

Extract from the draft minutes of the Cabinet meeting of 23 January 2024

828. Draft Budget Proposals 2024/25 (including General Fund and Housing Revenue Account Revenue and Capital) and an updated Medium-Term Financial Forecast)

The Section 151 Officer submitted a report a copy of which had been circulated to each Member together with the recommendation from the Scrutiny Panel meeting of 23 January 2024.

Christina Reed-Welham attended and addressed Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1) to express concerns that members of Leisure World had about the proposed closure of the café at Leisure World and to highlight the petition in support of keeping the café open. The Council should stop and reconsider and work with staff and members to enable it to remain part of the community. The Council 's Strategic Plan highlighted the importance of health, wellbeing and happiness, and the Council had received £3.5 million in health funding to address these issues. There was now greater awareness of the link between exercise and mental health. Social connections combined with exercise contributed to wellbeing. The café was uniquely placed to encourage both social connections and exercise for a wide demographic range and was a key part of the attraction of Leisure World. If the café was kept open for a further period of six months it would allow the talented staff to review the model and work towards a more profitable operation.

Councillor King, Leader of the Council and Portfolio Holder for Strategy, expressed his thanks and reiterated the assurance he had given earlier that the decision to close the café had been paused and it would remain open whilst alternative options were explored. Councillor Cory, Portfolio Holder for Resources, explained that the decision had arisen in the context of the tough choices the administration faced. However, there had been some miscommunication about the nature of the proposal. Nevertheless the administration had listened to the concerns raised and would explore alternatives.

Councillor Law attended and with the consent of the Chair addressed Cabinet to express concern about how some of the proposals to reduce services would impact on Highwoods. Highwoods Country Park Visitor Centre provided key facilities to visitors to the Country Park, and staff from the visitor centre were important in helping with emergencies or countering anti-social behaviour. Less resources at the Visitor Centre could lead to increased anti-social behaviour and flytipping, which need further resource from elsewhere in the Council. Cuts were also proposed to Highwoods Sports Centre. This was an accessible site right at the heart of the community and made an important contribution to the health and wellbeing of the community. There were also cuts proposed to community facilities at St Marks, which helped provide important social connections contributing to health and wellbeing. The overall impression that would be given to residents would be that the Council did not care about providing good

accessible, community facilities, and were not supportive of their health and wellbeing, contrary to Strategic Plan priorities.

Councillor King responded that the scale of the challenge facing the Council meant hard choices. It would look to cause the least harm it could. He would ask officers to look at the points raised about the Visitor Centre and the impact the proposals could have on other areas of the Council. However Highwoods was well served with sporting and community facilities.

Councillor Dundas attended and with the consent of the Chair addressed Cabinet. Further funding for local government had been announced by the government today. It was noted that whilst it had been proposed to close the café at Leisure World, another café run by the Council was losing significantly more money and further information for the basis of that decision was sought. Further information on the position on the reserves was necessary in order to make a judgement on whether the budget was prudent. Further information was sought about an outstanding debt from Colchester Amphora Energy Ltd to the Council and whether this had been paid. The position on reserves was important as the Medium Term Financial Forecast showed an accumulated deficit of £7.35 million, which could only be met from reserves. Further detail was needed on the Fit for the Future programme as there was not enough information for Councillors to make a judgement on the impact of the programme. Without this information informed judgements could not be made about whether to support the budget or how to propose meaningful amendments.

Councillor King and Councillor Cory responded and emphasised the importance of Councillors having sufficient detail to make decisions. The administration had had to make a judgement on how much information to provide. The proposals had been informed by member briefings and Alumni meetings and had not come unexpectedly. The budget strategy was supported by a great deal of information and was clearer and went further than previous budgets. Further information about the Fit for the Future programme would be forthcoming in February. Advice would be sought on the point raised about the coffee shops. In terms of the point made about deficits and reserves the budget proposed putting funding back into reserves in 2024/25. A deficit was forecast in the following year but this would be addressed as the Council had a legal duty to set a balanced budget. It was not proposed to build up a deficit in the way that had been suggested. Reserves would be used in a limited way to provide a contingency in case there was slippage in the Fit for the Future programme. The administration was open to further suggestions and discussion in the run up to the Council meeting on 21 February 2024.

Councillor J Young attended and with the consent of the Chair addressed Cabinet to express thanks to officers for their work in bringing forward the budget proposals. The budget needed to be seen in the national context where many Councils were facing very difficult decisions. The Council had lost two-thirds of its direct funding grant from government since 2009. Added to this were issues of inflation, the cost of living crisis and increased homelessness demands. Did the Leader of the Council agree that the

funding from central government since 2010 had been inadequate to meet the needs of the community?

Councillor King indicated that he agreed and noted that the LGA estimated that one in five authorities privately believed that they may need to issue a section 114 letter.

Councillor Pearson attended and with the consent of the Chair addressed Cabinet and indicated Councils nationwide were faced with problems not of their own making. Whilst it was right that Councils should look for efficiencies and review the way services were run as part of the normal course of events, this was not what was happening now. The House of Commons Library showed that the National Audit Office had estimated in 2018 that local authority spending power had fallen by 29% in real terms between 2010-2018. Issues of inflation and the cost of addressing homelessness also needed to be taken into consideration. A further recommendation should be made that the Council should work collaboratively with other authorities nationwide to make representations to central government for fair funding for local authorities.

Councillor King indicated that this proposal would be considered. The Council was a part of a number of local authority networks that could be used to help push this message, and lobbying was always most effective when it was cross party.

Councillor Sunnucks attended and with the consent of the Chair addressed Cabinet. He supported the recommendation from the Scrutiny Panel for further information. He was concerned by the budget and considered that this was an opportunity to take the Council in a different direction. In view of the comments about the national context, it was important to focus internally and not blame others. The Council was an inefficient organisation and there was scope for cuts that would not impact on frontline services. Further funding from central government was forthcoming. The following questions were asked of Cabinet:-

- Did Cabinet believe that it could convert this year's deficit into a small surplus next year without doing anything specific?
- Did Cabinet believe that Fit for the Future would work within a year?
- Could the budget be properly evaluated without information about the reserves?
- Were Cabinet aware that by approving this budget it was approving doubling the debt, largely through spending on social housing, and the cost of running the deficit would be £3-5 million per annum?

Councillor King and Councillor Cory responded and stressed that the budget was properly constructed and was based on high quality work. Further information about the position on the reserves and on Fit for the Future was being provided. The administration was not seeking to blame others and accepted its responsibility to take the necessary decisions to set a balanced budget. Difficult decisions had already been taken, such as on garden waste, which had had an impact on staffing.

Andrew Small, Section 151 Officer made a presentation to Cabinet. The presentation set out:-

- The financial context of one of the most challenging years for local government finance and the actions taken to address the budget gap.
- The scale of the budget gap and how this had been identified and how this would be addressed.
- The Medium Term Financial Forecast.
- The savings anticipated through the Fit for the Future programme and the contribution they would make to balancing future budgets. This would require some investment and this would be done by creating a Fit for the Future reserve.
- General Fund balances and the proposal to increase the minimum level of general fund balance to £3 million in view of the heightened volatility.
- A summary of earmarked reserves. These were being reviewed and were now better understood. The position was generally healthy but there were many demands on them.
- The Capital Programme had been reviewed and updated. Several schemes had been removed but there were also some key additions such as the repair to the Moot Hall.
- Housing Revenue Account was balanced and proposed an increase in rents of 7.7%. The income generated would remain within the HRA. A detailed review of the HRA would be undertaken in 2024.
- The Section 151 Officer was reassured that the budget was robust with a clear ambition to address future challenges. A section 25 report on the robustness of the budget would accompany the budget when it was referred to Council.

Councillor Goss, Portfolio for Neighbourhood Services and Waste, sought clarification on the issues raised about the outstanding liabilities from the Heat Network project. The Section 151 Officer explained that these issues had been raised at Governance and audit Committee and it was recognised that there were risks around the ending of the project, particularly around the BEIS grant. This would be addressed as part of the closure of accounts but it was estimated that the level of potential loss was around £200,000.

In discussion Cabinet indicated that it accepted the recommendations made by the Scrutiny Panel, which it considered useful and fair. The requested further information would be addressed and some information on reserves had been part of the section 151 officer's presentation. In terms of the Treasury Management information, it was more likely this would be further information rather than the full Treasury Management Strategy Statement, in view of the timescales.

Cabinet noted that the issues raised by the budget had largely been discussed in response to the speakers. The advice of the section 151 officer on the robustness of the proposals was noted. It offered its thanks to those officers who had worked hard to bring the proposals forward and to those who would be implementing and impacted by the Fit for the Future programme and other cost savings. It was appreciated that the proposals would be challenging for both officers and residents.

Cabinet welcomed the proposal from Councillor Pearson that a further recommendation be made in respect of pushing collaboratively for a fair approach to local government finance.

RESOLVED that:-

- (a) The final revenue and capital budget proposals for 2024/25 as presented in Appendices A to D of the Section 151 Officer's report, be agreed, subject to a pause on the proposal for the closure of the Leisure World Coffee Shop set out in Appendix D, whilst alternative options were explored.
- (b) The recommendations from the Scrutiny Panel meeting on 23 January 2024 be agreed.

RECOMMENDED TO COUNCIL:-

- (a) The budget for 2024/25 (including Revenue and Capital in Appendices A, B and the confidential and not for publication Appendix D to the Section 151 Officer's report) subject to the removal of the proposal for the closure of the Leisure World Coffee Shop set out in Appendix D.
- (b) The updated Medium-Term Financial Forecast (MTFF) 2024/25 to 2028/29 (covering General Fund and Housing Revenue Account in Appendix C)
- (c) The level of Council Tax increase for 2024/25 (as set out in paragraph 2.6 of Appendix A of the Section 151 Officer's report)
- (d) The level of Housing Rent increase for 2024/25 (as set out in paragraph 3.3, of Appendix A of the Section 151 Officer's report); and
- (e) The Management Fee payable to Colchester Borough Homes (CBH) in 2024/25 (as set out in paragraph 3.4 of Appendix A of the Section 151 Officer's report).
- (f) The Council work collaboratively with other councils nationwide to make representations to central government for fair funding for local government.

REASONS

To enable Cabinet to recommend a final budget for 2024/25 to the Council in February 2024.

ALTERNATIVE OPTIONS

The proposals in the Section 151 Officer's report represent Cabinet's recommended position on the 2024/25 General Fund and Housing Revenue Account budgets (both Revenue and Capital).

