vulnerable people who cannot switch through the Big Community Switch programme.</p> <p>Completed wood recycling viability study for Colchester.</p> | <p>Secure small grant funding for partnership projects to deliver community projects focussing on environmental sustainability, external funding applications for projects up to value of £10k.</p> | <p>Vulnerable people are better supported and resources in Colchester are used in a more sustainable way.</p> | <p>Sustainability & Projects Officer.</p> |
| ESS 2.4.2 | <p>Develop a new funding resource for community groups and local charities to use as guide to setting up new environmentally focussed community projects by end of 2016.</p> | <p>Work with Community Groups to develop a 'Green Book' listing green funding opportunities and case studies to inspire local sustainability projects.</p> | <p>New community groups and charities are better able to form, and identify potential funding opportunities, with a focus on addressing local need.</p> | <p>Sustainability & Projects Officer.</p> |
| ESS 2.4.3 | <p>Opportunities for match funding to be identified for larger Community and Council led sustainability projects by end of 2016.</p> | <p>Identify European funding that will support the development of new larger scale projects.</p> | <p>1) Creating opportunities to grow the green economy and complete a range of viability studies will emerge. (Energy/ Heating/ Low Carbon Homes)</p> <p>2) Support community projects that are addressing the effects of climate change on a larger scale (such as coastal defences and protection of biodiversity).</p> | <p>Funding Coordinator.</p> |

Key Deliverable 2.5 - Look at opportunities to reduce costs and save energy use in our communities.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|-----------------------|--|--|--|--|
| ESS 2.5.1 | Encourage residents and customers to sign up for the Big Community Switch. | Deliver a minimum of 2 x energy auctions per annum spring/summer, autumn/winter | Residents will save on their energy bills, which will reduce fuel poverty in Colchester. | Sustainability and Projects Officer. |
| ESS 2.5.2 | Encourage SMEs to take part in the iChoosr brokerage scheme to reduce energy costs and switch to appropriate business energy meters. | Raise profile of the rolling brokerage service run through iChoosr and accessed through the CBC website. | Businesses will pay less for energy because they have switched to business tariffs and exchanged residential meters for business energy meters from January 2015. | Sustainability & Projects Officer, Communications Business Partner. |
| ESS 2.5.3 | Energy switching information to be included in sign up packs for every new CBH Resident by end of 2015. | Asset Management to notify CBH resident engagement officers of action required by end of April 2015. | All new tenants will have energy information and Big Community Switch sign-up information in their welcome packs (at sign-up). | Sustainability & Projects Officer, working with CBH Resident engagement & Housing Asset Manager. |
| ESS 2.5.4 | Look at the viability of delivering Energy Assessments for Private Sector homeowners by end of 2015. | CBH Officer carrying out Energy Performance Certificates (EPC) on our own housing stock will look at the viability of offering this as a new service by end of 2015. | <p>1) New service for borough wide, private sector home owners to access energy assessment service (and potential new income generation for the Council/ CBH).</p> <p>2) Residents equipped with EPC information so they can improve the energy efficiency of their homes.</p> <p>3) Improved way of working with Private Sector Landlords to raise SAP Ratings (before legislative changes in 2016)</p> | Commercial Manager & CBH Property Services. |

Key Deliverable 2.7 - Identify opportunities to deliver sustainable transport.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|-----------------------|---|---|---|--------------------------------|
| ESS 2.7.1 | Realise opportunities for sustainable transport infrastructure and assess opportunities for new projects. | <p>1) Develop a new Transport Strategy as part of the review of the Local Plan process. The new Local Plan to be adopted in 2017.</p> <p>2) Work with the Highways and Transportation Authorities and transport operators to secure investment into Colchester for sustainable transport.</p> | The Council takes a long term view on how sustainable transport solutions will be part of the local infrastructure. | Transportation Policy Manager. |

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Key Deliverable 2.8 - Warmer Greener homes.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|----------------|--|--|---|---|
| ESS 2.8.1 | Work with Private Landlords to deliver a range of informative events on sustainable homes; energy efficiency and work in partnership with local landlord networks. | 1) Rolling programme of landlord forum events to be developed by Private Sector Housing Team. 2) Delivery of bi-annual sustainability events where Private Sector Landlords are encouraged to attend. | Private Landlords better equipped with information to improve standard of rented homes. | 1).Private Sector Housing Manager. 2) Sustainability and Projects Officer. |
| ESS 2.8.2 | Private Sector Housing Stock Survey completed by end of 2016/17. | 1) To be completed by the end of March 2015 2) Survey results to be analysed and reported by August 2015; 3) Financial Assistance Policy amended to target assistance to meet need identified by the stock survey by the end of March 2016. | 1) Better able to identify homes eligible for ECO funding and retrofit projects. 2) Range of financial assistance offers available to target areas/ household types. | Private Sector Housing Manager. |
| ESS 2.8.3 | To improve the Energy Efficiency of private sector housing in Colchester and contribute to a reduction of households in fuel poverty. | 1) Respond to service requests, undertake HHSRS excess cold assessments and take appropriate action to ensure dwellings have an effective and affordable means of heating. 2) Explore partnership working with Green deal provider. 3) Link in with any programmed stock improvement being undertaken by CBH with a view to supporting & assisting leaseholders and freeholders. | 1) Excess cold hazards removed through formal, informal and grant activities. 2) Increased number of households removed from fuel poverty. by 31 st March 2015. | Private Sector Housing Manager. |
| ESS 2.8.4 | Promote energy efficient building methods to ensure homes consume fewer resources to heat. | Review guidance for Developers on building sustainable homes and look at opportunities for training Developers on ISO14001 - Sustainable Development. | Developers have clear guidance on next step on from the Code for Sustainable Homes, with access to accreditation and measuring quality. | Sustainability and Projects Officer & Planning Policy Officer. |

Key Deliverable 3.0 - Provide a readily accessible online section on environmental sustainability for Colchester residents.

| ID Code Source | Description of Milestone | Output | Outcomes | Responsibility |
|-----------------------|---|--|--|---|
| ESS 3.0.1 | Maximise the effectiveness of self-serve for customers so they can access information about environmental sustainability issues online. | Identify and prepare resources and media options by end of 2015. | Customers are able to find information and advice on everything from energy efficiency; reducing energy costs; to leading on their own environmental projects. | Research and Engagement Manager and the Sustainability & Projects Officer. |
| ESS 3.0.2 | Incorporate 'Channel Shift' strategy into addressing environmental sustainability for Colchester residents by end of 2017. | 1) Assess how people are accessing environmental sustainability information online and what people are searching for; 2) Content for website to be refreshed and signed off by end of 2017. | Ensures delivery of services that are needed, through the most appropriate, efficient and cost-effective means. | Head of Customer Services, Research and Engagement Manager and the Sustainability & Projects Officer. |

Key Deliverable 3.1 - Work to reduce fuel poverty in Colchester.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|----------------|--|--|--|---|
| ESS 3.1.1 | Support most vulnerable residents, who are most at risk of fuel poverty, and help raise awareness of the help available to residents on low incomes. | <p>1) Identify remedial action home owners can take to make their homes cheaper to heat and light.</p> <p>2) Use data from housing stock survey to help identify most at risk geographical areas.</p> <p>3) Promote insulation programmes; and access to winter fuel payments.</p> | <p>Residents in or facing fuel poverty are better able to access information on keeping homes warm during cold weather spells by end of 2016.</p> <p>Residents have better access to payments and initiatives that they are entitled to claim.</p> | Community Initiatives Project Officer and Private Sector Housing Manager. |
| ESS 3.1.2 | Engage with local press and ensure activities well promoted by end of 2015. | To be incorporated into the Comms plan April 2015. | Awareness of fuel poverty is raised by end of 2015. | Communications Business Partner for Sustainability. |
| ESS 3.1.3 | Deliver a range of Community Events to focus on reducing people living in fuel poverty and staying warm during cold weather spells by end of 2016. | <p>1) Zones to incorporate fuel poverty advice into existing 'coffee and chat events' that run as a programme throughout the year.</p> <p>2) Work with CBH Resident engagement officers to share information and promote support services to Council tenants.</p> | A rolling programme of community events focusing on keeping warm in winter and reducing fuel poverty becomes business as usual for Zone Teams by end of 2016. | Group Manager. (Zones) |

Key Deliverable 3.2 - Engage with partner agencies that could support us in the delivery of sustainability projects.

| ID Code Source | What we want to achieve | How we will achieve it | Outcomes | Responsibility |
|-----------------------|---|--|---|------------------------------------|
| ESS 3.2.1 | Work with key partners to take a collaborative approach to 'climate change adaptation' by end of 2016. | Work with Community groups and local charities to develop a list of potential projects addressing local need and work together to identify delivery partners. | Increased levels of volunteering opportunities; improved collaborative approach to address sustainability issues; access to a wider range of community projects by end of 2016. | Sustainability & Projects Officer. |
| ESS 3.2.2 | Set up Sustainability Partnership working group as a one stop shop for community groups to access specialist advice and support, which will help during the set up of new projects. | <p>1) Support the development of a national group through the National Energy Action (NEA);</p> <p>2) Work with ECC, RCCE, Natural England, National Trust, RSPB, Environment Agency and local environment groups to develop access to support at a local level.</p> | A one stop shop where community organisations can access specialist advice and support on sustainability and biodiversity issues. | Sustainability & Projects Officer. |
| 3.2.3 | Continued participation of local schools and colleges, Friends groups, Essex Wildlife Trust, Essex Forest Education Initiative, Walk Colchester and Colchester Natural History Society in country parks and countryside sites | Continued efforts to maintain and increase participation. | Increase of tasks, events and initiatives in country parks and countryside sites with a nature conservation purpose. | Countryside Sites Manager. |

10. Glossary

10.1 The Nottingham Declaration

In February 2007 Colchester Borough Council signed the Nottingham Declaration (NDC) on Climate Change. The NDC is a tool to secure commitment from UK Councils to tackle the causes and effects of climate change. Installing energy efficiency measures enables us to reduce our CO2 emissions and improving access to energy efficiency advice helps us to improve social and economic problems such as fuel poverty and support local business.

Objectives laid out in the NDC included:

- On-going work to reduce the Council's carbon footprint;
- Become a community leader;
- Deliver sustainable services;
- Use our powers through better procurement, private sector housing and spatial policy.

Targets outlined within the Nottingham Declaration

The Local Area Agreement (LAA) required that we act on issues around climate change. The Council chose from 25 priorities from the National Performance Indicators set out by Government.

For CBC 5 of these priorities related to climate change:

- CO2 reduction from Local Authority operations;
- Per capita reduction in CO2 emissions in the Local Authority area;
- Planning to adapt to climate change;
- Air quality and primary PM10 emissions reduction;
- Improved local biodiversity proportion of local sites with positive conservation management.

10.2 Climate Local

The LGA [Climate Local](#) commitment offers the Council a 'next step' approach to this on-going commitment to reduce our CO2 emissions, and is considered by Local Government to be a succession to the Nottingham Declaration. It offers a framework that can reflect local priorities and opportunities for action, and supports Councils' efforts both to reduce carbon emissions, and to improve their resilience to the anticipated changes in the climate.

10.3 Covenant of Mayors

The [Covenant of Mayors](#) is the mainstream European movement involving local and regional authorities, voluntarily committing to increasing energy efficiency and use of renewable energy sources on their territories. By their commitment, Covenant signatories aim to meet and exceed the European Union 20% CO₂ reduction objective by 2020.

10.4 The Transition Network

The [Transition Network](#) is made up of towns and cities planning for a low energy future in response to the challenge of peak oil and climate change.

More information can be found on <http://www.transitionnetwork.org>

Transition groups adapt to their own local circumstances in order to engage a significant proportion of the people in their community and a number of groups in Colchester have emerged over recent years, including Wivenhoe and Nayland, both focusing on finding local solutions.

10.5 HECA Reporting

Guidance issued by DECC in July 2012, under the Home Energy Conservation Act 1995 (HECA), required all English authorities with housing responsibilities to prepare a report by 31 March 2013 setting out the energy conservation measures that the authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in its area.

The [guidance under the Home Energy Conservation Act 1995 \(HECA\)](#) for English local authorities with housing responsibilities was published on 26 July 2012. It sets out requirements for those authorities to report on the measures they propose to take to significantly improve the energy efficiency of all the residential accommodation in their area.

DECC and the Department for Communities and Local Government (DCLG) have also published [Improving energy efficiency in buildings: resources for local authorities](#). It is a resource for local authority personnel who are involved in climate change mitigation in the built environment to support the planning and delivery of projects. It brings together and categorises tools, models, knowledge, case studies and datasets which can be used and adapted at local levels to meet local authority needs.

A copy of Colchester Borough Council's [HECA Report is available to view online](#)

10.6 Energy Performance of Buildings Directive (EPBD)

Buildings in the UK are responsible for almost 50% of energy consumption and carbon emissions. Energy Performance Certificates (EPCs) and Display Energy Certificates (DECs) give buildings energy efficiency ratings between A and G with recommendations for improvements.

EPCs are required for a new building or existing building which is being sold or leased – a fine can be issued if this certificate is not produced when requested.

DECs are required for public buildings over 1000m² and the certificate must be displayed – a fine can be issued if this certificate is not displayed or produced when requested. Town Hall, Angel Court and Leisure World require this certificate and it must be reviewed annually or subject to major alternations or improvements. These are provided by our energy management company.

10.7 ECO & Green Deal

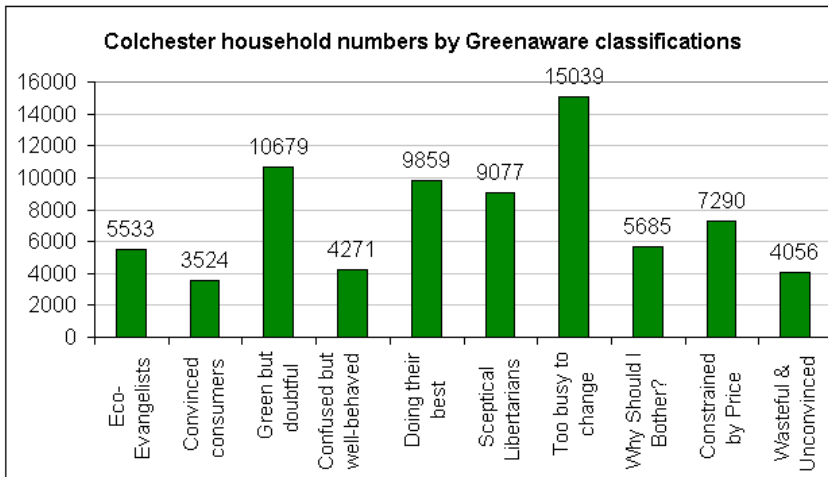
The Government states that both Green Deal and ECO are designed to reduce carbon emissions from the domestic and non-domestic building stock which is essential if the UK is to meet its statutory domestic carbon budgets.

ECO was introduced in January 2013, with targets to be met by 31st March 2015, delivery of these initial ambitious targets have been extended to March 2017, with the scheme proposed to run up until at least 2022.

In March 2014, when the Government carried out consultation on [‘The future of ECO’](#) the proposals made for ECO were intended to increase the flexibility of the scheme and lower overhead costs associated with its implementation. The proposals within the consultation suggested extending ECO with a new provision for support to enable delivery of carbon-saving energy efficiency measures, such as insulation, which will alleviate the risk of fuel poverty. CBC joined forces with the HECA East Group to develop a response to the consultation (with Councils from Essex, Suffolk and Norfolk taking part). The consultation recognised the importance of access to accurate and timely cost information to ensure consumers can better understand the schemes available to them, and concluded that the scheme needed to be extended so that targets for delivery provided longer term certainty.

The Green Deal Home Improvement Fund was a new incentive active between June - July 2014 offering a new incentive to claim back up to £7,600 towards energy efficiency improvements such as solid wall insulation, heating and glazing. Further funding rounds are expected and the Council has a designated area on the [website](#) so up to date information can be quickly disseminated when updates for residents are available.

10.8 Green Aware Reporting



Data source: Mosaic household classifications and Mosaic public sector data

We are able to drill down by street and postcode to analyse household types, and their inclination towards green issues. An example of the type of analysis we can provide is shown in the table above.

10.9 Biodiversity Duty

Defra provides guidance for public authorities on [implementing the Biodiversity Duty](#). Public authorities have a key role to play in the conservation of biodiversity because the Duty is relevant to a wide variety of public authority functions and services. The guidance aims to help all staff to have regard to biodiversity in undertaking their work, and to inform senior executives about the opportunities to take account of biodiversity at corporate level.

The guidance draws on a wide range of information sources that provide advice on different activities and functions of public sector organisations. The guidance is intended to assist public authorities in meeting the Biodiversity Duty but it does not provide a definitive interpretation of legislation or provide exhaustive recommendations for conserving biodiversity.

11. Membership

Colchester Borough Council is a member of the following groups:

- Carbon Action Network (CAN);
- Carbon Reduction Officers Essex (CO2RE);
- UK Homes Energy Conservation Association (UK HECA);
- The Essex Resilience Forum;
- Eastern Homes Energy Officers Network (E-HEON);
- National Energy Action (NEA).

Cabinet

Item
9(i)

28 January 2015

| | | | |
|-----------------------|--|---------------|---------------------------------|
| Report of | Assistant Chief Executive | Author | Sean Plummer ☎ 282347 |
| Title | 2015/16 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast | | |
| Wards affected | n/a | | |

This report requests Cabinet to recommend to Council:

- **The 2015/16 General Fund Revenue Budget**
- **Colchester’s element of the Council Tax for 2015/16**
- **The Medium Term Financial Forecast**
- **The Capital Programme**
- **The Prudential Indicators and Treasury Management Strategy and Annual Investment Strategy**

1. Decisions Required

- 1.1 To note that the outturn for the current financial year is forecast to be within budget and that a reduction in the use of the Food Waste grant is proposed (paragraph 3.5).
- 1.2 To approve the cost pressures, growth items (including proposed use of New Homes Bonus), savings and increased income options identified during the budget forecast process as set out at Appendices B, C D and E.
- 1.3 To consider and recommend to Council the 2015/16 Revenue Budget requirement of £23,231k (paragraph 6.7) and the underlying detailed budgets set out in summary at Appendix F and Background Papers subject to the final proposal to be made in respect of Council Tax.
- 1.4 To recommend to Council Colchester’s element of the Council Tax for 2015/16 at £175.23 per Band D property, which represents no change from the current rate noting that the formal resolution to Council will include Parish, Police, Fire and County Council precepts and any changes arising from the formal Finance Settlement announcement and final completion of the business rates NNDR 1. This will be prepared in consultation with the Leader of the Council.
- 1.5 To note the provisional Finance Settlement figures set out in Section 7 including the figures for the business rates retention scheme and the arrangements for completion of the required return of estimated business rates income as set out at paragraph 7.11.
- 1.6 To agree the Revenue Balances for the financial year 2015/16 as set out at Appendix I and agree that the:-
 - the minimum level be set at a minimum of £1,800k

- £71k of balances be applied to finance items in the 2015/16 revenue budget.
 - A contribution to balances of £560k be made in respect of the specific items shown at paragraph 9.9
- 1.7. To note the updated position on earmarked reserves set out in section 10 and agree the release of £20k from the S106 monitoring reserve
 - 1.8. To agree and recommend to Council that £100k of Revenue Balances be earmarked for potential unplanned expenditure within the guidelines set out at paragraph 11.3.
 - 1.9. To note the Medium Term Financial Forecast for the financial years 2015/16 to 2018/19.
 - 1.10. To note the position on the Capital Programme shown at section 14 and agree:-
 - the releases set out in paragraph 14.5 and 14.6.
 - to recommend to Council the inclusion in the Capital Programme of the Priory Street Car park scheme set out in paragraph 14.7
 - 1.11 To note the comments made on the robustness of budget estimates at section 15.
 - 1.12. To approve and recommend to Council the 2015/16 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the background paper at Appendix M.

2. Background Information and Summary

- 2.1 The 2015/16 Revenue Budget and the Capital Programme have been prepared in accordance with a process and timetable agreed at Cabinet and endorsed by the Scrutiny Panel (Appendix A).
- 2.2. The Revenue Budget for 2015/16 has been prepared against a background of meeting the Council's Strategic Plan objectives whilst continuing to face significant financial pressures from the reductions in core Government funding. Every effort has been made to produce a balanced budget that includes a deliverable level of savings and income and provides for investment in key services. This has been achieved through a budget strategy that has resulted in:-
 - the delivery of savings through the fundamental service review process
 - making efficiencies through specific budget reviews and contract renewals
 - maximising new and existing income streams
 - recognising cost pressures and making decisions on budget changes where necessary
- 2.3. The budget includes savings or additional income of £2.2m. This compares to £2.7m included within the 14/15 budget. The majority of savings are based on proposals to work more efficiently and to maximise opportunities to increase income, however, budget reductions are also included.
- 2.4. Core Government funding for 2015/16 is being reduced by £1.3m. In total since 2011/12 this funding has now been reduced by £5.9m with further reductions expected in future years.

- 2.5. The budget includes a significant level of investment predominantly funded through the New Homes Bonus. This includes funding for projects which will support the delivery of increased income and projects that will support the community. An allocation has also been made for projects that will specifically support the new Strategic Plan.
- 2.5. The financial outlook set out within the Medium Term Financial Forecast (MTFF) shows that further reductions in core Government funding and cost pressures faced by the Council mean that the position will remain challenging. Having found a significant level of savings and additional income over recent years, and, with more forecast to be delivered through the Universal Customer Contact FSR (UCC FSR), the scope to find further savings to bridge remaining budget gaps without reductions in service levels continues to reduce.
- 2.6. Legislative changes such as the introduction of the Local Council Tax Support (LCTS) Scheme and the introduction of the business rates retention scheme have brought new financial risks for the Council to consider now and in future years. The budget includes consideration of these issues and recommends steps to manage the risks. However, the 15/16 budget also makes an assumption in terms of an increase in the level of retained business rates and the decision to join the Essex Business Rate Pool is expected to provide the potential for a further level of additional income.
- 2.7. Further information on the budget is provided in the following paragraphs.
- 2.8. This report should be read and considered alongside the report in respect of the Housing Revenue Account and Housing Investment Programme to provide a full assessment of the Council's financial position and plans.

3. Current Year's Financial Position

- 3.1 In order to inform the 2015/16 budget process and forecast level of reserves it is useful to first review the current year's financial position. Revenue budgets are monitored on a monthly basis with regular reports to Senior Management Team and the Scrutiny Panel. A considerable amount of work has been undertaken to determine a reasonable forecast of the year-end position.
- 3.2 The current position is that the forecast outturn is expected to be within budget, with the likelihood that there could be a net underspend. Cabinet will consider this as part of the final accounts process and it will be reflected in the 2016/17 budget setting cycle. The 2014/15 budget included c£2.7m of savings and increased income and it has been reported during the year that these have largely been achieved.
- 3.3 As part of the budget setting process, consideration has also been given to the use in the current financial year of our Food Waste Grant. It is proposed that we will use £198k less of the grant in the current year than originally included in the budget, meaning the cost pressure of when it will all have been used will be deferred to 2017/18. This is also reflected in the 2015/16 budget proposals.
- 3.4 There remain some outstanding risks to the forecast and the position continues to be monitored and Scrutiny Panel will receive a report setting out a detailed position.

- 3.5 **Cabinet is asked to note that the forecast outturn position for the current year is expected to be within budget including the proposal to use £198k less of the food waste grant. The position will continue to be monitored.**

4. 2015/16 Revenue Cost Pressures

- 4.1 Appendix B sets out revenue cost pressures of £1.996m, over the 2014/15 base, which have been identified during the budget process. This includes an inflation allowance, the impact of reduced income and some specific service cost pressures.
- 4.2 A number of the cost pressures have been considered by Cabinet. However there are a number of changes including those reflecting work carried out to review budget variances in 14/15 and to assess the extent to which this may continue into 15/16.
- 4.3 Whilst not shown within the list of specific cost pressures the budget includes proposals totalling £71k in respect of carry forward items. These represent temporary staff resources supporting operational services and regeneration projects. This is reflected in the use of balances set out at paragraph 9.8.

- 4.4 **Cabinet is asked to approve inclusion within the 2015/16 Revenue Budget of the cost pressures set out at Appendix B.**

5. 2015/16 Growth Items

- 5.1. Appendix C sets out revenue growth items totalling £1.597m which are recommended for inclusion in the budget. This report now shows planned investment arising from the increase in the New Homes Bonus grant for 2015/16 of £1.2million. This reflects the approach to minimise the risk of changes to levels of New Homes Bonus funding by allocating the increase to one off investment to support corporate priorities. In addition it is proposed to reduce the use of the New Homes Bonus in supporting the base budget meaning that an additional sum of £238k has been made available to contribute toward projects supporting the delivery of new Strategic Plan.
- 5.2. In total there are new proposals for using the New Homes Bonus of £1.935m. This is set out at Appendix D.

- 5.3 **Cabinet is asked to approve inclusion within the 2015/16 Revenue Budget of the growth items shown at Appendix C and the use of the New Homes Bonus at Appendix D.**

6. 2015/16 Revenue Saving / Increased Income / Technical Items

- 6.1. Appendix E sets out savings / increased income totalling £2.243m.
- 6.2. This level of savings and increased income is similar to the amount identified for the 14/15 budget and represents a very significant sum. All proposals are set out within the appendix, the majority of which were reported and in some specific cases agreed at the last Cabinet meeting.

Technical Items / Adjustments

- 6.3. There are a number of various adjustments to our technical budgets such as the impact of recharges to the HRA and parking partnership and other smaller budgets. In total there is a net budget pressure from these items of £20k

- 6.4. **Cabinet is asked to approve inclusion of the savings / increased income items set out at Appendix E within the 2015/16 Revenue Budget.**

6.5. Summary Total Expenditure Requirement

- 6.6 Should Cabinet approve the items detailed above, the total expenditure requirement for 2015/16 is as follows:

| | £'000 |
|--|---------------|
| 2014/15 Budget (excl. New Homes Bonus) | 22,106 |
| Less: 2014/15 one-off items | (199) |
| Cost Pressures (as per Appendix B) | 1,996 |
| Growth (as per Appendix C) | 1,597 |
| Savings/Increased Income (as per Appendix E) | (2,243) |
| Budget carry forward items | 44 |
| Other technical items (see para. 6.3) | 20 |
| Forecast Budget 15/16 (excl. New Homes Bonus) | 23,321 |

Note. A summary of the 2015/16 budget is set out at Appendix F and a more detailed summary of service group expenditure is attached at Appendix G. Further detailed service group expenditure is available.

- 6.7. **Cabinet is asked to agree and recommend to Council the net revenue expenditure requirement for 2015/16 and the underlying detailed budgets set out in Appendix F.**

7. Finance Settlement (Government Funding)

- 7.1. The provisional Local Government Finance Settlement was announced in Parliament on 18 December 2014. The Settlement includes a number of funding arrangements, concepts and terminology introduced in 2013/14. This section of the budget report provides a summary of the key issues including:-
- Settlement Funding Assessment (SFA) including Revenue Support Grant (RSG)
 - Business Rates Baseline and tariffs and top-ups, levies and safety net

Settlement Funding Assessment (SFA)

- 7.2. The SFA is the total funding figure from Government which comprises both Revenue Support Grant (RSG) and retained business rates. In 2013/14 a number of grants were "rolled into" the SFA such as the LCTS grant and homelessness funding. For 2015/16 the only change is to include the Council Tax freeze grant received in 2014/15.
- 7.3. Each local authority's settlement funding has been split into two parts:-
- Funding provided through Revenue Support Grant

- Funding provided through business rates retention scheme (baseline funding level)

7.4. The business rates baseline level increases by inflation to reflect the level of increase in business rates. As such, where the SFA is being reduced by £1.3m (15%) this equates to an actual cut of almost 30% in our RSG.

| | 2014/15 | 2015/16 | Cut | |
|-------------------------|---------|---------|--------|--------|
| | £m | £m | £m | % |
| SFA:- | | | | |
| Revenue Support Grant | 4,550 | 3,195 | -1,355 | -29.8% |
| Business Rates Baseline | 3,854 | 3,927 | 73 | 1.9% |
| | 8,404 | 7,122 | -1,282 | -15.3% |

7.5. The split of the settlement funding is important. The Revenue Support Grant element is a non ring-fenced fixed grant. The baseline funding level is used as part of the retention of business rates scheme as explained below.

Business Rates Baseline and tariffs and top-ups

7.6. The starting point of the business rates retention scheme in 2013/14 comprised an assessment by Government of the total local share of Business Rates for 2013/14, and then Colchester's proportionate share was calculated based on our historic business rates collection as a percentage of the overall business rate yield.

7.9. The retention scheme includes a system of tariffs and top-up adjustments. A local authority must pay a tariff if its individual authority business rates baseline is greater than its baseline funding level. Conversely, a local authority will receive a top-up if its baseline funding level is greater than its individual authority business rates baseline. Tariffs and top-ups are fixed until the business rates retention system is reset and are updated by RPI each year to reflect the increase in NNDR.

7.10 The following table sets out a summary of the baseline position for Colchester for 2015/16 showing the required tariff payment of £19.9m.

| | |
|----------------------------|--------------|
| | £'000 |
| Billing Authority Baseline | 29,850 |
| Preceptor's share | 80% |
| Individual Baseline | 23,880 |
| Baseline funding | 3,927 |
| Tariff | 19,953 |

7.11. The arrangements for business rate retention require the Council to agree an estimate of business rates income for the coming year, 2015/16. This return (the NNDR 1) must be signed off by the Council's Section 151 Officer by 31 January. This return includes a number of key assumptions in respect of collections rates, growth in business rates and an allowance for the impact of revaluation appeals. Based on initial projections it is anticipated that the NNDR 1 will show additional income above the baseline funding level, of which the Council's share is forecast to be in the region of £700k. This takes into account the estimated Section 31 grant due to the Council in relation to business rates relief provided to small businesses

and retailers, which forms part of the Levy and Safety Net calculation. This will remain a risk and one which will be considered in the final paper for Full Council and within updates to the MTFF.

Levy and Safety net

- 7.12 The business rate retention scheme includes a degree of protection against reduction in business rates collected (the Safety Net) and a method for limiting the amount of any growth that an authority can keep (the Levy).

Safety net

- 7.13. The safety net is set at 7.5%. This means that 92.5% of the NNDR baseline in year is guaranteed. The safety net provides a measure for the risk CBC will be exposed to in any one year. The safety net threshold for Colchester is £3.633m (92.5% of £3.927m).

Business Rates Pooling

- 7.14 Under the business rates retention scheme local authorities are able to come together, on a voluntary basis to pool their business rates receipts and then agree collectively how these will be distributed between pool members.
- 7.15 Pooling has the benefit of enabling income that would otherwise be paid to Government as a 'Levy' to be retained in Essex, providing that districts experience growth above their baselines. However the protection each authority receives under the safety net arrangements in the event of a shortfall is removed, with the 7.5% safety net only applying to the overall pool.
- 7.16 In 2013 eight District Councils together with the County Council and Fire Authority developed a pooling agreement for 2014/15 that unfortunately had to be withdrawn at a very late stage due to key information still being outstanding from the Government.
- 7.17 It was agreed by Cabinet in principle and later by the Portfolio Holder for Business and Resources to join a 2015/16 Essex pool for non-domestic rates. A total of nine District Councils together with the County Council and Fire Authority are considering becoming part of the 2015/16 pool. The pool lasts for a minimum of one year, but any changes to the pool for the second or subsequent years would result in the need to disband the pool and reapply for a new one to be set up.
- 7.18 It should be noted that the information set out in this report in respect of business rates reflects the arrangements for business rate retention as an individual authority and not in a pool. This is because at the time of writing this report the pooling agreement between authorities is still to be finalised. However, it is projected that the Council will retain additional business rates income as part of this arrangement and that this will be considered in future year's budget reports and an update of the MTFF.

Summary

- 7.19. This section of the report seeks to explain the key funding mechanism within the settlement and key figures. It is acknowledged that the finance reforms bring a number of risks and the potential for rewards to the Council. These are considered as part of the balances assessment later in this report.

7.20. The Settlement is provisional and subject to consultation which ends on 15 January 2015. Traditionally, there has been very little change between the provisional and actual Settlement. Any marginal change to the Council's entitlement will be reflected in the final budget recommendation to Council.

7.21. In addition to the settlement funding figures other grants have been announced. The key grant for Colchester is the New Homes Bonus

New Homes Bonus

7.22. The 2015/16 grant includes elements reflecting growth in the tax base during 2009/10 to 2013/14 and also the bonus payable in respect of delivering affordable homes for the last 3 years. The last budget update report considered by Cabinet included an estimate of the total grant. The final figure is a total grant for 2014/15 of £4.61m, an increase of £1.2m. An analysis is shown below:-

| | Grant re: tax base growth | Affordable Homes Bonus | Total |
|--|---------------------------|------------------------|--------------|
| | £'000 | £'000 | £'000 |
| Payable annually until 16/17 | 724 | n/a | 724 |
| Payable annually until 17/18 | 749 | 52 | 801 |
| Payable annually until 18/19 | 986 | 105 | 1,091 |
| Payable annually until 19/20 | 757 | 37 | 794 |
| Total paid in 2014/15 | 3,216 | 194 | 3,410 |
| Payable annually until 20/21 –increase for 2015/16 | 1,185 | 16 | 1,201 |
| Total due in 2015/16 | 4,401 | 210 | 4,611 |

7.23. The budget strategy has been that any increase in New Homes Bonus would be used for one-off items. The existing methodology of the scheme means that we will receive *at least* this level of grant until 2016/17.

7.24. It has been highlighted in previous Cabinet reports that specific funding allocated by the Government for the New Homes Bonus is insufficient to meet the total cost of the scheme, therefore the shortfall is met by the main formula grant funding allocation. As such it is important that the New Homes Bonus is considered alongside the core grant funding and this issue is considered later in the report and as part of the Medium Term Financial Forecast (MTFF).

7.25. Appendix H sets out a summary of the proposed use of the New Homes Bonus. This shows specific expenditure plans linked to the New Homes Bonus of £2.67m which equates to 58% of the current total New Homes Bonus. Whilst the grant is being used to an extent to support the ongoing budget it is also being applied for one-off investment linked to the Council's priorities.

8. Council Tax, Collection Fund and Business Rates

Council Tax Rate

8.1. A freeze in the Council Tax rate of £175.23 is proposed for 2015/16 which means that the rate has been unchanged since 2010/11.

- 8.2. The Local Government Act 2003 gave local billing authorities the ability to vary the discounts on second and empty homes. More recently local authorities were also given the opportunity to use new powers within the Finance Bill to reduce the level of discounts currently granted in respect of second homes and some classes for empty properties. No changes are proposed to the existing arrangements and it is recommended to Council that the Council Tax setting report includes these discounts.

Council Tax referendum

- 8.3. The Localism Act introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered as excessive Council Tax, including proposed limits. From 2013 onwards, any council that wishes to raise its Council Tax above the limits that apply to them will have to hold a referendum. The result of the referendum will be binding.
- 8.4. The Secretary of State has proposed that the maximum increase a council can set without a referendum is 2%.
- 8.5. Currently, local precepting authorities (i.e. parish and town councils) are not included in the proposed principles. However, the Government has previously stated that it will monitor increases in this sector and has not ruled out setting principles that will apply to high spending town and parish councils and this has been raised as an issue within the settlement consultation.

Council Tax Freeze Grant 2015/16

- 8.6. The Government announced this year that there would be a grant available for authorities that do not increase Council Tax. The grant has been confirmed and is equivalent to a 1% increase in Council Tax. This is the fifth Council Tax freeze grant

| | Grant £'000 | Period paid / payable |
|---------------------------------|----------------|-----------------------|
| <i>Grants Received:-</i> | | |
| • Council Tax Freeze in 2011/12 | 267 | 2011/12 to 2015/16 |
| • Council Tax Freeze in 2012/13 | 269 | 2012/13 only |
| • Council Tax Freeze in 2013/14 | 109 | 2013/14 to 2015/16 |
| • Council Tax Freeze in 2014/15 | 107 | 2014/15 and 2015/16 |
| <i>Grant available :-</i> | | |
| • Council Tax Freeze in 2015/16 | 114 | Payable in 2015/16 |

- 8.7. It should be noted that the Government has previously announced that all Council Tax freeze grants we continue to receive, and the funding for the next 2 freeze years (14/15 and 15/16) will be built into the spending review baseline. Through this Government hope to give greater certainty for councils that the extra funding for freezing Council Tax will remain available, and there will not be a 'cliff edge' effect from the freeze grant disappearing in due course. This will of course be subject to future Government funding announcements. For 2015/16 we have assumed that the grant is a one-off.

Collection Fund

- 8.8. As part of the formal budget setting process, the Council is required to estimate each year the estimated surplus or deficit arising from the Council Tax Collection Fund as at 31 March.
- 8.9 2013/14 included a number of significant changes that affected Council Tax such as the introduction of the Local Council Tax Support (LCTS) Scheme and also changes to discounts and exemptions for Council Tax such as those on second homes and empty properties. A prudent approach was therefore taken when agreeing these assumptions. In addition there was significant growth in the number of properties in the borough during this period, which resulted in the surplus as at 31 March 2014 being considerably higher than had been forecast. The combined impact of these assumptions means that there is a surplus of £409k to be included in the 2015/16 budget.

Business Rates

- 8.10. The scheme for the local retention of business rates works in a similar way to Council Tax and the Collection Fund arrangements in that part of the budget setting process for 2015/16 includes an assessment of the forecast surplus / deficit position for the current year, together with the variance between the forecast and actual outturn position for the previous year.
- 8.11. As was highlighted when the business rates retention scheme started, these arrangements have brought a number of new risks such as the impact of any growth or contraction in local businesses, the general economic environment and how this impacts on collection rates and bad debts and, perhaps most significantly, the impact arising from changes to the rateable value of properties following appeals.
- 8.12. Whilst there remains a considerable amount of uncertainty in respect of the forecast for this year, the budgeted position for 2015/16 largely reflects the difference between the Council's share of the 2013/14 surplus and the safety net position that had been projected at this point last year. The impact being a surplus of £400k to be included in the 2015/16 budget.

9 Revenue Balances

- 9.1 The Local Government Act 2003 places a specific duty on the Chief Financial Officer to report on the adequacy of the proposed financial reserves of an Authority when the budget is being considered. This section and section 11 address this requirement.

Minimum level of balances

- 9.2. Cabinet, at its meeting on 26 November 2014, considered a report setting out the outcome of a risk analysis in respect of the Council's Revenue Balances. Cabinet agreed with the recommendation that Revenue Balances should be maintained at a minimum of £1.8m and that the situation would be reviewed based on the implications and details of items such as the grant settlement, budget savings and other variables.
- 9.3. In considering the level at which Revenue Balances should be set for 2015/16, Cabinet should note the financial position the Council is likely to face in the medium term through the levels of future Government funding and legislative system in place for business rates and LCTS scheme.

- 9.4. The analysis of the business rates retention scheme and specifically the operation of a safety net shows that there is a risk to the Council's budget. Previously, our approach had been to budget at the baseline level, meaning that the risk was equivalent to the safety net of c£0.3m. However, we have a greater degree of confidence over business rates income exceeding the baseline and have therefore included additional income in the budget.
- 9.5. Consideration has previously been given to the risk arising from changes to local government finance such as NNDR and also the LCTS scheme and a provision of £400k is included within balances.
- 9.6. Given this, and based on the assumptions built into the budget, it is proposed to maintain balances at a minimum of £1.8m. The ongoing impact of the various local government reforms will be assessed as part of the budget strategy for 2016/17 and the level of balances can be reviewed at that time.

Level, use of balances and contributions

- 9.7. The use of balances to support the budget can be considered where there is scope and it is prudent to do so. Our normal approach is to consider the use of balances to fund one-off items, however, funding one-off costs through the normal budget resources does ease budget pressures in future years.
- 9.8. There are some proposals which total £71k where budgets will be carried forward to 2015/16. For budget purposes these are therefore regarded as a use of balances and as such are reflected in the budget report.
- 9.9. As part of finalising the budget consideration has been given to certain emerging issues and it is proposed that allocations are made within balances against three specific risks areas:-

(i) General Fund / HRA balances - £280k

The Council used the provision in Schedule 4, Part III, paragraph 2 of the Local Government and Housing Act 1989 to transfer £280k from HRA Balances to the General Fund. This has enabled the Council to resolve a funding anomaly that occurred some years ago when the Capital Financing regulations changed, which resulted in funding being held within the HRA that was intended to support the General Fund capital programme. This did not impact on the reported HRA or GF position, as it is shown as a commitment in the HRA and therefore has never been planned to be used by the HRA

The transfer of balances received approval in principle from our external auditor prior to making the transfer. The decision was not subsequently challenged during the audit of the 2013/14 Statement of Accounts. The DCLG has written to us and other authorities who also transferred funds between the HRA and General Fund on 3 occasions asking for the rationale behind the transfers and they have said that they are still reviewing this. Whilst, the approach of Colchester was purely to resolve a funding anomaly and not simply taking advantage of a one off opportunity to transfer money from the HRA to General Fund there is a possibility that our transfer may be challenged. Therefore, should this amount be required to be transferred back to the HRA it is recommended that £280k be added to balances in order to fund the resulting shortfall on the general fund capital programme.

(ii) Collection Fund - £150k

The 15/16 budget includes one off Council Tax and NNDR collection fund surpluses. These are one-off gains reflecting changes in the year in terms of collection rates and the 'tax base'. It is proposed that £150k of these one-off gains is set-aside within balances against any future deficit that might arise and against any other one-off pressures relating to local taxation.

(iii) Housing benefits - £130k

The DWP operates a 'Local Authority Error Incentive scheme' to try to ensure that all local authorities monitor and keep their levels low, the incentive is offered by way of a % of the total claims processed. In previous years Colchester has maintained an optimum low level of error between two target percentage points, which has resulted in an extra income stream of c£200k.

In the last two years the level of LA error in the processing of HB claims has fallen at CBC, and this has resulted in a lower level of incentive payment (13/14 = £160k), and 14/15 is forecast to come in lower again c£120k and the final figure can hinge on one or two large cases being identified within the year, and the subsequent audit. The 2015/16 budget remains at the optimum level of £193k, but it should be recognised that this is not guaranteed grant and therefore a risk. This has been offset in the last few years by an improved recovery of HB overpayments.

Whilst it could be considered prudent to not budget for the LA error gain a more practical approach is that we hold an amount in balances against this risk and a sum of £130k is suggested for this purpose

9.10. The forecast position in respect of Revenue Balances is set out at Appendix I and shows balances at c£2m, £0.2m above the recommended minimum balance as set out in the agreed Risk Analysis. The level at which balances are held above the recommended minimum level is a matter for Cabinet and Council to consider. It should be noted that the Council will continue to face significant budget pressures over the coming years and that it may be necessary to use balances to support future budgets especially to fund any one-off costs. With future budget gaps, increasing risk and uncertainty and a requirement to deliver already stretching savings targets maintaining uncommitted or allocated balances at c£2m is considered appropriate.

9.11. Consideration has been given to a number of existing allocations held within balances and future calls on funds. These are reflected in the figures shown at Appendix I and include some changes to allocations including adjustments to reflect the final balances figure for 2013/14. Following the 2014/15 closure of the accounts it will be necessary to review all balances and the risk assessment to ensure allocations remain appropriate. This will be done as part of the 16/17 budget strategy and updated MTFF.

9.12 **Cabinet is recommended to approve Revenue Balances for the financial year 2015/16 be set at a minimum of £1.8m and to approve the use of £71k to support the revenue budget and the contributions to balances set out at paragraph 9.9.**

10. Reserves and Provisions

10.1. Cabinet at its meeting on 26 November 2014 considered the Council's earmarked reserves. As part of the budget process a review was undertaken into the level and appropriateness of earmarked reserves and provisions for 2015/16. The review

concluded that the reserves and provisions detailed were broadly appropriate and at an adequate level, however, it was stated that a further review would be done as part of this final report.

10.2. Appendix J sets out an updated position on these earmarked reserves and provisions. The table below summarises the total position showing the forecast level of the reserves at the end of March 2015, the split between General Fund and HRA and how much is 'committed'.

| | Committed / allocated | | Uncommitted / unallocated | | Total |
|-----------------------|-----------------------|--------------|---------------------------|-------------|--------------|
| | £'000 | (%) | £'000 | (%) | £'000 |
| <i>Reserves:-</i> | | | | | |
| General Fund | 4,967 | (90%) | 530 | (10%) | 5,497 |
| HRA | 2,485 | (100%) | - | | 2,485 |
| Total Reserves | 7,452 | (93%) | 530 | (7%) | 7,982 |
| Provision | 329 | (100%) | - | | 329 |

10.3. The proposed budget includes some changes to releases from reserves from those reported previously.

Capital Expenditure Reserve (CER) – Community Stadium - nil

10.4. The Council had previously agreed that an approach to minimise the revenue pressure is to fund the annual MRP (Minimum Revenue Provision) cost by identifying new capital receipts in the period of the borrowing for the community stadium. This then allows a release of revenue funds within the capital expenditure reserve.

10.5. It has previously been reported that the use of this reserve should be stopped and it has been reduced over recent years. It is proposed to stop using the reserve for the following reasons:-

- MRP should normally be funded from the base revenue budget recognising that they are ongoing costs
- The arrangement to use the CER reflected the assumption that the borrowing for the stadium would be temporary as capital receipts from future identified development would be used to repay debt. As this may now not be the case it is considered to prudent to reduce the use of the capital expenditure reserve.
- The CER is fully committed to the capital programme and as such to release the reserve requires new capital receipts to be identified each year.
- The level of the CER means that using the reserve may not be sustainable in the medium term.

Renewals and Repairs (R&R) Fund / Building Mtce. Programme

10.6 The building maintenance programme has been based on in-depth condition surveys of all Council building assets. The programme will continue to be developed over the coming year. The 2015/16 budget includes the proposal to continue to add £150k to support the cost of future repairs. New releases are possible for next year and will be reported to Cabinet as required.

S106 Monitoring Reserve – release of £20k

10.7. This reserve was set up to provide funds to support the future monitoring of Section 106 agreements. It is proposed to reduce the use of this reserve from £30k to £20k

Contributions to this reserve are made from S106 payments received in respect of monitoring and as the balance on the reserve is reducing it is suggested that the use of the reserve is also reduced to a more appropriate level.

- 10.8. **Cabinet is recommended to agree the:**
- **release of £20k from S106 monitoring reserve towards the costs of carrying out this function**

11. Contingency Provision

11.1 The Council's Constitution requires that any spending from Revenue Balances not specifically approved at the time the annual budget is set, must be considered and approved by full Council. This procedure could prove restrictive particularly if additional spending is urgent.

11.2 It is recommended that £100k of Revenue Balances be specifically earmarked for potential items of unplanned expenditure. It should be noted that based on current estimates if this sum was used during the year it would not take revenue balances below the recommended level of £1,800k, although if this were to be the case the Council would need to consider steps to reinstate balances at a later date.

- 11.3 **Cabinet is asked to agree and recommend to Council that £100k of Revenue Balances be specifically earmarked for potential items of unplanned expenditure which are:**
- **The result of new statutory requirements or**
 - **An opportunity purchase which meets an objective of the Strategic Plan or**
 - **Is considered urgent, cannot await the next budget cycle and cannot be funded from existing budgets**
 - **Authorisation being delegated to the Leader of the Council.**

12. Summary of Position

12.1 Summary of the Revenue Budget position is as follows:

| | £'000 |
|---|---------------|
| Revenue expenditure requirement for 2015/16 (para 6.6). | 23,321 |
| New Homes Bonus (para 7.22) | (4,611) |
| Use of balances re carry forward (see para 9.12) | (71) |
| Contribution to balances (see para 9.9) | 560 |
| Release of S106 monitoring reserve (para 10.7) | (20) |
| Budget Requirement | 19,179 |
| Funded by: | |
| Revenue Support Grant (para 7.4) | (3,195) |
| NNDR Baseline Funding (" ") | (3,927) |
| NNDR Improvement (para 7.11) | (700) |
| Collection Fund surplus (para 8.9) | (409) |
| Council Tax Freeze Grant (para 8.6) | (114) |
| NNDR surplus (para 8.12) | (400) |
| Council Tax Payers requirement (before Parish element) see below* | (10,434) |
| Total Funding | 19,179 |
| | |

| | |
|--|---------------|
| Council Tax* | |
| Council Tax Payers requirement (before Parish element) | 10,434 |
| Council Tax Base – Band D Properties | 59,547.4 |
| Council Tax at Band D | 175.23 |

- 12.2 **Cabinet is asked to agree and recommend to Council Colchester’s element of the Council Tax for 2015/16 at £175.23 per Band D property, which represents no change from the current rate noting that the formal resolution to Council will include Parish, Police, Fire and County Council precepts and any changes arising from the formal Finance Settlement announcement and final completion of the business rates NNDR 1.**

13. Medium Term Financial Forecast – 2015/16 to 2018/19

- 13.1. This Council, in common with most other local authorities, faces an ongoing difficult position in the medium term due to a range of pressures including providing statutory services, ongoing pressures caused by maintaining several sources of fees and charges and potential revenue implications of strategic priorities. However, the most significant factor that will impact on the budget will be the level of Government funding support including the ongoing uncertainty in respect of changes to financing arrangements
- 13.2. The Medium Term Financial Forecast (MTFF) is attached at Appendix K showing that the Council faces a continuing budget gap over the next three years from April 2015. The following table summarises the position showing a cumulative gap over the period from 2016/17 of c£3.2m

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | See para |
|------------------------------|----------|----------|----------|----------|----------|
| | £'000 | £'000 | £'000 | £'000 | |
| Net Budget (excl. NHB grant) | 23,321 | 22,805 | 22,912 | 23,369 | |
| SFA (incl. Freeze grant) | (7,236) | (6,201) | (5,781) | (5,362) | 13.4 |
| NNDR Growth | (700) | (800) | (900) | (1,000) | 13.9 |
| New Homes Bonus | (4,611) | (4,611) | (3,887) | (3,086) | 13.7 |
| Council Tax | (10,434) | (10,539) | (10,644) | (10,751) | 13.15 |
| Reserves / Collection Fund | (340) | (20) | (20) | (20) | |
| Cumulative Gap | 0 | 634 | 1,680 | 3,150 | |
| Annual increase | | 634 | 1,046 | 1,469 | |

- 13.3. To formulate the MTFF it is necessary to make a number of assumptions. Generally, these do not represent decisions but are designed to show the impact of a set of options for planning purposes. The key assumptions and savings required are set out at the Appendix and summarised below:-

Government Funding and Business Rates

- 13.4. The 2015/16 Finance Settlement announcement did not provide any provisional figures for 2016/17. Whilst not providing any real detail on which we can make projections for funding, the Autumn Statement did show that further reductions in grant should be assumed. The key figure for the Council’s financial planning is the

comparable level of settlement funding. The table below shows a planning assumption of a reduction of 13% in 2016/17 followed by reductions of 7% pa for the following two years, a total reduction of 25% over these three years.

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---------------------------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Revenue Support Grant | (3,195) | (2,195) | (1,695) | (1,195) |
| Business Rates Baseline | (3,927) | (4,006) | (4,086) | (4,167) |
| <i>Settlement funding</i> | (7,122) | (6,201) | (5,781) | (5,362) |
| Reduction (£'000) | | (921) | (420) | (418) |
| Reduction (%) | | 13% | 7% | 7% |

- 13.5. The table above excludes the Council Tax freeze grant for 2015/16 which is assumed will not be paid in 2016/17.
- 13.6. As set out within this report the New Homes Bonus is a key element of the Government's financial support for local authorities. The methodology of the scheme means that we should have degree of certainty over at least a minimum level of funding in the short to medium term. However, possible changes to the New Homes Bonus should be considered.
- 13.7. The MTFF provides a breakdown on how the New Homes Bonus may change over the next few years and at this stage a 'worst case' situation is shown within the figures. No increase is shown for next year and for the two years after it has been assumed that there will be no new NHB grant to replace the early years grant which 'drop out' after 6 years. It is assumed that current level of spending proposals linked directly to the New Homes Bonus will continue, although this assumption will need to be reviewed as part of the 2016/17 budget process. For later years it has been assumed that this money will be reduced by the same amount as the reduced grant.
- 13.8. Further changes in Government funding over the course of the MTFF are likely with potential reductions in grants for benefit administration. These are not yet factored in to the MTFF and will be considered alongside other grant changes.
- 13.9. The 15/16 budget includes the assumption that we will achieve an increase above the business rates baseline of £700k. In the MTFF it has been assumed that this will continue and an increase of a further £100k for each year thereafter. This assumption will need to be reviewed in future updates of the MTFF.

Pay, Inflation and costs

- 13.10. The 2015/16 budget includes an allowance for a pay award. For 2016/17 and beyond a sum is included for planning purposes to cover this and other inflationary pressures.
- 13.11. The 2014/15 budget included the outcome of the pension fund actuarial review which means that there will be no further increases in the pension fund deficit funding costs in 2015/16 or 2016/17. An assumption of an increased cost of £250k is shown for 2017/18 to recognise the likelihood of an increase following the next actuarial review and also an allowance for the impact of pensions 'auto enrolment'.

Forecast savings

- 13.12. The MTFF includes changes to forecast savings for 2016/7. These include savings previously identified through the UCC FSR, specifically, through efficiencies being made to processes and also through accommodation changes made through vacating Angel Court. Cost reductions and increased income are also forecast through improved procurement, and generation of commercial income from our assets and trading services. The MTFF also shows that the income from the sharing agreement with Essex County Council, Essex PCC and Fire Authority may end in 2018/19 and therefore a reduction is shown at that time.

Economic Background – Fees and charges

- 13.13. It is evident that there has been a reduction in some income budgets over recent years. The budget proposals for 2015/16 and 2014/15 have built in a number of adjustments to key areas such as car parking, community alarms, land charges and cemetery and crematorium. On this basis the MTFF assumes a broadly neutral position over the next three years and this will need to be reviewed annually to ensure income targets are reasonable.

Specific Cost Pressures

- 13.14. There are no service specific cost pressures included within the MTFF. However, there are a number of potential risks which will need to be considered including
- an increase in interest costs which are currently being minimised through internal borrowing
 - demands on services arising from growth in the Borough, although an allowance has been built into the 2015/16 budget.

Council Tax

- 13.15. The MTFF shows the position based on no increase in Council Tax. This is shown for planning purposes to represent a 'neutral' position in the MTFF position and does not represent a proposal. The MTFF does now include an allowance for an increase in Council Tax income through growth in the tax base of 1% pa.

Growth items

- 13.16. No allowance has been built in to the MTFF for further growth items in 2016/17. However, in 2017/18 and 2018/19 an allowance has been made for the impact of no longer using the exhausted Food Waste grant. This has changed from the position previously reported, reflecting the proposal to reduce the use of grant in each year. The MTFF also shows that the *assumed* reduction in New Homes Bonus will be offset by a reduced amount allocated for one-off projects as commented on earlier.

Summary

- 13.17. A realistic approach has been taken to the MTFF and it is evident that it will be necessary to revise a number of the assumptions set out. Critically, one of the most important elements will be the level of Government grant support received over the life of the MTFF.
- 13.18. In the 2015/16 budget savings of £2.2m have been found which, when looked at alongside the £9.8m identified in the budgets for 11/12 to 14/15, represents a significant level of budget savings found over 5 years. The MTFF shows that whilst anticipated savings from the UCC FSR will make a significant contribution to reducing future budget gaps, further budget changes will be necessary. Whilst we will continue to look for other areas of savings and efficiencies it will be increasingly hard to balance budgets without considering variations to current services.

13.19 **Cabinet is asked to note the medium term financial position forecast for the Council.**

14. Capital Programme

14.1. The Quarter 2 capital monitoring report that was reported to Scrutiny Panel on 11 November showed a total approved Capital Programme of £26.2m, and a projected spend for the year of £24.9m; the remainder of the funds being expected to be spent in 2015/16 and beyond. This is detailed in Appendix L. It should be noted that this shows only those schemes that are currently in the approved capital programme, and as such excludes the proposals within this report and potential future schemes that have been included in the medium term capital forecast.

14.2 The monitoring report highlighted that there is a forecast net overspend on the Capital Programme of £22.6k in respect of the following schemes:

| Scheme | Over/ (Under) £'000 |
|-------------------------------|------------------------|
| Town Hall DDA Sensory Project | 3.5 |
| Carbon Management Programme | (5.9) |
| Site Disposal Costs | 25.0 |
| Total Net Overspend | 22.6 |

14.3 As the Town Hall DDA Sensory Project and Carbon Management Programme are complete, it is proposed that the net amount of £22.6k is released to meet the site disposal costs that are required to secure future capital receipts.

14.4 A review of resources available to support the Capital Programme in the medium term has been carried out, and the following table provides a summary of the projected position for 2014/15. This shows a surplus that is available to support potential schemes in subsequent years.

| Detail | £'000 | Note |
|---|------------------|---|
| Balance of funds brought forward | 1,150.2 | Deficit |
| Capital receipts to date 2014/15 | (1,418.5) | |
| Projected receipts for 2014/15 | (889.0) | |
| Projected receipts for 2015/16 | (200.0) | |
| Revenue contribution | (100.0) | From New Homes Bonus for Priory St Car Park |
| Balance available | (1,457.3) | |
| New releases proposed now | 497.6 | See para 14.5 & 14.6 |
| New releases proposed for 2015/16 | 450.0 | See para 14.7 |
| Total forecast balance carried forward | (509.7) | Surplus |

14.5 Within the above forecast there is £1.46m of unallocated resources available to release. It is recommended that part of this is used for the priorities detailed in below, which all require resources during the 2014/15 or 2015/16 financial years.

- £22.6k net overspend as detailed in paragraph 14.2

- £180k Funding to facilitate the release of Capital Expenditure Reserve money for Community Stadium MRP as agreed in the 14/15 budget.
- £295k Castle Museum overspend (see below)

14.6. The estimated final project cost of the Castle Museum project is £4.45m. Build account is being finalised and project is in completion stage with finishing touches and final account expected in the next few months. The nature of this complex heritage build and the addition, at a later stage, of some additional (and very popular) new technology along with less EU funding than expected means we are estimating additional spend of around £295k on the budget. This will be reported to Scrutiny Panel as part of the Quarter 3 review.

14.7. There is one new scheme proposed to include in the capital programme in respect of Priory Street Car Park. As Priory Street car park is in an area that is going to be proactively regenerated it needs to be renewed and redesigned itself to match the improved facilities that will be provided. The renovation work will include ensuring that the spaces provided conform to the car park space standards, replacing the surface of the car park, and renewing lining. In addition it will provide a visitor attraction with the Roman wall floodlit, interpretation panels and possible interactive facilities for the public. This project will deliver a better designed car park that serves the existing and proposed businesses in the immediate area and the existing residents alongside a much improved environment for the Roman Wall as an ancient monument. The estimated cost is £450k, including £100k revenue contribution from the New Homes Bonus.

14.8 In addition to the above it is proposed that projects to be funded from 2015/16 New Homes Bonus monies that qualify as Capital Expenditure are released into the Capital Programme.

14.9 The medium term forecast of projected capital receipts and spending plans is shown in the table below. This separately identifies the forecast position for the General Fund Capital Programme as well as those to be considered by the Revolving Investment Fund (RIF) Committee. It can be seen that the overall programme is broadly in balance. However, the spending plans are indicative and are still to be reviewed alongside what alternative funding arrangements may be available.

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|--|----------------|----------------|--------------|----------------|-----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Fund | | | | | |
| Shortfall / (Surplus) b/f | 350 | (660) | (510) | (610) | (710) |
| New schemes | 1,298 | 350 | 100 | 100 | 100 |
| Capital receipts | (2,308) | (200) | (200) | (200) | (200) |
| Shortfall / (Surplus) c/f | (660) | (510) | (610) | (710) | (810) |
| Revolving Investment Fund | | | | | |
| Shortfall / (Surplus) b/f | 648 | (1,068) | (544) | (11) | (1,629) |
| New schemes | 1,200 | 3,000 | 2,550 | 1,600 | 5,500 |
| Capital receipts | (2,916) | (2,476) | (2,017) | (3,218) | (3,018) |
| Shortfall / (Surplus) c/f | (1,068) | (544) | (11) | (1,629) | 853 |
| Overall Shortfall / (Surplus) c/d | (1,728) | (1,054) | (621) | (2,339) | 43 |

15. Robustness of Estimates

- 15.1 The Local Government Act 2003 placed a specific duty on the Chief Financial Officer to report on the robustness of estimates in the budget proposals of an Authority when the budget is being considered. This section addresses this requirement.
- 15.2 As set out in this paper a rigorous process and timetable has been followed throughout the budget setting activity this year involving the Cabinet, Leadership Team, Scrutiny Panel, Senior Management Team, the Budget Group and budget holders. All key assumptions used have been reviewed and scrutinised as part of this process. The result of this process has been a budget which is, in my view, challenging but deliverable.
- 15.3. This latest review of the budget for this financial year, 2014/15, has shown that broadly speaking budgets have been achieved, Steps have been taken to revise some expenditure and income budgets over recent years and in general budget targets are felt to be realistic.
- 15.4. By taking appropriate action, exposure to further downgrading of assumptions has been reduced and to that extent some of the risk has been mitigated.
- 15.5. The savings and new income proposed in the budget have all been risk assessed. It should be noted that some of the savings shown for 2015/16 are additional savings or income following budget decisions taken already.
- 15.6. Whilst I consider that reasonable assumptions have been made to account for the pressures being faced there remains a degree of risk with the key areas being:-
- Meeting ongoing, and in some cases increasing, income levels in particular in respect of sport and leisure, car parks and cemetery and crematorium.
 - Delivery in the year of certain corporate savings such as procurement
 - Collection rates of Council Tax and changes in demand levels following the implementation of the LCTS scheme and other Council Tax changes
 - Collection rates and level of business rates (including the impact of appeals)
- 15.7. The budget risks will be managed during 2015/16 by regular targeted monitoring and review at Senior Management Team and Scrutiny Panel. The Revenue Balance Risk Analysis considered these areas in establishing a minimum level of required balance of £1.8m. In addition, specific allocations have been made against larger risks such as NNDR and LCTS and other identified areas.
- 15.8. The Council has faced a number of in year cost pressures, however, as shown within this report our current forecast is that we will be within budget this year. This shows, and the experience of previous years, that the Council has a track record of dealing with issues that may arise during the year.
- 15.10 Delivery of the budget will continue to require financial discipline led by SMT in terms of a number of budget reviews and by budget holders, ensuring expenditure is not incurred without adequate available budget and that income targets are achieved. Budget managers will continue to be supported through training and advice to enable them to do this.

15.11. Regular updates on forecast expenditure will also be important to ensure the budget is managed within the expenditure constraints set out and the Council continues to develop systems to provide better financial information through greater use of our commitments system and focused monitoring of key risk areas. A new system is being introduced to provide budget managers with clear up to date budget information which they can easily access and use to provide in year forecasts.

15.12 **Cabinet is asked to note the comments on the robustness of budget estimates.**

16. Treasury Management and Prudential Code Indicators

16.1. The proposed Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy (TMSS) for 2015/16 is included at Appendix M. The follow paragraphs contain a summary of the strategy for 2015/16, which covers the following issues:

- the capital plans and the prudential and treasury indicators;
- the Minimum Revenue Provision (MRP) Policy;
- the current treasury position;
- the economic background and prospects for interest rates;
- the borrowing strategy;
- the investment policy and strategy; and
- the policy on use of external service providers.

16.2. The Council's Prudential and Treasury Indicators for 2015/16 through to 2017/18 have been produced to support capital expenditure and treasury management decision making, and are designed to inform whether planned borrowing and the resultant revenue costs are affordable and within sustainable limits. The indicators take into account all the economic forecasts and proposed borrowing and investment activity detailed in the report.

16.3. The Minimum Revenue Provision (MRP) Policy Statement for 2015/16 states that the historic debt liability will continue to be charged at 4%, with the charge for more recent capital expenditure being based on the useful life of the asset and charged using the equal annual instalment method. This approach will be reviewed during the year and any proposed changes will be set out in future reports.

16.4. The UK Bank Rate has been unchanged from a historically low 0.5% since March 2009. The current view from the Council's treasury advisers is that the Bank Rate is expected to remain unchanged until quarter 4 of 2015. **Appendix A to the TMSS** draws together a number of current forecasts for short term and longer term interest rates.

16.5. The Council is currently maintaining an under-borrowed position. The borrowing strategy is to reduce the difference between gross and net debt by continuing to 'borrow internally', which is primarily due to investment rates on offer being lower than long term borrowing rates. This has the advantages of maximising short-term savings and reducing the Council's exposure to interest rate and credit risk. This approach is intended to be maintained during the year.

16.6. The investment policy reflects the Council's low appetite for risk, emphasising the priorities of security and liquidity over that of yield. The main features of the policy are as follows:

- The Council will only invest with institutions with the highest credit ratings, taking into account the views of all credit rating agencies and other market data when making investment decisions.
- The Council will use the creditworthiness service provided by Capita Asset Services, which combines data from credit rating agencies with credit default swaps and sovereign ratings.
- The Council will only use approved counterparties from countries with the highest credit rating of 'AAA', together with those from the UK.
- The suggested budgeted return on investments placed for periods up to 100 days during the year is 0.60%.
- The Council will now consider longer-term deals if attractive rates are available within the risk parameters set by the Council.

16.7. Investment instruments identified for use in 2015/16 are detailed in **Appendix B to the TMSS**. The investment limits shown focus solely on short and long-term ratings to reflect the changes to Capita Asset Services' credit rating methodology detailed in the report. It should also be noted that whilst this table includes a wide range of investment instruments, it is likely that a number of these will not be used. However, their inclusion enables the required credit controls to be stated if their use is to be considered.

16.8. **Cabinet is asked to agree and recommend to Council the 2015/16 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the paper at Appendix M**

17. Strategic Plan References

- 17.1. The budget forecasting process has been underpinned by the Strategic Plan. The objectives of the Strategic Plan have informed all stages of the budget setting process.
- 17.2. Appendix N provides an assessment of the links between the Strategic Plan and budget strategy.
- 17.3. This agenda includes a report on the new Strategic Plan for 2015-2018. The budget includes an allowance for additional resources to support actions for delivery of the Strategic Plan in areas where additional resources are required.

18. Financial Implications

18.1 As set out in the report.

19. Publicity Considerations

19.1 Arrangements will be made to publish the approved tax levels in the local press in accordance with the legal requirements.

20.1. Human Rights Implications

20.1 None

21. Equality and Diversity

21.1. Consideration has been given to equality and diversity issues in respect of 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.

22. Community Safety Implications

22.1 None

23. Health and Safety Implications

23.1 There are possible implications with removal of resources and some of the proposed savings, but each case has been reviewed and dealt with individually to mitigate or ensure risk is minimised.

24. Risk Management Implications

24.1 Risk management has been used throughout the budget process and specific consideration has been given to the Council's current risk profile when allocating resources. This is reflected in the corporate risk register.

25. Consultation

25.1. The budget will be scrutinised by Scrutiny Panel on 27th January 2015. The statutory consultation with NNDR ratepayers takes place in either January or early February 2015 and notes of the meeting will be provided in due course.

Background Papers

Budget reports to Cabinet – 26 November 2014

| 2015/16 Budget Timetable | |
|---|---|
| Budget Strategy March 14 – July 2014 | |
| March – June (SMT and Budget Group) | Budget Group Meetings Agreed Update MTFF /Budget Strategy Review potential cost pressures, growth and risks Consider approach to budget Initial budget reviews started |
| Cabinet – 30 July 14 | <ul style="list-style-type: none"> • Report on updated budget strategy / MTFF • Timetable approved |
| Scrutiny Panel – 19 August 14 | Review Cabinet report |
| Detailed Budget preparation and Budget Setting Consultation | |
| Budget Group / Leadership Team regular sessions on progress / budget options up to December 14 | Review budget tasks Consider delivery of existing Fundamental Service Reviews |
| Cabinet – 3 September 14 and /or 15 October 14 | <ul style="list-style-type: none"> • Budget Update • Review of capital resources / programme • Consider any impact arising from in year budget monitoring. |
| Cabinet – 26 November 14 | <ul style="list-style-type: none"> • Budget update • Reserves and balances • Agree fees and charges / budget changes • Government Finance settlement (if available) |
| Scrutiny Panel – 27 January 15 | Review consultation / Budget position (Detailed proposals) |
| Cabinet – 28 January 15 | Revenue and Capital budgets recommended to Council |
| Council – 18 February 15 | Budget agreed / Capital programme agreed / Council Tax set |

2015/16 Revenue Cost pressures

Heads of Service / Portfolio Holders have been asked to contain cost pressures within existing budget allocations wherever possible. The following are specific areas where budget allocations have been increased. Changes since the report to Cabinet on 26th November 2014 are highlighted.

| | Current allowance £'000 | Updated allowance £'000 | Comment |
|---------------------------------|----------------------------|----------------------------|---|
| Inflationary pressure | 640 | 640 | Net inflation impact. This allowance includes adjustments to reflect assumptions in respect of pay and energy as well as other general changes. |
| Park and Ride – Car park income | 300 | 300 | An allowance is included in the budget for a reduction in car park income arising from the introduction of park and ride. |
| Borrowing – interest costs | 100 | 50 | An allowance for an increase in borrowing costs. |
| Fleet costs | | 38 | Additional costs of fleet in line with changes to vehicles in 2015/16. |
| Insurance costs | | 30 | Increase in premiums primarily relating to insuring vehicles. |
| Elections | | 9 | Increase in costs relating to the processing of Electoral Registrations. |
| Benefits/LCTS Admin Grant | | 87 | The Government has recently announced reductions to the administration grant provided in respect of Housing Benefit and the LCTS scheme. |
| New Burdens Grant | | 65 | The DWP has announced reductions to the New Burdens grant provided in respect of LCTS. |
| Food Waste Grant | | 200 | Proposed reduced use of food waste grant. |
| IT Servers | | 250 | One-off cost relating to the Server upgrade programme that we are required to deliver, due to the fact that Windows 2003 servers will no longer be supported. |

| | Current allowance £'000 | Updated allowance £'000 | Comment |
|--|----------------------------|----------------------------|--|
| NNDR Empty Properties | | 50 | Resources relating to the continuation of inspection activity funded in 2014/15 from the New Homes Bonus. |
| Fraud Compliance | | 12 | CBC contribution to new business case which also attracts additional funding from ECC, Police and Fire. |
| Provision for service pressures re: growth in borough (e.g. waste) | | 200 | Provision in recognition of growth in the borough, and the associated impact on front-line services. |
| Middleborough Service Charge | | 25 | Increase in costs as a result of planned maintenance being undertaken. |
| EMT – Local Government Devolution | | 5 | One off cost for a piece of collaborative work with all Essex Districts and the County Council to look at options for what greater devolution to local government might look like. |
| Revenues and Benefits Funding | | 35 | Costs associated with providing support for technical areas of the service that were previously being funded through various small Government grants. |
| Total | 1,040 | 1,996 | |

2015/16 Growth Items

The following are growth items included in budget proposals. Changes since the report to Cabinet on 26th November 2014 are highlighted.

| | Current allowance £'000 | Updated allowance £'000 | Comment |
|---|----------------------------|----------------------------|--|
| Big Screen | 25 | 25 | Big Screens are used regularly to provide opportunities for social engagement and family outdoor activities including movies and sporting events in public places. This funding will enable a one off or short term provision of a large outdoor screen during 2015. |
| Economic Development Grants | 33 | 33 | The base budget reflects the ending of the agreed funding for the Eastern Enterprise Hub. It is proposed to re-invest part of this into the grants budget providing additional resources for organisations to bid for. This will be a one off proposal for 2015/16. |
| Allowance for affordable housing | 27 | 16 | Growth achieved through New Homes Bonus element allocated to support affordable housing initiatives |
| Investment funded through New Homes Bonus | 1,184 | 1,185 | One off funding to be allocated to support <ul style="list-style-type: none"> • Projects that will deliver income/savings • Community projects |
| Additional contribution to Strategic Plan priorities funded through New Homes Bonus | | 238 | Funding to be allocated to priorities in the new Strategic Plan. This reflects a reduced use of the New Homes Bonus in supporting the base budget. |
| Investment in Regeneration post | | 100 | One-off funding for post to provide project support to assist with delivery in Northern Gateway over a two year period. |
| Total Growth Items | 1,269 | 1,597 | |

New Homes Bonus projects 2015-16 – New Proposals

| Item | Description | Cost £'000 |
|---|--|---------------|
| Projects that support the Strategic Plan | To support actions for delivery of the Strategic Plan in areas where it is felt additional resource is needed. An action plan to be developed once the Strategic Plan has been formally adopted. This funding will support projects to enable deliver for the changing emphasis of the plan | 547 |
| <i>Community projects</i> | | |
| Community Enabling projects | Development of a new Community Enabling Strategy and a range of projects directly supporting communities across a range of areas including health and housing | 205 |
| CCTV | Upgrade of strategically important cameras across the Town Centre Network to enhance night vision and 'intervention' via overt lighting. | 45 |
| Range of projects to support the improvements to the Town centre | Working with the new Town Team on a number of projects, joint events, promoting Colchester and improving the physical environment. Includes £100k contribution towards Priory Street car park scheme. | 445 |
| Community facilities | The need to keep investing in facilities for our communities. Specifically here the need to improve the 3G pitch at the Shrub End community site. | 195 |
| Provision of Open Spaces | Contribution towards open space acquisition. | 100 |
| Land Development | Decontamination studies on site at Haven Road to establish potential strategy and costings for land clean-up. | 75 |
| Transport projects | Projects supporting improvements to the transport infrastructure including joint work around the A120, increasing the number of cycle trails | 100 |
| Produce a new 5 year Local Authority Carbon Management (LACM) Plan | Deliver a new 5 year LACM plan to reduce environmental impact and make financial savings through implementation of carbon saving projects. The LACM 2008-2012 plan saved the Council in excess of 2,500 tonnes of CO ₂ e. The 5 year target is to deliver a further 2,000 tonnes of carbon savings. | 11 |
| <i>Projects supporting income earning opportunities and service efficiency</i> | | |
| Improvements to remote access and web site development | IT projects that will improve our ability to access information when out of the office. It would improve our ability to answer customer's questions while on site meaning faster delivery. Supporting ongoing changes to the way we use websites. | 62 |

| Item | Description | Cost £'000 |
|--|--|---------------|
| Partnership projects for shared services | Opportunities for partnership working to deliver shared services including for example Building Control and joint working on the Strategic Housing and Economic Development with Haven Gateway and Mid Essex | 80 |
| Improving income opportunities | A range of projects including advertising, improved income from events and venue hire, and joint ticketing opportunities with partners | 70 |
| Total New Projects | | 1,935 |

Savings / Increased Income

| Service | Opportunity | 2015/16 £'000 | Additional Comments e.g. impact on service / risk to delivery/ description of delivery |
|--|---|------------------|--|
| Efficiencies, Income and Fundamental Service Review | | | |
| All Services UCC FSR | UCC FSR - Savings / income as identified in the business case | 740 | Forecast savings have been updated to reflect revised projections in respect of commercial activities (asset income, trading services and procurement), journey management (business process changes / efficiencies) and the early delivery of accommodation savings. The total saving has reduced for 2015/16 but is expected to be fully delivered in later years. |
| All Services | Outturn review | 525 | Review of recent year's outturns and current year position has identified areas where expenditure budgets can be reduced or income budgets increased. The £525k comprises:- <ul style="list-style-type: none"> • £200k net additional planning income • £50k gain on interest earned • £275k across various areas expenditure lines including employee, premises and supplies and services. |
| Corporate & Democratic Core | External Audit | 20 | This saving has been achieved as a result of the Audit Commissions latest procurement exercise, which has resulted in a 25% reduction in the scale fee. |
| Corporate & Financial Management | FSR | 50 | This is the additional year 2 saving from the Corporate and Financial Management FSR as envisaged in the Business Case approved by Cabinet in November 2013. |
| Corporate & Financial Management | Increased income from staff and councillor car parking | 7 | This is the estimated additional revenue from 2015's 50p increase in staff and Members' parking charges. |

| Service | Opportunity | 2015/16 £'000 | <i>Additional Comments e.g. impact on service / risk to delivery/ description of delivery</i> |
|----------------------------------|----------------------------------|--------------------------|---|
| Corporate & Financial Management | Capita Contract underspend | 17 | This saving will be achieved as a result of a reduction in the number of separate servers we use. The contract with Capita includes a charge per server. |
| Commercial Services | Review of Commercial Portfolio | 100 | The £100k target will be met through a combination of new income and business rate savings from property deals completed and rising rental rates due to the improving economic situation. |
| Community Services | Public Conveniences | 15 | Asset transfer of public conveniences (subject to separate Portfolio Holder decisions). First year savings reflect potential one-off costs in year, therefore, higher savings expected in 2016/17. |
| Customer Services | Review of Welfare Rights service | 60 | To carry out a detailed review of all the functions performed by the Welfare Rights service. To research and review whether these functions are also provided externally, both nationally and locally. To put forward a proposal of how the remaining budget (£40K) can be used to support vulnerable customers with wider welfare benefits advice and assistance as a 1 st tier service for those residents and for members. To also provide a reduced 2 nd tier service to ensure partners are providing adequate support for customers and residents through training and campaigns. |
| Operational Services | Joint use sports centres | 90 | This reduction has been included in the base budgets for both the Highwoods and Tiptree Joint Use Centres and work continues with both the Gilbert and Thurstable Schools to ensure that it is delivered by the start of the new financial year. The change will be achieved through a mixture of increased usage therefore generating more income and reductions in expenditure. |
| Professional Services | Change to call out process | 6 | Saving achieved by changing the call-out process associated with Environmental Health services with the impact mitigated by increasing the scope and range of |

| Service | Opportunity | 2015/16 £'000 | <i>Additional Comments e.g. impact on service / risk to delivery/ description of delivery</i> |
|------------------------------------|-------------------------------|-----------------------------------|---|
| | | | duties covered by the Weekend Noise Service. |
| | Sub total | 1,630 (73% of savings) | |
| Budget Reductions | | | |
| Community Services | Arts Grants | 35 | Further reductions in grants as set out agreed as part of the 2014/15 budget. |
| Community Services | Grounds Maintenance | 93 | Savings were achieved in 2014/15 primarily by reducing maintenance frequencies on highways areas. Further savings for 2015/16 will be achieved by continuing to work with our contractor in delivering efficiencies while at the same time minimising the impact on the appearance of the Borough |
| Corporate & Financial Management | Parish Grants re: LCTS scheme | 16 | Reduction in grants as set out in Appendix C |
| | Sub total | 144 (6%) of savings | |
| Corporate / Technical Items | | | |
| Customer Services | NNDR Discretionary reliefs | 106 | The cost of business rates discretionary reliefs is now accounted for within retained business rate income and therefore no longer needs to be shown in the General Fund budget. |
| General Fund / HRA | Reduce contingency in budget | 100 | The budget includes a contingency reflecting the risk of changes in costs between the General Fund and HRA. A review of recharges has been undertaken and as a result of this it is proposed to reduce the contingency by £100k. |

| Service | Opportunity | 2015/16 £'000 | <i>Additional Comments e.g. impact on service / risk to delivery/ description of delivery</i> |
|-------------------------------|--|---------------------------------|---|
| Council Tax Sharing Agreement | Income from sharing agreement with Essex County Council and Essex Fire Authority | 250 | Based on an agreement a proportion of the income which accrues to major preceptors from technical changes to Council Tax discounts (such as second homes) is paid to billing authorities. Based on the revised funding agreement and adjustments made to the taxbase additional income of c£250k is expected. |
| New Homes Bonus | Top sliced grant paid by Government from unallocated New Homes Bonus allocation | 13 | One-off grant paid to all authorities from funds set aside for New Homes Bonus but not being paid through this process. |
| | | 469 (21%) of savings | |
| Total Savings | | 2,243 | |

Budget Analysis

| | Adjusted Base Budget | One-off items | Cost Pressures | Growth Items | Technical Items | Total Savings | Detailed 14/15 Budgets |
|---|----------------------|---------------|----------------|--------------|-----------------|----------------|------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Corporate & Democratic Core | 289 | 0 | 0 | 0 | (2) | (74) | 213 |
| Corporate & Financial Management | 6,425 | (49) | 109 | 0 | 1 | (304) | 6,182 |
| Executive Management Team | 590 | 0 | 11 | 0 | 1 | (2) | 600 |
| Community Services | 6,068 | 0 | 188 | 25 | (8) | (267) | 6,006 |
| Commercial Services | 2,497 | (75) | 79 | 244 | (1) | (628) | 2,116 |
| Customer Services | 2,171 | 0 | 347 | 0 | | (390) | 2,128 |
| Operational Services (excl NEPP) | 1,047 | 0 | 690 | 0 | (15) | (232) | 1,490 |
| Professional Services | 2,597 | (25) | 111 | 0 | (1) | (368) | 2,314 |
| Total General Fund Services | 21,684 | (149) | 1,535 | 269 | (25) | (2,265) | 21,049 |
| <i>Corporate Items / sums to be allocated to services</i> | | | | | | | |
| UCC FSR Target/Procurement/Journey Management | (657) | (50) | 0 | | | 379 | (328) |
| Investment Allowance funded by New Homes Bonus | 1,007 | | 0 | 1,328 | | | 2,335 |
| IT Servers | 0 | | 250 | | | | 250 |
| Borough-Wide service pressures | 0 | | 200 | | | | 200 |
| EMT Local Govt Devolution | 0 | | 5 | | | | 5 |
| NHB Top-Slice | 0 | | 0 | | | (13) | (13) |
| <i>Non-Service Budgets</i> | | | | | | | |
| Grants to Parish councils | 118 | | 0 | | | (16) | 102 |
| CLIA (net interest) | 599 | | 50 | | | (50) | 599 |
| R&R Contribution | 150 | | 0 | | | | 150 |
| Min Revenue Provision | 669 | | 0 | | | | 669 |
| Pensions | 2,147 | | 0 | | | | 2,147 |
| C Tax Sharing Agreement | (400) | | 0 | | | (250) | (650) |
| GF/HRA/NEPP Adjustment | (3,211) | | 20 | | 25 | (28) | (3,194) |

| | Adjusted Base Budget | One-off items | Cost Pressures | Growth Items | Technical Items | Total Savings | Detailed 14/15 Budgets |
|---------------------------------------|----------------------------|------------------|-------------------|-----------------|--------------------|------------------|------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total Below the Line | 422 | (50) | 525 | 1,328 | 25 | 22 | 2,272 |
| Total including Below the Line | 22,106 | (199) | 2,060 | 1,597 | 0 | (2,243) | 23,321 |
| Funded by: | | | | | | | |
| General Reserve | (100) | 100 | 0 | | | | 0 |
| Use of balances: re carry forwards | (74) | 74 | (44) | | | | (44) |
| Use of balances: re NHB carry forward | 0 | | (27) | | | | (27) |
| Contribution to balances | 0 | | 560 | | | | 560 |
| Capital Expenditure Reserve | (189) | | 189 | | | | 0 |
| Other Reserves - S.106 | (30) | | 10 | | | | (20) |
| Government Grant (RSG / NNDR) | (8,290) | | 1,168 | | | | (7,122) |
| NNDR Growth above Baseline | 0 | | 0 | | (700) | | (700) |
| Council Tax Freeze Grant | (107) | | 0 | (7) | | | (114) |
| Council Tax | (10,048) | | 0 | | (386) | | (10,434) |
| Collection fund Transfer | (142) | 142 | 0 | | (409) | | (409) |
| New Homes Bonus | (3,410) | | 0 | | (1,201) | | (4,611) |
| NNDR Deficit / (Surplus) | 284 | (284) | 0 | | (400) | | (400) |
| Total | (22,106) | 32 | 1,856 | (7) | (3,096) | 0 | (23,321) |

Detailed General Fund Service Budgets 2015/16

| Area | Direct Budgets | | | Non-Direct * | Total |
|---|----------------|-----------------|--------------|----------------|--------------|
| | Spend £'000 | Income £'000 | Net £'000 | Net £'000 | £'000 |
| Corporate & Democratic Core | 213 | - | 213 | 2,447 | 2,661 |
| Total | 213 | - | 213 | 2,447 | 2,661 |
| Corporate & Financial Management | | | | | |
| Assistant Chief Executive | 95 | - | 95 | (95) | - |
| Finance | 916 | (102) | 814 | (814) | - |
| ICT and Communications | 2,382 | (265) | 2,117 | (2,117) | - |
| People and Performance | 540 | (112) | 428 | (459) | (30) |
| Governance | 2,903 | (175) | 2,728 | (2,689) | 39 |
| Total | 6,835 | (653) | 6,182 | (6,173) | 9 |
| Executive Management Team | | | | | |
| EMT | 600 | - | 600 | (600) | - |
| Partner Projects | - | - | - | - | - |
| Total | 600 | - | 600 | (600) | - |
| Community Services | | | | | |
| Head of Community Services | 55 | - | 55 | (130) | (76) |
| Cultural Services | 739 | (170) | 569 | 714 | 1,283 |
| Community Zones | 4,599 | (843) | 3,756 | 1,623 | 5,379 |
| Community Development | 1,092 | (137) | 955 | 410 | 1,365 |
| Subtotal | 6,485 | (1,150) | 5,335 | 2,618 | 7,953 |

| | Direct Budgets | | | Non-Direct * | Total |
|-------------------------------|----------------|-----------------|--------------|----------------|--------------|
| Area | Spend | Income | Net | Net | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Colchester & Ipswich Museums | 2,193 | (1,523) | 671 | 658 | 1,329 |
| Total | 8,678 | (2,673) | 6,006 | 3,276 | 9,282 |
| Commercial Services | | | | | |
| Head of Commercial Services | 76 | - | 76 | (76) | - |
| Place Strategy | 1,460 | (140) | 1,320 | 60 | 1,380 |
| Economic Growth | 3,360 | (3,409) | (49) | (983) | (1,033) |
| Commercial | 3,997 | (3,227) | 770 | 275 | 1,045 |
| Total | 8,893 | (6,776) | 2,116 | (724) | 1,393 |
| Customer Services | | | | | |
| Head of Customer Services | 46 | (60) | (14) | (46) | (60) |
| Customer Operations | 2,408 | (230) | 2,178 | (2,178) | - |
| Customer Demands & Research | 402 | - | 402 | (402) | - |
| Customer Solutions | 890 | (175) | 715 | (544) | 172 |
| Local Taxation & NNDR | 223 | (595) | (372) | 1,333 | 961 |
| Subtotal | 3,969 | (1,061) | 2,908 | (1,836) | 1,073 |
| Benefits - Payments & Subsidy | 57,893 | (58,673) | (780) | 1,454 | 674 |
| Total | 61,862 | (59,734) | 2,128 | (382) | 1,746 |
| Operational Services | | | | | |
| Head of Operational Services | 109 | - | 109 | (109) | - |
| Sport & Leisure | 4,205 | (4,595) | (389) | 1,585 | 1,195 |
| Recycling & Fleet | 6,755 | (2,565) | 4,190 | 433 | 4,623 |
| Car Parking | 944 | (3,363) | (2,419) | 1,156 | (1,264) |

| | Direct Budgets | | | Non-Direct * | Total |
|-----------------------------------|----------------|-----------------|---------------|--------------|---------------|
| Area | Spend | Income | Net | Net | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Subtotal | 12,013 | (10,522) | 1,490 | 3,064 | 4,555 |
| Parking Partnership (NEPP) | 3,074 | (3,005) | 69 | (31) | 38 |
| Total | 15,087 | (13,527) | 1,559 | 3,034 | 4,593 |
| Professional Services | | | | | |
| Head of Professional Services | 90 | - | 90 | (90) | - |
| Planning, Licensing & Food Safety | 1,061 | (1,431) | (369) | 1,094 | 725 |
| Environmental Health Services | 858 | (89) | 769 | 447 | 1,216 |
| Electoral Services | 335 | (3) | 332 | 260 | 592 |
| Prof Support Units | 1,734 | (76) | 1,658 | (1,658) | - |
| Land Charges | 153 | (318) | (165) | 57 | (108) |
| Total | 4,231 | (1,917) | 2,314 | 111 | 2,425 |
| Total (excl. NEPP) | 103,324 | (82,275) | 21,049 | 1,020 | 22,069 |

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

Proposed Use of New Homes Bonus in 2015/16

| | 2014/15 | | 2015/16 |
|---|--------------|--------------|--------------|
| Item | Existing | New | Total |
| | £'000 | £'000 | £'000 |
| New Homes Bonus Grant | 3,410 | 1,201 | 4,611 |
| Carry forward from 14/15 | -27 | 54 | 27 |
| Total available | 3,383 | 1,255 | 4,638 |
| Use of New Homes Bonus | | | |
| <i>Previously agreed allocations:-</i> | | | |
| Affordable housing | 194 | 16 | 210 |
| Contribution to infrastructure (in RIF) | 250 | 0 | 250 |
| <i>Projects agreed in 2014/15:-</i> | | | |
| Various one off projects | 730 | -730 | 0 |
| Community alarms | | 95 | 95 |
| North Colchester Community Links | | 25 | 25 |
| East Colchester Transit Feasibility | | 30 | 30 |
| Wayfinding for North Colchester | | 40 | 40 |
| North Colchester travel plan | | 32 | 32 |
| Market development | | 50 | 50 |
| New Proposals | | | |
| Projects set out in Appendix D | | 1,935 | 1,935 |
| Total allocated to projects | 1,174 | 1,493 | 2,667 |
| Funding included in base budget | | | |
| | 2,209 | -238 | 1,971 |
| Total allocation of New Homes Bonus | 3,383 | 1,255 | 4,638 |

General Fund Balances

The following table sets out the current level of General Fund balances.

| | £'000 |
|--|----------------|
| Balance as at 31 March 2014 (As per Statement of Accounts) | (6,515) |
| Use of balances: | |
| • Financing carry forwards – Agreed c/fwd of 13/14 budgets (note 1) | 1,102 |
| • Commitments (see note 2) | 933 |
| • Existing allocations (note 3) | 1,002 |
| • Supporting the 14/15 Budget including releases agreed in year (note 4) | 359 |
| • Allocations against specific risks (note 5) | 1,092 |
| • Budget carry forward (note 6) | (71) |
| Projected uncommitted / allocated Balances as at 31 March 2015 (note 7) | (2,098) |
| Use of balances (note 6) | 71 |
| Potential Surplus Balances as at 31 March 2016 (note 7) | (2,027) |
| Proposed minimum balance | 1,800 |
| Potential Surplus Balances as at 31 March 2016 (note 7) | (227) |

Notes:

1. This reflects items agreed to be carried forward from 2013/14. Most of these are expected to be spent in 2014/15.
2. This includes sums which are 'committed' against specific costs expected either in 2014/15 or later years. This includes a provision for future cost pressure in respect of Community Stadium funding.
3. This includes previous sums allocated from balances which have not yet been spent and where costs are not yet committed but are expected to be fully incurred in part in 2014/15 with other sums expected in 2015/16 or beyond. These include funding allocated for potential redundancy costs and also revenue funds earmarked against the RIF.
4. This includes use of balances agreed as part of the 14/15 budget and as part of the review of the 13/14 outturn position.
5. This includes funding allocated in balances in respect of a number of key risk areas such as the various Government welfare reforms and proposed changes in respect of NNDR and the risk factor which has been carried forward from the 12/13 budget as reported to Scrutiny Panel on 11 July 13. This also includes an updated assessment of other risks for which sums are being held in balances such as potential costs for planning legal and other appeals. For most of these areas we do not expect to need to use these allocations in 15/16 but they remain an important part of the overall risk assessment for the prudent level of balances.
6. This reflects the carry forward and use of balances set out within this report.
7. The position shown assumes a neutral outturn position for 2014/15 and as commented on in this report the expectation is that we will be within budget for the current year. This position also excludes the contribution to reserves shown in this report of £560k as this is all allocated against costs or specific risks.

Earmarked Reserves and Provisions

| Reserve | Amount at 31/03/14 | Transfers - In | Transfers - Out | Estimate at 31/03/15 | Allocated / Committed | Unallocated |
|--|--------------------|----------------|-----------------|----------------------|-----------------------|-------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Renewals and Repairs (incl Building Maintenance Programme): Maintained for the replacement of plant and equipment and the maintenance of premises. | 1,890 | 476 | (300) | 2,066 | 2,066 | - |
| Insurance: To cover the self-insurance of selected properties. | 379 | 30 | (41) | 368 | - | 368 |
| Capital Expenditure: Revenue provision to fund the capital programme. The reserve is fully committed to funding the current capital programme. | 708 | 109 | (339) | 478 | 478 | - |
| Asset Replacement Reserve: A reserve for the future replacement of vehicles and plant. The vehicle replacement policy has been reviewed. Revenue contributions to this reserve have now ceased and the funding is now sourced from the Council's Capital Programme. | 72 | - | - | 72 | - | 72 |
| Gosbecks Reserve: Maintained to provide for the development of the Archaeological Park. The main source of funding was a 'dowry' agreed on the transfer of land. | 318 | 8 | (85) | 241 | 241 | - |
| Heritage Reserve: This represents balance held of museums donations and as such represents a small element of the Council's support to heritage schemes. | 5 | 2 | (5) | 2 | - | 2 |

| Reserve | Amount at 31/03/14 | Transfers - In | Transfers - Out | Estimate at 31/03/15 | Allocated / Committed | Unallocated |
|--|---------------------------|-----------------------|------------------------|-----------------------------|------------------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Hollies Bequest: Provision for the upkeep of open space. | 5 | - | (1) | 4 | 4 | - |
| Section 106 Monitoring: Required for future monitoring of Section 106 agreements. From 2015/16 this has been set at £20k per year. | 63 | 25 | (30) | 58 | 58 | - |
| Revenue Grants Unapplied: Under new accounting rules any grant received where there are no clear conditions that the grant is repayable if not spent now have to be transferred to this reserve. For all these grants proposals for use of the money exist and the funds are held in the reserve until the money is spent. | 1,492 | 951 | (733) | 1,710 | 1,710 | - |
| Regeneration Reserve: Contribution to reserve in respect of balancing any deficit in funding schemes in particular years. | 71 | | | 71 | - | 71 |
| Parking Reserve: As part of the existing 'on street' parking arrangements there is requirement to keep any surplus funds separate from the General Fund. With the North Essex Parking Partnership (NEPP) there is also a requirement to hold separately funds provided to support TRO (Traffic Regulation Order) work and also initial funding provided by Essex County Council | 397 | - | - | 397 | 397 | - |

| Reserve | Amount at 31/03/14 | Transfers - In | Transfers - Out | Estimate at 31/03/15 | Allocated / Committed | Unallocated |
|--|---------------------------|-----------------------|------------------------|-----------------------------|------------------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Building Control: The Building (Local Authority Charges) Regulations came into force on 1 April 2010. The new charges allow Building Control to more accurately reflect the cost of chargeable services. In any year there is therefore the likelihood of a balance on this account that must be assessed as part of ongoing charges. | - | - | - | - | - | - |
| Heritage Mersea Mount: Funding received from English Heritage towards costs relating to Mersea Mount. | 13 | - | - | 13 | 13 | - |
| Mercury Theatre: Provision for the building's long term structural upkeep. Accumulated funds have been used to support roof repairs to the Mercury Theatre. | 2 | 25 | (10) | 17 | - | 17 |
| Total General Fund | 5,415 | 1,626 | (1,544) | 5,497 | 4,967 | 530 |
| HRA Retained Right To Buy (RTB) Receipts - Debt: Reserve following Government changes to the RTB scheme. From 2012/13 the Council can retain a proportion of RTB receipts to offset debt taken on by the HRA Self-Financing settlement. The reserve must be used for HRA purposes. | 894 | 896 | - | 1,790 | 1,790 | - |

| Reserve | Amount at 31/03/14 | Transfers - In | Transfers - Out | Estimate at 31/03/15 | Allocated / Committed | Unallocated |
|---|-----------------------------------|---------------------------|----------------------------|-------------------------------------|----------------------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| HRA Retained Right To Buy (RTB) Receipts - Replacement: Reserve following Government changes to the RTB scheme. From 2012/13 the Council can retain a proportion of RTB receipts to fund affordable housing development. Receipts held within the reserve must be used within 3 years for this purpose; otherwise they must be repaid to the Government. | 891 | 805 | (1,001) | 695 | 695 | - |
| Total HRA | 1,785 | 1,701 | (1,001) | 2,485 | 2,485 | - |
| | | | | | | |
| Total | 7,200 | 3,327 | (2,545) | 7,982 | 7,452 | 530 |

| Provision | Amount at 31/03/14 | Transfers - In | Transfers - Out | Estimate at 31/03/15 | Allocated / Committed | Unallocated |
|---|-----------------------------------|---------------------------|----------------------------|---------------------------------|----------------------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Insurance: This element of the fund is specifically set aside as a provision to meet the cost of identified claims including subsidence. It also includes a contingency for liable costs if a previous insurer, which has gone into administration, is unable to remain solvent. | 370 | 13 | (54) | 329 | 329 | - |
| Total | 370 | 13 | (54) | 329 | 329 | - |

APPENDIX K

| Medium Term Financial Forecast | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| 2015/16 to 2018/19 | | | | |
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| | £'000 | £'000 | £'000 | £'000 |
| Base Budget | 22,106 | 23,321 | 22,805 | 22,912 |
| 14/15 One-off items | (199) | | | |
| Cost Pressures (net of one off changes) | 1,840 | 291 | 1,090 | 640 |
| Growth Items (net of one off changes) | 1,797 | (100) | (583) | (433) |
| Savings | (2,243) | (707) | (400) | 250 |
| Technical Items | 20 | | | |
| Forecast Base Budget | 23,321 | 22,805 | 22,912 | 23,369 |
| <i>Funded By:</i> | | | | |
| Revenue Support Grant | (3,195) | (2,195) | (1,695) | (1,195) |
| Business Rates Baseline | (3,927) | (4,006) | (4,086) | (4,167) |
| <i>Settlement funding</i> | <i>(7,122)</i> | <i>(6,201)</i> | <i>(5,781)</i> | <i>(5,362)</i> |
| Increase in NNDR / taxbase above baseline | (700) | (800) | (900) | (1,000) |
| New Homes Bonus | (4,611) | (4,611) | (3,887) | (3,086) |
| Total Gov't grants | (12,433) | (11,612) | (10,568) | (9,448) |
| Council Tax | (10,434) | (10,539) | (10,644) | (10,751) |
| Council Tax Freeze Grant (re 15/16) | (114) | | | |
| Collection Fund Deficit / (Surplus) | (409) | 0 | 0 | 0 |
| Business Rates Deficit / (surplus) | (400) | 0 | 0 | 0 |
| Use of Reserves | 469 | (20) | (20) | (20) |
| Total Funding | (23,321) | (22,171) | (21,232) | (20,219) |
| Budget (surplus) / gap before changes (cumulative) | 0 | 634 | 1,680 | 3,150 |
| Annual increase | | 634 | 1,046 | 1,469 |

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|--|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost Pressures | | | | |
| General Inflation | 640 | 640 | 640 | 640 |
| Pensions | 0 | 0 | 250 | |
| Elections | 9 | | | |
| Fleet | 38 | | | |
| Benefit Admin Grant & Benefit Subsidy cost pressures | 187 | | | |
| Pensions - auto enrolment | | | 200 | |
| Insurance | 30 | | | |
| Park and Ride - Impact | 300 | | | |
| IT servers (one off) | 250 | (250) | | |
| Local Taxation Inspection | 50 | (50) | | |
| Fraud and compliance business case | 12 | | | |

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| EMT - local government devolution | 5 | (5) | | |
| Middleborough car park | 25 | | | |
| Carry forward items | 44 | (44) | | |
| Provision for growth | 200 | | | |
| Interest costs - allowance | 50 | | | |
| Total | 1,840 | 291 | 1,090 | 640 |
| Growth Items | | | | |
| Food Waste (net impact) | 200 | | 141 | 368 |
| Affordable homes | 16 | | | (52) |
| Economic Development Grants | 33 | | | |
| Growth linked to New Homes Bonus | 1,185 | | (724) | (749) |
| Additional investment for Strategic Plan priorities from reducing use of New Home Bonus in base budget. | 238 | | | |
| Big screen | 25 | | | |
| Regeneration resources (one off) | 100 | (100) | | |
| Total | 1,797 | (100) | (583) | (433) |

| | | | | |
|--|----------------|--------------|--------------|------------|
| Savings (incl. one off adjustments) | | | | |
| Council Tax sharing agreement (extra) | (250) | | | 250 |
| C&FM FSR | (50) | | | |
| Housing Revenue Account (HRA) to General Fund (GF) | (100) | | | |
| Grounds Mtce | (93) | | | |
| Community Services Grants | (35) | | | |
| LCTS grant to parishes | (16) | | | |
| Staff & Member car parking | (7) | | | |
| Outturn review | (525) | | | |
| Commercial property review | (100) | | | |
| Shared leisure sites | (90) | | | |
| Discretionary business rates relief | (106) | | | |
| Development of customer support team/Welfare Rights service | (60) | | | |
| Change to call out process | (6) | | | |
| Public Conveniences | (15) | | | |
| ICT underspend | (17) | | | |
| Business process efficiencies (Net of removal of behaviour change savings) | (250) | (300) | | |
| Commercial income and procurement savings | (490) | (150) | (400) | |
| Accommodation savings | | (270) | | |
| External audit fees | (20) | | | |
| NHB top sliced grant (one off) | (13) | 13 | | |
| Technical items | 20 | | | |
| Total | (2,223) | (707) | (400) | 250 |

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-------------------------------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| New Homes Bonus | | | | |
| Growth re 09/10 | 724 | 724 | | |
| Growth re 10/11 | 749 | 749 | 749 | |
| Growth re 11/12 | 986 | 986 | 986 | 986 |
| Growth re 12/13 | 757 | 757 | 757 | 757 |
| Growth re 13/14 | 1,185 | 1,185 | 1,185 | 1,185 |
| | | | | |
| | | | | |
| <i>Total basic NHB</i> | <i>4,401</i> | <i>4,401</i> | <i>3,677</i> | <i>2,928</i> |
| | | | | |
| Affordable Housing element | | | | |
| re 10/11 delivery | 52 | 52 | 52 | |
| re 11/12 delivery | 105 | 105 | 105 | 105 |
| re 12/13 delivery | 37 | 37 | 37 | 37 |
| re 13/14 delivery | 16 | 16 | 16 | 16 |
| | | | | |
| | | | | |
| | | | | |
| <i>Total affordable homes bonus</i> | <i>210</i> | <i>210</i> | <i>210</i> | <i>158</i> |
| | | | | |
| Total New Homes Bonus | 4,611 | 4,611 | 3,887 | 3,086 |

| | | | | |
|---|--------------|-----------|-----------|-----------|
| Use of / contribution to Reserves | | | | |
| Funding c/f | 71 | | | |
| S106 monitoring reserve | 20 | 20 | 20 | 20 |
| Contribution to reserves:- | | | | |
| Capital expenditure reserve (General Fund / HRA risk) | (280) | | | |
| Collection Fund Reserve | (150) | | | |
| Benefits allocation | (130) | | | |
| Total | (469) | 20 | 20 | 20 |

Addressing the Budget Gap

The MTFF shows a budget gap of circa £3.2m over the three years from 2016/17. This should also be seen in the context of the risks and variables set out below and also in terms of reduced budgets and more efficient services resulting in savings that will be increasingly hard to deliver.

Risk Areas / Comments

The key risk areas to the forecast are:-

| Ref | Risk / Area of uncertainty | |
|-----|--|---|
| 1 | <i>Government Funding / Business Rate Retention Scheme</i> | The MTFF includes the reduction in the 'SFA' for 2015/16 of 15% with further reductions thereafter. From 2013/14 a proportion of the Council's core income that used to be provided by Government grant is now funded by the Council keeping a share of business rates income. This poses a new risk as well as a potential reward. The budget includes an assumption that in 15/16 we will retain an extra £700k of NNDR income above our baseline figure. |
| 2 | <i>Welfare Reform (including Local Council Tax Support - LCTS)</i> | Budget papers have previously set out some of the key risks associated with the implication of the Council having approved the LCTS scheme. The combined impact of the Government's welfare reforms and demands on Council services will need to be considered during the period of the MTFF. |
| 3 | <i>Government grants and partnership funding</i> | The Council's budget has changed over recent years with a greater emphasis on funding from both partner organisations and Government bodies. These funding streams can rarely be guaranteed and can therefore add to our cost pressures. Provision has been made in the 2015/16 budget for the New Homes Bonus based on the notified grant and the MTFF takes a prudent view by forecasting no increase to this grant in future years. Provision has been made for changes in other Government grants, such as housing benefit administration, in 2015/16, however, the impact of any further reductions in these will be considered as the MTFF is reviewed. |
| 4 | <i>Pensions</i> | An allowance has been built in for increases in pensions costs based on the results of the last actuarial review and which therefore are fixed until 2016/17. Thereafter an allowance has been assumed of £250k and this will need to be reviewed closer to the time. |
| 5 | <i>Fees and charges and other income</i> | As has been seen in the past few years we have experienced a number of pressures arising from changes in income levels. Looking ahead to 2015/16 and beyond it is difficult to estimate how income levels may continue to be affected. |
| 6 | <i>Inflation</i> | An allowance for general inflation including pay has been built into the 15/16 forecast and MTFF. Not all the Council's costs are directly linked to RPI and |

| Ref | Risk / Area of uncertainty | |
|-----|--|--|
| | | therefore we will continue to monitor the impact of inflation on all Council costs |
| 7 | <i>Use of reserves</i> | The budget position for 2015/16 includes limited proposals to use certain reserves. No proposals to use general balances are currently included in the MTFF. |
| 8 | <i>Legislation</i> | There are likely to be several items of new legislation over the life of the MTFF for which any available funding may not cover costs or which may impact significantly on the Council e.g. universal credit. |
| 9 | <i>Impact of regeneration programme e.g. staff resources</i> | The budget includes a proposal for additional resources of £100k to support work in the Northern Gateway. Furthermore, the recently established Revolving Investment Fund (RIF) provides a framework for managing potential pressures. |
| 10 | <i>Property review</i> | A review of our assets was carried out and a 5-year Building Repairs and Maintenance Plan produced. There will continue to be financial implications arising from this for both the revenue budget and capital programme and these will continue to be considered in detail and included in the ongoing updates of the MTFF. The 2015/16 budget forecast maintains the additional allocation of £150k in respect of planned repairs. This will continue to be reviewed to consider if it is sufficient to meet ongoing requirements. |
| 11 | <i>Impact of growth in the Borough and demand for services</i> | A number of Local Authority services are directly impacted by the increase of population in the Borough, such as waste services, planning, benefits etc. As part of future budgets it will be necessary to consider whether there is a need for additional resources in these or other areas in order to maintain levels of service. A financial assumption has been made that the Council's programme of service reviews will assist in identifying efficiencies to cope with changes in demand. However, the 2015/16 includes an allowance of £200k recognising that there is likely to be some pressure on services from the increasing number of households in the Borough, for example, the cost of providing our waste service. |
| 12 | <i>Delivery of budget savings</i> | The 2015/16 budget includes c£2.2m of savings or increased income. These items have been risk assessed and all are considered deliverable, however, the budget report considers the risk to delivering some of the income targets and if these cannot be achieved there is the risk in the MTFF of the ongoing impact. In addition the 2016/17 budget includes further savings from the ongoing FSR work and whilst these are currently considered to be on track to be delivered these will be reviewed as part of the 16/17 budget. |
| 13 | <i>Net earnings Interest and</i> | The budget is influenced by a number of factors including interest rates and cashflow movements. The treasury |

| Ref | Risk / Area of uncertainty | |
|-----|----------------------------|---|
| | <i>investments</i> | <p>management strategy for 2015/16 highlights the outlook for interest rates in the medium-term which points to continuation of unprecedented low levels into 2015/16.</p> <p>The Council's strategy of internal borrowing has helped minimise our interest cost, however, it is recognised that this is not a long term approach and therefore there may be future cost pressures from any need to borrow externally. This is currently not reflect in the MTFF but will be considered as part of future budget updates.</p> |

All these issues will remain as risks to be managed over the course of the MTFF.

| Service / Scheme | Total Programme £'000 | Forecast Expenditure | | (Surplus) / Shortfall £'000 |
|---|-----------------------------|----------------------|------------------|-----------------------------------|
| | | 2014/15 £'000 | 2015/16 £'000 | |
| SUMMARY | | | | |
| Corporate & Financial Management | 2,866.4 | 2,609.7 | 254.3 | (2.4) |
| Operational Services | 986.0 | 986.0 | 0.0 | 0.0 |
| Professional Services | 1,848.2 | 804.9 | 1,043.3 | 0.0 |
| Commercial Services | 2,111.1 | 2,133.1 | 3.0 | 25.0 |
| Community Services | 2,057.7 | 2,033.2 | 24.5 | 0.0 |
| Total (General Fund) | 9,869.4 | 8,566.9 | 1,325.1 | 22.6 |
| Housing Revenue Account | 16,366.6 | 16,306.6 | 60.0 | 0.0 |
| Total Capital Programme | 26,236.0 | 24,873.5 | 1,385.1 | 22.6 |
| CORPORATE & FINANCIAL MANAGEMENT | | | | |
| Town Hall DDA Sensory Project | 0.1 | 3.6 | 0.0 | 3.5 |
| Carbon Management Programme phase 2 | 11.3 | 5.4 | 0.0 | (5.9) |
| CMP Phase 3 - PV Systems | 561.1 | 561.1 | 0.0 | 0.0 |
| Moot Hall Organ | 463.7 | 209.4 | 254.3 | 0.0 |
| Universal Customer Contact Fundamental Service Review - ICT | 1,650.0 | 1,650.0 | 0.0 | 0.0 |
| Universal Customer Contact Fundamental Service Review - Accommodation | 125.7 | 125.7 | 0.0 | 0.0 |
| Financial Systems Migration | 54.5 | 54.5 | 0.0 | 0.0 |
| TOTAL - Corporate & Financial Management | 2,866.4 | 2,609.7 | 254.3 | (2.4) |
| OPERATIONAL SERVICES | | | | |
| Flat Recycling Extension | 10.3 | 10.3 | 0.0 | 0.0 |
| Street Services FSR | 43.8 | 43.8 | 0.0 | 0.0 |
| Shrub End Depot - new baler and shed | 840.5 | 840.5 | 0.0 | 0.0 |
| Sport & Leisure FSR - Building works to Colchester Leisure World | 3.9 | 3.9 | 0.0 | 0.0 |
| Sport & Leisure FSR - IT works | 0.5 | 0.5 | 0.0 | 0.0 |
| Colchester School of Gymnastics S106 | 87.0 | 87.0 | 0.0 | 0.0 |
| TOTAL - Operational Services | 986.0 | 986.0 | 0.0 | 0.0 |
| PROFESSIONAL SERVICES | | | | |
| Mandatory Disabled Facilities Grants | 1,426.2 | 650.0 | 776.2 | 0.0 |
| Private Sector Renewals - Loans and Grants | 417.1 | 150.0 | 267.1 | 0.0 |
| Elections - Hardware | 4.9 | 4.9 | 0.0 | 0.0 |
| TOTAL - Professional Services | 1,848.2 | 804.9 | 1,043.3 | 0.0 |
| COMMERCIAL SERVICES | | | | |
| Park & Ride | 124.4 | 124.4 | 0.0 | 0.0 |
| Community Stadium | 19.2 | 19.2 | 0.0 | 0.0 |
| North Colchester Development Land | 60.0 | 60.0 | 0.0 | 0.0 |
| St Botolphs Regeneration | 376.7 | 376.7 | 0.0 | 0.0 |
| Town Centre Improvements | 141.8 | 141.8 | 0.0 | 0.0 |
| Town Station Square | 50.0 | 50.0 | 0.0 | 0.0 |
| Bus Station - CBC Enhancements | 71.0 | 71.0 | 0.0 | 0.0 |
| Osborne Street Bus Station | 39.8 | 39.8 | 0.0 | 0.0 |
| A12 Junction Facilitation | 69.6 | 69.6 | 0.0 | 0.0 |
| Creative Business Hub | 74.7 | 74.7 | 0.0 | 0.0 |
| Transcoast | 26.4 | 26.4 | 0.0 | 0.0 |
| East Colchester Enabling Fund | 71.2 | 71.2 | 0.0 | 0.0 |
| Capital Feasibility | 32.6 | 32.6 | 0.0 | 0.0 |
| Site Disposal Costs | 2.3 | 27.3 | 0.0 | 25.0 |
| Moler Works Site | 41.4 | 41.4 | 0.0 | 0.0 |
| Assistance to Registered Housing Providers | 91.9 | 91.9 | 0.0 | 0.0 |
| Abberton Community Fund S106 | 134.1 | 134.1 | 0.0 | 0.0 |
| Laver Road Statue S106 | 10.8 | 10.8 | 0.0 | 0.0 |
| Surface Water Flooding - Distillery Lane/Haven Road | 81.5 | 81.5 | 0.0 | 0.0 |
| CCTV Equipment & move of CCTV Monitoring Centre | 255.3 | 252.3 | 3.0 | 0.0 |
| Cemetery Extension | 125.0 | 125.0 | 0.0 | 0.0 |
| Replacement of Cremators | 11.4 | 11.4 | 0.0 | 0.0 |
| Temporary Accommodation Review | 200.0 | 200.0 | 0.0 | 0.0 |
| TOTAL - Commercial Services | 2,111.1 | 2,133.1 | 3.0 | 25.0 |

| Service / Scheme | Total Programme £'000 | Forecast Expenditure | | (Surplus) / Shortfall £'000 |
|---|-----------------------------|----------------------|------------------|-----------------------------------|
| | | 2014/15 £'000 | 2015/16 £'000 | |
| COMMUNITY SERVICES | | | | |
| Improving Life Opportunities | 53.3 | 53.3 | 0.0 | 0.0 |
| Lion Walk Activity Centre Lift | 40.0 | 40.0 | 0.0 | 0.0 |
| Garrison Gymnasium & MRS | 0.0 | 0.0 | 0.0 | 0.0 |
| Castle Park - Playground Refurbishment | 22.2 | 22.2 | 0.0 | 0.0 |
| Resource Centre - Highwoods Country Park | 19.1 | 19.1 | 0.0 | 0.0 |
| King George V Pavilion Wivenhoe S106 | 1.7 | 1.7 | 0.0 | 0.0 |
| Holly Trees WCs Castle Park | 11.5 | 11.5 | 0.0 | 0.0 |
| Castle Park Sensory Garden S106 | 61.5 | 61.5 | 0.0 | 0.0 |
| Cook's Shipyard Playsite Wivenhoe S106 | 5.8 | 5.8 | 0.0 | 0.0 |
| Castle Park Olympic Legacy Project | 131.0 | 131.0 | 0.0 | 0.0 |
| Old Heath Recreation Ground Improvements | 272.7 | 272.7 | 0.0 | 0.0 |
| Royal Square & Pavilion Dedham | 7.9 | 7.9 | 0.0 | 0.0 |
| Wivenhoe Cricket Club Pavilion | 28.6 | 4.1 | 24.5 | 0.0 |
| Corunna Drive Play Area S106 | 20.0 | 20.0 | 0.0 | 0.0 |
| West Mersea Skate Park S106 | 20.0 | 20.0 | 0.0 | 0.0 |
| Walls - new merged scheme | 453.2 | 453.2 | 0.0 | 0.0 |
| Visitor Information Centre relocating to Hollytrees | 4.8 | 4.8 | 0.0 | 0.0 |
| Redevelopment of Castle Museum | 904.4 | 904.4 | 0.0 | 0.0 |
| TOTAL - Community Services | 2,057.7 | 2,033.2 | 24.5 | 0.0 |
| HOUSING REVENUE ACCOUNT | | | | |
| Housing Improvement Programme | 9,821.2 | 9,821.2 | 0.0 | 0.0 |
| Adaptations to Housing Stock | 560.0 | 560.0 | 0.0 | 0.0 |
| Sheltered Accommodation Review | 2,350.0 | 2,350.0 | 0.0 | 0.0 |
| Council House New Build | 3,356.0 | 3,356.0 | 0.0 | 0.0 |
| Housing ICT Development | 279.4 | 219.4 | 60.0 | 0.0 |
| TOTAL - Housing Revenue Account | 16,366.6 | 16,306.6 | 60.0 | 0.0 |

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2015/16

1 **Introduction**

Background

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure 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.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. 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 any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 CIPFA defines treasury management as: "The management of the local authority's 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."

Reporting requirements

- 1.4 The Council is required to receive and approve three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are all required to be reviewed by the Council's Scrutiny Panel.
- 1.5 **Prudential and Treasury Indicators and Treasury Strategy** (This report) – The first, and most important report is recommended to Full Council following consideration by the Scrutiny Panel. It covers:
- the capital plans (including prudential indicators);
 - a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);
 - the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
 - an investment strategy (the parameters on how investments are to be managed).
- 1.6 **Mid Year Treasury Management Report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and

whether the treasury strategy is meeting requirements or whether any policies require revision.

- 1.7 **Annual Treasury Report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- 1.8 Members will also be kept informed of any other significant matters that may occur as part of the quarterly Capital Monitoring reports to Scrutiny Panel.

Training

- 1.9 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management or scrutiny receive adequate training in treasury management. Training has previously been undertaken by members and further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

Treasury Management Strategy for 2015/16

- 1.10 The strategy for 2015/16 covers the following Capital and Treasury Management issues:
- the capital plans and the prudential and treasury indicators;
 - the Minimum Revenue Provision (MRP) Policy;
 - the current treasury position;
 - the economic background and prospects for interest rates;
 - the borrowing strategy;
 - the investment policy and strategy; and
 - the policy on use of external service providers.
- 1.11 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

Treasury management consultants

- 1.12 The Council uses Capita Asset Services Treasury Solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 1.13 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 *The Capital Prudential Indicators 2015/16 – 2017/18*

- 2.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans 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, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

| Capital Expenditure £'000 | 2013/14 Actual | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Non-HRA | 12,732 | 10,113 | 2,775 | 1,280 | 1,700 |
| HRA | 10,077 | 16,214 | 14,714 | 13,890 | 12,494 |
| Total | 22,809 | 26,327 | 17,489 | 15,170 | 14,194 |

- 2.3 The table below summarises how the above capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

| Capital Expenditure £'000 | 2013/14 Actual | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Total Expenditure | 22,809 | 26,327 | 17,489 | 15,170 | 14,194 |
| Financed by: | | | | | |
| Capital receipts | 6,836 | 7,240 | 1,966 | 0 | 1,700 |
| Capital grants | 5,046 | 3,001 | 760 | 1,280 | 0 |
| Reserves | 6,164 | 7,590 | 5,592 | 5,846 | 5,514 |
| Revenue | 2,693 | 7,936 | 4,806 | 4,515 | 4,757 |
| Finance leases | 1,057 | 149 | 0 | 0 | 0 |
| Net financing need | 1,013 | 411 | 4,365 | 3,529 | 2,223 |

The Capital Financing Requirement

- 2.4 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR 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 underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 2.5 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.
- 2.6 The CFR includes any other long term liabilities (e.g. finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £3.3m of such schemes within the CFR as at 31 March 2014. The Council is asked to approve the CFR projections below:

| £'000 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Estimate | Estimate | Estimate | Estimate |
| Capital Financing Requirement | | | | | |
| CFR – non housing | 27,653 | 26,009 | 24,890 | 23,830 | 22,824 |
| CFR - housing | 124,577 | 125,647 | 130,012 | 133,541 | 135,764 |
| Total CFR | 152,230 | 151,656 | 154,902 | 157,371 | 158,588 |
| Movement in CFR | 966 | (574) | 3,246 | 2,469 | 1,217 |

| Movement in CFR represented by | | | | | |
|---------------------------------------|------------|--------------|--------------|--------------|--------------|
| Net financing need | 1,013 | 411 | 4,365 | 3,529 | 2,223 |
| Assets acquired under finance leases | 1,057 | 149 | 0 | 0 | 0 |
| Less MRP | 1,104 | 1,134 | 1,119 | 1,060 | 1,006 |
| Movement in CFR | 966 | (574) | 3,246 | 2,469 | 1,217 |

Minimum revenue provision (MRP) Policy Statement

- 2.7 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments (VRP) if required.
- 2.8 CLG Regulations have been issued which require the full Council to approve an MRP 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 MRP Statement:
- 2.9 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will follow the existing practice outlined in former CLG regulations (option 1). This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.
- 2.10 From 1 April 2008 for all unsupported borrowing (including finance leases) the MRP policy will be the Asset Life Method (option 3) – MRP 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 approximately the asset's life. Repayments included in finance leases are applied as MRP.
- 2.11 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.
- 2.12 The Accountancy team will keep the Council's MRP Policy under review to ensure that it remains fit for purpose in relation to its borrowing requirements.

Affordability Prudential Indicators

- 2.13 The previous paragraphs 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. The Council is asked to approve the following indicators:

- 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.

| % Financing costs to net revenue stream | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---------|----------|----------|----------|----------|
| | Actual | Estimate | Estimate | Estimate | Estimate |
| Non-HRA | 7.48% | 7.72% | 7.50% | 7.50% | 7.60% |
| HRA | 18.88% | 18.57% | 18.26% | 18.20% | 18.10% |

- 2.15 The estimates of financing costs include current commitments and the proposals in this report.
- 2.16 **Incremental impact of capital investment decisions on council tax.** This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

| £ | 2015/16 | 2016/17 | 2017/18 |
|----------------------|----------|----------|----------|
| | Estimate | Estimate | Estimate |
| Council Tax - Band D | 0 | 0 | 0 |

- 2.17 **Incremental impact of capital investment decisions on housing rent levels.** Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels. This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

| £ | 2015/16 | 2016/17 | 2017/18 |
|----------------------|----------|----------|----------|
| | Estimate | Estimate | Estimate |
| Weekly housing rents | 0 | 0 | 0 |

3 **Treasury Management Strategy**

- 3.1 The capital expenditure plans set out in Section 2 provide 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. 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 positions and the annual investment strategy.
- 3.2 The Council's treasury portfolio position at 31 March 2014, with forward projections are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

| £'000 | 2013/14 Actual | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|---------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| External Debt | | | | | |
| Borrowing | 136,094 | 139,292 | 145,905 | 151,180 | 154,677 |
| Other long-term liabilities | 2,787 | 2,248 | 1,746 | 1,274 | 760 |
| Gross debt at 31 March | 138,881 | 141,540 | 147,651 | 152,454 | 155,437 |
| CFR | 152,230 | 151,656 | 154,902 | 157,371 | 158,588 |
| Under / (over) borrowing | 13,349 | 10,116 | 7,251 | 4,917 | 3,151 |
| Investments at 31 Mar | 34,764 | 34,353 | 29,988 | 26,459 | 24,236 |
| Net Debt | 104,117 | 107,187 | 117,663 | 125,995 | 131,201 |

3.3 Within the prudential indicators there are a number of 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 CFR in the preceding year plus the estimates of any additional CFR for 2015/16 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 purposes.

3.4 The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

Treasury Indicators: Limits to Borrowing Activity

3.5 The **Operational Boundary** is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

| Operational boundary £'000 | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| Debt | 139,292 | 145,905 | 151,180 | 154,677 |
| Other long term liabilities | 2,248 | 1,746 | 1,274 | 760 |
| Total | 141,540 | 147,651 | 152,454 | 155,437 |

3.6 The **Authorised Limit** for external debt represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and 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.

3.7 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. 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. The Council is asked to approve the following Authorised Limit:

| Authorised limit £'000 | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| Debt | 164,308 | 168,456 | 171,697 | 173,628 |
| Other long term liabilities | 2,248 | 1,746 | 1,274 | 760 |
| Total | 166,556 | 170,202 | 172,971 | 174,388 |

3.8 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

| HRA Debt Limit £'000 | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|----------------------|---------------------|---------------------|---------------------|---------------------|
| HRA debt cap | 140,275 | 140,275 | 140,275 | 140,275 |
| HRA CFR | 125,647 | 130,012 | 133,541 | 135,764 |
| HRA headroom | 14,628 | 10,263 | 6,734 | 4,511 |

| HRA Debt Ratios £'000 | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| HRA debt | 125,647 | 130,012 | 133,541 | 135,764 |
| HRA revenues | 29,985 | 30,512 | 31,082 | 31,769 |
| Ratio of debt to revenues | 4 | 4 | 4 | 4 |
| Number of HRA dwellings | 6,099 | 6,064 | 6,059 | 6,034 |
| Debt per dwelling | 21 | 21 | 22 | 22 |

4 Economic Outlook

4.1 The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates.

Appendix A draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Capita Asset Services central view.

| Annual Average % | Bank Rate % | PWLB Borrowing Rates % (incl. certainty rate adjustment) | | |
|------------------|-------------|--|---------|---------|
| | | 5 year | 25 year | 50 year |
| Dec-14 | 0.50% | 2.00% | 3.30% | 3.30% |
| Mar-15 | 0.50% | 2.20% | 3.40% | 3.40% |
| Jun-15 | 0.50% | 2.20% | 3.50% | 3.50% |
| Sep-15 | 0.50% | 2.30% | 3.70% | 3.70% |
| Dec-15 | 0.75% | 2.50% | 3.80% | 3.80% |
| Mar-16 | 0.75% | 2.60% | 4.00% | 4.00% |
| Jun-16 | 1.00% | 2.80% | 4.20% | 4.20% |
| Sep-16 | 1.00% | 2.90% | 4.30% | 4.30% |
| Dec-16 | 1.25% | 3.00% | 4.40% | 4.40% |
| Mar-17 | 1.25% | 3.20% | 4.50% | 4.50% |
| Jun-17 | 1.50% | 3.30% | 4.60% | 4.60% |
| Sep-17 | 1.75% | 3.40% | 4.70% | 4.70% |
| Dec-17 | 1.75% | 3.50% | 4.70% | 4.70% |
| Mar-18 | 2.00% | 3.60% | 4.80% | 4.80% |

4.2 UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing,

business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

- 4.3 The US, the biggest world economy, has generated growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid-2015.
- 4.4 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:
- Greece: the general election on 25 January 2015 is likely to bring a political party to power which is anti EU and anti-austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti-austerity political parties throughout the EU is much more difficult to quantify;
 - As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
 - Investment returns are likely to remain relatively low during 2015/16 and beyond;
 - Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities

(especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;

- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

5 Borrowing Strategy

5.1 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 relatively high.

5.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2015/16 treasury operations. The Chief Financial 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 a greater than expected 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 still lower than they will be in the next few years.

5.3 Any decisions will be reported to the Scrutiny Panel at the next available opportunity.

Treasury Management Limits on Activity

5.4 There are three debt related treasury activity limits. The purpose of these are 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;

- 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.

5.5 The Council is asked to approve the following treasury indicators and limits:

| Interest rate Exposures (£'000) | 2015/16 | 2016/17 | 2017/18 |
|--|---------|---------|---------|
| Upper limit on fixed interest rates based on net debt | 117,700 | 126,000 | 131,200 |
| Upper limit on variable interest rates based on net debt | 58,800 | 63,000 | 65,600 |

| Maturity Structure of fixed interest rate borrowing | Lower | Upper |
|---|-------|-------|
| Under 12 months | 0% | 10% |
| 12 months to 2 years | 0% | 20% |
| 2 years to 5 years | 0% | 20% |
| 5 years to 10 years | 0% | 20% |
| 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% | 40% |

Policy on Borrowing in Advance of Need

5.6 The Council will not borrow more than or in advance of its needs purely in order 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

5.7 As short term borrowing rates will be 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 and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

5.8 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.

- 5.9 Any rescheduling will be reported to the Scrutiny Panel at the earliest meeting following its action.

Municipal Bond Agency

- 5.10 It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The Council will consider making use of this new source of borrowing as and when appropriate.

6 Annual Investment Strategy

Changes to credit rating methodology

- 6.1 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". This process may commence during 2014/15 and / or 2015/16. The actual timing of the changes is still subject to discussion, but this does mean immediate changes to the credit methodology are required.
- 6.2 It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. The eventual removal of implied sovereign support will only take place when the regulatory and economic environments have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.
- 6.3 Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. As such, there is no point monitoring both Long Term and these "standalone" ratings.
- 6.4 Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.
- 6.5 As a result of these rating agency changes, the credit element of Capita Asset Services future methodology will focus solely on the Short and Long Term ratings of an institution. Rating Watch and Outlook information will continue to be assessed where it relates to these categories. This is the same process for Standard & Poor's that has always been taken, but a change to the use of Fitch and Moody's ratings. Furthermore, CDS prices will continue to be utilised as an overlay to ratings in the new methodology.

Investment Policy

- 6.6 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.
- 6.7 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.
- 6.8 Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.
- 6.9 As with previous practice, ratings will not be the sole determinant of the quality of an institution and that 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 this end 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.
- 6.10 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 6.11 The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk in one counterparty or country. The intention of the strategy is to provide security of investment and minimisation of risk.
- 6.12 Investment instruments identified for use in the financial year are listed in **Appendix B**, which includes Counterparty, time and monetary limits. These will cover both 'Specified' and 'Non-Specified' Investments.
- 6.13 Specified Investments are sterling denominated investments of not more than 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. 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

- 6.14 The Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies;
 - CDS spreads to give early warning of likely changes in credit ratings;
 - sovereign ratings to select counterparties from only the most creditworthy countries.
- 6.15 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands that indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:
- Yellow 5 years (UK Government debt or equivalent)
 - Dark Pink 5 years Enhanced money market funds (1.25 credit score)
 - Light Pink 5 years Enhanced money market funds (1.5 credit score)
 - Purple 2 years
 - Blue 1 year (nationalised or semi nationalised UK Banks)
 - Orange 1 year
 - Red 6 months
 - Green 100 days
 - No Colour not to be used
- 6.16 The creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.
- 6.17 Typically the minimum credit ratings criteria the Council will use is a Short Term rating (Fitch or equivalent) of F1, and a Long Term rating 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.
- 6.18 All credit ratings will be monitored on a monthly basis. 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.

- any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list.
- 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.
- a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.
- 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 weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

6.19 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, information on sovereign support for banks and the credit ratings of that supporting government.

Country limits

6.20 The Council will only use approved counterparties from countries with a minimum sovereign credit rating of AAA, 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 **Appendix C**. This list will be amended by officers should ratings change in accordance with this policy.

Investment strategy

6.21 The Council will manage all of its investments in-house. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

6.22 The Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2015/ 2016 0.75%
- 2016/ 2017 1.25%
- 2017/ 2018 2.00%

6.23 There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk

6.24 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

6.25 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

- 2015/16 0.60%
- 2016/17 1.25%
- 2017/18 1.75%
- 2018/19 2.25%
- 2019/20 2.75%
- 2020/21 3.00%
- 2021/22 3.25%
- 2022/23 3.25%
- Later years 3.50%

Investment treasury indicator and limit

6.26 The limit for the total principal funds invested for greater than 364 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 the treasury indicator and limit.

| £'000 | 2015/16 | 2016/17 | 2017/18 |
|---|---------|---------|---------|
| Max. principal sums invested > 364 days | 5,000 | 5,000 | 5,000 |

End of year investment report

6.27 At the end of the financial year, the Council will report on its investment activity to the Scrutiny Panel as part of its Annual Treasury Report.

| | Mar 2015 | Jun 2015 | Sep 2015 | Dec 2015 | Mar 2016 | Jun 2016 | Sep 2016 | Dec 2016 | Mar 2017 | Jun 2017 | Sep 2017 | Dec 2017 | Mar 2018 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Capita Asset Services Interest Rate View | | | | | | | | | | | | | |
| Bank Rate | 0.50% | 0.50% | 0.50% | 0.75% | 0.75% | 1.00% | 1.00% | 1.25% | 1.25% | 1.50% | 1.75% | 1.75% | 2.00% |
| 3 month LIBID | 0.50% | 0.50% | 0.60% | 0.80% | 0.90% | 1.10% | 1.10% | 1.30% | 1.40% | 2.50% | 1.80% | 1.90% | 2.10% |
| 6 month LIBID | 0.70% | 0.70% | 0.80% | 1.00% | 1.10% | 1.20% | 1.30% | 1.50% | 1.60% | 1.70% | 2.00% | 2.10% | 2.30% |
| 12 month LIBID | 0.90% | 1.00% | 1.10% | 1.30% | 1.40% | 1.50% | 1.60% | 1.80% | 1.90% | 2.00% | 2.30% | 2.40% | 2.60% |
| 5yr PWLB Rate | 2.20% | 2.20% | 2.30% | 2.50% | 2.60% | 2.80% | 2.90% | 3.00% | 3.20% | 3.30% | 3.40% | 3.50% | 3.60% |
| 10yr PWLB Rate | 2.80% | 2.80% | 3.00% | 3.20% | 3.30% | 3.50% | 3.60% | 3.70% | 3.80% | 3.90% | 4.00% | 4.10% | 4.20% |
| 25yr PWLB Rate | 3.40% | 3.50% | 3.70% | 3.80% | 4.00% | 4.20% | 4.30% | 4.40% | 4.50% | 4.60% | 4.70% | 4.70% | 4.80% |
| 50yr PWLB Rate | 3.40% | 3.50% | 3.70% | 3.80% | 4.00% | 4.20% | 4.30% | 4.40% | 4.50% | 4.60% | 4.70% | 4.70% | 4.80% |
| Bank Rate | | | | | | | | | | | | | |
| Capita Asset Services | 0.50% | 0.50% | 0.50% | 0.75% | 0.75% | 1.00% | 1.00% | 1.25% | 1.25% | 1.50% | 1.75% | 1.75% | 2.00% |
| Capital Economics | 0.50% | 0.50% | 0.75% | 0.75% | 1.00% | 1.00% | 1.25% | 1.25% | | | | | |
| 5yr PWLB Rate | | | | | | | | | | | | | |
| Capita Asset Services | 2.20% | 2.20% | 2.30% | 2.50% | 2.60% | 2.80% | 2.90% | 3.00% | 3.20% | 3.30% | 3.40% | 3.50% | 3.60% |
| Capital Economics | 2.20% | 2.50% | 2.70% | 3.00% | 3.10% | 3.20% | 3.30% | 3.40% | | | | | |
| 10yr PWLB Rate | | | | | | | | | | | | | |
| Capita Asset Services | 2.80% | 2.80% | 3.00% | 3.20% | 3.30% | 3.50% | 3.60% | 3.70% | 3.80% | 3.90% | 4.00% | 4.10% | 4.20% |
| Capital Economics | 2.80% | 3.05% | 3.30% | 3.55% | 3.60% | 3.65% | 3.70% | 3.80% | | | | | |
| 25yr PWLB Rate | | | | | | | | | | | | | |
| Capita Asset Services | 3.40% | 3.50% | 3.70% | 3.80% | 4.00% | 4.20% | 4.30% | 4.40% | 4.50% | 4.60% | 4.70% | 4.70% | 4.80% |
| Capital Economics | 3.25% | 3.45% | 3.65% | 3.85% | 3.95% | 4.05% | 4.15% | 4.25% | | | | | |
| 50yr PWLB Rate | | | | | | | | | | | | | |
| Capita Asset Services | 3.40% | 3.50% | 3.70% | 3.80% | 4.00% | 4.20% | 4.30% | 4.40% | 4.50% | 4.60% | 4.70% | 4.70% | 4.80% |
| Capital Economics | 3.30% | 3.50% | 3.70% | 3.90% | 4.00% | 4.10% | 4.20% | 4.30% | | | | | |

| ORGANISATION | Min. Credit Criteria | | Maximum limit per institution | Maximum maturity period |
|--|----------------------|---------------|-------------------------------|--|
| | Short-Term | Long-Term | | |
| Deposits with Banks and Building Societies (including unconditionally guaranteed subsidiaries) | Minimum F1+ | AAA, AA+, AA, | £7.5m | As per colour band - see Section 6 of TMSS |
| | Minimum F1+ | Minimum AA- | £5m | |
| | Minimum F1 | A+, A | £2.5m | |
| UK nationalised / part nationalised banks | F1+ | | £7.5m | 1 year |
| CDs or corporate bonds with Banks and Building Societies * | As per colour band | | As above | As per colour band |
| UK Govt. Gilts | UK sovereign rating | | £10m | 1 year |
| UK Govt. Treasury Bills | UK sovereign rating | | £10m | 1 year |
| UK Local & Police Authorities | | | Unlimited | 1 year |
| Debt Management Agency Deposit Facility | | | Unlimited | 6 mths |
| Money Market Funds / Enhanced Money Market Funds | AAA | | £10m | Liquid |
| Bonds issued by Multilateral Development Banks | UK sovereign rating | | £3m | 6 mths |

Notes:

- Sovereign debt rating of AAA only + UK counterparties
- Country limit £10m
- Limit in all Building Societies £10m
- Limit of £20m in aggregate in non-specified investments

* Covered by UK Government (explicit) guarantee

Based on Lowest available rating

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

Impact of Budget Strategy 2015/16

The budget for 2015/16 has been prepared in continuing difficult financial conditions. This is alongside the bedding in of changing local government financial arrangements. It is worth noting now only 16% of the proposed net budget of £19m is funded by core Government grant (RSG).

There continue to be reductions in the amount of money we receive with a cut in combined funding of 15%. In addition to these cuts in core funding the budget has to accommodate cost pressures from inflation, other Government funding reductions, reductions in parking income from the introduction of Park and Ride and provisions for increased demand from a growing borough.

Our programme of service reviews and development of an increase in commercial efficiencies and income continues to identify resources to meet our cost pressures. In addition a review of previous years spending and income has helped to identify areas where both expenditure and income budget can be reviewed to deliver a saving.

These various approaches have helped to identify £1.6m of savings and extra income. This strategic approach to delivering savings minimises the need to ask services to deliver percentage reductions which may impact on service delivery.

The proposed 2015/16 budget does include £114k of savings from budget reductions. This represents 6% of all proposed savings illustrating the majority of savings have been identified through efficiencies, income or technical budget changes. As such any negative impact on delivering against Strategic Plan priorities can be minimised.

The budget increasingly reflects the changing Government funding streams with income through the New Homes Bonus and to a lesser extent the local retention of business rates becoming important sources of income. The Council is proposing to invest a greater level and proportion of the New Homes Bonus to deliver projects that will support priorities in the new Strategic Plan.

Specifically £547k of the New Homes Bonus has been allocated to support the new Strategic Plan. The Cabinet report on this agenda asks for a decision for officers to prepare an action plan to achieve the commitments in the new Strategic Plan. This funding recognises the different emphasis in the Plan and will allow for a set of ambitious actions to deliver against the new priorities. For example the new Plan has a greater emphasis on our heritage, tourism and business and this will need to be supported with a range of new actions, over and above what we are currently doing.

The rest of the New Homes Bonus money is being used as described earlier in this paper. Many of these projects also reflect the changing emphasis on the Strategic Plan, as well as supporting some of our day to day responsibilities. For example:

- A range of projects to support improvements to the Town centre
- A number of projects aimed at community enabling
- Initiatives that support partnership working
- Transport and Housing related projects
- Projects that will deliver increase income to continue to support our budget strategy.