

The Council Meeting

Council Chamber, Town Hall
19 February 2014 at 6.00pm

COLCHESTER BOROUGH COUNCIL

TO ALL MEMBERS OF THE COUNCIL

14 February 2014

You are hereby summoned to attend a meeting of the Council to be held at the Council Chamber, Town Hall on **19 February 2014 at 6:00pm** for the transaction of the business stated below.



Chief Executive

AGENDA

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

Apologies: Councillors Chuah, Cook, Cope, Fairley-Crowe, Hogg and Maclean.

Pages

1. Welcome and Announcements

1

(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;
- mobile phones switched to silent;
- audio recording of the meeting;
- location of toilets.

2. Have Your Say!

(a) 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 (Council Procedure Rule 6(2)).

(b) The Mayor to invite contributions from members of the public who wish to address the Council on a general matter not on this agenda.

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

3. Minutes

2 - 7

A...Motion that the minutes of the meeting held on 5 December 2013 be confirmed as a correct record.

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 judgment 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 Strategic Overview and Scrutiny Panel or the Finance and Audit 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

- i. 2014/15 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast **8 - 21**

B... Motion that the recommendations contained in minute 71 of the Cabinet meeting of 29 January 2014 and the decisions contained in the report by the Assistant Chief Executive entitled "Precept and Council Tax Levels 2014/15" be approved and adopted.

- ii. Officer Pay Policy **22**

C... Motion that the recommendation contained in minute 77 of the Cabinet meeting of 29 January 2014 be approved and adopted.

- iii. Review of Member Development Policy and Councillor Role Profiles **23**

D... Motion that the recommendation contained in minute 79 of the Cabinet meeting of 29 January 2014 be approved and adopted.

8. Notices of Motion pursuant to Council Procedure Rule 11

- i. Appointment of Deputy Mayor 2014-15

(i) Appointment of Deputy Mayor 2014/15

Proposer: Councillor Barlow

E... Motion that:-

Councillor Theresa Higgins be appointed as Deputy Mayor of the

Borough of Colchester for the 2014-15 municipal year.

As the Motion relates to a non-executive function, it will be debated and determined at the meeting.

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 (ie 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 this Summons, no pre-notified questions had been received.

10. Alcohol Consumption Task and Finish Group 24 - 25

To note the contents of the report from the Assistant Chief Executive

11. Schedules of Decisions taken by Portfolio Holders 26 - 28

To note schedules covering the period 21 November 2013- 5 February 2014,

12. Urgent items

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

13. Reports Referred to in Recommendations 29 - 129

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

2014/15 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast, report to Cabinet, 29 January 2014
Officer Pay Policy, report to Cabinet, 29 January 2014
Review of Member Development Policy and Councillor Role Profiles, report to Cabinet, 29 January 2014

14. 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).

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Have Your Say!

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COUNCIL

5 DECEMBER 2013

Present :- Councillor Colin Sykes (the Mayor) (Chairman)
Councillor John Elliott (Deputy Mayor)
Councillors Christopher Arnold, Nick Barlow,
Lyn Barton, Kevin Bentley, Mary Blandon, Tina Bourne,
Mark Cable, Nigel Chapman, Peter Chillingworth,
Helen Chuah, Barrie Cook, Nick Cope, Mark Cory,
Beverly Davies, Andrew Ellis, Margaret Fairley-Crowe,
Annie Feltham, Bill Frame, Ray Gamble, Martin Goss,
Scott Greenhill, Marcus Harrington, Dave Harris, Julia
Havis, Jo Hayes, Pauline Hazell, Peter Higgins,
Theresa Higgins, Mike Hogg, John Jowers,
Sonia Lewis, Cyril Liddy, Michael Lilley, Sue Lissimore,
Jackie Maclean, Jon Manning, Richard Martin,
Colin Mudie, Beverley Oxford, Gerard Oxford,
Philip Oxford, Will Quince, Lesley Scott-Boutell,
Peter Sheane, Paul Smith, Laura Sykes, Anne Turrell
(Leader of the Council) , Dennis Willetts, Julie Young
and Tim Young

The meeting was opened with prayers by Graham Theobald.

37. Apologies

Apologies were received from Councillors Blundell, Ford, Hunt, Jarvis, Kimberley, Naish, Offen and Sutton.

38. Minutes

The minutes of the meeting held on 16 October 2013 were confirmed as a correct record.

39. Announcement by Chief Executive // Flood Alerts

At the invitation of the Mayor Adrian Pritchard, Chief Executive, outlined the actions the Council had taken in response to the flood alerts issued for the coastal areas of the Borough and neighbouring boroughs.

40. Mayor's Announcements

The Mayor announced that at the Colchester Business Awards Colchester Borough Council and Colchester Borough Homes had won the following awards:-

- Colchester Borough Council had received an Excellence in Marketing Award for its proactive communications, marketing and engagement work carried out to support residents affected by Welfare Reform. The Mayor presented the award to Clare Atkinson, Business Relationship Manager.
- The refurbishment of Worsnop House, sheltered housing scheme, had won Colchester Borough Homes an award for efficiency and innovation. The Mayor presented the award to Mark Wright, Director, Property Services, who thanked the Council for providing the strategic vision that enabled Colchester Borough Homes to undertake the work and win the award. Councillor Bourne, Portfolio Holder for Housing, thanked Colchester Borough Homes officers for the work undertaken in respect of Worsnop House, which had delivered an exceptional housing scheme and urged Councillors to visit.

The Mayor announced the following events:-

- Garrison Christmas Concert at St Botolph's Church on 19 December 2013;
- The New Year's Eve Dinner in the Mayoral Suite on 31 December 2013;
- The 3rd Colchester Lecture would be given by Rebecca Perry, Colchester Zoo, for Action for the Wild, on 25 January 2014;
- The Operatic Society's Civic Night at the Mercury Theatre was provisionally scheduled for 31 January 2014;
- Beer Tasting on 7th February 2014;
- Bach Choir Concert at St Botolph's Church on 22 February 2014.

The Mayor offered his thanks to all those who had attended the Oyster Feast.

41. Licensing and the Night Time Economy

Councillor Hogg (as the holder of the alcohol licence for St Annes Community Centre Association) declared a non-pecuniary interest in this item pursuant to the provisions of Meetings General Procedure Rule 7(5).

It was PROPOSED by Councillor T. Young that:-

This Council takes on board the points made and discussions held at the recent meeting of the Crime & Disorder Committee and as a result:

- Instructs the Chief Executive of Colchester Borough Council to write to all licensed premises operating in Colchester Borough, inviting them to make a financial contribution towards the running costs of Colchester's SOS bus;
- Recognises the problem of 'pre-loading' with regards to alcohol misuse and recommends the setting up of an all-party task and finish group to investigate the issues surrounding this and to report back to Full Council by March 2014;
- Calls on the MPs representing Colchester Borough, The Hon Bernard Jenkin MP, Priti Patel MP and Sir Bob Russell MP to call for reform of our licensing laws;

- Invites the three MPs representing Colchester Borough, The Hon Bernard Jenkin MP, Priti Patel MP and Sir Bob Russell MP to spend a Saturday evening in Colchester town centre with the Group Leaders to view and discuss the issues and problems surrounding the night-time economy at first hand.

A SECONDARY AMENDMENT was PROPOSED by Councillor Quince as follows:-

In the fourth bullet point, the deletion of the word "evening" and its replacement with the words "night/Sunday morning".

Councillor T. Young indicated that he accepted the SECONDARY AMENDMENT and the MOTION was therefore deemed amended accordingly.

On being put to the vote, the MOTION AS AMENDED was CARRIED (UNANIMOUS).

42. Electoral Review of the Borough of Colchester

RESOLVED that the recommendations contained in the Monitoring Officer's report be approved subject to the wording of the answer to question 8.2 on page 33 of the agenda being deleted and replaced with "Please refer to Political Groups' submissions" (UNANIMOUS).

43. Review of Local Code of Corporate Governance

RESOLVED that the recommendation contained in minute 22 of the Governance Committee meeting of 15 October 2013 be approved and adopted (MAJORITY voted FOR).

44. Review of the Ethical Governance Policies

RESOLVED that the recommendation contained in minute 21 of the Governance Committee meeting of 15 October 2013 be approved and adopted (MAJORITY voted FOR).

45. Sex Establishment Licensing Policy

RESOLVED that the recommendation contained in minute 9 of the Licensing Committee meeting of 7 November 2013 be approved and adopted (MAJORITY voted FOR).

46. Local Council Tax Support Scheme

RESOLVED that the recommendation contained in minute 52 of the Cabinet meeting of 27 November 2013 be approved and adopted (MAJORITY voted FOR).

47. Capital Programme

RESOLVED that the recommendation contained in minute 54 of the Cabinet meeting of 27 November 2013 be approved and adopted (MAJORITY voted FOR).

48. Late Night Levy

It was PROPOSED by Councillor Quince that:-

This Council believes that a late night levy pursuant to the Police Reform and Social Responsibility Act 2011 should be introduced at the earliest possible opportunity for bars, pubs and clubs and other relevant late-opening alcohol suppliers in the Borough of Colchester and requests the Licensing Committee to investigate its introduction.

A MAIN AMENDMENT was PROPOSED by Councillor Barlow as follows:-

That the motion on the Late Night Levy be approved and adopted subject to the following amendments:-

The deletion of the words “should be introduced at the earliest possible opportunity for bars, pubs and clubs and other relevant late-opening alcohol suppliers in the” and their replacement with the words ” may provide some benefits for the residents of the”;

The deletion of all wording from “Licensing Committee” onwards and their replacement with the words “newly created Task and Finish Group on preloading and the night time economy to investigate the costs and benefits of introducing this levy with a view to recommending to Council in its report in March whether or not it should be introduced.

Councillor Quince indicated that the MAIN AMENDMENT was accepted and the MOTION was therefore deemed amended accordingly.

On being put to the vote, the MOTION AS AMENDED was CARRIED (UNANIMOUS).

49. Questions to Cabinet Members and Chairmen pursuant to Council Procedure Rule 10

| Questioner | Subject | Response |
|-------------------------|---|--|
| Verbal Questions | | |
| Councillor Mudie | What action would the Leader of the Council take in respect of the poor | Councillor Turrell, Leader of the Council and Portfolio Holder for |

| | | |
|-----------------------|---|--|
| | condition of the pavement opposite the Castle Park and Queen Street? | Strategy indicated that she would raise the issue with Essex County Council who were the responsible authority. |
| Councillor Hazell | Did the Council intend to introduce car parking charges at Gosbecks Archaeological Park in the 2014/15 budget? | Councillor Smith, Portfolio Holder for Business and Resources, indicated that in line with other authorities, including Essex County Council, who had introduced car parking charges for all their country parks, the Council was considering the introduction of car parking charges at Gosbecks. |
| Councillor P. Higgins | Would the Leader of the Council approach colleagues at Essex County Council to keep street lights on until 1.00am to improve public safety? | Councillor Turrell, Leader of the Council and Portfolio Holder for Strategy, indicated that she would raise the issue at Essex County Council. Consultation was ongoing and the position would be reviewed after six months. |
| Councillor Harrington | Why had there not been more staff available or a manager on site to deal with issues that arose from delays in issuing tickets bought online for a performance of Russian ballet at Charter Hall. | Councillor Feltham, Portfolio Holder for Communities and Leisure Services, indicated that a written response had been sent to Councillor Harrington about the steps tht had been taken to prevent a repetition and how tickets bought online could be collected. |
| Councillor Lewis | What works were carried out to the Abbots building before it was handed over to the Hythe Community Centre and could details of the lease and financial | Councillor Feltham, Portfolio Holder for Communities and Leisure Services, indicated that a written answer would be provided. |

| | | |
|-----------------|--|--|
| | arrangements entered into with Hythe Community Centre be provided. | |
| Councillor Goss | Would the Portfolio Holder pass on concerns expressed to him by a resident about the state of the displays and the toilets at firstsite. | Councillor T. Young, Portfolio Holder for Planning, Community Safety and Culture indicated that if further details were provided he would raise these issues with firstsite as part of his regular dialogue with them. |

50. Schedules of Decisions taken by Portfolio Holders

RESOLVED that the Schedules of Portfolio Holder decisions for the period 1 October 2014 - 20 November 2014 be noted.

Extract from the minutes of the Cabinet meeting on 29 January 2014

71. 2014/15 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 minute 45 of the Scrutiny Panel meeting of 28 January 2014.

Councillor Willetts attended and, with the consent of the Chairman addressed the Cabinet. He stressed that the Conservative Group supported most of the proposals in the budget and had supported the process of Fundamental Service Reviews that had delivered savings in a structured way. However, the budget did not contain any exciting, big ideas that would rejuvenate Colchester, such as proposals for a late night levy or for the restoration of the Jumbo water tower. He noted also that no provision had been made for the Tour series, which brought trade and publicity to the borough. He noted also the Council's revenue spending power was only being reduced by 2% and needed to be seen in the context of falls in income from car parking and community alarms. Staffing levels remained stubbornly high in contrast with some neighbouring authorities. The New Homes Bonus should be used to a greater extent to support infrastructure projects. He supported a freeze in Council Tax and noted that a rise of 1.95% would only generate an additional £89,000, which was poor value for the residents of the borough.

Councillor Davies, Chairman of the Scrutiny Panel, attended and with the consent of the Chairman addressed the Cabinet. She stressed the need for the Scrutiny Panel to be given more time and more detailed information in order to be able to scrutinise the budget proposals properly. The main concern of the Panel was the process for the approval of projects to be funded via the New Homes Bonus. Councillor Turrell, Leader of the Council and Portfolio Holder for Strategy, explained that the late receipt of information on which the budget was based made it difficult to finalise the budget any earlier.

Councillor Smith, Portfolio Holder for Business and Resources, introduced the proposed budget and responded to the points made. The cut in government funding of £1.3 million made it difficult to present an "exciting" budget. Savings of £2.6 million had been identified, 60% of which was being met through Fundamental Services Reviews and through channel shift initiatives. Only 20% was being met through cuts to services and frontline services were being protected as far as possible. He noted Essex County Council was proposing a rise of 1.49% but no criticisms had been made about the value of that rise. In respect of the New Homes Bonus, it was anticipated that bids in excess of the available funding would be submitted, but proposals would be judged on their merits and funding would only be granted where it was justified. He recommended the budget proposals to the Cabinet.

Councillor Bourne, Portfolio Holder for Housing, Councillor Barlow, Portfolio for Regeneration, Councillor T. Young, Portfolio Holder for Planning, Community Safety and Culture, and Councillor Hunt, Portfolio Holder for Street and Waste Services, expressed their support for the budget. In the course of the debate the following points were made:-

- That to those who were vulnerable and relied upon Council services, the budget proposals, which maintained frontline services as far as possible, would be exciting;
- The inconsistency of the opposition's position on the funding of the Tour Series and the lack of detail provided about how they would reduce staffing levels;
- The scale of the cuts in government funding;
- A number of other Conservative authorities in the region were proposing Council Tax increases;
- The need for further savings to be found in future years as government funding reduced further and the scope for increasing income through Council Tax was reduced.

RESOLVED that:-

(a) The outturn for the current financial year, forecast to be on budget, be noted (see paragraph 3.4 of the Assistant Chief Executive's report).

(b) The cost pressures, growth items, savings and increased income options identified during the budget forecast process as set out at Appendices B, C and D of the Assistant Chief Executive's report be approved.

(c) The 2014/15 Revenue Budget requirement of £22,006k (paragraph 6.8 of the Assistant Chief Executive's report) and the underlying detailed budgets set out in summary at Appendix E and Background Papers, subject to the final proposal to be made in respect of Council Tax, be agreed and *RECOMMENDED to COUNCIL*.

(d) A proposal to Council on Colchester's element of the Council Tax for 2014/15 be made in consultation with the Leader of the Council following the formal Finance Settlement announcement and confirmation of Council Tax referendum threshold. The formal resolution to Council will also include the Parish, Police, Fire and County Council elements (paragraph 12.2 of the Assistant Chief Executive's report).

(e) Revenue Balances for the financial year 2014/15 be set at a minimum of £1,800k and that £74k of balances be applied to finance items in the 2014/15 revenue budget.

(f) 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.

(g) The following releases be agreed (paragraph 10.7 of the Assistant Chief Executive's report):-

- £100k from the Capital Expenditure Reserve in 2014/15 to meet costs including the community stadium.
- £30k from the section 106 monitoring reserve

(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 2014/15 to 2017/18 be noted.

(j) The position on the Capital Programme shown at section 14 of the Assistant Chief Executive's report and the release of £100k as set out be agreed.

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

(l) The 2014/15 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the background paper at Appendix H 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.



Council

19 February 2014

Item
7(i)

| | | | |
|----------------|--|--------|--------------------------|
| Report of | Assistant Chief Executive | Author | Sean Plummer ☎ 282347 |
| Title | Precept and Council Tax Levels 2014/15 | | |
| 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 2014/15.

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 2014/15.
- 1.2 To delegate to the Governance Committee the authority to exercise the Council's functions, powers and duties relating to the formal acceptance of council tax precepts from the major precepting authorities and the setting of the overall Council Tax for the 2014/15 year.

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. As some of this information from precepting authorities has not yet been confirmed it is proposed that the formal resolutions relating to the Council's role as billing authority which include the major authority precepts are delegated to the Governance Committee.

3. Alternative Options

- 3.1 The resolutions are a statutory requirement.

4. Colchester Borough Council's Council Tax Requirement

- 4.1 Cabinet on 29 January 2014 approved and recommended to Council the 2014/15 revenue budget requirement. The final grant settlement notification confirmed the earlier provisional figures in respect of the total start up funding figures with only minor changes to the Revenue Support Grant. However, there are a number of issues to bring to the attention of Council.

Grounds Maintenance Saving

- 4.2 Further to the Cabinet report, it is proposed to reduce the budgeted saving relating to grounds maintenance by £100k. It has become evident that delivery of the full £200k saving would not have been possible within this timescale. This is a one off change for

2014/15 that will be funded through an additional use of balances. This has become possible by the amount in balances that was earmarked for potential further costs relating to the Council's Icelandic investments no longer being required following the successful sale of the Council's claims to a third party.

Council Tax

- 4.3 Cabinet agreed that Colchester's element of the Council Tax for 2014/15 would be set out within this report following confirmation of final budget figures and the announcement of the Council Tax referendum threshold. The budget paper set out two options: an increase of 1.95% and a freeze.
- 4.4 The referendum level has now been confirmed at 2% the same level as 2013/14. Following consideration of the budget position and options it is now proposed that Colchester Borough Council's element of the Council Tax for 2014/15 be agreed at £175.23 for Band D properties, which represents a freeze on the current rate.
- 4.5 The budget paper agreed by Cabinet showed that based on the option of a freeze in Council Tax the Council would receive a Government grant of £107k. After taking account of the reduction in Council Tax income of a freeze compared to an increase of 1.95% there was a gap of £89k. It is proposed that this be funded by largely reinstating the contribution from the Capital Expenditure Reserve. The potential for reducing this use of the reserve in future years will be considered as part of the budget strategy and MTF.
- 4.6 The following table sets out the proposed changes to the budget paper considered by Cabinet:-

| | £'000 |
|---|--------------|
| Reduction in proposed grounds maintenance saving | 100 |
| Reduction in Council Tax income (Based on a freeze / tax rate of £175.23) | 196 |
| Council Tax Freeze Grant receivable | (107) |
| Change in Budget | 189 |
| <i>Funded by:-</i> | |
| Additional use of balances | (100) |
| Additional use of Capital Expenditure Reserve | (89) |
| Change in resources | (189) |

Local Retention of Business rates

- 4.7 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 2014/15 (the NNDR 1). The budget proposals in the Cabinet paper were based on the initial baseline funding level for 2014/15.
- 4.8 The table below sets out how the baseline funding figures compare to the estimates set out in the NNDR 1, showing potential additional income to the Council of £291k. It is proposed that given the uncertainty and the significant risks and assumptions associated with the first full year of operating the scheme, the 2014/15 budget should continue to reflect the baseline funding level with the estimated additional 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 2015/16 budget and the issue of ongoing income from retained business rates will be considered as part of the budget strategy for 2015/16.

| | Baseline funding £'000 | NNDR 1 Figures £'000 | Change £'000 |
|--|---------------------------|----------------------------|-----------------|
| Retained NNDR income | 23,433 | 24,161 | 728 |
| Less: Tariff payment | (19,579) | (19,579) | |
| | 3,854 | 4,582 | 728 |
| Less: Levy rate / preceptor contribution | | | (437) |
| Projected additional income | | | 291 |

4.9 In approving Colchester's element of the Council Tax, account has to be taken of:

- Revenue Support Grant
- Retained Business Rates
- 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 | 18,589 | |
| Less: Use of Balances | (393) | |
| | 18,196 | 19,366 |
| Parish Councils' Requirement (Appendix 2) | 1,170 | |
| Less: | | |
| Revenue Support Grant | (4,436) | |
| Retained Business Rates (baseline funding – see breakdown above) | (3,854) | (8,290) |
| Add: Deficit on Collection Fund | | 142 |
| Council Tax Requirement | | 11,218 |

4.10 Colchester's Council Tax at Band D for 2014/15 is £175.23 and is determined as follows:

| | |
|---|----------------|
| Council Tax Requirement (as detailed above) | £11,217,500 |
| Divided by Council Tax Base | 57,337.5 |
| Council Tax at Band D (including Parishes) | £195.64 |
| Deduct Parish Element | (£20.41) |
| Council Tax at Band D for Colchester Borough Council | £175.23 |

4.11 The overall position (excluding Parishes) for each band is shown in the following table. The appropriate Parish elements are added to these figures. Details of the tax rates are given in Appendix 1. (Details of the individual Parish Precepts are set out in Appendix 2).

| | | | | | | | | |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| 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 |

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 and Essex Fire Authority are both due to formally approve their budgets on 12 February, with the approval for the Essex PCC being expected on 20 February. Any details that have not been confirmed by the time of this meeting will be reported to the special meeting of the Governance Committee.
- 5.2 Due to delays in Essex County Council, the Essex Police and Crime Commissioner and the Essex Fire Authority advising of their precepts, it is proposed that the formal details will be agreed by a special meeting of the Governance Committee arranged for 26 February.

| | Council Tax at Band D | | | |
|--|-----------------------|--------------|------------|------------|
| | 2013/14 £ | 2014/15 £ | % Increase | £ Increase |
| Colchester Borough Council | 175.23 | 175.23 | Nil | Nil |
| Essex County Council | 1,086.75 | TBA | TBA | TBA |
| Essex Police and Crime Commissioner | 141.48 | TBA | TBA | TBA |
| Essex Fire Authority | 66.42 | TBA | TBA | TBA |
| | 1,469.88 | TBA | TBA | TBA |

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 12 February 2014, 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 2013/2014 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992 as amended ("the Act):
- (a) 57,337.5 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 | 417.6 |
| Aldham | 201.9 |
| Birch | 293.0 |
| Boxted | 564.6 |
| Chappel | 210.5 |
| Copford | 651.0 |
| Dedham | 874.0 |
| East Donyland | 615.6 |
| East Mersea | 111.9 |
| Eight Ash Green | 619.0 |
| Fingringhoe | 326.9 |
| Fordham | 310.7 |
| Great Horkesley | 1,004.6 |
| Great Tey | 364.1 |
| Langham | 475.0 |
| Layer Breton | 127.9 |
| Layer de la Haye | 685.7 |
| Layer Marney | 84.5 |
| Little Horkesley | 90.1 |
| Marks Tey | 891.0 |
| Messing cum Inworth | 170.0 |
| Mount Bures | 102.7 |
| Myland | 4,485.0 |
| Stanway | 2,952.2 |
| Tiptree | 3,230.3 |
| Wakes Colne | 231.8 |
| West Bergholt | 1,289.1 |
| West Mersea | 3,007.1 |
| Winstred Hundred | 468.4 |
| Wivenhoe | 2,777.5 |
| Wormingford | 177.1 |

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 2014/15 (excluding parish precepts) is £10,047,500

3. The following amounts be now calculated by the Council for the year 2014/2015 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
 - (a) 144,867,470 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) 133,649,970 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) 11,217,500 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) 195.64 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) 1,170,000 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 | 199.29 |
| Aldham | 220.33 |
| Birch | 203.24 |
| Boxted | 211.97 |
| Chappel | 237.14 |
| Copford | 214.77 |
| Dedham | 202.25 |
| East Donyland | 256.03 |
| East Mersea | 240.79 |
| Eight Ash Green | 215.58 |
| Fingringhoe | 202.02 |
| Fordham | 257.22 |
| Great Horkesley | 197.06 |
| Great Tey | 216.71 |
| Langham | 212.70 |
| Layer Breton | 175.23 |
| Layer de la Haye | 195.23 |
| Layer Marney | 175.23 |
| Little Horkesley | 210.55 |
| Marks Tey | 217.79 |
| Messing cum Inworth | 218.87 |
| Mount Bures | 197.38 |
| Myland | 191.12 |
| Stanway | 214.93 |
| Tiptree | 227.79 |
| Wakes Colne | 227.21 |
| West Bergholt | 209.93 |
| West Mersea | 231.99 |
| Winstred Hundred | 199.30 |
| Wivenhoe | 255.65 |
| Wormingford | 195.18 |
| 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 | 132.86 | 155.00 | 177.15 | 199.29 | 243.58 | 287.86 | 332.15 | 398.58 |
| Aldham | 146.89 | 171.37 | 195.85 | 220.33 | 269.29 | 318.25 | 367.22 | 440.66 |
| Birch | 135.49 | 158.08 | 180.66 | 203.24 | 248.40 | 293.57 | 338.73 | 406.48 |
| Boxted | 141.31 | 164.87 | 188.42 | 211.97 | 259.07 | 306.18 | 353.28 | 423.94 |
| Chappel | 158.09 | 184.44 | 210.79 | 237.14 | 289.84 | 342.54 | 395.23 | 474.28 |
| 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 | 170.69 | 199.13 | 227.58 | 256.03 | 312.93 | 369.82 | 426.72 | 512.06 |
| East Mersea | 160.53 | 187.28 | 214.04 | 240.79 | 294.30 | 347.81 | 401.32 | 481.58 |
| Eight Ash Green | 143.72 | 167.67 | 191.63 | 215.58 | 263.49 | 311.39 | 359.30 | 431.16 |
| Fingringhoe | 134.68 | 157.13 | 179.57 | 202.02 | 246.91 | 291.81 | 336.70 | 404.04 |
| Fordham | 171.48 | 200.06 | 228.64 | 257.22 | 314.38 | 371.54 | 428.70 | 514.44 |
| Great Horkesley | 131.37 | 153.27 | 175.16 | 197.06 | 240.85 | 284.64 | 328.43 | 394.12 |
| Great Tey | 144.47 | 168.55 | 192.63 | 216.71 | 264.87 | 313.03 | 361.18 | 433.42 |
| Langham | 141.80 | 165.43 | 189.07 | 212.70 | 259.97 | 307.23 | 354.50 | 425.40 |
| Layer Breton | 116.82 | 136.29 | 155.76 | 175.23 | 214.17 | 253.11 | 292.05 | 350.46 |
| Layer de la Haye | 130.15 | 151.85 | 173.54 | 195.23 | 238.61 | 282.00 | 325.38 | 390.46 |
| Layer Marney | 116.82 | 136.29 | 155.76 | 175.23 | 214.17 | 253.11 | 292.05 | 350.46 |
| Little Horkesley | 140.37 | 163.76 | 187.16 | 210.55 | 257.34 | 304.13 | 350.92 | 421.10 |
| Marks Tey | 145.19 | 169.39 | 193.59 | 217.79 | 266.19 | 314.59 | 362.98 | 435.58 |
| Messing cum Inworth | 145.91 | 170.23 | 194.55 | 218.87 | 267.51 | 316.15 | 364.78 | 437.74 |
| Mount Bures | 131.59 | 153.52 | 175.45 | 197.38 | 241.24 | 285.10 | 328.97 | 394.76 |
| Myland | 127.41 | 148.65 | 169.88 | 191.12 | 233.59 | 276.06 | 318.53 | 382.24 |
| Stanway | 143.29 | 167.17 | 191.05 | 214.93 | 262.69 | 310.45 | 358.22 | 429.86 |
| Tiptree | 151.86 | 177.17 | 202.48 | 227.79 | 278.41 | 329.03 | 379.65 | 455.58 |
| Wakes Colne | 151.47 | 176.72 | 201.96 | 227.21 | 277.70 | 328.19 | 378.68 | 454.42 |
| West Bergholt | 139.95 | 163.28 | 186.60 | 209.93 | 256.58 | 303.23 | 349.88 | 419.86 |
| West Mersea | 154.66 | 180.44 | 206.21 | 231.99 | 283.54 | 335.10 | 386.65 | 463.98 |
| Winstred Hundred | 132.87 | 155.01 | 177.16 | 199.30 | 243.59 | 287.88 | 332.17 | 398.60 |
| Wivenhoe | 170.43 | 198.84 | 227.24 | 255.65 | 312.46 | 369.27 | 426.08 | 511.30 |
| Wormingford | 130.12 | 151.81 | 173.49 | 195.18 | 238.55 | 281.93 | 325.30 | 390.36 |
| 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. The amounts in precepts issued to the Council for the year 2014/2015 from Essex County Council, Essex Police & Crime Commissioner and Essex Fire Authority will be confirmed in the special meeting of the Governance Committee arranged for 26 February 2014.
5. Having calculated the aggregate in each case of the amounts at 2(h) and 4 above, the amounts of Council Tax for the year 2014/2015 will be confirmed in the special meeting of the Governance Committee arranged for 26 February 2014.
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 2014/15 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 2014/15: 2%

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

| | |
|----------------------|---------|
| 2013/14 amount | £175.23 |
| 2014/15 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 2014/15 is **not excessive** and no referendum is required.

Parish Council Precepts 2014/15

| Parish | Precept 2013/14 £ | Precept 2014/15 £ | Increase/ (Reduction) £ | Increase/ (Reduction) % |
|----------------------|-------------------------|-------------------------|-------------------------------|-------------------------------|
| Abberton & Langenhoe | 9,638 | 10,049 | 411 | 4 |
| Aldham | 8,460 | 9,106 | 646 | 8 |
| Birch | 7,985 | 8,206 | 221 | 3 |
| Boxted | 20,714 | 20,743 | 29 | 0 |
| Chappel | 11,916 | 13,032 | 1,116 | 9 |
| Copford | 25,303 | 25,740 | 437 | 2 |
| Dedham | 26,445 | 23,619 | (2,826) | (11) |
| East Donyland | 48,601 | 49,740 | 1,139 | 2 |
| East Mersea | 7,190 | 7,336 | 146 | 2 |
| Eight Ash Green | 24,798 | 24,979 | 181 | 1 |
| Fingringhoe | 8,715 | 8,757 | 42 | 0 |
| Fordham | 24,490 | 25,475 | 985 | 4 |
| Great Horkesley | 21,828 | 21,930 | 102 | 0 |
| Great Tey | 14,439 | 15,104 | 665 | 5 |
| Langham | 17,119 | 17,799 | 680 | 4 |
| Layer Breton | 0 | 0 | 0 | n/a |
| Layer de la Haye | 11,977 | 13,714 | 1,737 | 15 |
| Layer Marney | 0 | 0 | 0 | n/a |
| Little Horkesley | 2,606 | 3,182 | 576 | 22 |
| Marks Tey | 36,816 | 37,921 | 1,105 | 3 |
| Messing cum Inworth | 6,980 | 7,419 | 439 | 6 |
| Mount Bures | 2,275 | 2,275 | 0 | 0 |
| Myland | 68,633 | 71,265 | 2,632 | 4 |
| Stanway | 92,867 | 117,214 | 24,347 | 26 |
| Tiptree | 154,256 | 169,785 | 15,529 | 10 |
| Wakes Colne | 12,050 | 12,050 | 0 | 0 |
| West Bergholt | 43,100 | 44,738 | 1,638 | 4 |
| West Mersea | 170,520 | 170,675 | 155 | 0 |
| Winstred Hundred | 11,275 | 11,275 | 0 | 0 |
| Wivenhoe | 217,458 | 223,366 | 5,908 | 3 |
| Wormingford | 3,623 | 3,533 | (90) | (2) |
| Totals | 1,112,077 | 1,170,027 | 57,950 | 5 |

Extract from the minutes of the Cabinet meeting on 29 January 2014

77. Officer Pay Policy

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

RECOMMENDED to COUNCIL that the Council's Pay Policy Statement for 2014-15 be adopted.

REASONS

The Localism Act requires "relevant authorities (including Colchester Borough Council) to prepare, approve and publish pay policy statements articulating their policies towards a range of issues relating to the pay of its workforce." The Pay Policy for 2013/14 was approved by Full Council on 6 March 2013. These statements must be prepared and approved by Full Council for each financial year.

ALTERNATIVE OPTIONS

The only alternative would be not to approve the pay policy statement, but that would be contrary to the requirements of the Localism Act.

Extract from the minutes of the Cabinet meeting on 29 January 2014

79. Review of Member Development Policy and Councillor Role Profiles

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

RESOLVED that the Member Development Policy and Member Role Profiles be approved.

RECOMMENDED to COUNCIL that the revised Member Development Policy and Role Profiles be adopted.

REASONS

The Member Development Policy and Member Role Profiles were approved in February 2010. In view of the time that has elapsed it is good practice to look again at the policy and see if it is still fit for purpose, particularly in view of the forthcoming reassessment for Charter Status. Since the Member Role Profiles were approved, the structure of Council has changed and new responsibilities have emerged. Therefore this is an opportune point to review the profiles and check that they accurately reflect members' roles and responsibilities.

ALTERNATIVE OPTIONS

It was open to the Cabinet to suggest amendments to the policy and the role profiles or not to approve them.

19 February 2014

| | | | |
|-----------------------|--|---------------|------------------------------------|
| Report of | Assistant Chief Executive | Author | Richard Clifford 507832 |
| Title | Alcohol Consumption Task and Finish Group | | |
| Wards affected | All Wards | | |

This report concerns an update on the timing of the reporting of the Alcohol Consumption Task and Finish Group

1. Decision(s) Required

- 1.1 Council is invited to note the contents of this report and the revised timescale for the reporting to Council of the Alcohol Consumption Task and Finish Group.

2. Reasons for Decision(s)

- 2.1 At its meeting on 5 December 2013, Council approved a motion establishing a Task and Finish Group to investigate issues around pre-loading and alcohol misuse, now known as the Alcohol Consumption Task and Finish Group. The motion specified that the Task and Finish Group should report to Council by March 2014. This report provides an update to Council on the likely timescale for the completion of its work and for reporting back to Council.

3. Alternative Options

- 3.1 No alternative options are proposed.

4. Supporting Information

- 4.1 At its meeting on 5 December 2013, Council approved a motion establishing an all party Task and Finish Group to investigate issues around pre-loading and alcohol misuse. The motion specified that the Task and Finish Group should report to Council by March 2014.
- 4.2 The Group has been established and has been named as the Alcohol Consumption Task and Finish Group. The Terms of Reference have been agreed. The membership is as follows:-

Councillor Frame (Chairman)
Councillor Cope
Councillor Hazell
Councillor Naish
Councillor B. Oxford
Councillor Quince

- 4.3 The Group has already met on two occasions 19 December and 23 January 2014. It is clear that in order to complete its work, the Group will need to consider a large number of topics and gather evidence from a considerable number of groups and interested parties.

Therefore it is the Group's view that it will not be able to complete a full report by March 2014 and that the reporting timescale should be pushed back by two months although it proposes to issue an interim report in March 2014.

5. Standard References

- 5.1 There are no particular references to the Strategic Plan; publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.

Agenda tem 11
Record of Decisions taken under Scheme of Delegation to Cabinet Members
21 November 2013 – 5 February 2014

| Portfolio – Business and Resources | | | | | | |
|---|---------------|---|----------------------------------|--|--------------------|--|
| Date | Number | Report Title | Author | Decision | Result | |
| 7/1/14 | BUS-007-13 | Transfer of land at former Bypass Nurseries Cowdray Avenue from Persimmon Homes to Colchester Borough Council (CBC) | Bob Penny | To approve the transfer of open space at the former By pass Nurseries Cowdray Avenue to Colchester Borough Council | Agreed 14/1/14 | |
| 5/12/13 | BUS-008-13 | Land swap at Shrub Depot | Nicola Fairhurst | To approve the free exchange of land between Essex County Council and Colchester Borough Council | Agreed 31/12/13 | |
| 17/12/13 | BUS-009-13 | Banking Contract | Debbie Greenwood/ Steve Heath | To confirm the award of a contract for banking services from 1 April 2014. | Agreed 3/1/14 | |
| 30/1/14 | BUS-010-14 | Irrecoverable Debts over £5,000 | Debbie Greenwood | To write off debts totalling £109,755.51 | Due 6/2/14 | |

| Portfolio – Communities and Leisure Services | | | | | | |
|---|---------------|--|---------------|---|--------------------|--|
| Date | Number | Report Title | Author | Decision | Result | |
| 25/11/13 | COM-006-13 | Response to the public consultation into youth work in Essex | Bridget Tighe | To agree a response to the public consultation into youth work in Essex | Agreed 13/12/13 | |

| Portfolio – Customers | | | | | | |
|------------------------------|---------------|---------------------|---------------|-----------------|---------------|--|
| Date | Number | Report Title | Author | Decision | Result | |
| | | | | | | |

Agenda tem 11
Record of Decisions taken under Scheme of Delegation to Cabinet Members
21 November 2013 – 5 February 2014

| Portfolio – Housing | | | | | |
|----------------------------|---------------|---|-----------------------------|---|--------------------|
| Date | Number | Report Title | Author | Decision | Result |
| 10/12/13 | HOU-006-13 | Response to the Government's consultation paper 'Providing social housing for local people' | Tina Hinson. Joanne Webb | To agree the response to the Government's consultation paper 'Providing social housing for local people' | Agreed 17/12/13 |
| 5/12/13 | HOU-007-13 | Change of use for 6 properties – 1 to 6 St John's Place – from linked sheltered to general needs properties | Jane Dabbs | To agree to change the use of 6 properties at St John's Place from linked sheltered properties to general needs | Agreed 18/12/13 |
| 20/12/13 | HOU-008-13 | Housing Revenue Account Fees and Charges 2014-2015 | Daniella Woraker | To approve the proposed Housing Revenue Account fees and charges to take effect from 1 April 2014 for Leaseholders and 7 April 2014 for Tenants | Agreed 6/1/14 |

| Portfolio – Planning, Community Safety and Culture | | | | | |
|---|---------------|--|---------------|---|-------------------|
| Date | Number | Report Title | Author | Decision | Result |
| 9/1/14 | PLA-003-13 | Response to the public consultation on the Police and Crime Plan for Essex | Bridget Tighe | To agree a response to the public consultation on the Police and Crime Plan for Essex | Agreed 17/1/14 |

Agenda tem 11
Record of Decisions taken under Scheme of Delegation to Cabinet Members
21 November 2013 – 5 February 2014

| Portfolio – Regeneration | | | | | |
|---------------------------------|---------------|--|----------------|--|----------------|
| Date | Number | Report Title | Author | Decision | Result |
| 28/11/13 | REG-003-13 | Response to the Essex County Council's Local Bus Strategy Review | Paul Wilkinson | To approve Colchester Borough Council's response to the Essex County Council's (ECC) consultation on the local bus service review | Agreed 5/12/13 |
| 18/12/13 | REG-004-13 | Response to Essex County Council consultation on Wivenhoe to University of Essex cycle route | Jane Thompson | To approve Colchester Borough Council's response to the Essex County Council's (ECC) consultation on options for the Wivenhoe to University of Essex cycle route | Agreed 2/1/14 |

| Portfolio – Strategy | | | |
|-----------------------------|---------------|---------------------|---------------|
| Date | Number | Report Title | Result |
| | | | |
| | | | |

| Portfolio – Street and Waste Services | | | |
|--|---------------|---------------------|---------------|
| Date | Number | Report Title | Result |
| | | | |
| | | | |



Cabinet

29 January 2014

Item
7(i)

| | | | |
|-----------------------|--|---------------|---------------------------------|
| Report of | Assistant Chief Executive | Author | Sean Plummer ☎ 282347 |
| Title | 2014/15 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast | | |
| Wards affected | n/a | | |

This report requests Cabinet to recommend to Council:

- **The 2014/15 General Fund Revenue Budget**
- **Colchester's element of the Council Tax for 2014/15**
- **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 on budget (paragraph 3.4.).
- 1.2 To approve the cost pressures, growth items, savings and increased income options identified during the budget forecast process as set out at Appendices B, C and D.
- 1.3 To consider and recommend to Council the 2014/15 Revenue Budget requirement of £22,006k (paragraph 6.8) and the underlying detailed budgets set out in summary at Appendix E and Background Papers subject to the final proposal to be made in respect of Council Tax.
- 1.4 To agree that a proposal to Council on Colchester's element of the Council Tax for 2014/15 will be made in consultation with the Leader of the Council following the formal Finance Settlement announcement and confirmation of Council Tax referendum threshold. The formal resolution to Council will also include the Parish, Police, Fire and County Council elements. (paragraph 12.2).
- 1.5 To agree that Revenue Balances for the financial year 2014/15 be set at a minimum of £1,800k and that £74k of balances be applied to finance items in the 2014/15 revenue budget.
- 1.6 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.

- 1.7 To agree the following releases (paragraph 10.7):-
- £100k from the Capital Expenditure Reserve in 2014/15 to meet costs including the community stadium.
 - £30k 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 2014/15 to 2017/18.
- 1.10 To note the position on the Capital Programme shown at section 14 and agree the release of £100k as set out.
- 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 2014/15 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the background paper at Appendix H.

2. Background Information and Summary

- 2.1 The 2014/15 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 2014/15 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 and the ongoing difficult economic background. Every effort has been made to produce a balanced budget that includes a higher level of savings and 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 £2.7m. This compares to £1.8m included within the 13/14 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 2014/15 is being reduced by £1.3m. In total since 2011/12 this funding has now been reduced by £4.6m with a further provisional reduction of £1.3m announced for 2015/16.

- 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.
- 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 2014/15 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 broadly on budget. The 2013/14 budget included c£1.8m of savings and increased income and it has been reported during the year that these have largely been achieved.
- 3.3. 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.

3.4 **Cabinet is asked to note that the forecast outturn position for the current year is anticipated to be on budget and that the position will continue to be monitored.**

4. 2014/15 Revenue Cost Pressures

- 4.1 Appendix B sets out revenue cost pressures of £1.6m, over the 2013/14 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 13/14 and to assess the extent to which this may continue into 14/15.

4.3 Whilst not shown within the list of specific cost pressures the budget includes proposals totalling £74k in respect of carry forward items. These represent temporary staff resources supporting the UCC FSR. This is reflected in the use of balances set out at paragraph 9.9.

4.4 **Cabinet is asked to approve inclusion within the 2014/15 Revenue Budget of the cost pressures set out at Appendix B.**

5. 2014/15 Growth Items

5.1. Appendix C sets out revenue growth items totalling £810k 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 2014/15. 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.

5.2. The budget includes growth in the food waste service to deliver the full year costs of the scheme which will be funded through the Weekly Collection Support Fund grant.

5.3 **Cabinet is asked to approve inclusion within the 2014/15 Revenue Budget of the growth items shown at Appendix C.**

6. 2013/14 Revenue Saving / Increased Income / Technical Items

6.1. Appendix D sets out savings / increased income totalling £2.7m.

6.2. This level of savings and increased income is more than identified for the 13/14 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.

6.3. As with previous years there are likely to be one-off costs required to deliver some of the budget savings. A sum of £0.5m was allocated in the 2013/14 budget and no further allocations are proposed at this stage.

Technical Items / Adjustments

6.4. The Council's budget includes several technical items such as various budget provisions and the net impact of charges between the General Fund and the Housing Revenue Account (HRA). These budgets are compiled based on final budget proposals and in total there is a forecast net difference compared to the 2013/14 budget of £26k.

6.5 **Cabinet is asked to approve inclusion of the savings / increased income items set out at Appendix D within the 2014/15 Revenue Budget.**

6.6. Summary Total Expenditure Requirement

6.7 Should Cabinet approve the items detailed above, the total expenditure requirement for 2014/15 is as follows:

| | £'000 |
|--|---------------|
| 2013/14 Budget (excl. New Homes Bonus) | 22,986 |
| Less: 2013/14 one-off items (note 1) | (777) |
| Cost Pressures (as per Appendix B) | 1,625 |
| Growth (as per Appendix C) | 810 |
| Savings/Increased Income (as per Appendix D) | (2,686) |
| Budget carry forward items | 74 |
| Other technical items (see para. 6.4) | (26) |
| Forecast Budget 14/15 (excl. New Homes Bonus) | 22,006 |

Note 1. The one-off items has been updated to reflect a change in respect of the previously shown adjustment for net interest costs.

Note 2. Detailed service group expenditure is available. A summary of service group expenditure is attached at Appendix E.

6.8 **Cabinet is asked to agree and recommend to Council the net revenue expenditure requirement for 2014/15 and the underlying detailed budgets set out in Appendix E.**

7. Finance Settlement (Government Funding)

7.1. The provisional Local Government Finance Settlement was announced in Parliament on 18 December 2013. This is the second settlement that reflects the “financial relationship” between central and local government. 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:-

- Revenue Spending Power
- Settlement Funding Assessment (SFA)
- Baseline funding level and Revenue Support Grant (RSG)
- Business Rate Baseline and tariffs and top-ups
- Levies and safety net

Revenue Spending Power

7.2. The announced Settlement continues with the concept of “Revenue Spending Power” (the total of our Government grants and Council Tax Income) and now also includes an efficiency grant which is provided for those authorities whose change in revenue spending power fall below a set threshold to ensure that no authority receives a reduction in spending power of below a cut of 6.9%.

7.3. Colchester's revenue spending power has decreased by £389k (2%). As the table below shows the decrease is mainly as a result of the cut in the Council's SFA of £1.28m (13%) and that this is partially offset by the increase in New Homes Bonus.

| | 2013/14 | 2014/15 | Change | |
|---|---------------|---------------|---------------|-------------|
| | £m | £m | £m | % |
| Council Tax | 9.684 | 9.733 | 0.049 | 1% |
| Settlement Funding Assessment (SFA) (see para 7.4) | 9.569 | 8.290 | -1.279 | -13% |
| New Homes Bonus (see para 7.22) | 2.616 | 3.410 | 0.794 | 30% |
| Other Grants (benefit subsidy etc) | 1.064 | 1.112 | 0.48 | 4% |
| <i>Total Spending Power</i> | <i>22.933</i> | <i>22.545</i> | <i>-0.388</i> | <i>-2%</i> |

Settlement Funding Assessment (SFA)

7.4. 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 SUFA such as the LCTS grant and homelessness funding. For 2014/15 the only change is to include the Council Tax freeze grant received in 2013/14.

7.5. Each local authority's start up funding has been split into two parts:-

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

7.6. 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 (13%) this equates to an actual cut of 23% on our RSG.

| | 2013/14 | 2014/15 | Cut | |
|-------------------------|---------|---------|--------|------|
| | £'000 | £'000 | £'000 | % |
| Revenue Support Grant | 5,789 | 4,436 | -1,353 | -23% |
| Business Rates Baseline | 3,780 | 3,854 | 74 | 2% |
| Total | 9,569 | 8,290 | -1,279 | -13% |

7.7. The split of the start up funding is important. The Revenue Support Grant element is an unringfenced fixed grant. The baseline funding level is used as part of the retention of business rates scheme as explained below.

Business Rate Baseline and tariffs and top-ups

7.8. 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 rate 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 rate 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 rate

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 2014/15 showing the required tariff payment of £19.6m.

| | |
|----------------------------|--------|
| | £'000 |
| Billing Authority Baseline | 29,291 |
| Preceptor's share | 80% |
| Individual Baseline | 23,433 |
| Baseline funding | 3,854 |
| Tariff | 19,579 |

- 7.11. The arrangements for business rate retention require the Council to agree an estimate of business rates income for the coming year, 2014/15. This return (the NNDR 1) must be signed off by the Council's Section 151 Officer by 30 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. It is recommended that given the uncertainty over the first year of the business rates scheme should there be any estimated increase in income above the baseline funding level then this will be held in a specific reserve for budgeting purposes. Based on initial projections it is not expected that the NNDR 1 will show a potential shortfall up to the value of the safety net, however, this will remain a significant 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 being set at 7.5%. This means that 92.5% of the NNDR revenue 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 £3.565m (92.5% of £3.854m). In other words, the risk to Colchester of NNDR income reductions is limited to £289k for 2014/15.

Levy rate

- 7.14. The levy rate is a calculation to determine the amount of any growth in business rate income that a council can keep. The levy is designed to ensure that authorities do not keep a *disproportionate* amount of any growth and in turn to provide funds for the safety net. The formula to calculate the levy includes a cap on the levy rate of 50% and based on Colchester's position this is our levy rate.
- 7.15. Put simply, this means that CBC can keep 50% of any growth above our baseline (subject to the required allocation of 20% to the major preceptors: ECC and Fire).

Business Rates Pooling

- 7.16 It was agreed by Cabinet in principle and later by the Portfolio Holder for Business and Resources that the Council should, along with a number of Essex authorities submit an application to setup an Essex Pool for business rates. Prior to the Finance Settlement we received notification that this had been agreed by Government and that authorities had until 14 January to confirm whether to formally setup the pool.
- 7.17. Since making the application to create a pool work has taken place to formalise a draft governance agreement and to assess more detailed forecasts of the financial implications of running the pool. This has included assessing the impact of changes announced in the Autumn Statement such as the methodology for dealing with Small Business Rate Relief and also the impact of rating appeals especially given the Government's statement to accelerate the processing of appeals.
- 7.18. A meeting took place recently to consider the impact of various changes and specifically what are considered to be the increased risks of continuing with a pool. The conclusion from this work is that there has been a greater shift in terms of risks and reward and at this stage there is a general view across prospective members that the pool should not be setup for 2014/15 and notification has been provided to Government accordingly. This does not preclude Colchester being involved in a pool in the future and the work carried out this year will provide a basis for considering any proposal to form a pool. The information set out in this report in respect of business rates therefore reflects the arrangements for business rate retention as an individual authority and not in a pool.

Summary of Start up Position

- 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. Provisional figures have also been set out for 2015/16 and these are considered as part of the Medium Term Financial Forecast (MTFF).
- 7.20. The Settlement is provisional and subject to consultation which ends on 15 January 2014. 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 start up funding figures other grants have been announced. The key grant for Colchester is the New Homes Bonus

New Homes Bonus

- 7.22. The 2014/15 grant includes elements reflecting growth in the taxbase during 2009/10 to 2012/13 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 £3.41m, an increase of £0.8m. An analysis is shown below:-

| | Grant re taxbase growth | Affordable Homes Bonus | Total |
|---|-------------------------|------------------------|--------------|
| | £'000 | £'000 | £'000 |
| Payable annually until 16/17 | 724 | | 724 |
| Payable annually until 17/18 | 749 | 52 | 801 |
| Payable annually until 18/19 | 986 | 105 | 1,091 |
| <i>Total paid in 2013/14</i> | <i>2,459</i> | <i>157</i> | <i>2,616</i> |
| Payable annually until 19/20 – Increase for 2014/15 | 757 | 37 | 794 |
| Total due in 2014/15 | 3,216 | 194 | 3,410 |

7.23. The methodology of the scheme means that we will receive *at least* this level of grant until 2016/17 with further increases until then.

7.24. It has been reported to previous Cabinet meetings that the Government was consulting on the mechanism for transferring nationally £400million from the New Homes Bonus to the Growth Fund from 2015/16. It has been confirmed by Government that this will now not be happening for areas outside London. This is an important announcement as the Council stood to lose a minimum of £0.7m and potentially over £1.2m.

7.25. 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 any shortfall is met by the main formula grant funding allocation. As such it is important that the New Homes Bonus is considered alongside the formula grant funding and this issue is considered later in the report and as part of the Medium Term Financial Forecast (MTFF).

7.26. It should be noted that based on the proposal within this report there will be specific expenditure plans linked to the New Homes Bonus of £1.2m which equates to c35% of the current total New Homes Bonus. This shows that 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. **At this stage no formal proposal for Colchester's element of the Council Tax is made.** Within the summary budget position an assumption of an increase in Council Tax of £3.42 (1.95%) is shown. There are two specific issues that should be considered alongside any proposal: the arrangements to hold a referendum and the Government offer of a Council Tax Freeze grant for 2014/15.

Council Tax referendum

8.2. 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.

- 8.3. The Secretary of State has yet to propose the maximum increase a council can set without a referendum. The current rate is 2%, however, there is increasing speculation that this will reduce, possibly to 1.5%.
- 8.4. 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. Based on recent announcements this is not expected to apply for 2014/15.

Council Tax Freeze Grant 2014/15

- 8.5. The Government announced this year that there would be a grant available for authorities that do not increase Council Tax. The grant will be equivalent to a 1% increase in Council Tax. This is the fourth 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 (recently extended to cover 2015/16 and see para 8.6) |
| • Council Tax Freeze in 2012/13 | 269 | 2012/13 only |
| • Council Tax Freeze in 2013/14 | 109 | 2013/14 to 2015/16 (recently extended to cover 2015/16 and see para 8.6) |
| <i>Grant available :-</i> | | |
| • Council Tax Freeze in 2014/15 | 107 | 2014/15 and 2015/16 (and see para 8.6) |

- 8.6. It should be noted that the Government has 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.

Collection Fund

- 8.7. As part of the formal budget setting process, the Council is required to determine each year, as at 15 January, the estimated surplus or deficit arising from the Council Tax Collection Fund as at 31 March.
- 8.8. 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 change to discounts and exemptions for Council Tax such as those on second homes and empty properties. A prudent approach was taken when agreeing assumptions in respect of collection rates and the cost of LCTS and so far overall collection rates have proved to be better than anticipated. The combined impact of this and other assumptions means that there is a surplus of £142k to be included in the 2014/15 budget.

Business Rates

- 8.9. The new scheme for 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 2014/15 includes an assessment of the forecast surplus / deficit position for the current year.
- 8.10. As was highlighted when the business rates retention scheme started the new 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.
- 8.11. Whilst there remains a considerable amount of uncertainty in respect of the forecast for this year the current position is that we expect to see a shortfall greater than our safety net level. The safety net does mean that the shortfall is limited to £283k and it is therefore considered prudent to include this in the budget for 2014/15.

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 27 November 2013, 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 2014/15, 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 of £289k (see para. 7.13). As has been highlighted within this report we are currently forecasting a deficit on business rates in this year and have forecast a pressure equivalent to the safety net. This highlights the potential risk from business rate income.
- 9.5. When Council approved the LCTS scheme for 2013/14 and 2014/15 it was acknowledged that there are a number of risk areas such as:-
- *Recovery of Council Tax.* There is a risk of a lower level of collection of Council Tax, given that more people will have to pay Council Tax and many for the first time.
 - *Recovery costs and resources.* The number of people paying Council Tax will increase and we will need to consider the impact on resources.
 - *Demand.* Under the previous benefit scheme there was no direct financial impact on the Council of changes in the amount of benefit paid. Under the LCTS

scheme the Government grant is fixed and therefore any increase will be borne by all of the major preceptors including Colchester.

9.6. Consideration has again been given to these issues in estimating the likely costs of LCTS and the necessary changes to the taxbase. 2014/15 will be the second year of the LCTS scheme and therefore we now have some practical experience and have amended some assumptions, however funding by a fixed grant means that the Council continues to face a risk exposure.

9.7. 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 2015/16 and the level of balances can be reviewed at that time. A specific allocation is held within balances against the risks associated with LCTS and NNDR.

Level and use of balances

9.8. 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 and none are proposed.

9.9. There are a number of proposals which total £74k where budgets will be carried forward to 2014/15. For budget purposes these are therefore regarded as a use of balances and as such are reflected in the budget report.

9.10. The forecast position in respect of Revenue Balances is set out at Appendix F and shows balances at £2,042k, £242k 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 faces significant budget gaps 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 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 F.

9.12. **Cabinet is recommended to approve Revenue Balances for the financial year 2014/15 be set at £1.8m and to approve the use of £74k to support the revenue budget.**

10. Reserves and Provisions

10.1. Cabinet at its meeting on 27 November 2013 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 2014/15. 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. The proposed budget includes a number of releases from reserves which have all been previously reported.

Capital Expenditure Reserve (CER) – Community Stadium - £100k

- 10.2. The Council 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.
- 10.3. It is proposed that the use of the reserve be reduced to £100k 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 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.
- 10.4. Reducing the use of the CER by £100k should be viewed as a step towards removing this from future budgets.

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

- 10.5. 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 2014/15 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 £30k

- 10.6. This reserve was set up to provide funds to support the future monitoring of Section 106 agreements. It is proposed to use £30k to support the 2014/15 budget. Contributions to this reserve are made from S106 payments received in respect of monitoring.

- 10.7. **Cabinet is recommended to agree the:**
- **release of £100k from the Capital Expenditure Reserve**
 - **release of £30k 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 2014/15 (para 6.7). | 22,006 |
| New Homes Bonus (para 7.22) | (3,410) |
| Use of balances re carry forward (see para 9.9) | (74) |
| Release from Capital Expenditure Reserve (para 10.2) | (100) |
| Release of S106 monitoring reserve (para 10.6) | (30) |
| Budget Requirement | 18,392 |
| Funded by: | |
| Revenue Support Grant (para 7.6) | (4,436) |
| NNDR Baseline Funding (" ") | (3,854) |
| Collection Fund surplus (para 8.9) | (142) |
| NNDR deficit - at safety net level (para 8.11) | 283 |
| Council Tax Payers requirement (before Parish element) see below* and para 12.2 | (10,243) |
| Total Funding | 18,392 |
| Council Tax* | |
| Council Tax Payers requirement (before Parish element) | 10,243 |
| Council Tax Base – Band D Properties | 57,337.5 |
| Council Tax at Band D | 178.65 |

12.2. The above table has been produced based on an increase in Council Tax of 1.95%. The option of considering a freeze in Council Tax would impact on the budget as follows:-

| | £'000 |
|---|--------------|
| Reduction in Council Tax income (Based on a freeze / tax rate of £175.23) | 196 |
| Council Tax Freeze Grant receivable | (107) |
| Budget Gap | 89 |

12.3. Given the uncertainty of the arrangements for referendums it is proposed that no recommendation to Council is made at this stage until confirmation is received in order to make an informed decision.

- 12.4 **Cabinet is asked to note that Colchester’s element of the Council Tax for 2014/15 will be considered within the report to Council which will be agreed with the Leader. This will include the formal resolutions to Council and 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 – 2014/15 to 2017/18

- 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 reduction in several sources of fees and charges and potential revenue implications of strategic priorities. However, the most significant factor that will impact on budget will be the level of Government funding support including changes which have arisen from the Local Government Resource Review and also implications of benefit reforms.
- 13.2. The Medium Term Financial Forecast (MTFF) is attached at Appendix G 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 2015/16 of c£5.9m and how the potential savings and income identified in Universal Customer Contact (UCC) FSR will reduce this to almost £4m

| | 2015/16 | 2016/17 | 2017/18 | See para |
|-----------------------------------|--------------|--------------|--------------|----------|
| | £'000 | £'000 | £'000 | |
| Net Budget (excl UCC FSR) | 22,887 | 24,244 | 25,610 | |
| SFA (incl. Freeze grant) | (7,021) | (6,000) | (6,000) | 13.4 |
| New Homes Bonus | (3,410) | (3,410) | (3,410) | 13.6 |
| Council Tax | (10,243) | (10,243) | (10,243) | 13.14 |
| Reserves | (130) | (130) | (130) | |
| Cumulative Gap Before UCC | 2,083 | 4,461 | 5,827 | |
| UCC Savings (cumulative) | (990) | (1,880) | (1,880) | |
| Cumulative Gap (after UCC) | 1,093 | 2,581 | 3,947 | |
| Annual increase | 1,093 | 1,488 | 1,366 | |

- 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

- 13.4. Alongside the 2014/15 Finance Settlement announcement the Government set out provisional figures for 15/16. The key figure for the Council’s financial planning is the comparable level of start-up funding which shows **a reduction in 15/16 of £1.3m (15%)**.

- 13.5. For years beyond 15/16 a reduction of c15% has been assumed for 2016/17 with no change for 17/18. This represents a planning assumption and this will be revised as more information becomes available.
- 13.6. As set out within this report the New Homes Bonus is now a key element of the Government's financial support for local authorities. The methodology of the scheme means that we have degree of certainty over at least a minimum level of funding in the short to medium term, however, as has been seen this year the possibility of changes to the scheme cannot be ruled out.
- 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. There is a clear likelihood that funding from the New Homes Bonus will be much higher than the figures shown. However, given the link with other Government funding and a prudent approach it is proposed at this stage. It is assumed that current spending proposals linked directly to the New Homes Bonus will continue, although this assumption will need to be reviewed as part of the 2015/16 budget process.
- 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.

Pay, Inflation and costs

- 13.9. The 2014/15 budget includes an allowance for a pay award. For 2015/16 and beyond a sum is included for planning purposes to cover this and other inflationary pressures.
- 13.10. The 2014/15 budget includes 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 the following two years. 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.

Forecast savings

- 13.11. The MTFF includes changes to forecast savings for 2015/6. These include further savings from the CFM FSR and additional savings from the UCC FSR. The MTFF also shows that the income from the sharing agreement with Essex County Council and Fire Authority may end in 2016/17 and therefore the increase shown for 2014/15 has been removed.

Economic Background – Fees and charges

- 13.12. It is evident that there has been a reduction in some income budgets over recent years. The budget proposals for this year 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

- 13.13. There are certain specific cost pressures included within the MTFF. These include:-
- an allowance for a reduction in car park income arising from the impact of park and ride

- an allowance for an increase in interest costs which are currently being minimised through internal borrowing

Council Tax

13.14. The MTFF shows the position based on an increase in Council Tax of 1.95% in 2014/15 with an assumption of no increase in Council Tax thereafter. This is shown for planning purposes to represent a 'neutral' position in the MTFF position and does not represent a proposal.

Growth items

13.15. No allowance has been built in to the MTFF for further growth items in 2015/16. However, in 2016/17 and 2017/18 an allowance has been made for the impact of the end of the Food Waste grant.

Summary

13.16. 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.

13.17. In the 2014/15 budget savings of £2.7m have been found which, when looked at alongside the £7.1m identified in the budgets for 11/12 to 13/14, represents a significant level of budget savings found over 4 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.

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

14. Capital Programme

14.1. Cabinet has considered the Capital Programme throughout this financial year and in some more detail at the meeting of 27 November 2013. The 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 2013/14. This shows a surplus that is available to support potential schemes in subsequent years.

| Detail | £'000 | Note |
|---|----------------|--|
| Balance of funds brought forward from 2012/13 | (987.2) | Surplus |
| Cabinet 28 November 2012 | 2,464.5 | UCC FSR; Castle Park Olympic Legacy |
| Cabinet 23 January 2013 | 1,176.0 | Town & castle walls, temp accommodation review, closed churchyards, DFGs, site disposal, MRP, Lion Walk lift |
| Cabinet 27 November 2013 | 935.2 | Shrub End baler & shed, Site disposal costs, Relocation of Visitor Information Centre |
| Capital receipts to date 2013/14 | (2,570.0) | Angel Court (balance), Axial Way, Northern Gateway |
| Projected receipts for 2013/14 | (1,314.0) | Receipts which are confirmed but not yet received |
| Balance available | (295.5) | |
| New releases proposed now | 100.0 | Funding to facilitate the release of Capital Expenditure Reserve money for Community Stadium MRP.(see para 10.2) |
| Total forecast balance carried forward | (195.5) | Surplus |

14.2. Further capital receipts of approximately £3m are identified for potential delivery in 2014/15 and capital proposals alongside these will be made in due course.

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, 2013/14, has shown that broadly speaking budgets have been achieved, however, there remain some pressures in certain areas. Steps have been taken to revise some expenditure and income budgets for 2014/15 including some of these current risk areas.
- 15.4. By taking appropriate action within the proposed 2014/15 budget, 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 2014/15 are additional savings or income following budget decisions taken already (such as the Sport and Leisure FSR, ICT contract). Other savings such as not funding the Tour Series next year and removing the allocation for ward budgets do not pose an immediate financial risk to delivery.
- 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 of savings and income and the costings in respect of the UCC FSR
 - 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. One of the main risks within the coming year is still likely to be the need to monitor the impact of the Local Government finance reforms (i.e. LCTS and NNDR) including the increased demand on services and the ability to support customers.
- 15.8. The budget risks will be managed during 2014/15 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.
- 15.9. The Council has faced a number of in year cost pressures from such items as reduced car park and sport and leisure income. As shown within this report our current forecast is that we will be on 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.

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 2014/15 is

included at Appendix H. The following paragraphs contain a summary of the strategy for 2014/15, which covers the following issues:

- the capital plans and the prudential and treasury indicators;
- the MRP strategy.
- 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 2014/15 through to 2016/17 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 2014/15 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 2 of 2016. **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. However, whereas this service uses ratings from all agencies in a weighted scoring system, the Council will continue to follow the approach suggested by CIPFA of using the lowest rating from all the agencies (i.e. the lowest common denominator).
- The Council will only use approved counterparties from countries with the highest credit rating of 'AAA', together with those from the UK.
- The Council will continue to avoid longer term deals while investment rates are at such low levels, unless attractive rates are available within the risk

parameters set by the Council. The suggested budgeted return on investments placed for periods up to 100 days during the year is 0.50%.

- 16.7. Investment instruments identified for use in 2014/15 are detailed in **Appendix B** off the TMSS. The investment limits for the highest rated banks and building societies, as well as that for UK nationalised and part nationalised banks have been increased to reflect the anticipated level of cash available for investment, and the limited number of high quality counterparties available. 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 2014/15 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the paper at Appendix H**

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 I provides an assessment of the links between the Strategic Plan and budget strategy.

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 Finance and Audit Scrutiny Panel on 28 January 2014. The statutory consultation with NNDR ratepayers takes place in either January or early February 2014 and notes of the meeting will be provided in due course.

Background Papers

Budget reports to Cabinet – 27 November 2013

| 2014/15 Budget Timetable | |
|--|---|
| Budget Strategy March 13 – July 2013 | |
| 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 – 10 July 13 | <ul style="list-style-type: none"> • Report on updated budget strategy / MTFF • Timetable approved |
| Scrutiny Panel – 23 July 13 | Review Cabinet report |
| Detailed Budget preparation and Budget Setting Consultation | |
| Budget Group / Leadership Team regular sessions on progress / budget options now - December | Review budget tasks Consider delivery of existing and new Fundamental Service Reviews |
| Cabinet – 4 September 13 and /or 9 October 13 | <ul style="list-style-type: none"> • Budget Update • Review of capital resources / programme • Consider any impact arising from in year budget monitoring. |
| Cabinet – 27 November 13 | <ul style="list-style-type: none"> • Budget update • Reserves and balances • Government Finance settlement (if available) |
| Scrutiny Panel – 28 January 14 | Review consultation / Budget position (Detailed proposals) |
| Cabinet – 29 January 14 | Revenue and Capital budgets recommended to Council |
| Council – 19 February 14 | Budget agreed / capital programme agreed / Council Tax set |

2014/15 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 27 November 2013 are highlighted.

| | Current allowance £'000 | Updated allowance £'000 | Comment |
|--|----------------------------|----------------------------|---|
| Inflationary pressure | 440 | 440 | Net inflation impact. This allowance includes adjustments to reflect assumptions in respect of pay and energy as well as other general changes. |
| Incremental pension contributions | 100 | 22 | The provisional results of the actuarial review of the pension fund have been received. These reflect an increase in basic employer contributions and changes to the pension deficit contribution. Discussions are taking place with Essex County Council about possible options to spread this cost pressure. Currently an additional cost for 2014/15 of £22k is now assumed. |
| Elections | 85 | 95 | Cost relating to Borough elections in 2014/15 |
| Fleet | 110 | 210 | Planned additional costs of fleet in line with changes to vehicles in 2014/15 |
| Housing Benefit Administration grant and benefit subsidy | 90 | 190 | The Government has recently announced reductions to the administration grant provided in respect of Housing Benefit and the LCTS scheme. There is also a forecast pressure of £100k arising from a drop in recovery levels from both the LA error incentive scheme and also benefit overpayment rates. |
| Existing net income streams | 230 | 560 | Within the current year there are some shortfalls in estimated income. These include general car parking income (£150k), community alarms (£230k), income from trade waste and depot (£100k), income within EMT and parking income at Leisure World. It is considered necessary to reduce these budgets to a more appropriate level. |
| Minimum Revenue Provision (MRP) | | 21 | Increase in MRP to reflect previous borrowing decisions |
| Bank charges | | 12 | Increase in costs based on volume of credit card transactions |
| Bus Station | | 25 | Staffing costs associated with running bus station |

| | Current allowance £'000 | Updated allowance £'000 | Comment |
|-------------------------------------|----------------------------|----------------------------|---|
| Operational Services – Agency Costs | | 50 | Increase cost for staffing cover arrangements |
| Risk allowance | 150 | nil | Pressures now separately identified |
| Total | 1,205 | 1,625 | |

2014/15 Growth Items

The following are growth items included in budget proposals. Changes since the report to Cabinet on 27 November 2013 are highlighted.

| | Current allowance £'000 | Updated allowance £'000 | Comment |
|---|----------------------------|----------------------------|---|
| A12 / A120 litter picking | | 16 | Allocation of funding to allow the Zone teams to continue to undertake fortnightly litter picking of the A12 and A120 following Essex County Council (ECC) confirming that they would no longer be providing funding to Colchester Borough to continue the service. |
| Allowance for affordable housing | | 37 | Growth achieved through New Homes Bonus element allocated to support affordable housing initiatives |
| Investment funded through New Homes Bonus | | 757 | One off funding to be allocated to support <ul style="list-style-type: none"> • Projects that will deliver income/savings • Community projects |
| Total Growth Items | 0 | 810 | |

Savings / Increased Income

| Service | Opportunity | 2014/15 £'000 | Additional Comments e.g. impact on service / risk to delivery/ description of delivery |
|--|---------------------------------|---------------------------------------|---|
| Efficiencies and Fundamental Service Review | | | |
| Cross Cutting | UCC FSR | 965 | Second year savings of agreed UCC FSR. Savings increased by a further £140k in respect of changes to management structure / support arrangements. |
| Operational Services | Sport & Leisure FSR | 195 | Final year savings / increased income of review. |
| Corporate & Financial Management | FSR | 250 | Based on proposal reported to Cabinet. Saving based on proposed implementation timetable. |
| Professional Services | Private Sector leasing | 20 | Full year savings in private sector leasing scheme due to implementation of new scheme arrangements. |
| Corporate & Financial Management | ICT contract savings | 40 | Additional third year savings of new ICT contract |
| Cross cutting | Procurement saving target | 100 | Increased target to achieve through improved procurement activity. |
| Community Services | Joint Museum Service | 22 | 'Repayment' of additional funding provided in 2013/14 due to cost pressure arising from loss of income resulting from Castle closure. |
| Executive Management Team | Reduction in consultancy budget | 22 | |
| | Sub total | 1,614 (60% of all savings) | |
| | | | |

| Service | Opportunity | 2014/15 £'000 | <i>Additional Comments e.g. impact on service / risk to delivery/ description of delivery</i> |
|---|--|--------------------------|---|
| Income | | | |
| Commercial Services and Professional Services | Cemetery and crematorium and land charges income | 190 | Forecast additional income. |
| Corporate & Financial Management | Increased income from staff and councillor car parking | 30 | Estimated additional revenue from increased parking charges. |
| | Sub total | 220 (8%) | |
| Budget Reductions | | | |
| Community Services | Activity Centres | 39 | Based on Cabinet decision in respect of Abbots Activity Centre. |
| Corporate & Financial Management | Ward (locality) budgets | 120 | Scheme originally started in 2012/13 as a one-off but continued in 2013/14. Now proposed to stop for 2014/15. |
| Community Services | Grounds Maintenance | 200 | Return of highway verge maintenance responsibility to Essex County Council. Saving achieved by removing additional CBC budget to supplement the ECC contribution towards maintenance costs |
| Commercial | Tour Series | 80 | Remove funding for Tour Series event for 2014/15 |
| Corporate & Financial Management | Parish Grants re: LCTS scheme | 17 | Reduction in grants as agreed |
| Community Services | Grants | 50 | Reduction in grants as agreed |
| | Sub total | 506 (19%) | |

| Service | Opportunity | 2014/15 £'000 | Additional Comments e.g. impact on service / risk to delivery/ description of delivery |
|------------------------------------|--|----------------------|---|
| <i>Corporate / Technical Items</i> | | | |
| Corporate / Technical | Changes in charges to HIRA | 50 | Estimated changes in charges between General Fund and Housing Revenue Account. |
| Corporate / Technical | Net interest costs / earnings | 85 | Net reduction in budget based on projected borrowing costs and income projections. |
| Corporate / Technical | Income from sharing agreement with Essex County Council and Essex Fire Authority | 211 | 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 experience of the current year and adjustment made to the taxbase additional income of c£211k is expected. |
| Total Savings | | 346 (13%) | 2,686 |

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 | 257 | - | 12 | - | - | 21 | 290 |
| Corporate & Financial Management | 8,937 | (15) | 374 | - | - | (185) | 9,111 |
| Executive Management Team | 655 | - | 81 | - | - | (120) | 616 |
| Community Services | 6,085 | (67) | 173 | 16 | - | (245) | 5,962 |
| Commercial Services | 292 | (15) | 322 | 37 | - | (185) | 451 |
| Customer Services | 1,973 | (50) | 245 | - | - | - | 2,168 |
| Operational Services (excl NEPP) | 392 | - | 758 | - | 18 | (159) | 1,008 |
| Professional Services | 2,342 | - | 192 | - | - | (185) | 2,348 |
| Total General Fund Services | 20,932 | (147) | 2,156 | 53 | 18 | (1,058) | 21,954 |
| <i>Corporate Items / sums to be allocated to services</i> | | | | | | | |
| Procurement savings | (50) | - | - | - | - | (100) | (150) |
| UCC FSR | 300 | - | (220) | - | - | (715) | (635) |
| Strategic Plan | 100 | (100) | - | - | - | - | - |
| Welfare Reform | 30 | (30) | - | - | - | - | - |
| Investment Allowance funded by New Homes Bonus | 250 | - | - | 757 | - | - | 1,007 |
| CFM FSR | - | - | - | - | - | (250) | (250) |
| Parish Council Grants (re LCTS) | 135 | - | - | - | - | (17) | 118 |
| Saving to be allocated to services | - | - | - | - | - | (30) | (30) |
| <i>Non-Service Budgets</i> | | | | | | | |
| CLIA (net interest) | 685 | - | - | - | - | (85) | 600 |
| R&R Contribution | 150 | - | - | - | - | - | 150 |
| Min Revenue Provision (MRP) | 648 | - | 21 | - | - | - | 669 |
| Pension Fund | 2,384 | - | (280) | - | - | - | 2,104 |
| One-off Costs | 500 | (500) | - | - | - | - | - |
| Technical C Tax changes - Sharing Agreement | (189) | - | - | - | - | (211) | (400) |

| | 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 |
| Natural History Museum | (20) | - | - | - | - | - | (20) |
| Heritage Reserve & Gosbecks Reserve | 10 | - | - | - | - | - | 10 |
| GF/HRA/NEPP adjustment | (2,878) | - | 22 | - | (44) | (221) | (3,120) |
| Total Below the Line | 2,054 | (630) | (457) | 757 | (44) | (1,629) | 52 |
| Total including Below the Line | 22,986 | (777) | 1,699 | 810 | (25) | (2,687) | 22,006 |
| Funded by: | | | | | | | |
| General Reserve | (683) | 683 | - | - | - | - | - |
| Use of balances: re carry forwards | (50) | 50 | (74) | - | - | - | (74) |
| Pensions Reserve | (102) | 102 | - | - | - | - | - |
| Capital Expenditure Reserve | (200) | - | 100 | - | - | - | (100) |
| Other Reserves - S106 | (30) | - | - | - | - | - | (30) |
| Government Grant (RSG) | (5,682) | - | 1,246 | - | - | - | (4,436) |
| Government Grant (NDR) | (3,780) | - | (74) | - | - | - | (3,854) |
| Council Tax Freeze Grant | (109) | 109 | - | - | - | - | - |
| Council Tax | (9,684) | - | - | - | (559) | - | (10,243) |
| Collection Fund Transfer | (18) | 18 | - | - | (142) | - | (142) |
| New Homes Grant Adjustment | (32) | 32 | - | - | - | - | - |
| New Homes Bonus | (2,616) | - | - | (794) | - | - | (3,410) |
| NDR deficit | - | - | - | - | 283 | - | 283 |
| Total | (22,986) | 994 | 1,198 | (794) | (418) | - | (22,006) |

**General Fund Balances
Current Position**

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

| | £'000 |
|---|----------------|
| Balance as at 31 March 2013 (As per Statement of Accounts) | (5,893) |
| Use of balances during 2013/14: | |
| • Financing carry forwards – Proposed carry forward of 13/14 budgets (note 1) | 594 |
| • Existing items carry forward in balances (see note 2) | 901 |
| • Existing allocations for 13/14 and future years budget (note 3) | 1,185 |
| • Supporting the 13/14 Budget (note 4) | 867 |
| • New releases agreed in 2013/14 (note 5) | 304 |
| • Budget carry forward (note 6) | (74) |
| Projected Balances as at 31 March 2014 | (2,116) |
| Use of balances (note 6) | 74 |
| Potential Surplus Balances as at 31 March 2015 (note 7) | (2,042) |
| Proposed minimum balance | 1,800 |
| Potential Surplus Balances as at 31 March 2015 (note 7) | (242) |

Notes:

1. This reflects items agreed as part of the 12/13 closure of accounts process as reported to Scrutiny Panel on 11 June 13.
2. This includes previous sums allocated from balances which have not yet been spent. For example it includes funding allocated for potential redundancy costs, funds allocated as part of the Jubilee Fund and provisions allocated in respect of certain key risks.
3. 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. This also includes a provision for future cost pressure in respect of Community Stadium funding and the risk factor which has been carried forward from the 12/13 budget as reported to Scrutiny Panel on 11 July 13. None of these are expected to be used in 2013/14
4. Agreed use of balances to support the revenue budget including the use of the pensions provision
5. Proposed releases from balances as agreed by Cabinet on 10 July 2013.
6. This reflects the carry forward and use of balances set out within this report.
7. The position shown assumes a neutral outturn position.

| Medium Term Financial Forecast | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| 2014/15 to 2017/18 | | | | |
| | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| | £'000 | £'000 | £'000 | £'000 |
| Base Budget | 22,986 | 22,006 | 21,897 | 22,364 |
| 13/14 One-off items | (777) | (74) | | 22 |
| Cost Pressures (net of one off changes) | 1,699 | 1,040 | 640 | 1,090 |
| Growth Items (net of one off changes) | 810 | 0 | 506 | 254 |
| UCC FSR (yoy) change | (825) | (990) | (890) | |
| Savings | (1,887) | (85) | 211 | 0 |
| Technical Items | | | | |
| Forecast Base Budget | 22,006 | 21,897 | 22,364 | 23,730 |
| <i>Funded By:</i> | | | | |
| Revenue Support Grant | (4,436) | (3,061) | | |
| Business Rates Baseline | (3,854) | (3,960) | | |
| Settlement funding assessment (SFA) | (8,290) | (7,021) | (6,000) | (6,000) |
| New Homes Bonus | (3,410) | (3,410) | (3,410) | (3,410) |
| Total Gov't grants | (11,700) | (10,431) | (9,410) | (9,410) |
| Council Tax | (10,243) | (10,243) | (10,243) | (10,243) |
| Collection Fund Deficit / (Surplus) | (142) | 0 | 0 | 0 |
| Business Rates Deficit / (Surplus) | 283 | 0 | 0 | 0 |
| Use of Reserves | (204) | (130) | (130) | (130) |
| Total Funding | (22,006) | (20,804) | (19,783) | (19,783) |
| Budget (surplus) / gap before changes (cumulative) | 0 | 1,093 | 2,581 | 3,947 |
| Annual increase | | 1,093 | 1,488 | 1,366 |

**Medium Term Financial Forecast
2014/15 to 2017/18**

| | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Cost Pressures | | | | |
| General Inflation | 440 | 640 | 640 | 640 |
| Pensions | 22 | 0 | 0 | 250 |
| MRP (Minimum Revenue Provision) | 21 | 0 | 0 | 0 |
| Elections | 95 | | | |
| Fleet | 210 | | | |
| Benefit Admin grant & benefit subsidy | 190 | | | |
| Existing net income streams | 560 | | | |
| Agency Costs | 50 | | | |
| Bank Charges | 12 | | | |
| Bus Station | 25 | | | |
| Support to FSR (funded by c/f) | 74 | | | |
| Pensions - auto enrolment | | | | 200 |
| Park and Ride - Impact | | 300 | | |
| Interest costs - allowance | | 100 | | |
| Total | 1,699 | 1,040 | 640 | 1,090 |
| Growth Items | | | | |
| Food Waste (net impact) | | | 506 | 254 |
| Affordable homes | 37 | | | |
| Growth linked to New Homes Bonus | 757 | | | |
| A12 / A120 litter picking | 16 | | | |
| Total | 810 | 0 | 506 | 254 |
| Savings (incl. one off adjustments) | | | | |
| ICT | (40) | | | |
| Sport & Leisure FSR | (195) | | | |
| Private sector leasing | (20) | | | |
| Procurement Target | (100) | | | |
| Interest earnings (mostly one-off) | (85) | | | |
| Sharing agreement (extra) | (211) | | 211 | |
| Management capacity | (140) | | | |
| C&FM FSR | (250) | (50) | | |
| Ward Budgets | (120) | | | |
| Housing Revenue Account (HRA) to General Fund (GF) | (50) | | | |
| Grounds Maintenance | (200) | | | |
| Activity Centres | (39) | | | |
| Museums | (22) | | | |
| Community Services Grants | (50) | (35) | | |
| LCTS grant to parishes | (17) | | | |
| Tour Series | (80) | | | |

Medium Term Financial Forecast
2014/15 to 2017/18

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|--|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| EMT | (22) | | | |
| Staff & Member car parking | (30) | | | |
| Land Charges | (100) | | | |
| Cemetery and crematorium income | (90) | | | |
| Technical items | (26) | | | |
| Total | (1,887) | (85) | 211 | 0 |
| New Homes Bonus | | | | |
| Growth re 09/10 | 724 | 724 | 724 | 724 |
| Growth re 10/11 | 749 | 749 | 749 | 749 |
| Growth re 11/12 | 986 | 986 | 986 | 986 |
| Growth re 12/13 | 757 | 757 | 757 | 757 |
| Growth re 13/14 | | x | x | x |
| <i>Total basic NHB</i> | <i>3,216</i> | <i>3,216</i> | <i>3,216</i> | <i>3,216</i> |
| Affordable Housing element | | | | |
| re 10/11 delivery | 52 | 52 | 52 | 52 |
| re 11/12 delivery | 105 | 105 | 105 | 105 |
| re 12/13 delivery | 37 | 37 | 37 | 37 |
| re 13/14 delivery | | x | x | x |
| <i>Total affordable homes bonus</i> | <i>194</i> | <i>194</i> | <i>194</i> | <i>194</i> |
| Total New Homes Bonus | 3,410 | 3,410 | 3,410 | 3,410 |
| Use of Reserves | | | | |
| Balances (General) | | | | |
| Funding c/f | 74 | | | |
| S106 monitoring reserve | 30 | 30 | 30 | 30 |
| Capital Expenditure Reserve:- Community Stadium | 100 | 100 | 100 | 100 |
| Total | 204 | 130 | 130 | 130 |

Addressing the Budget Gap

The MTFF shows a budget gap of circa £6m over the three years from 2015/16. Whilst cumulative additional net savings of c£2m through the UCC FSR have been identified this leaves a gap £4m. 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> | <p>The MTFF includes the reduction in the 'SFA' for 2015/16 of 15% with further reductions thereafter.</p> <p>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.</p> <p>The level of risk is currently equivalent to the safety net in place of £289k.</p> |
| 2 | <i>Welfare Reform (including Local Council Tax Support - LCTS)</i> | <p>The budget paper sets 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.</p> |
| 3 | <i>Government grants and partnership funding</i> | <p>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.</p> <p>Provision has been made in the 2014/15 budget for the New Homes Bonus based on the notified grant and the MTFF takes a prudent view by forecasting no change to this grant in future years.</p> <p>Provision has been made for changes in other Government grants, such as housing benefit administration, in 2014/15, however, the impact of any further reductions in these will be considered as the MTFF is reviewed.</p> |
| 4 | <i>Pensions</i> | <p>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</p> |
| 5 | <i>Fees and charges and other income</i> | <p>As has been seen in the past few years we have experienced a number of pressures arising from changes in income levels. In the current year it has been reported that some targets such as car parks, sport and leisure and community alarms income are not meeting the budget. Looking ahead to 2014/15 and beyond it is difficult to estimate how income levels may continue to be affected. The 14/15 budget forecast assumes a decrease in revenue in certain areas such as car parks, community alarms and trade waste and future updates of the MTFF will consider any other changes to income.</p> |

| Ref | Risk / Area of uncertainty | |
|------------|---|--|
| 6 | <i>Inflation</i> | An allowance for general inflation including pay has been built into the 14/15 forecast and MTFF. The current (December 2013) CPI is 2% and RPI is 2.7% The economic forecasts published by HM Treasury point to inflation figures for 2014 of 2.3% and 3% for CPI and RPI respectively. Not all the Council's costs are directly linked to RPI and therefore we will continue to monitor the impact of inflation on all Council costs |
| 7 | <i>Use of reserves</i> | The budget position for 2014/15 includes proposals to use certain reserves. The MTFF assumes the ongoing use of the capital expenditure reserve and S106 reserve. The 2014/15 budget includes no proposals to use general balances. |
| 8 | <i>Legislation</i> | There is 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. car park closure and staff resources</i> | As the regeneration programme progresses there will be an ongoing impact on income from car parks due to temporary and permanent closure of certain car parks and also the introduction of park and ride. An allowance has been built into the MTFF for reductions in car park income. |
| 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 2014/15 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 the budget 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. The current financial assumption made is that the Council programme of FSRs will assist in identifying efficiencies to cope with changes in demand, however, this will be regularly reviewed. |
| 12 | <i>Delivery of budget savings</i> | The 2014/15 budget includes c£2.7m 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. |
| 13 | <i>Net earnings Interest and investments</i> | The budget is influenced by a number of factors including interest rates and cashflow movements. The treasury management strategy for 2014/15 highlights the outlook for |

| Ref | Risk / Area of uncertainty |
|-----|--|
| | <p>interest rates in the medium-term which points to continuation of unprecedented low levels into 2014/15. The budget forecast has been adjusted by £85k to reflect the ongoing benefit of the Council's strategy to 'internally borrow' to minimise our interest costs. The MTFF recognises that this is not an ongoing gain and a contingency allowance of £100k is included for 2015/16.</p> |

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

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2014/15

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. 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 2014/15

1.10 The strategy for 2014/15 covers the following Capital and Treasury Management issues:

- the capital plans and the prudential and treasury indicators;
- the MRP strategy.
- 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 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 2014/15 – 2016/17

2.1 The Council's capital expenditure plans are a 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 | 2012/13 Actual | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Non-HRA | 8,755 | 13,708 | 7,648 | 6,880 | 550 |
| HRA | 7,112 | 10,746 | 15,668 | 12,012 | 12,381 |
| Total | 15,867 | 24,454 | 23,316 | 18,892 | 12,931 |

- 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 | 2012/13 Actual | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Total Expenditure | 15,867 | 24,454 | 23,316 | 18,892 | 12,931 |
| Financed by: | | | | | |
| Capital receipts | 875 | 6,595 | 5,032 | 1,500 | 400 |
| Capital grants | 3,836 | 6,703 | 2,221 | 281 | 0 |
| Capital reserves | 5,452 | 6,331 | 6,043 | 5,672 | 5,814 |
| Finance leases | 2,359 | 246 | 0 | 0 | 0 |
| Revenue | 2,376 | 4,302 | 7,100 | 4,391 | 4,638 |
| Net financing need | 969 | 277 | 2,920 | 7,048 | 2,079 |

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 £2.7m of such schemes within the CFR as at 31 March 2013. Members are asked to approve the CFR projections below:

| £'000 | 2012/13 Actual | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| Capital Financing Requirement | | | | | |
| CFR – non housing | 26,693 | 26,143 | 26,183 | 30,021 | 28,918 |
| CFR - housing | 124,577 | 124,577 | 126,323 | 128,371 | 130,450 |
| Total CFR | 151,270 | 150,720 | 152,506 | 158,392 | 159,368 |
| Movement in CFR | 2,555 | (550) | 1,786 | 5,886 | 976 |
| Movement in CFR represented by | | | | | |
| Net financing need | 969 | 277 | 2,920 | 7,048 | 2,079 |
| Assets acquired under finance leases | 2,359 | 246 | 0 | 0 | 0 |
| Less MRP | 773 | 1,073 | 1,134 | 1,162 | 1,103 |
| Movement in CFR | 2,555 | (550) | 1,786 | 5,886 | 976 |

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 proposed 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 sections 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 **Actual and estimates of the 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.

| % | 2012/13 Actual | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|---------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Non-HRA | 6.86% | 8.43% | 9.65% | 10.06% | 9.83% |
| HRA | 19.82% | 19.00% | 18.58% | 18.34% | 18.13% |

- 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.

| £ | 2014/15 Estimate | 2015/16 Estimate | 2016/17 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.

| £ | 2014/15 Estimate | 2015/16 Estimate | 2016/17 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 2013, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

| £'000 | 2012/13 Actual | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|---------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| External Debt | | | | | |
| Borrowing | 136,094 | 138,673 | 143,651 | 152,292 | 155,549 |
| Other long-term liabilities | 2,302 | 2,058 | 1,593 | 1,178 | 810 |
| Gross debt at 31 March | 138,396 | 140,731 | 145,244 | 153,470 | 156,359 |
| CFR | 151,270 | 150,720 | 152,506 | 158,392 | 159,368 |
| Under / (over) borrowing | 12,874 | 9,989 | 7,262 | 4,922 | 3,009 |
| Investments at 31 Mar | 21,600 | 21,323 | 18,403 | 11,355 | 9,276 |
| Net Debt | 116,796 | 119,408 | 126,841 | 142,115 | 147,083 |

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 2014/15 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 | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| Debt | 138,673 | 143,651 | 152,292 | 155,549 |
| Other long term liabilities | 2,058 | 1,593 | 1,178 | 810 |
| Total | 140,731 | 145,244 | 153,470 | 156,359 |

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 | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| Debt | 163,562 | 166,013 | 172,914 | 174,458 |
| Other long term liabilities | 2,058 | 1,593 | 1,178 | 810 |
| Total | 165,620 | 167,606 | 174,092 | 175,268 |

- 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 | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|----------------------|---------------------|---------------------|---------------------|---------------------|
| HRA debt cap | 140,275 | 140,275 | 140,275 | 140,275 |
| HRA CFR | 124,577 | 126,323 | 128,371 | 130,450 |
| HRA headroom | 15,698 | 13,952 | 11,904 | 9,825 |

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-13 | 0.50% | 2.50% | 4.40% | 4.40% |
| Mar-14 | 0.50% | 2.50% | 4.40% | 4.40% |
| Jun-14 | 0.50% | 2.60% | 4.50% | 4.50% |
| Sep-14 | 0.50% | 2.70% | 4.50% | 4.50% |
| Dec-14 | 0.50% | 2.70% | 4.60% | 4.60% |
| Mar-15 | 0.50% | 2.80% | 4.60% | 4.70% |
| Jun-15 | 0.50% | 2.80% | 4.70% | 4.80% |
| Sep-15 | 0.50% | 2.90% | 4.80% | 4.90% |
| Dec-15 | 0.50% | 3.00% | 4.90% | 5.00% |
| Mar-16 | 0.50% | 3.10% | 5.00% | 5.10% |
| Jun-16 | 0.75% | 3.20% | 5.10% | 5.20% |
| Sep-16 | 1.00% | 3.30% | 5.10% | 5.20% |
| Dec-16 | 1.00% | 3.40% | 5.10% | 5.20% |
| Mar-17 | 1.25% | 3.40% | 5.10% | 5.20% |

- 4.2 Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently very positive in indicating that growth prospects are strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates. The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

- 4.3 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:
- Although Eurozone concerns have subsided considerably in 2013, sovereign debt difficulties have not gone away and major concerns could return in respect of any 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. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. 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 2014/15 and beyond;
 - Borrowing interest rates have risen significantly during 2013 and are on a rising trend. 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 even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;
 - 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 2014/15 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 borrowings 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) | 2014/15 | 2015/16 | 2016/17 |
|--|---------|---------|---------|
| Upper limit on fixed interest rates based on net debt | 126,800 | 142,100 | 147,100 |
| Upper limit on variable interest rates based on net debt | 63,400 | 71,100 | 73,500 |

| Maturity Structure of fixed interest rate borrowing | Lower | Upper |
|---|-------|-------|
| Under 12 months | 0% | 10% |
| 12 months to 2 years | 0% | 50% |
| 2 years to 5 years | 0% | 50% |
| 5 years to 10 years | 0% | 70% |
| 10 years and above | 0% | 100% |

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.

6 Annual Investment Strategy

Investment Policy

- 6.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 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.
- 6.2 In accordance with the above, and in order to minimise the risk to investments, the Council has stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings and watches published by all three ratings agencies with a full understanding of what the ratings reflect in the eyes of each agency. Using the Capita Asset Services ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies advise of modifications.
- 6.3 Furthermore, the Council's officers recognise that ratings should 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. This is fully integrated into the credit methodology provided by the advisors, Capita Asset Services in producing its colour coding which shows the varying degrees of suggested creditworthiness.
- 6.4 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.
- 6.5 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.

6.6 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.

6.7 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

6.8 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 Poors. 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.

6.9 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

6.10 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.

6.11 This methodology does not apply the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties. The Council will however continue to apply the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two

agencies, and one meets the Council's criteria while the other does not, that institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

- 6.12 Typically the minimum credit ratings criteria the Council will use is a Short Term rating (Fitch or equivalents) of F1, Long Term rating A, Viability ratings of c, and a Support rating of 2.
- 6.13 The Council is alerted to changes to ratings of all three agencies through its use of the Sector 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.
- 6.14 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 government support for banks and the credit ratings of the supporting government.

Country limits

- 6.15 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 below. This list will be amended by officers should ratings change in accordance with this policy.

| | | | | |
|------------|--------|-----------|---------|-------------|
| Australia | Canada | Denmark | Finland | Germany |
| Luxembourg | Norway | Singapore | Sweden | Switzerland |

Investment strategy

- 6.16 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).
- 6.17 The Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2013/ 2014 0.50%
- 2014/ 2015 0.50%
- 2015/ 2016 0.50%
- 2016/ 2017 1.25%

6.18 There are upside risks to these forecasts if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England forecasts for the rate of fall of unemployment were to prove to be too optimistic.

6.19 The Council will avoid locking into longer-term deals while investment rates are down at historically low levels unless attractive rates are available within the risk parameters set by the Council that make longer-term deals worthwhile. The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next four years are as follows:

- 2014/15 0.50%
- 2015/16 0.50%
- 2016/17 1.00%
- 2017/18 2.00%

6.20 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 three months) in order to benefit from the compounding of interest.

Icelandic Bank Investments

6.21 The Council invested a total of £4m in Icelandic banks in September 2008, which suffered a default following the collapse of the Icelandic banking system. The impairments recognised in the 2010/11 accounts reflected the guidance issued by CIPFA in May 2011. The level of the impairment was reduced in the 2012/13 accounts to reflect updated guidance from CIPFA, which takes into account the Council's preferred creditor status and the distributions received.

6.22 The Council has now received four distributions between February 2012 and September 2013, which amount to approximately 53% of the value of the claim. The current position on estimated future payouts is based on recovering 100p in the £. However, the administration of the insolvent estate of the bank is likely to continue for several years, which creates a level of uncertainty around the timing of recoveries through the administration process, and the precise amount may vary owing to foreign exchange fluctuations. The exchange rate risk will continue to be managed proactively with assets converted to sterling at the earliest opportunity.

End of year investment report

6.23 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 2014 | Jun 2014 | Sep 2014 | Dec 2014 | Mar 2015 | Jun 2015 | Sep 2015 | Dec 2015 | Mar 2016 | Jun 2016 | Sep 2016 | Dec 2016 | Mar 2017 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Capita Asset Services Interest Rate View | | | | | | | | | | | | | |
| Bank Rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.00% | 1.25% |
| 3 month LIBID | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.60% | 0.70% | 0.90% | 1.30% |
| 6 month LIBID | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.60% | 0.70% | 0.80% | 1.00% | 1.20% | 1.40% |
| 12 month LIBID | 0.80% | 0.80% | 0.80% | 0.80% | 0.80% | 0.80% | 1.00% | 1.20% | 1.40% | 1.60% | 1.80% | 2.00% | 2.30% |
| 5yr PWLB Rate | 2.50% | 2.60% | 2.70% | 2.70% | 2.80% | 2.80% | 2.90% | 3.00% | 3.10% | 3.20% | 3.30% | 3.40% | 3.40% |
| 10yr PWLB Rate | 3.60% | 3.70% | 3.80% | 3.80% | 3.90% | 3.90% | 4.00% | 4.10% | 4.20% | 4.30% | 4.30% | 4.40% | 4.50% |
| 25yr PWLB Rate | 4.40% | 4.50% | 4.50% | 4.60% | 4.60% | 4.70% | 4.80% | 4.90% | 5.00% | 5.10% | 5.10% | 5.10% | 5.10% |
| 50yr PWLB Rate | 4.40% | 4.50% | 4.50% | 4.60% | 4.70% | 4.80% | 4.90% | 5.00% | 5.10% | 5.20% | 5.20% | 5.20% | 5.20% |
| Bank Rate | | | | | | | | | | | | | |
| Capita Asset Services | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.00% | 1.25% |
| UBS | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | | | | | |
| Capital Economics | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | | | | | |
| 5yr PWLB Rate | | | | | | | | | | | | | |
| Capita Asset Services | 2.50% | 2.60% | 2.70% | 2.70% | 2.80% | 2.80% | 2.90% | 3.00% | 3.10% | 3.20% | 3.30% | 3.40% | 3.40% |
| UBS | | | | | | | | | | | | | |
| Capital Economics | | | | | | | | | | | | | |
| 10yr PWLB Rate | | | | | | | | | | | | | |
| Capita Asset Services | 3.60% | 3.70% | 3.80% | 3.80% | 3.90% | 3.90% | 4.00% | 4.10% | 4.20% | 4.30% | 4.30% | 4.40% | 4.50% |
| UBS | 3.70% | 3.80% | 3.90% | 4.05% | 4.05% | 4.30% | 4.55% | 4.55% | | | | | |
| Capital Economics | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 4.05% | | | | | |
| 25yr PWLB Rate | | | | | | | | | | | | | |
| Capita Asset Services | 4.40% | 4.50% | 4.50% | 4.60% | 4.60% | 4.70% | 4.80% | 4.90% | 5.00% | 5.10% | 5.10% | 5.10% | 5.10% |
| UBS | 4.55% | 4.55% | 4.80% | 4.80% | 5.05% | 5.05% | 5.30% | 5.30% | | | | | |
| Capital Economics | 4.35% | 4.35% | 4.35% | 4.35% | 4.35% | 4.35% | 4.35% | 4.45% | | | | | |
| 50yr PWLB Rate | | | | | | | | | | | | | |
| Capita Asset Services | 4.40% | 4.50% | 4.50% | 4.60% | 4.70% | 4.80% | 4.90% | 5.00% | 5.10% | 5.20% | 5.20% | 5.20% | 5.20% |
| UBS | 4.45% | 4.45% | 4.70% | 4.70% | 4.90% | 4.90% | 5.05% | 5.05% | | | | | |
| Capital Economics | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.60% | | | | | |

| ORGANISATION | Colour Code | CRITERIA | | | Maximum limit per institution | MAX. PERIOD Support Rating | | |
|--|--------------------------|-------------|---------------------|-------------|-------------------------------|----------------------------|----------|---|
| | | Short-Term | Long-Term | Viability | | 1 | 2 | 3 |
| Deposits with Banks and Building Societies (including unconditionally guaranteed subsidiaries) | As per Section 6 of TMSS | Minimum F1+ | AAA, AA+, AA, | Minimum a- | £7.5m | 2 years | 2 years | |
| | | Minimum F1+ | Minimum AA | Minimum bbb | £5m | 1 year | 1 year | |
| | | Minimum F1 | A+, A | Minimum a- | £2.5m | 6 mths | 6 mths | |
| | | | | Minimum bbb | £2.5m | 100 days | 100 days | |
| UK nationalised / part nationalised banks | Blue | F1+ | | Minimum c | £7.5m | 1 year | | |
| CDs or corporate bonds with Banks and Building Societies * | As per Section 6 of TMSS | | | | As above | As above | | |
| 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
- Viability and Support ratings are only available from Fitch

* Covered by UK Government (explicit) guarantee

Impact of Budget Strategy 2014/15

Impact of Budget Strategy 2014/15

The budget for 2014/15 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 20% of the proposed net budget of £22m 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 13%. In addition there continue to be a number of significant risks for local government not least the Local Council Tax Support scheme which will be in place for a second year.

Our programme of Fundamental Service Reviews (FSR) continues to provide a significant proportion of savings to meet budget gaps. For example, the budget includes £195k of savings in respect of the third year of the Sport and Leisure FSR and £250k in respect of the recently approved Corporate and Financial Management FSR.

Over the next two years the implementation of the Universal Customer Contact FSR will be crucial to delivering cost savings and additional income to support the budget. It must be recognised that implementation of the FSRs is resource intensive and the approach has been to look at a few significant areas for savings. This is a more strategic approach than asking services to deliver percentage reductions which inevitably impact on service delivery.

The proposed 2014 budget does include £0.5m of savings from budget reductions. This represents 19% 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.


Growth items

Despite the continuing pressures on budgets it has been possible to identify some funding to support actions that support the Strategic Plan priorities with the main items shown in the table below

| Item | |
|---------------------------|--|
| Food Waste | Reduce, reuse, recycle: A government grant was awarded following a successful bid for funding. This has allowed for the implementation of the food waste collection across the Borough following the trial. The grant is dependent on retaining residual waste collections for 5 years and we will have to fund the additional cost at the end of the grant. |
| Affordable Homes | Providing more affordable homes: This is the amount of grant in the New Homes Bonus specifically paid for the delivery of affordable homes and in total the budget now contains £194k. This is allocated to enable additional affordable homes |
| A12 / A120 litter picking | Being cleaner and greener: Allocation of funding to allow the Zone teams to continue to undertake fortnightly litter picking of the A12 and A120 following Essex County Council (ECC) confirming that they would no longer be providing funding to |

| | |
|---|--|
| Item | |
| | Colchester Borough to continue the service. |
| Investment funded through New Homes Bonus | This may support a number of Strategic Plan priorities and is in addition to the ongoing annual contribution allocated from the New Homes Bonus of £250k to enable infrastructure projects to support the growth |

29 January 2014

| | | | |
|-----------------------|----------------------------------|---------------|---|
| Report of | Assistant Chief Executive | Author | Mike Thurston |
| Title | Officer Pay Policy | |  282396 |
| Wards affected | Not applicable | | |

This report concerns the Council's pay policy statement, and requirements introduced by the Localism Act 2011.

1. Decision(s) Required

- 1.1 To recommend the adoption of the Council's pay policy statement for 2014-15 by Full Council on 19 February 2014.

2. Reasons for Decision(s)

- 2.1 The Localism Act requires "relevant authorities (including Colchester Borough Council) to prepare, approve and publish pay policy statements articulating their policies towards a range of issues relating to the pay of its workforce." The Pay Policy for 2013/14 was approved by Full Council on 6 March 2013. These statements must be prepared and approved by Full Council for each financial year.

3. Alternative Options

- 3.1 The only alternative would be not to approve the pay policy statement, but that would be contrary to the requirements of the Localism Act.

4. Supporting Information

- 4.1 Local authorities must publish a pay policy statement for the financial year. A relevant authority's pay policy statement must be approved by a resolution of that authority before it comes into force.
- 4.2 The Localism Act specifies a number of elements that must be covered by the statement including; the level and elements of remuneration for each chief officer, remuneration of chief officers on recruitment, increases and additions to remuneration for each chief officer, the use of performance-related pay for chief officers, the use of bonuses for chief officers, the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and the publication of and access to information relating to remuneration of chief officers.
- 4.3 The Council's pay policy statement has been extended beyond the statutory requirements relating to chief officers as shown in 4.2 above to include all officers employed by the Council, in the interests of openness and transparency.
- 4.4 Please see Appendix 1 for the Officer Pay Policy. Appendix 2 contains the data which sits behind the policy, and definitions of terms such as chief officers. These two documents form the Council's pay policy statement.

- 4.5 The statement covers all pay and benefits for every employee of Colchester Borough Council. There are no financial allowances or bonuses other than those mentioned.
- 4.6 The requirements of the Localism Act have been taken as an opportunity to bring together all relevant Council policies and information into a pay policy which applies to every employee (Appendix 1), and a supporting document which shows the mostly numerical data which sits behind the specific financial year (Appendix 2).
- 4.7 Appendix 2 provides pay data on the annual salary scales. The data provided incorporates the increase in the 'National Living Wage'.

5. Proposals

- 5.1 To approve the 2014-15 pay policy statement as shown at Appendix 1 and 2, and to recommend its adoption by Full Council.

6. Strategic Plan References

- 6.1 The performance, remuneration and motivation of the Council's employees are key to delivering effective and efficient services to the public, in addition to the aspirations and priorities within the Strategic Plan.

7. Consultation

- 7.1 The Council's pay policy statement is compiled by factual data relating to the existing, agreed pay and conditions of its employees. There have been no new decisions as part of the compilation of the statement and data. The updated policy has been sent to the local branch of Unison for comment.

8. Publicity Considerations

- 8.1 The information contained with Appendix 1 and 2 will be publicly available on the Council's website, and in the Council's Statement of Accounts.

9. Financial implications

- 9.1 The pay policy statement provides transparency about the Council's approach to pay and benefits for its employees.

10. Equality, Diversity and Human Rights implications

- 10.1 The Equality Impact Assessment is available to view on the Colchester Borough Council website by following this pathway from the homepage: Council and Democracy>Policies, Strategies and Performance> Equality Impact Assessments>Corporate Management>Pay Policy or click on [the link here](#)

11. Other Implications

- 11.1 There are no specific community safety, health and safety or risk implications.

Background Papers

See Appendix 1 for the references and guidance used to compile the policy and data.

Colchester Borough Council
OFFICER PAY POLICY
February 2014

Introduction

The purpose of this policy is to provide an open and transparent framework that ensures clarity, fairness and consistency in the remuneration of officers.

The Council will comply with this policy which covers all officers. It ensures that employees are paid on a fair and equitable basis in accordance with equality legislation.

Colchester Borough Council recognises the importance of administering pay in a way that:

- attracts, motivates and retains appropriately talented people needed to maintain and improve the Council's performance and meet future challenges
- reflects the market for comparable jobs, with skills and competencies required to meet agreed delivery and performance outcomes
- allows for a proportion of remuneration to be at risk, depending upon the delivery of agreed outcomes and results
- delivers the required levels of competence within an overall workforce strategy within approved budget parameters
- is affordable and transparent.

1. Pay strategy and framework

- 1.1 The Council determines the level of annual salary for employees, including chief officers, using an established job evaluation scheme. Jobs are independently evaluated, using this scheme, by experienced Human Resources staff and all employees have the right of appeal against their pay grade.
- 1.2 The pay grades and salary spines are shown in Appendix 2. The Council implemented from April 2013, the "National Living Wage", which is independently assessed. . Each pay grade has a number of incremental points and employees normally progress up their pay grade by one increment on an annual basis, subject to satisfactory levels of performance (see also section 5 - rewarding performance).
- 1.3 The exception to this principle is where employees have transferred their employment to the Council and salary protection exists under the Transfer of Undertakings (Protection of Employment) legislation commonly referred to as TUPE.
- 1.4 The pay policy incorporates the Council's Equality and Diversity policy (website link [Equality and Diversity in employment - Colchester Borough Council](#)) and periodic equal pay audits will be conducted.

2. Pay review and annual increases

- 2.1 The Council supports the principle of collective bargaining and has a recognition agreement with the trade union 'Unison'. Negotiation and consultation is conducted at a local level in relation to levels of pay and benefits for all employees including Chief / Senior Officers (see definitions in Appendix 2). The Council therefore is not part of any national terms and conditions for local government employees.
- 2.2 Local negotiations around a pay review are conducted on an annual basis, and any increase is agreed taking into account inflationary factors, local salary levels and affordability. Any decision to increase salary levels for all employees has to be approved by the Portfolio Holder under delegated powers set in the Council's [Constitution](#).
- 2.3 The Council publishes its pay multiple (the ratio between the highest and lowest paid employees) and does not currently set a target for this.

3. Remuneration of Chief Officers

- 3.1 The remuneration of all officers is determined using the Council's job evaluation and performance management schemes.
- 3.2 The median average value of Chief Officers' pay is shown in Appendix 2 together with the relationship to the lowest paid staff and other staff (referred to in the legislation as "the pay multiple").
- 3.3 The remuneration of all Chief Officers and Senior Officers will be published in the Council's [Annual Statement of Accounts](#) which also includes a wide range of financial information.

4. Other items in addition to salary

The Council pays the following additions to annual salary:

- 4.1 Overtime:
This is paid to employees who are required to work in excess of their contracted weekly hours. All overtime is paid at plain-time rate derived from annual salary, and enhancements are not normally paid for working at weekends or public holidays. All employees on a pay grade of CMG5 or above are not entitled to receive overtime pay.
- 4.2 Unsocial hours working:
The Council pays an allowance to employees who work unsocial hours which cover 24-hour shift working. Allowances are also paid to employees who undertake standby and call out duties. A small payment can also be made to 'front-line' employees who are required to work over the Christmas/New Year period.

4.3 Maternity and paternity:
The Council has a policy that supports parents and provides some enhancement to the statutory maternity and paternity provisions. These enhancements are shown in Appendix 2.

4.4 Market forces supplement and mid-scale appointments:
Where the Council is faced with difficulties in recruitment to and retention of specific jobs, as a result of market pressures and skills shortages, the Chief Executive is able to sanction the use of a temporary 'market forces' supplement, reviewed on a regular basis.

Where an individual is being recruited and has significant experience or skills in the role for which they are being employed, Heads of Service and above have discretion to appoint at any scale point (within the grade) above the lowest level.

Where an employee is upgraded using the Council's job evaluation scheme, the employee will move to the lowest point of the new pay grade such that they receive at least one increment. Any proposal to move the employee to a higher point on the pay grade has to be authorised by the Chief Executive.

4.5 Increases in responsibility:
Temporary or permanent payments can be paid at the discretion of the Chief Executive to reflect operational needs and the level of additional responsibility.

4.6 Other:
The Council only reimburses reasonable business expenses actually incurred and in line with the Council's travel and subsistence policy. Professional membership fees are reimbursed to employees at the rate of 50% of fees incurred and only one membership per employee is reimbursed.

External training costs are paid where they form part of agreed learning and development, and in line with the post-entry training policy.

There are no expense allowances or bonuses other than those mentioned within this pay policy.

5. Rewarding performance

5.1 The Council uses a performance management scheme to appraise the performance of all employees, including Chief / Senior Officers. Issues of poor performance can result in any annual increment being withheld. Where employees are rated as outstanding under this performance management scheme, a non-contractual payment can be made to recognise individual performance. The value of this payment is reviewed each year and agreed by the Senior Management Team, subject to affordability. The current value is shown in Appendix 2.

- 5.2 The Council also recognises the need to incentivise specific jobs whose role involves a proportion of sales or income generation. In such cases a reward package will be developed, which needs approval by Senior Management Team. The annual salary and incentive payment will be determined outside of the job evaluation scheme and will be risk-assured in relation to equal pay.

6. Pension

- 6.1 In accordance with statutory provisions, employees are offered membership of the Local Government Pension Scheme. The Council has a published pension policy and this policy applies to all employees including Chief / Senior Officers. It sets out the Council's decisions relating to discretionary powers allowed within the scheme.
- 6.2 The Council also supports the principle of flexible retirement whereby employees are able to gain access to their pension whilst continuing in employment, subject to the restrictions laid down within the scheme and in the Council's Pension policy. This approach allows the Council to retain skilled employees and to assist individuals in managing the transition to retirement.

7. Other financial benefits

The Council currently offers the following financial benefits to employees:

- 7.1 **Travel Plan incentives/charges:**
In order to encourage employees to use 'greener' travel modes, which also help to reduce town centre congestion, the Council has developed a package of travel plan measures. These measures include a charge for car parking for employees based in the town centre, and discounts for the 'home to work' use of bus and rail travel. The current value of these charges and benefits are shown in Appendix 2.
- 7.2 **Salary sacrifice schemes:**
The Council has adopted approved government salary sacrifice schemes which enable employees to have deductions from pay to purchase childcare vouchers or cycles for travel to work. These schemes are tax efficient for the employee and are cost-neutral to the Council.
- 7.3 **Long Service Awards:**
The Council recognises the commitment of employees to public service and provides a gift to the maximum value of £250 for 25 years' service with the Council.
- 7.4 **Other allowances:**
An allowance is paid for employees who volunteer to be designated First Aiders in the workplace. An allowance is paid to employees as a

contribution towards broadband costs if they work at home on a regular basis using a PC. See Appendix 2 for the value of these allowances.

8. Recruitment

- 8.1 In accordance with the Council's [Constitution](#), appointments to Head of Paid Service (Chief Executive), Executive Directors, Heads of Service and the Chief Finance Officer, have to be approved by Cabinet.
- 8.2 All appointments are made in line with this pay policy.
- 8.3 The appointment of other Chief Officers and starting salaries within the grade must be approved by the Chief Executive.
- 8.4 The appointment of employees other than Chief Officers will be delegated to the appropriate management level, relevant to the vacant job. The starting salary within the pay grade range will be determined taking into account the skills and experience of the applicant and market pressures.
- 8.5 The Council does not restrict the re-employment of employees previously made redundant by either the Council or other Local Government. All applicants for vacancies are considered equally, based on their knowledge, skills and experience.
- 8.6 Full Council will be offered the opportunity to vote before large salary packages are offered in respect of new appointments. This level is set out in statutory guidance, and the current level is shown at Appendix 2.

9. Sick Pay

The Council applies the following sick pay scheme for all employees including Chief Officers.

| Service (years) | Full Pay (months) | Half Pay (months) |
|---------------------------|--------------------------|--------------------------|
| During first year | 1 | *2 |
| During second year | 2 | 2 |
| During third year | 4 | 4 |
| During fourth/fifth years | 5 | 5 |
| After five years | 6 | 6 |

* After completing 4 months' service

10. Payments when employment status changes

- 10.1 The Council operates a redundancy payment scheme which applies to all employees including Chief / Senior Officers. The scheme is based on the number of weeks paid under the statutory scheme, with an enhancement of 50% subject to a maximum of 45 weeks' pay.
- 10.2 **Pay Protection**
The Council operates pay protection for a limited time period, within the terms of the redundancy policy. This applies when staff have their pay reduced as part of a process of re-deployment or job evaluation.
- 10.3 Where the Council is in dispute with an employee, the Council will make use of legally binding agreements to settle disputes in appropriate circumstances. The use of these agreements and the value of any settlement will be determined by a consideration of factors such as the potential costs of litigation, the degree of risk at employment tribunal adjudications and any reputational impact. The decision to agree a legally binding agreement will rest with the Chief Executive or in the case of the Chief Executive with Cabinet.

11. Election duties

- 11.1 The Council has determined that the Returning Officer is the Chief Executive, and the remuneration is separate from the Chief Executive's salary. The Council has set the remuneration levels of employees who assist with local government election duties on a secondary employment basis. These levels are set by Essex County Council for county elections, and by central government for national and European elections.
- 11.2 The amount paid for election duties will vary depending on the number and type of elections which take place. The amount paid to the Returning Officer in the previous year is shown in Appendix 2.

12. Temporary staff and interim arrangements

- 12.1 The Council occasionally uses temporary agency or interim staff where it meets specific business needs and delivers best value. Levels of reward are determined by market rates. However the Council will not use payment arrangements that could be perceived to be designed to deliberately avoid personal taxation.

13. Supporting Information

The following references have been used in producing this Pay Policy, along with the Council's existing Human Resource policies:

Legislation

- The Localism Act 2011 - [chapter 8 - pay accountability](#).
- The Equality Act 2010
- Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006
- Local Government Pension Scheme Regulations 2008
- Accounts and Audit (England) Regulations 2011.

Best practice guidance

Department for Communities and Local Government:

- [Openness and accountability in local pay: Guidance under section 40 of the Localism Act](#)
- [Code of recommended practice for local authorities on data transparency](#)

The Chartered Institute of Public Finance and Accountancy:

- [Code of Practice in Local Authority Accounting - paragraph 3.4.5](#)

Local Government Association

- [Pay Policy Statements - guidance](#).

Our website

www.colchester.gov.uk has a [section with more information about employment](#) at Colchester Borough Council.

Document Information

| | |
|---------------------------|---|
| Title : | Officer Pay Policy |
| Status : | Approved |
| Version : | Version 1 |
| Consultation : | Senior Management Team Leadership Team |
| Approved By : | Full Council |
| Approval Date : | |
| EQIA : | click here |
| Review Frequency : | Annual |
| Next Review : | March 2015 |

OFFICER PAY POLICY - Pay Data

1. Annual Salary scales

Salary spine

| point | Annual salary (£.p) | point | Annual salary (£.p) |
|-------|---------------------|-------|---------------------|
| 4* | 14758.99 | 32 | 33,401.55 |
| 5* | 14758.99 | 33 | 34,688.16 |
| 6* | 14758.99 | 34 | 35,882.31 |
| 7* | 14758.99 | 35 | 37,076.48 |
| 8* | 14758.99 | 36 | 38,270.62 |
| 9* | 14758.99 | 37 | 39,512.28 |
| 10 | 15,095.10 | 38 | 40,753.96 |
| 11 | 15,855.24 | 39 | 41,995.59 |
| 12 | 16,615.40 | 40 | 45,082.39 |
| 13 | 16,978.77 | 41 | 48,169.21 |
| 14 | 17,344.73 | 42 | 51,256.01 |
| 15 | 17,705.54 | 43 | 55,368.80 |
| 16 | 18,068.92 | 44 | 59,481.55 |
| 17 | 18,432.29 | 45 | 63,594.33 |
| 18 | 18,790.56 | 46 | 67,707.07 |
| 19 | 19,334.98 | 47 | 71,819.83 |
| 20 | 19,879.42 | 48 | 75,763.09 |
| 21 | 20,423.83 | 49 | 79,706.38 |
| 22 | 20,968.25 | 50 | 83,649.61 |
| 23 | 21,512.68 | 51 | 87,592.90 |
| 24 | 22,100.77 | 52 | 91,536.14 |
| 25 | 23,853.48 | 53 | 95,479.44 |
| 26 | 25,649.84 | 54 | 99,910.64 |
| 27 | 27,446.21 | 55 | 104,341.83 |
| 28 | 28,573.61 | 56 | 108,773.03 |
| 29 | 29,700.98 | 57 | 113,204.22 |
| 30 | 30,828.36 | 58 | 117,635.42 |
| 31 | 32,114.96 | 59 | 120,013.45 |

- Note these points are the national 'Living Wage'

The last pay increase applied was in April 2013

Pay Grade range

| Pay Grade | Salary spine point range | Pay Grade | Salary spine point range |
|-----------|--------------------------|-----------|--------------------------|
| 14 | 4 to 7 | 7 | 32 to 36 |
| 13 | 7 to 12 | 6 | 35 to 39 |
| 12 | 11 to 18 | 5 | 38 to 42 |
| 11 | 18 to 24 | 4 | 42 to 47 |
| 10 | 23 to 27 | 2 | 46 to 53 |
| 9 | 26 to 30 | 1 | 54 to 59 |
| 8 | 29 to 33 | | |

Colchester Borough Council Human Resource Policies

Apprentices

The Council pays the national 'living wage', for any employee on an apprenticeship contract.

2. Pay relationship for Chief Officers

| | Year 2013/14 |
|--|--------------|
| Median average pay for Chief Officers | £71,819 |
| Median average pay for staff other than Chief Officers | £22,100 |
| Median average pay for lowest paid staff | £14,758 |
| Pay multiple of Chief Officer (Chief Executive) pay to staff other than this Chief Officer | 5.43 to 1 |
| Pay multiple of Chief Officers' pay to staff other than Chief Officers | 3.25 to 1 |
| Pay multiple of Chief Officers' pay to lowest paid staff | 4.87 to 1 |

Notes – please also see definitions of officers at section 7 below:

- Median average pay is based on full-time equivalent annual salary plus additional payments for Chief Officers. It excludes election fees.
- 'Lowest paid staff' is defined as those paid on National 'Living Wage' see chart of pay grades on page 1.
- Pay multiple - the ratio between the highest and lowest paid staff.

3. Additional payments for Chief Officers.

Returning Officer election fees paid to the Chief Executive:

| Elections held | Amount paid | Year |
|---|-------------|---------|
| Local Borough, Central Government referendum | £15,420.76 | 2011/12 |
| Local Borough and Parish, and Police Commissioner | £11,832.00 | 2012/13 |
| Local Borough and County | £6054 | 2013/14 |

4. Other pay additions and allowances – see Appendix 1, pages 4/5 for eligibility

Maternity and Paternity pay:

In addition to the statutory provisions, the Council pay 20 weeks at half pay for mothers who go on maternity leave and subsequently return to work. Up to two weeks' paid paternity leave is granted to fathers.

Payment for outstanding performance:

This is set at £750 for full-time staff for 2014/15 (performance year). See Appendix 1 for eligibility.

First Aid allowance - for employees designated as First Aiders in the workplace: £141.96 per annum.

Broadband allowance – to access Council computer systems if home working: £132.00 per annum.

Colchester Borough Council Human Resource Policies

5. Travel Plan benefits and charges

Car parking charge – this is paid by employees if they drive to work:
£2 per day.

Home to work travel, in line with Travel Plan policy:
Bus season ticket discount 50% / train season ticket or ‘bulk buy’ discount 35%.

6. Pension contribution rate

Employer rate is 13.7% for 2014/15. Employee rates for 2014/15 are:

| Full time equivalent salary | Contribution rate per year |
|-----------------------------|----------------------------|
| £0 - £13,500 | 5.5% |
| £13,501 - £21,000 | 5.8% |
| £21,001 - £34,000 | 6.5% |
| £34,001 - £43,000 | 6.8% |
| £43,001 - £60,000 | 8.5% |
| £60,001 - £85,000 | 9.9% |
| £85,001 - £100,000 | 10.5% |
| £100,001 - £150,000 | 11.4% |
| More than £150,000 | 12.5% |

7. Definition of terms used in the Officer Pay Policy and Pay Data documents

- Chief Officers – posts that require appointment by elected councillors - designated as Chief Executive, Executive Directors and Heads of Service within the Council’s constitutional arrangements for appointment. It also includes the Section 151 and the Monitoring Officer where those roles are not performed by a Head of Service. These posts fulfil the criteria for Chief Officers as defined in [paragraph 43 Localism Act](#).
- Chief Officer – this is the Chief Executive.
- Senior Officers – any post with a salary of £58,200 and above, which is the Senior Civil Service minimum pay band ([paragraph 12 code of practice](#)).
- Senior Management Team – the Chief Executive, Executive Directors and Heads of Service.
- Large salary package – this is defined in statutory guidance and the current threshold is £100,000 ([paragraph 14 Localism Act guidance](#)).

Document Information

| | |
|-----------------------|---|
| Title : | Officer Pay Policy Appendix 2 Pay Data |
| Status : | Approved |
| Version : | Version 1 |
| Consultation : | Senior Management Team Leadership Team |

Colchester Borough Council Human Resource Policies

| | |
|---------------------------|----------------------------|
| Approved By : | Full Council |
| Approval Date : | |
| EQIA : | click here |
| Review Frequency : | Annual |
| Next Review : | March 2015 |

29 January 2014

| | | | |
|-----------------------|---|---------------|-------------------------|
| Report of | Assistant Chief Executive | Author | Richard Clifford |
| Title | Review of Member Development Policy and Councillor Role Profiles | | |
| Wards affected | Not applicable | | |

This report invites the Group to review a number of key member development documents and processes

1. Decision(s) Required

- 1.1 To review and approve the Member Development Policy and Member Role Profiles.
- 1.2 To refer the revised Member Development Policy and Role Profiles to Council for adoption

2. Reasons for Decision(s)

2.1 The Member Development Policy and Member Role Profiles were approved in February 2010. In view of the time that has elapsed it is good practice to look again at the policy and see if it is still fit for purpose, particularly in view of the forthcoming reassessment for Charter Status. Since the Member Role Profiles were approved, the structure of Council has changed and new responsibilities have emerged. Therefore this is an opportune point to review the profiles and check that they accurately reflect members' roles and responsibilities.

3. Alternative Options

- 3.1 No alternative options are proposed.

4. Member Development Policy

4.1 The Council's Member Development Policy was approved in February 2010. This was the first time that the Council had had a policy covering member development. It was intended to articulate the Council's commitment to member development and to establish a clearer, consistent and more structured approach to member development. In view of the time that has elapsed and the forthcoming reassessment for Charter Status, this is a good opportunity to review the policy and check that it is still relevant and fit for purpose.

4.2 The Policy has been reviewed by the Member Development Group and whilst it is largely still relevant, it has been updated to reflect current practice. The substantive amendments to the policy are to:-

- Include a more detailed reference to the membership of the Member Development Group to make it clear that is to be chaired by the relevant Portfolio Holder and that it make recommendations to Cabinet. This is a reflection of the changes in practice following the recommendations of the Charter Assessment in April 2011;
- Include a reference to the Personal Development Plan process;

- Include a reference in the evaluation section to the requirement to report to Cabinet on an annual basis. Again this is a reflection of our current practice.

4.3 The revised policy is attached at Appendix 1. Cabinet is invited to review the policy and if content, to recommend it to Council for adoption.

5. Member Role Profiles

5.1 Member role profiles set out the roles and responsibilities of the various positions held by Councillors and seek to identify the skills and knowledge needed for the role. They are intended as a guide rather than being prescriptive. They were intended to be used in helping Councillors assess their learning and development needs and could be used as a starting point for discussion in the PDP process. They also have a wider use, such as in the recruitment of potential candidates for election.

5.2 The roles were approved in January 2010 and therefore it is appropriate that they are reviewed to take account of changes in the role of Councillor and the Leader. The new Council structure has also created some new roles and changed the scope of others. The profiles have been reviewed by the Member Development Group. New profiles have been created for the Chairman of the Scrutiny Panel, Governance Committee, Trading Board and Local Plan Committee and other roles have been updated. The revised profiles are attached at Appendix 2.

5.3 Cabinet is invited to review the roles profiles and if content, to recommend the profiles to Council for adoption.

6. Strategic Plan References

6.1 There are no direct references to the Strategic Plan but the provision of high quality member development would indirectly help support all the priorities in the Strategic Plan.

7. Financial Implications

7.1 There are no direct financial implications.

8. Equality and Diversity Implications

8.1 An EQIA for the member development policy has been completed and can be found on the Council's website via the pathway Colchester Borough Council / Policies, Strategy and Performance/ Equality and Diversity/ Equality Impact Assessment/ Corporate Management. It can be accessed via the link below:-

[Councillor Development Policy EQIA](#)

9. Standard References

10.1 There are no particular references to human rights, publicity or consultation considerations; or community safety; health and safety or risk management implications.

Councillor Development Policy

Introduction

Colchester Borough Council is committed to supporting local councillors in carrying out their roles as democratically elected representatives of the community and community leaders, and recognises the need to provide appropriate training, learning and development opportunities to help councillors undertake these roles.

Scope and Purpose

1.1 This policy applies to all Councillors.

1.2 The purpose of this Policy is to set out the Council's commitment to provide appropriate learning and development opportunities for all councillors, to enable them to acquire the knowledge and skills they require to be effective across all their roles and to provide a structured and planned approach to learning and development activities.

1.3 The Council recognises that continuing investment and commitment to Councillor's learning and development is integral to achieving the Council's strategic objectives and the delivery of high quality services.

Key Principles

Equality of Access and Opportunities

2.1 All Councillors will have equal access to and participation in learning and development opportunities, subject to their personal needs, taking into account those with work or family commitments.

2.2 Councillors will have the opportunity to benefit from training and development opportunities, regardless of disability, race, national ethnic or social origin, sexuality, age or religion.

Councillor-led Approach

2.3 The Council's approach to learning and development will be Councillor-led with representatives from all political groups invited to participate in the planning, delivery and evaluation of Councillor development activities. Councillors are encouraged to identify their own development needs and participate fully in learning and development events.

2.4 The Portfolio Holder with responsibility for member development shall chair an all party Member Development Group. The Group will advise on the planning, delivery and evaluation of Councillor development activities and where appropriate report and make recommendations to Cabinet on member development issues. In addition to the Portfolio Holder, each political group is entitled to nominate a representative to the Group.

Resources

2.5 The Council will allocate a budget for Councillor learning and development. The Member Development Group will regularly monitor the Councillor learning and development budget.

2.6 Councillor entitlements to travel and subsistence for attendance at learning and development events is stated in the Members' Allowances Scheme.

Identifying Learning and Development Needs

3.1 To support the Council strategic priorities there will be a process for identifying learning and development needs at all levels:-

- Individual
- Political Groups
- Corporate/Constitutional

3.2 To identify training and development needs at an individual level. every Councillor will be offered the opportunity to complete personal development plan and identify their learning and development needs.

3.3 Identification of learning and development needs at political group level will be through the political group representatives on the member development group.

3.4 Identification of learning and development needs at a corporate or constitutional level will be thorough the Council's business planning processes, including the Leadership Team.

3.5 The Council will prepare a Plan to meet the learning and development needs identified. This shall be a rolling programme which will bring together different levels of needs – individual, group and corporate. The Member Development Group will have responsibility for the preparation and review of the Learning and Development Plan.

Delivery of Activities

4.1 The Council will seek to use a wide range of methods to provide Councillors with the opportunities to meet identified learning and development needs.

4.2 Information about learning and development events will be published well in advance and appropriately publicised.

Evaluation

5.1 The Council will ensure that learning and development is evaluated in benefits and impacts, including value for money. This will include both immediate review of individual learning and development activity and high level evaluation of how learning and development has contributed to the achievement of the Council's strategic objectives.

5.2 As part of this process of evaluation, an annual report on member development activities will be made to Cabinet.

Roles and Responsibilities

6.1 Individual Members are responsible for identifying their learning and development needs and for seeking opportunities to improve their effectiveness and increase their potential. They are responsible for sharing knowledge and skills amongst other members.

6.2 The Member Development Group will be responsible for helping Councillors identify and find opportunities to meet their learning and development needs, and for the preparation of the Learning and Development Plan. The Group will also monitor the core councillor training budget, overseeing the evaluation of learning and development and monitoring the application of this policy.

6.3 The day to day management of councillor learning and development will be the responsibility of Democratic Services and a named officer will be identified with responsibility for councillor learning and development. The current officer with responsibility for councillor learning and development is Richard Clifford, Democratic Services Officer.

Leadership Academy

7.1 The Council is committed to the development of the leadership of the Council and all members of the Cabinet and Group Leaders are encouraged to attend the IDEA's Leadership Academy. The Council will fund one place, at Leadership Academy each year from the core councillor training budget. The place will be allocated by the Leader of the Council.

WARD COUNCILLOR

Role and Responsibilities

Leadership within the Community

- To undertake case work for constituents and act as an advocate in resolving concerns or grievances;
- To communicate with local people and answer enquiries:
 - about decisions that affect them,
 - about opportunities in the community,
 - regarding the rights of constituents within Colchester,
 - as to why decisions are made;
- To lead and champion the interests of the local community and effectively represent the interests of the Ward and its constituents;
- To meet and liaise regularly with local interested parties and involve and consult them on key Council decisions;
- To support and promote citizenship locally and encourage the community to participate in the governance of the area;

Representation

- To inform the debate at Full Council meetings and contribute to the effectiveness of the Council meeting;
- To contribute to the formation and scrutiny of the Authority's policies, budget, strategies and service delivery;
- To contribute to the scrutiny of decision making and review of the policies and services of the council;
- To represent the authority to the community and the community to the council;
- To develop and maintain a knowledge of the Council and develop working relationships with its officers;
- To participate in the activities of any political group of which the councillor is a member;
- To represent the council on outside bodies and to participate effectively in the appointed role and, where appropriate, to represent those bodies within Colchester and elsewhere.

Other

- To fulfil the legal and local requirements placed on an elected member, in accordance with the Council Code of Conduct for Councillors;
- To be responsible for personal development and undergo appropriate development and continuous improvement for any role undertaken.
- To promote the Council's approach on channel shift to residents and to encourage residents to access Council services online.

Skills

Leadership

- Ability to lead and champion the interests of the local community.

Chairing

- Ability to chair meetings and facilitate discussions.

Organisational Skills

- Manage casework;
- Basic administration skills.

Other skills

- Ability to use information technology to communicate through Council systems e.g. e-mails, accessing agenda, minutes, reports, intranet, internet etc.;
- Community engagement skills;
- Influencing and persuading;
- Managing conflict and mediation skills

Team Working and Relationship Building

- Ability to develop relationships with key officers and partner agencies;
- Ability to build effective relationships with all sections of the community so as to be able to represent their needs to the Council.

Communication

- Ability to deal with the media, whilst being able to identify when additional support from the Communications Team is required, to ensure the Council is positively represented;
- Ability to communicate with a range of audiences;
- Active listening and questioning skills;
- Presentation skills;
- Public speaking.

Knowledge

- Understanding of how the Council works;
- Knowledge of the Council structure, key contact officers and services procedures;
- Knowledge of the political decision making structures;
- Understanding of the Code of Conduct for Councillors, ethics and standards;
- Understanding of national policies and their impact on the Council;
- Knowledge of the strategic objectives and key policies of the Council;
- Understanding of legislation and Council policies to which Members must adhere (e.g. Safeguarding, Freedom of Information, Data Protection, Equality and Diversity);
- Basic understanding of local government finances and audit processes;
- Knowledge of the Council's complaints procedure;
- For Members who sit on quasi-judicial panels, knowledge of legislation and policy relating to planning, licensing, and appeals is required and an understanding of the principles and importance of making rational decisions

LEADER OF THE COUNCIL

This role profile is to be read in conjunction with the role profile for Cabinet Member. It identifies the responsibilities, skills and knowledge required of the Leader of the Council, that are in addition to those set out for a Cabinet Member.

Role and Responsibilities

- To provide leadership to the Council;
- To undertake the role of community leader, building a vision for the area and leading the Council and its partners towards that vision;
- To represent the Council and provide leadership in key local partnerships;
- To chair the Cabinet and take responsibility for its performance;
- To represent the authority, and be accountable for, discussions and negotiations with the community and with regional, national and international organisations;
- To undertake political executive responsibility for proposing and directing the overall strategy, budget, policy arrangements and service reviews;
- To act as spokesperson for the authority (in consultation with the Leader of other political groups and the Chief Executive as appropriate);
- To facilitate good communication so that people within and outside the authority are able to contribute constructively to the decision making processes of the Council;
- To maintain effective liaison with the Chairman of the Scrutiny Panel.

Skills

Leadership

- Advanced Leadership Skills;
- Ability to develop a vision for Colchester and drive the Council and its partners towards achieving that vision;
- Advanced ambassadorial skills to be able to represent the Council both within and outside the Council, particularly at the sub-regional, regional and national level;
- Ability to lead the Council towards continuous improvement;

Team Working and Relationship Building

- Tact and diplomacy to be able to work across the full range of Council services, partners and political groups, to the benefit of the Borough as a whole;
- Ability to delegate effectively to other members of Cabinet;
- Ability to build effective relationships with other parts of the political management structure e.g. full Council, Overview and Scrutiny and other political groups;
- Political sensitivity to be able to address difficult issues across all groups.

Chairing

- Advanced chairing skills

Organisational Skills

- Ability to plan and prioritise the business of Council, Cabinet and its committees having regard to the terms of reference and the key challenges facing the Council.

Communication

- Ability to facilitate effective communication within and across the council to ensure the community are able to engage in the Council's decision making processes;
- Advanced skills in working with the media whilst being able to identify when additional support from the Communications Team is required, to ensure the Council is positively represented;
- Advanced listening and questioning skills;
- Advanced presentation skills;
- Advanced public speaking.

Knowledge

- A detailed understanding of the strategic role of the Leader of the Council;
- Detailed understanding of the legally defined role of the Chief Executive and other senior officers;
- Detailed knowledge of the work of national, regional and sub regional bodies and the role of the Leader and Council within them;
- Detailed understanding of the national policy framework and its impact on local policy development;
- Detailed knowledge of the role of local partners and the services they deliver;
- Detailed understanding of the Council's constitution, code of conduct, budget and audit processes and key internal policies;
- Understanding of the relationship between national politics and local political leadership;
- Understanding of the wider, national issues facing elected Members and the practical implications for Colchester councillors.

DEPUTY LEADER OF THE COUNCIL

This role profile is to be read in conjunction with both the role profile for Cabinet Member and Leader of the Council. It identifies responsibilities specific to the role of Deputy Leader in addition to those of a Cabinet Member.

Role and Responsibilities

- To assist the Leader of the Council in the formal processes and matters of leadership of the authority specifically set out in the profile for the Leader of the Council;
- To work with the Leader of the Council on the budget and policy development;
- To ensure that appropriate developmental steps are taken to equip the Deputy with the knowledge and skills to carry out the role of the Leader when called upon;
- To deputise for the Leader in his or her absence and undertake the above mentioned duties set out in the role profile for the Leader of the Council.

Skills

As it is expected that the Deputy Leader is able to deputise for the Leader, the additional skills and Knowledge set out for the Leader are copied here as they are also required of the Deputy Leader.

Leadership

- Advanced Leadership Skills;
- Ability to develop a vision for Colchester and drive the Council and its partners towards achieving that vision;
- Advanced Ambassadorial skills to be able to represent the Council both within and outside the Council, particularly at the sub-regional, regional and national level;
- Ability to lead the Council towards continuous improvement;

Chairing

- Advanced chairing skills

Organisational Skills

- Ability to plan and prioritise the business of Council, Cabinet and its committees having regard to the terms of reference and the key challenges facing the Council.

Team Working and Relationship Building

- Tact and diplomacy to be able to work across the full range of Council services, partners and political groups, to the benefit of the Borough as a whole;
- Ability to build effective relationships with other parts of the political management structure e.g. full Council, Overview and Scrutiny and other political groups;
- Political sensitivity to be able to address difficult issues across all groups.

Communication

- Ability to facilitate effective communication within and across the council to ensure the community are able to engage in the Council's decision making processes;
- Advanced skills in working with the media whilst being able to identify when additional support from the Communications Team is required, to ensure the Council is positively represented;
- Advanced listening and questioning skills;
- Advanced presentation skills;
- Advanced public speaking.

Knowledge

- A detailed understanding of the strategic role of the Leader of the Council;
- Detailed understanding of the legally defined role of the Chief Executive and other senior officers;
- Detailed knowledge of the work of national, regional and sub regional bodies and the role of the Council within them;
- Detailed understanding of the national policy framework and its impact on local policy development;
- Detailed knowledge of the role of local partners and the services they deliver;
- Detailed understanding of the Council's constitution, code of conduct, budget and audit processes and key internal policies;
- Understanding of the relationship between national politics and local political leadership;
- Understanding of the wider, national issues facing elected Members and the practical implications for Colchester councillors.

CABINET MEMBER

Role and Responsibilities

- To take decisions on those matters within the terms of reference of their Portfolio, as set out in the Scheme of Delegation, seeking advice from Heads of Service as appropriate;
- To take personal responsibility, and to be held accountable, for any decisions taken, and to share with the appropriate Service Managers responsibility for the performance of services within their portfolio;
- To respond to or deal with any issues arising at Council meetings relating to their portfolio;
- To act as spokesperson within and outside the authority on those services and functions within their portfolio;
- To share the collective responsibility for decisions taken by the Cabinet;
- To act as an advocate for the Council within the Authority and outside;
- To provide regular reports on progress and to undertake consultation on decisions as required;
- To attend Scrutiny and Policy Panels to discuss decisions taken or support the policy formulation process;
- To attend relevant informal Cabinet meetings and meetings of the Leadership Team;
- To represent the Council on outside bodies;
- To represent the Council and contribute the Colchester perspective on national, regional and sub regional bodies;
- To consult interested parties, ward councillors and citizens as part of the development and review of policy;
- As part of the Cabinet to be involved in:
 - providing support to all councillors to help them develop constructive roles as Ward Members,
 - the consultation on, and drawing up of, the revenue and capital budgets,
 - leading the search for continuous improvement,
 - taking decisions on resources and priorities to deliver the strategies and budget approved by full council,
 - promoting and participating in Member development.

Skills

Leadership

- Advanced leadership skills for areas of individual responsibility and the ability to work with the Leader of the Council and Deputy Leader as an executive team;
- High level decision making;
- Ability to challenge the status quo and deal with complex strategic issues and problems;

- Ambassadorial skills to be able to represent the Council both within and outside the Council.

Chairing

- Intermediate chairing skills to be able to chair meetings relating to their portfolio.

Organisational Skills

- Manage a busy and complex work load, often to tight timescales and deadlines;

Other Skills

- Research skills and policy development;
- Assimilating and analysing complex information.

Team Working and Relationship Building

- Relationship building – with other Cabinet colleagues, Executive Management Team/senior officers, Overview and Scrutiny, Partners etc.;
- Ability to work as part of an executive team to drive forward the continuous improvement of the Council.

Communication

- Advanced communication skills to be able to work constructively with officers, Members and partners;
- Advanced listening and questioning skills;
- Advanced presentation skills;
- Advanced public speaking skills;
- Ability to work with the media and to identify when additional support from the Communications Team is required, to ensure the Council is positively represented.

Knowledge

- Knowledge of the key areas relating to their Cabinet portfolio, particularly in relation to service performance issues, targets, and benchmarks etc.;
- A detailed understanding of the strategic role of Cabinet within the Council;
- Understanding of the role of a portfolio holder as part of an executive team;
- Detailed understanding of Council strategy, policies and operations;
- Understanding of the legally defined role of certain senior officers;
- Detailed knowledge of the challenges facing local government;
- Understanding of the national policy framework and its impact on local policy development;
- Knowledge of the work of national, regional and sub regional bodies and the role of the Council within them;
- Knowledge of community needs and their priorities for action;
- Knowledge of the role of local partners and the services they deliver;
- Understanding of the Council's constitution, code of conduct, budget and audit processes and key internal policies;
- Understanding of the principles and importance of making rational decisions.

LEADER OF AN OPPOSITION GROUP

Role and Responsibilities

- To lead an Opposition Group within the Council;
- To manage the work of Members within that Group;
- To manage the overall co-ordination of opposition spokespersons and the business of the Group;
- To shadow and scrutinise the Leader of the Council and the Cabinet in their duties;
- To represent the Council on key local partnerships;
- To act as the principal spokesperson for an Opposition Group of which he/she is leader and as a representative of the authority to external bodies and organisations as appropriate;
- To comment, challenge and review the Council's administration performance in the co-ordination and implementation of its policies and procedures;
- To establish and represent the views of the Group on issues of policy and priority;
- To develop opposition Group policies that are credible and could be implemented by the Council;
- To champion member development and manage the Group Secretary and/or Whip to ensure the smooth running of the Group and the personal development of its Members;
- To advise the Leader of the Council of the Group's position on issues relating to external relationships;
- To represent the Group on relevant formal and informal working groups;
- To maintain effective liaison with the Chairman of the Scrutiny Panel;
- Where appropriate act as ambassador for the Council;
- To participate in the development of corporate strategies and policies.

Skills

Leadership

- Ability to provide political leadership of their Group and manage the tensions between the political demands and expectations of the Group, and the needs of the Council;
- Ability to hold the Executive to account;
- Ambassadorial skills to be able to represent the Council both within and outside the Council including at regional and national level;
- Ability to, when necessary, discipline Members of their political Group;
- Political sensitivity to be able to address difficult issues with other Groups.

Chairing

- Intermediate chairing skills.

Organisational Skills

- Ability to plan and prioritise the business of the Group.

Other Skills

- Assimilating and analysing complex information;
- Research skills and policy development.

Team Working and Relationship Building

- Tact and diplomacy to be able to work across the full range of Council services, partners and political groups, to the benefit of the Colchester community;
- Ability to build effective relationships with other parts of the political management structure e.g. full Council, Scrutiny and other political groups;
- Political sensitivity to be able to address difficult issues across all groups.

Communication

- Ability to facilitate effective communication within and across the Council, and ensure the community are given the opportunity to engage in policy development of the opposition group;
- Advanced skills in working with the media whilst being able to identify when additional support from the Communications Team is required, to ensure the Council is positively represented;
- Advanced listening and questioning skills;
- Advanced presentation skills;
- Advanced public speaking.

Knowledge

- Understanding of the roles of Leader of the Council, Cabinet Members and the Leader of an Opposition Group within the Council;
- Understanding of the legally defined role of certain senior officers;
- Detailed knowledge of the work of national, regional and sub regional bodies and the role of the Council within them;
- Detailed understanding of the national policy framework and its impact on local policy development;
- Detailed knowledge of the challenges facing local government;
- Understanding of Council strategy, policies and operations;
- Knowledge of the role of local partners and the services they deliver and their relationship with the Council;
- Detailed understanding of the Council's constitution, code of conduct, budget and audit processes and key internal policies;
- Detailed knowledge of community needs and their priorities for action;
- Understanding of the relationship between national politics and local political leadership;
- Understanding of the wider, national issues facing elected Members and the practical implications for the Members in their group

SHADOW CABINET MEMBER

Role and Responsibilities

- To shadow the work of the relevant Cabinet member in their duties;
- To contribute towards the effective scrutiny of the relevant Cabinet member;
- To act as the principal spokesperson for the Opposition Group on issues within the portfolio they are shadowing;
- In conjunction with the Leader of the Opposition Group to develop Opposition Group policies that are credible and could be implemented by the Council;
- To represent the Opposition Group on relevant formal and informal working groups;

Skills

Leadership

- Leadership skills for areas of individual responsibility and the ability to work with the Leader of the Opposition Group and other Shadow Cabinet members as a Shadow Executive team.
- Ability to challenge the status quo and deal with complex strategic issues and problems;
- Ambassadorial skills to be able to represent the Opposition Group both within and outside the Council.

Chairing

- Intermediate chairing skills to be able to chair meetings relating to their shadow portfolio.

Other Skills

- Research skills and policy development;
- Assimilating and analysing complex information.

Team Working and Relationship Building

- Relationship building – with other Shadow Cabinet colleagues, Executive Management Team/senior officers, Scrutiny, Partners etc.;
- Ability to work as part of a Shadow Cabinet to provide an effective opposition

Communication

- Advanced communication skills to be able to work constructively with officers, Members and partners;
- Advanced listening and questioning skills;
- Advanced presentation skills;
- Advanced public speaking skills;
- Ability to work with the media.

Knowledge

- Knowledge of the key areas relating to their Shadow Cabinet portfolio, particularly in relation to service performance issues, targets, and benchmarks etc.;
- A detailed understanding of the strategic role of Cabinet within the Council;
- Understanding of the role of a portfolio holder as part of an executive team;
- Detailed understanding of Council strategy, policies and operations;
- Understanding of the legally defined role of certain senior officers;
- Detailed knowledge of the challenges facing local government;
- Understanding of the national policy framework and its impact on local policy development;
- Knowledge of the work of national, regional and sub regional bodies and the role of the Council within them;
- Knowledge of community needs and their priorities for action;
- Knowledge of the role of local partners and the services they deliver;
- Understanding of the Council's constitution, code of conduct, budget and audit processes and key internal policies;
- Understanding of the principles and importance of making rational decisions.

CHAIRMAN OF SCRUTINY PANEL

Role and Responsibilities

The Chairman of the Scrutiny Panel is responsible for effective scrutiny in Colchester by:

Leading and Promoting the Overview and Scrutiny Function

- To maintain effective liaison with the Leader of the Council and the Chief Executive to ensure that scrutiny contributes to effective decision-making in Colchester;
- To represent overview and scrutiny in Council and be accountable to Council for the actions of scrutiny;
- To ensure that scrutiny is publicised and communicated to build understanding of its role both within and outside the Council;
- To represent Colchester at regional and national forums concerned with overview and scrutiny;
- To be responsible for the constitutional arrangements relating to portfolio holder decisions which are “urgent” and / or not on the forward plan.

Managing and Coordinating the Scrutiny Function

- To Chair meetings of the Scrutiny Panel;
- To ensure that scrutiny work is properly coordinated;
- To maintain an overview of the work of all the panels in order to ensure effective co-ordination and progress of all work;
- To monitor progress of all scrutiny reviews and ensure that they are completed in reasonable time.

Development of Scrutiny

- To maintain an overview of scrutiny in Colchester and to learn from practice elsewhere;
- To ensure the continuing development of scrutiny in Colchester through improving both how it is organised as well as the practice;
- To encourage the involvement of all interested parties and stakeholders, individuals, voluntary and community groups in overview and scrutiny matters.

Skills

Leadership

- Leadership of the scrutiny function within, and outside the Council;
- Leadership of the Scrutiny Panel as a team;
- Ambassadorial skills through the representation and championing of the scrutiny function inside and outside the authority;
- Objective setting and progressing those objectives on behalf of the scrutiny function

Chairing

- Advanced chairing skills

Organisational Skills

- Assimilating and analysing complex information;
- Overseeing and prioritising scrutiny work, taking account of available resources;
- Planning and coordinating the work of the Scrutiny Panel and its' agenda;
- Coordinating the work of standing and ad-hoc scrutiny panels.

Team Working and Relationship Building

- Relationship building– with Scrutiny Panel colleagues, Executive Management Team/senior officers, Panel Lead Members, the Executive, Partners etc.;
- Building effective relationships with other parts of the political management structure e.g. the executive, full council etc.;
- Ensuring effective contributions from each member of the Scrutiny Panel.

Communication

- Advanced listening skills and questioning skills;
- High standard of communication with officers, Members, partners, external bodies and members of the public;
- Advanced presentation skills;
- Advanced public speaking skills

Other Skills

- Dealing with complex strategic issues and problems on behalf of the Scrutiny Panel and the scrutiny function as a whole;
- Obtaining and weighing up evidence and making decisions and recommendations based on that evidence.

Knowledge

- Detailed awareness of the strategic importance of the scrutiny function within the Council;
- Detailed awareness of the constitutional arrangements relating to the scrutiny function and particularly those of the Chairman;
- Detailed awareness of Colchester's approach to overview and scrutiny and its relationship with the other parts of the Council's decision making structures;
- Detailed knowledge of the challenges facing the scrutiny function and the role of the Chairman in addressing these;
- Awareness of changes facing local government and an understanding of how these might impact on the Council's scrutiny function;
- Awareness of basic project management principles.

CHAIRMAN OF GOVERNANCE COMMITTEE

Role and Responsibilities

Managing and Co-ordinating the Governance Committee

- To Chair meetings of the Governance Committee in accordance with its terms of reference;
- To foster and maintain a disciplined approach by the Members involved having regard to high standards of behaviour and ethics;
- To represent the Council in all dealings with the public, media and other bodies in respect of the work of the Governance Committee;
- To have responsibility for the co-ordination of the management of the Governance Committee;
- To review and amend the content of the Governance Committee's work programme

Skills

Leadership

- Leadership of the Governance Committee within and outside the Council;
- Ambassadorial skills through the representation and championing of the Governance Committee across the political groups and the Council as a whole.

Chairing

- Advanced chairing skills

Team Working and Relationship Building

- Tact, diplomacy and the ability to mediate and broker agreement across the political groups within the context of the work of the Governance Committee
- Relationship building – with Governance Committee colleagues, Executive Management Team, senior officers, Panel Lead members, partners etc;
- Building effective relationships with other parts of the political management structure, principally the Executive, full council, scrutiny and Executive Management Team etc.;
- Ensuring the maximum contribution from each member of the Governance Committee.

Organisational Skills

- Assimilating and analysing complex information.
- Ability to plan and prioritise the business of the Governance Committee having regard to its terms of reference and key challenges facing the Council;
- Prioritisation and managing the overall Governance Committee's work programme including the deployment of available resources.

Communication

- Advanced listening and questioning skills;

- Communication skills – particularly with Panel Members and communicating the work and outcomes to all Councillors.

Other Skills

- Dealing with complex strategic issues and problems on behalf of the Governance Committee.
- Obtaining and weighing up evidence and making decisions and recommendations based on that evidence.

Knowledge

- Detailed awareness of the strategic importance of the Governance Committee and its relationship with Council;
- Detailed awareness of the constitutional arrangements relating to the Governance Committee and particularly those of the Chairman;
- Detailed knowledge of local government finance and the Council's budgeting, accounting and auditing processes;
- Detailed knowledge of the Code of Conduct and of standards and ethical issues facing Councillors and the Council's arrangements for the handling and determination of complaints against elected members;
- Detailed awareness of Colchester's approach to Panel/Council meetings and its relationship with the other parts of the Council's decision making structures.

CHAIRMAN OF PLANNING COMMITTEE

Role and Responsibilities

- To chair the Planning Committee in accordance with the Procedure Rules;
- To foster and maintain a disciplined approach by the Members involved having regard to high standards of behaviour and ethics including the protocol relating to planning procedures;
- To ensure that contributions by the public to meetings are facilitated and controlled in accordance with the agreed procedures;
- To represent the Council in all dealings with the public, media and other bodies in respect of the work of the Planning Committee.

Skills

Leadership

- Ability to represent the Planning Committee to the community and the media.

Chairing

- Advanced chairing skills.

Organisational Skills

- Ability to plan and prioritise the business of the Planning Committee having regard to its terms of reference and key challenges facing the Planning function.

Team Working and Relationship Building

- Relationship building particularly with senior officers involved in the planning function, Leaders of the Council, Portfolio Holder with responsibility for Planning, Chairman of the Local Plan Committee and other Councillors.

Communication

- Advanced listening and questioning skills;
- Communication skills – particularly with Members and Officers involved with the Planning Committee;
- Intermediate presentations skills;
- Intermediate public speaking;
- Ability to work with the media and to identify when additional support from the Communications Team is required, to ensure the Council and the planning function is positively represented.

Knowledge

- In-depth understanding of planning issues and protocol relating to planning procedures and the Planning Committee;
- Understanding of the role of Ward Councillors in the Planning process and how to handle conflicts of interest between being a Ward Member and a member of the Planning Committee;
- Understanding of the role of Planning Officers.

CHAIRMAN OF LICENSING COMMITTEE

Role and Responsibilities

- To chair the Licensing Committee in accordance with the Procedure Rules;
- To foster and maintain a disciplined approach by the Members involved having regard to high standards of behaviour and ethics;
- To represent the Council in all dealings with the public, media and other bodies in respect of the work of the Committee;
- To represent the Committee's decisions in appeals to the Magistrates and higher Courts;
- To be aware of legislation and ongoing local and national developments on licensing matters and their implications.

Skills

Leadership

- Ability to represent the Licensing Committee to the community and the media.

Chairing

- Advanced chairing skills, including the ability to manage conflict.

Organisational Skills

- Ability to plan and prioritise the business of the Licensing Committee having regard to its terms of reference and key challenges facing the licensing function.

Team Working and Relationship Building

- Relationship building particularly with senior officers involved in the licensing function, Leaders, Councillors.

Communication

- Advanced listening and questioning skills;
- Communication skills – particularly with Members and Officers involved with the licensing function and Licensing Committee;
- Intermediate presentations skills;
- Intermediate public speaking;
- Ability to work with the media and to identify when additional support from the Communications Team is required, to ensure the Council and the licensing function is positively represented.

Knowledge

- In-depth knowledge of the standards, ethics and Code of Conduct for Councillors;
- Knowledge and understanding of relevant legislation and local/national developments on licensing matters – and their implications.

CHAIRMAN OF LOCAL PLAN COMMITTEE

Role and Responsibilities

Managing and Co-ordinating the Local Plan Committee

- To Chair meetings of the Local Plan Committee in accordance with its terms of reference;
- To foster and maintain a disciplined approach by the Members involved having regard to high standards of behaviour and ethics;
- To represent the Council in all dealings with the public, media and other bodies in respect of the work of the Local Plan Committee;
- To have responsibility for the co-ordination of the management of the Local Plan Committee;
- To review and amend the content of the Local Plan Committee's work programme

Skills

Leadership

- Leadership of the Local Plan Committee within and outside the Council;
- Ambassadorial skills through the representation and championing of the Local Plan Committee across the political groups and the Council as a whole.

Chairing

- Advanced chairing skills

Team Working and Relationship Building

- Tact, diplomacy and the ability to mediate and broker agreement across the political groups within the context of the work of the Local Plan Committee
- Relationship building – with Local Plan Committee colleagues, Leader of the Council, Portfolio Holder with responsibility for planning, Chairman of Planning Committee, Executive Management Team, senior officers, Panel Lead members, partners etc;
- Building effective relationships with other parts of the political management structure, principally the Executive, full Council, Executive Management Team etc.;
- Ensuring the maximum contribution from each member of the Local Plan Committee.

Organisational Skills

- Assimilating and analysing complex information.
- Ability to plan and prioritise the business of the Local Plan Committee having regard to statutory timescales surrounding the preparation and publication of the Local Plan and key challenges facing the Council;
- Prioritisation and managing the overall Local Plan Committee's work programme including the deployment of available resources.

Communication

- Advanced listening and questioning skills;
- Communication skills – particularly with Committee Members and communicating the work and outcomes to all Councillors.

Other Skills

- Dealing with complex strategic issues and problems on behalf of the Local Plan Committee.
- Obtaining and weighing up evidence and making decisions and recommendations based on that evidence.

Knowledge

- Detailed awareness of the strategic importance of the Local Plan Committee and its relationship with Council;
- Detailed awareness of the constitutional arrangements relating to the Local Plan Committee and particularly those of the Chairman;
- Detailed knowledge of the process for the preparation and publication of the Local Plan;
- Detailed knowledge of planning policy issues nationally and regionally and how these impact on the Borough of Colchester;
- Awareness of the national policy framework and how policy developments may impact on the Borough;
- Knowledge of national, regional and sub-regional bodies with a role in planning policy;
- Detailed awareness of Colchester's approach to Panel/Council meetings and its relationship with the other parts of the Council's decision making structures.

CHAIRMAN OF POLICY REVIEW AND DEVELOPMENT PANEL

Role and Responsibilities

- To Chair meetings of the Policy Review and Development Panel in accordance with its terms of reference;
- To foster and maintain a disciplined approach by the Members involved having regard to high standards of behaviour and ethics;
- To represent the Council in all dealings with the public, media and other bodies in respect of the work of the Policy Review and Development Panel;
- To have responsibility for the co-ordination of the management of the Policy Review and Development Panel;
- To review and amend the content of the Policy Review and Development Panel's work programme.

Skills

Leadership

- Leadership of Policy Review and Development Panel within and outside the Council;
- Ambassadorial skills through the representation and championing of the Policy Review and Development Panel across the political groups and the Council as a whole.

Chairing

- Advanced chairing skills

Team Working and Relationship Building

- Tact, diplomacy and the ability to mediate and broker agreement across the political groups within the context of Policy Review and Development Panel;
- Relationship building – with Councillors and senior officers;
- Building effective relationships with other parts of the political management structure, principally Chairmen of Task and Finish Groups, the Executive, full Council, scrutiny and Executive Management Team etc;
- Ensuring the maximum contribution from each member of Policy Review and Development Panel.

Organisational Skills

- Ability to plan and prioritise the business of the Policy Review and Development Panel having regard to its terms of reference and key challenges facing the Council;
- Ability to delegate work to Task and Finish Groups and to effectively monitor the progress of Task and Finish Groups;
- Prioritisation and managing the Policy Review and Development Panel's work programme including the deployment of available resources.

Communication

- Advanced listening and questioning skills;
- Reporting and presentational skills;
- Communication skills – particularly with Policy Review and Development Panel Members and communicating the work and outcomes to all Councillors.

Other Skills

- Dealing with complex strategic issues and problems on behalf of the Policy Review and Development Panel.

Knowledge

- Awareness of main issues facing local government in general and Colchester Borough Council in particular in order to identify issues that may require review and improvement;
- Detailed awareness of the constitutional arrangements relating to the work of the Policy Review and Development Policy function and its relationship with the Executive and the scrutiny function.

CHAIRMAN OF TRADING BOARD

Role and Responsibilities

- To chair meetings of the Trading Board in accordance with its terms of reference;
- To foster and maintain a disciplined approach by the Members involved having regard to high standards of behaviour and ethics;
- To represent the Council in all dealings with the public, media and other bodies in respect of the work of the Trading Board;
- To have responsibility for the co-ordination of the management of the Trading Board;
- To review and amend the content of the Trading Board's work programme

Skills

Leadership

- Leadership of the Board within and outside the Council;
- Ambassadorial skills through the representation and championing of the Trading Board across the political groups and the Council as a whole.

Chairing

- Advanced chairing skills

Team Working and Relationship Building

- Tact, diplomacy and the ability to mediate and broker agreement across the political groups within the context of the Trading Board's work;
- Relationship building – with Councillors and senior officers;
- Building effective relationships with other parts of the political management structure, in particular the Cabinet, full council, scrutiny and Executive Management Team etc.;
- Ensuring the maximum contribution from each member of the Trading Board.

Organisational Skills

- Ability to plan and prioritise the business of the Trading Board and Council having regard to its terms of reference and key challenges facing the Council;
- Prioritisation and managing the overall Trading Board's work programme including the deployment of available resources.

Communication

- Advanced listening and questioning skills;
- Communication skills – particularly with other Board Members and communicating the work and outcomes to all Councillors, but particularly in communicating the recommendations of the Trading Board to Cabinet.

Other Skills

- Dealing with complex strategic issues and problems on behalf of the Trading Board.

Knowledge

- An understanding of commercial practices and how businesses operate in the private sector;
- An understanding of local government finance and the Council's budgeting process;
- Up to date knowledge of developments in local government and how these might open commercial opportunities for the Council.

Knowledge

- Detailed awareness of the strategic importance of the Panel and its relationship with Council;
- Detailed awareness of the constitutional arrangements relating to the Panel's functions and particularly those of the Chairman;
- Detailed awareness of Colchester's approach to Panel/Council meetings and its relationship with the other parts of the Council's decision making structures.

