

Extract from the minutes of the Cabinet meeting on 1 February 2017

136. 2017/18 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member together with minutes 104 and 105 of the Scrutiny Panel meeting of 31 January 2017.

Councillor Cory, Portfolio Holder for Resources, introduced the budget. This would protect and promote the people of Colchester. It would help protect residents from the impact of the significant reductions in the funding from central government. Despite these cuts in funding, there were no cuts to Council services. The New Homes Bonus was to be used largely to invest in and support projects, rather than to support the base budget. In particular it would be used to support Strategic Plan priorities such as the proposals for a housing development vehicle, sport and leisure facilities at Northern Gateway and projects to support vulnerable communities. Local authority budget would also be maintained, which would also help local communities.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, Councillor Feltham Portfolio Holder for Business, Leisure and Opportunities, and Councillor T. Young, Portfolio Holder for Culture and Regeneration, also expressed their support for the proposals and paid tribute to Councillor Cory and officers for bringing forward a budget that did not cut frontline services, given the reductions in funding. This was a consequence of the more commercial approach taken by the Council and its success in increasing income. The continued investment in sport and leisure and culture was also highlighted.

RESOLVED that:-

- (a) It be noted that for the purpose of assessing the impact on balances the outturn for the current financial year is forecast to be an overspend of £240k (see paragraph 3.4 of the Assistant Chief Executive's report).
- (b) The provisional Finance Settlement figures set out in Section 4 of the Assistant Chief Executive's report showing a cut to the Settlement Funding Assessment of £980k be noted.
- (c) 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 4.8 of the Assistant Chief Executive's report be noted.
- (d) The changes made to the New Homes Bonus scheme and the grant reduction in 2017/18 of £931k as set out in section 4 of the Assistant Chief Executive's report, with further reductions in the grant in later years, be noted.

(e) The cost pressures, growth items, proposed use of New Homes Bonus, savings and increased income options identified during the budget forecast process as set out at in section 5 and detailed in Appendices C, D and E of the Assistant Chief Executive's report be approved.

(f) The 2017/18 Revenue Budget requirement of £25,911k (paragraph 5.16 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 be agreed and *RECOMMENDED TO COUNCIL*, subject to the final proposal to be made in respect of Council Tax.

(g) Colchester's element of the Council Tax for 2017/18 at £180.18 per Band D property, which represents an increase of £4.95 (2.8%) from the current rate be *RECOMMENDED TO COUNCIL*, 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. This will be prepared in consultation with the Leader of the Council.

(h) The Revenue Balances for the financial year 2017/18 as set out at Appendix J of the Assistant Chief Executive's report be agreed and it further be agreed that:-

- the minimum level be set at a minimum of £1,900k
- £499k of balances, including sums carried forward from 2016/17, be applied to finance items in the 2017/18 revenue budget

(i) The updated position on earmarked reserves set out in section 8 of the Assistant Chief Executive's report be noted and the following releases be agreed-

- £20k from the section 106 monitoring reserve
- £489k from the business rates reserve.
- £325k use of capital expenditure reserve for ICT strategy
- £150k use of parking reserve

(j) £3.173m be used from a combination of General Fund balances and reserves to fund the one off pension fund payment and provision be made within the budget in 2018/19 and 2019/20 to reinstate these balances as set out in section 8.

(k) 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 9.3 of the Assistant Chief Executive's report.

(l) The Medium Term Financial Forecast for the financial years 2017/18 to 2020/21 set out in section 11 of the Assistant Chief Executive's report be noted.

(m) The position on the Capital Programme shown at section 12 of the Assistant Chief Executive's report be noted and it be agreed and *RECOMMENDED TO COUNCIL* that the following items be included in the Capital Programme:-

- £857k for changes to the waste service as agreed by Cabinet.
- £500k to deliver new social housing funded from the HRA Right to Buy Reserve

(n) The comments made on the robustness of budget estimates at section 13 of the Assistant Chief Executive's report be noted.

(o) The 2017/18 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the background paper at Appendix N of the Assistant Chief Executive's report be approved 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.