

COLCHESTER CITY COUNCIL

Council Meeting

21 February 2024

Supplementary Information

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

Apologies: Cllrs Pearson, Scott-Boutell

2. **Have Your Say!**

4. **Minutes of Previous Meetings**

A... Motion that the minutes of the meeting on 7 December 2024 be confirmed as a correct record (see page 7 of the Council Summons) .

5. **Mayor's Announcements**

The Mayor to make announcements and to hold a minute's silence in memory of the late Alderman Christopher Hall.

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

None

Suspension of Council Procedure Rule 14(3).

Council will be invited to agree the suspension of Council Procedure Rule to allow one speech of 10 minutes by each political group on item 7(i), with all other speaking times as per Council Procedure Rule 14(3).

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

To consider the following recommendations:-

7(i) Final Budget Proposals (General Fund and Housing Revenue Account, including Medium Term Revenue and Capital)

B... Motion that the recommendations contained in the reports from the Section 151 Officer entitled Final Budget Proposals, 2024/25 (General Fund and HRA including medium term revenue and capital) and Council Tax

Setting 2024.25 (including proposed change to premiums) and recommendation (f) in draft minute 828 from the Cabinet meeting of 24 January 2024 be approved and adopted (see page 21 of the Council Summons).

Details of main amendments submitted are attached at page 4.

7(ii) Local Council Tax Support Scheme 2024-25

C... Motion that the recommendation contained in minute 814 of the Cabinet meeting of 19 December 2023 be approved and adopted (see page 111 of the Council Summons).

7(iii) Officer Pay Policy Statement 2024-25

D... Motion that the recommendation contained in draft minute 830 of the Cabinet meeting of 24 January 2024 be approved and adopted (see page 201 of the Council Summons).

7(iv) Review of the Council's Ethical Governance Policies

E... Motion that the recommendation contained in minute 396 of the Governance and Audit Committee meeting of 13 December 2023 be approved and adopted (see page 203 of the Council Summons).

7(v) Review of the Local Code of Corporate Governance

F... Motion that the recommendation contained in minute 398 of the Governance and Audit Committee meeting of 13 December 2023 be approved and adopted (see page 207 of the Council Summons).

8. Questions to Cabinet Members and Committee Chairs pursuant to Council Procedure Rule 10

No pre-notified questions to Portfolio Holders or Committee Chairs have been received.

9. Increase in Members Allowances

G... Motion that the recommended decisions in the report by the Head of Governance and Monitoring Officer be approved and adopted (page 209 of the Council Summons).

10. Schedule of Portfolio Holder Decisions

Council is invited to note the schedule of Portfolio Holder decisions covering the period 27 November 2023 – 13 February 2024 (see page 213 of the Council Summons).

13. Exclusion of the Public

In accordance with Section 100A 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) may be decided. Exempt information is defined in Section 1000I and Schedule 12A of the Local Government Act 1972).

Main Amendments to Item 7(i)

Main Amendment A

Proposer – Councillor Dundas

Resolution

That the recommendations contained in the reports from the Section 151 Officer entitled Final Budget Proposals 2024-25 and Council Tax Setting 2024/25 and recommendation (f) in the draft minute 828 of the Cabinet meeting of 24 January 2024 be approved and adopted subject to the following amendment:-

That the capital budget at Attachment 1B be amended to exclude expenditure of £7.7m on CNGS Enabling and that the consequent savings in interest and MRP be spent as shown on the table below:

	2024/5	2025/6	2026/7	2027/8	2028/9
	£000	£000	£000	£000	£000
Capital Financing Costs (Interest and MRP)	(185)	(755)	(755)	(755)	(755)
Total saving	(185)	(755)	(755)	(755)	(755)
Re-instatement of 1 x driver 1.4 x operative Neighbourhood Servies (Appendix D) or other 2.4 FTE Neighbourhood Services	79	81	83	85	88
Re-instatement / reduction in savings for Greening & Street Care (Appendix C Table 4.3)	100	250	500	500	500
Infrastructure audit		100			
Re-instatement of 1FTE to the Countryside Team to keep current sustainability and diversity capacity	35	36	37	38	39
Contribution (to) / from reserves	-29	288	135	132	128
	185	755	755	755	755

Explanation

A. Savings

The Council has already spent a large amount of money and several years attempting to bring the Northern Gateway development to fruition.

Since the Pandemic the office market has changed and the large area of commercial office space envisaged in the planning permission is unlikely to be viable.

The original planning permission required extensive highways works due to the anticipated large increase in traffic, primarily generated by the commercial office space. A new planning permission is expected to be sought, focusing more on

residential housing which is known to generate less traffic and will require less extensive highway infrastructure.

Furthermore, it has been agreed by Cabinet that the Council's appetite for financial risk is now lower and that the site will most likely be developed by a third party, possibly following a sale.

The inclusion of the £7.7 CNGS Enabling Works in the Capital Budget represents poor value for CCC and is not necessary as:

1. The eventual scheme will require less extensive highway works, so carrying out works designed for a scheme which by common agreement will not be built makes little sense.
2. It should be for the eventual developer to bear the infrastructure costs together with interest and MRP costs as with any other similar development, not Colchester City Council.

B. Additional Spending

The Greening and Street Care Service is considered a core service of the Council's and one highly visible to residents. It is also frequently identified by residents as one they most value and one of the most complained about if performance falls below standards.

The monetary reductions for this service in the draft budget amount to a cut of £1m per annum by 2026/27, which will have a noticeably detrimental effect on the service. This amendment restores much of the departmental budget.

The amendment also restores the 1 x driver and 1.4x (FTE) operative to Neighbourhood Services or other 2.4x FTE roles as needed detailed as a salary saving in Appendix D. This will be welcomed by Ward Councillors.

As a commitment to the Environment and the Council's commitment to having declared a Climate Emergency, this amendment restores the 1 Full Time Equivalent role to the Countryside Team (Appendix D) increasing our capacity to delivery sustainability and biodiversity projects.

Finally, it is recognised by many that Colchester faces an infrastructure deficit, having experienced rapid housing and population growth in recent years with little corresponding infrastructure. This amendment restores a budget for an Infrastructure Audit originally placed in the 22/23 budget and subsequently removed. This will allow an evidence base to be established for required infrastructure in Colchester leading to better planning.

C. Budget Impact

This amendment results in a deficit of £29,000 in 24/25 which will require use of reserves but delivers an improved surplus compared to that in the draft budget of £288,000 in 25/26, £135,000 in 26/27, £132,000 in 27/28 and £128,000 in 28/29 leading to an overall nett positive financial position of £654,000 over the MTF period.

Main Amendment B

Proposer: Councillor Sunnucks

Resolution

That the recommendations contained in the reports from the Section 151 Officer entitled Final Budget Proposals 2024-25 and Council Tax Setting 2024/25 and recommendation (f) in the draft minute 828 of the Cabinet meeting of 24 January 2024 be approved and adopted subject the following amendment:-

That the capital budget in Attachment 1B be amended to include £35m sale proceeds for the Mill Road development land and that attachments 1A and 1C be amended with the consequential savings in Capital Financing Costs incorporated in to the MTFF

Also that attachments 1A and 1C be amended to reverse the garden waste collection charges, as indicated in the table below. Such reversal to take place from 2025/6 and to be dependent i) upon the satisfactory sale of Mill Road and ii) no material cost over-runs in the 2024/5 operating budget.

Amendment II - sell 54 acres at Mill Road, re-instate free garden waste collections					
Sell Mill Road with planning consent no. 190665					
Net proceeds estimated at £35m at start of a competitive process					
Indicate flexibility on planning permission					
Potential to increase housing allocation to 670					
Still room for village green plus employment and healthcare land					
Infrastructure negotiations and payments to be left to the buyer - roads, heat network, power grid, s106					
	2024/5	2025/6	2026/7	2027/8	2028/9
	£000	£000	£000	£000	£000
General Fund interest saving £000		(1,695)	(1,695)	(1,695)	(1,695)
MRP saving £000		(705)	(799)	(799)	(799)
Total saving to GF deficit		(2,399)	(2,494)	(2,494)	(2,494)
Eliminate garden waste charging from 2025/6		1,301	1,340	1,380	1,422
Addition (to) reserves	-	(1,098)	(1,154)	(1,114)	(1,072)

Explanation

The Council owns a valuable development site at Mill Road which already has planning permission and was to have been developed by Colchester Amphora Homes Limited which is now in hibernation. The rugby club which previously used the land has been relocated to the new sports park to the North of the A12. The development of the land has long been envisaged as a way to repay the high cost of the new rugby club and sports centre.

Amendment II proposes that now is the time to sell to a developer who will deal with the remaining issues and build it out more quickly than we could ever do. The developer will have to pay for the s278 works at Junction 28 and for the potentially high cost of a connection to the electricity grid, and the price we receive will be discounted accordingly.

The site covers 54 acres (21.8 hectares) of former sports fields, now cleared and improved with some ground source heat infrastructure and a paved walkway. The Rugby Club moved in 2020 and in 2022 the Council granted itself planning permission 190665.

The sales price will be determined by the market, but £35m is a reasonable figure for budgetary purposes based on four sources of comparable information i) the TCBGC housebuilder appraisal ii) the TCBGC master developer appraisal iii) the VOA guidelines and iv) comparable evidence of land sales with full permission. The £35m budget price includes a substantial allowance for further infrastructure improvements including S278, S106 and 30% affordable housing.

The present permission allows for a mix of uses including a village green, 350 houses, a health campus and 45,100sqm of B1a office accommodation. That scale of office development (accommodating approximately 3000 desks) is unrealistic post Covid, and to get the best price the Council should indicate (as part of the sales process) that an application to change the use of that piece of land will be positively considered. The more freedom the Council can offer the developer the higher the price it will receive.

A Savings

The savings come from reduced financing charges – interest at 4.8% and minimum revenue payments. The Council has £31m of debt linked to the Northern Gateway and the proceeds should be sufficient to repay all of this plus £4m linked to Rowan House. In practice the debt wouldn't be repaid, but repurposed to reduce the need for new borrowing at 4.8% current interest rates.

B Extra spending

Garden waste charges are unpopular and widely regarded as an extra tax.

We assume that the £1.3m income stream disclosed in the recent scrutiny panel paper stops from 2025/6, conditional upon the Council's success in delivering the full "fit for the future" savings and selling Mill Road.

C Budget impact

As well as allowing us to cancel the garden waste charges there will be sufficient savings to add c. £1m a year to reserves or reduce Council tax by 6.9%¹.

¹ £1m / £14.411m = 6.9%

Main Amendment C

Proposer: Councillor Sunnucks

Resolution

That the recommendations contained in the reports from the Section 151 Officer entitled Final Budget Proposals 2024-25 and Council Tax Setting 2024/25 and recommendation (f) in the draft minute 828 of the Cabinet meeting of 24 January 2024 be approved and adopted subject to the amendment below:-

That Housing Revenue Account borrowing plans for 2024-2029 be cut by £43m, to be achieved by cutting back its intended purchases of market housing. The HRA operating budget in Attachment 1b table 5.2 to be amended as below and consequential changes to be made to the other tables.

Amendment III - cut unsustainable HRA borrowing by £43.3m.							
Remove £43.3m from £205m HRA capital programme							
No further acquisitions from developers							
Availability of affordable housing improved from Mill Road and HRA management initiatives							
Appendix B Table 5.2 amended as follows:							
AMENDED DRAFT HRA Capital Programme 2024/25 to 2028/29							
Description	2024/5	2025/6	2026/7	2027/8	2028/9	Total	Changes
	£000	£000	£000	£000	£000	£000	
HOUSING INVESTMENT							
Stock Investment Programme	19,582	20,004	19,935	21,040	19,773	100,334	
Sheltered Accommodation Review	553	2,272	3,021	1,169	5,892	12,907	
Adaptations	830	839	855	876	884	4,284	
Sub-Total	20,965	23,115	23,811	23,085	26,549	117,525	
OTHER WORKS							
New Build	16,624	10,318	5,635	5,748	5,861	44,187	Re-phased
Acquisitions							Eliminated
ICT	60	61	62	64	64	311	
Sub-Total	16,684	10,379	5,697	5,812	5,925	44,498	
Total Expenditure	37,649	33,494	29,508	28,897	32,474	162,023	
FINANCING							
Major Repairs Reserve	(6,000)	(6,190)	(6,447)	(6,684)	(6,818)	(32,139)	
Revenue Contributions	(2,459)	(3,405)	(2,887)	(3,286)	(3,635)	(15,672)	
Grants	0	(3,060)	(3,120)	0	0	(6,180)	
RTB receiptrs	(5,894)	(3,658)	(1,998)	(2,038)	(2,078)	(15,666)	
Borrowing	(23,296)	(17,181)	(15,056)	(16,889)	(19,943)	(92,366)	Reduced
Total Financing	(37,649)	(33,494)	(29,508)	(28,897)	(32,474)	(162,023)	

Explanation

The budget includes £205m HRA capital programme which is widely acknowledged to be unsustainable² and will probably have to be cut back sharply in the forthcoming HRA review.

This amendment proposes that an immediate start be made on the most obvious measure: we need to stop buying market housing to use as social or affordable now.

Such purchases do nothing to increase overall housing supply and make no economic sense. Borrowing at 4.5% to buy housing that yields 1.5% at best is clearly unsustainable. Every property it buys will decrease in value by 30-50%, and the deficit financing will prejudice the Council's ability to build new homes and maintain its existing portfolio.

This amendment leaves the £100m investment programme in the existing 5900 homes untouched. The £13m Sheltered Accommodation investment remains, as does the £44m available for new build. The HRA debt will still increase by £92m, and the HRA review will probably have to make further cuts.

The amendment is a modest but significant step towards balancing the HRA over the long term. The longer we leave it the more painful it will be.

B - Benefits

We believe the Council can reduce new HRA borrowing by £43m AND increase the availability of social housing by i) accelerating the development of Mill Road and ii) some management initiatives in relation to the existing portfolio.

C - Budget impact - Debt

Colchester's long term debt has more than doubled since 2010 and will double again over the next five years if this budget is adopted. Under this amendment it will still increase by 62% but at least we will have made a start to controlling its growth.

Year	Debt £m	Comment
2010	£57.4	
2024 (Jan actual)	£132.1	230% increase
2029 (Budget)	£293.5	222% increase
2029 (Proposed including Mill Road)	£215.5	£35m Mill Rd + £43m HRA

² In addition General Fund debt will increase by £25.7m, mostly in the first year

Main Amendment D

Proposer: Councillor J. Young

That the recommendations contained in the reports from the Section 151 Officer entitled Final Budget Proposals 2024-25 and Council Tax Setting 2024/25 and recommendation (f) in the draft minute 828 of the Cabinet meeting of 24 January 2024 be approved and adopted subject to the following amendment:-

That the necessary amendments be made to attachments 1A, 1B and 1C and Appendix D to give effect to the following changes to the 2024/25 budget and the capital programme. The revenue costs of the proposed amendments to be met from the additional funding provided in the final Local Government Funding Settlement, with the balance of the additional funding to be used for Reserves.

(1) Highwoods visitors centre opening times to be maintained as a valued community resource enjoyed by Colchester residents :

Highwoods Visitor Centre – reverse Highwoods Visitor Centre savings proposal to cut service (Appendix D, Page 416):

- Revenue Impact 2024/25 - Increases General Fund Net Expenditure by £20,000 (Para 1.2 of Page 21, including Attachment 1a on Page 32)
- Capital Impact 2024/25 - Nil

(2) To maintain the existing capacity of the Countryside Ranger service to provide the level of service needed to maintain our Country parks

Countryside Rangers – reverse Countryside Rangers savings proposal reduce staffing (Appendix D, Page 416):

- Revenue Impact 2024/25 - Increases Revenue Budget by £35,000 (Para 1.2 of Page 21, including Attachment 1a on Page 32)
- Capital Impact 2024/25 - Nil

(3) To replace 6 bins with smart technology compactor bins re-providing the missing bin in Wimpole road, and replacing 1 bin in Barrack Street and 4 Town centre bins

Purchase and introduce Compactor Bins (*6) in the Town Centre:

- Revenue Impact 2024/25 - Nil in 2024/25 (followed by MRP charge of £3,860 annually from 2025/26 for 7 years) (Para 3.4 of Page 67, Attachment 1c)
- Capital Impact 2024/25 - Increases General Fund Capital Programme by £27,000 (£4,500 per bin) (Para 4 of Page 58, Attachment 1b, including Annex 1 on Page 64)

(4) To provide capacity to the ward of Berechurch to develop storage at the community building at Berechurch Scout Hut.

Construct Storage Facility at Berechurch Scout Hut

- Revenue Impact 2024/25 - Nil in 2024/25 (followed by MRP charge of £500 annually from 2025/26 for 20 years) (Para 3.4 of Page 67, Attachment 1c)
- Capital Impact 2024/25 - Increases General Fund Capital Programme by £10,000 (Para 4 of Page 58, Attachment 1b, including Annex 1 on Page 64)

Main Amendment E

Proposer: To be confirmed but on behalf of all political Group Leaders

That the budget be amended to contribute to a new Shrub End War Memorial, in honour of the service and sacrifice of our Armed Forces. As a sign of our cross-party commitment to the Armed Forces covenant and those who serve today. And in memory of former Cllr Kevin Starling, who had led fund raising efforts for the memorial, until his recent passing.

Revenue Impact 2024/25 - Increases Revenue Budget by £14,500 (Para 1.2 of Page 21, including Attachment 1a on Page 32)
Capital Impact 2024/25 - Nil