

# Council Meeting

**Council Chamber, Town Hall, High Street,  
Colchester, CO1 1PJ**

**Wednesday, 22 February 2017 at 18:00**

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**COLCHESTER BOROUGH COUNCIL**  
**Council**  
**Wednesday, 22 February 2017 at 18:00**

**TO ALL MEMBERS OF THE COUNCIL**

**Published 17/02/2017**

You are hereby summoned to attend a meeting of the Council to be held at the Town Hall, Colchester on Wednesday, 22 February 2017 at 18:00 for the transaction of the business stated below.



**Chief Executive**

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

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

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

**Apologies**

Apologies: Councillor Buston

**1 Welcome and Announcements (Council)**

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

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

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

**2 Have Your Say! (Council)**

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

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

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

### **3 Minutes (Council)**

A... Motion that the minutes of the meeting held on 8 December 2016 be confirmed as a correct record.

**Minutes 08-12-16**

7 - 18

### **4 Declarations of Interest**

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

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.
- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgement of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

### **5 Mayor's Announcements**

Mayor's Announcements (if any) and matters arising pursuant to

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

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

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

To consider the following recommendations:-

**7(i) 2017/18 Revenue Budget, Council Tax and Medium Term Financial Forecast** 19 - 34

B... Motion that the recommendations contained in minute 136 of the Cabinet meeting of 1 February 2017 and the recommendations contained in the Assistant Chief Executive's report entitled "Precept and Council Tax Levels 2017/18" be approved and adopted. Please note that in accordance with the provisions of Council Procedure Rule 15(3) any motion or amendment on the setting of the Council budget must be subject to a named vote.

**7(ii) Appointment of External Auditor** 35 - 36

C... Motion that the recommendation contained in minute 140 of the Cabinet meeting of 1 February 2017 be approved and adopted.

**7(iii) Review of the Statement of Licensing Policy** 37 - 38

D... Motion that the recommendation contained in minute 15 of the Licensing Committee meeting of 11 January 2017 be approved and adopted.

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

None received at the time of the publication of the Summons.

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

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

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

Councillor Warnes to Councillor Davies, Chairman of the Scrutiny Panel:-

*I am concerned by the reported admission by the Chief Executive of Colchester Hospital, Nick Hulme, published by the BBC on 30th of January this year that, delayed transfers of patients is a "growing problem". Given that this has led to 240 hospital beds in Essex unable to be released allegedly fuelled by the ongoing financial*

*squeeze on local Councils, is it not time that Cllr Davies responds positively to this call and those made in previous Full Council meetings by my colleague Councillor Chris Pearson to set a date upon which the issue of delayed patient discharge back into the community from Colchester General Hospital can be adequately scrutinised by fellow Councillors on behalf of the residents of Colchester they represent?*

- |    |  |              |
|----|--|--------------|
| 10 | <b>Schedule of Portfolio Holder Decisions</b>  | 39 - 44      |
|    | To note the Schedule of Portfolio Holder Decisions covering the period 22 November 2016 - 3 February 2017.   |              |
| 11 | <b>Urgent Items (Council)</b>  |              |
|    | To consider any business not specified in the Summons which by reason of special circumstances the Mayor determines should be considered at the meeting as a matter of urgency.  |              |
| 12 | <b>Reports Referred to in Recommendations</b>  |              |
|    | The reports specified below are submitted for information and referred to in the recommendations specified in item 7 of the agenda:  |              |
|    | <b>2017/18 Revenue Budget, Council Tax, Medium Term Financial Forecast and Capital Programme - report to Cabinet</b>   | 45 - 128     |
|    | <b>Appointment of External Auditor - report to Cabinet</b>   | 129 -<br>130 |
|    | <b>Review of Statement of Licensing Policy - report to Licensing Committee</b>   | 131 -<br>188 |
| 13 | <b>Exclusion of the Public (not Scrutiny or Executive)</b>   |              |
|    | In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972). |              |

## **Part B**

(not open to the public including the press)

# Council

Thursday, 08 December 2016

**Attendees:** Councillor Christopher Arnold, Councillor Lewis Barber, Councillor Nick Barlow, Councillor Lyn Barton, Councillor Kevin Bentley, Councillor Tina Bourne, Councillor Roger Buston, Councillor Karen Chaplin, Councillor Nigel Chapman, Councillor Peter Chillingworth, Councillor Helen Chuah, Councillor Phil Coleman, Councillor Nick Cope, Councillor Mark Cory, Councillor Beverly Davies, Councillor John Elliott, Councillor Andrew Ellis, Councillor Annie Feltham, Councillor Adam Fox, Councillor Martin Goss, Councillor Dominic Graham, Councillor Dave Harris, Councillor Pauline Hazell, Councillor Theresa Higgins, Councillor Mike Hogg, Councillor Brian Jarvis, Councillor John Jowers, Councillor Darius Laws, Councillor Cyril Liddy, Councillor Michael Lilley, Councillor Sue Lissimore, Councillor Derek Loveland, Councillor Jackie Maclean, Councillor Patricia Moore, Councillor Beverley Oxford, Councillor Gerard Oxford, Councillor Philip Oxford, Councillor Chris Pearson, Councillor Lee Scordis, Councillor Rosalind Scott, Councillor Jessica Scott-Boutell, Councillor Lesley Scott-Boutell, Councillor Paul Smith, Councillor Martyn Warnes, Councillor Dennis Willetts, Councillor Barbara Wood, Councillor Julie Young, Councillor Tim Young

**Substitutes:**

## 160 Prayers

The meeting was opened with prayers by the Reverend Ken Chalmers.

## 161 Apologies

Apologies were received from Councillors Davidson, D. Ellis and F. Maclean.

## 162 Minutes (Council)

*RESOLVED* that the minutes of the meeting held on 2 November 2016 be confirmed as a correct record.

## 163 Have Your Say! (Council)

Marcus Harrington addressed Council pursuant to the provisions of Council Procedure Rule 7(5) to express his concern about the size of the new garden waste sacks, which

had a capacity 26 litres smaller than the previous sacks. This was a significant reduction in size and in the service provided to residents. Their reduced size made them more difficult to use and they should be removed from service.

Councillor Graham, Portfolio Holder for Waste and Sustainability, explained that the smaller size was the result of a manufacturing error. Any resident wishing to replace the smaller bags should contact the Council.

Amanda Kirk of Colchester Green Party and the People's Assembly, addressed Council pursuant to the provisions of Council Procedure Rule 7(5) to express her concern about the circumstances surrounding the eviction of the Parker family. This had been very distressing for the family. Large amounts of taxpayers' money had been spent on court fees and taxpayers were also being put at risk of a significant compensation payment. If the case was as straightforward as claimed, the Council should produce the paperwork to support its case

Diane Stevens addressed Council pursuant to the provisions of Council Procedure Rule 7(5) to express her concern about the eviction of the Parker family and stated that she was ashamed to be part of a society that treated the vulnerable and homeless in this way.

Lee Parker addressed Council pursuant to the provisions of Council Procedure Rule 7(5). He thanked members of the public and Councillors for the support his family had been given. He highlighted the costs that had been incurred so far on his case and that further costs, such as storage costs, continued to be incurred. Shelter had asked Colchester Borough Homes to reconsider its position, but it had declined to do so. It had also been suggested that his family split into two units in order for them to be housed. The difficulty of getting a foothold in the private sector was stressed.

Autumn Parker addressed Council pursuant to the provisions of Council Procedure Rule 7(5) to explain how distressing the eviction of their family had been and the impact it had had on her family.

In response to the speakers, Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, indicated that some of the issues raised were outside the jurisdiction of the Council. Concerns about the conduct of the eviction needed to be made to the appropriate authorities. He would be meeting with Mr Parker next week to discuss how he could assist. The Council wanted to build more Council housing but recent changes in government policy prevented this.



The Mayor invited Council to stand for a minutes silence in memory of former Councillor Eddie Plowright and Honorary Alderman Tony Webb who had recently died.

The Mayor announced the following forthcoming Mayoral and civic events:-

- Military Wives Choir Christmas Concert, Moot Hall, 15 December 2016
- “A Christmas Carol” performance by Anthony Roberts, Mayoral Suite, 17 December 2016
- Civic Carol Service, St Botolphs, 18 December 2016

The Mayor announced that the Council had won the Environmental Awareness category at the Essex Business Awards. Oliver Rogers of Essex and Suffolk Water, who sponsored the award, presented the award to the Mayor. He highlighted the size and scale of Colchester Borough Council’s plans and how this made a difference to residents and paid tribute to the work of Wendy Bixby, Sustainability and Projects Officer.

**165 Adoption of Myland and Braiswick Neighbourhood Plan**

*RESOLVED* that the recommendation made in minute 90 of the Local Plan Committee meeting of 7 November 2016 be approved and adopted.

**166 Adoption of Boxted Neighbourhood Plan**

*RESOLVED* that the recommendation in minute 91 of the Local Plan Committee meeting on 7 November 2016 be approved and adopted.

**167 Establishment of the North Essex Garden Communities Local Delivery Vehicles and Funding Requirements**

**Councillors Bentley (in respect of his membership of Essex County Council), Jowers, Lissimore (in respect of their membership of Essex County Council Development Regulation Committee) and Goss (as Vice Chairman of Myland Community Council) declared a non-pecuniary interest in the following item pursuant to the provisions of Council Procedure Rule 9(5).**

Rosie Pearson of CAUSE addressed Council pursuant to the provisions of Council Procedure Rule 7(5). CAUSE accepted the need for more housing, but this needed to be of the right type and in the right place. The proposed garden community at West Tey was opposed as CAUSE did not believe that the necessary infrastructure would be upgraded to support the new population. The Council needed to look at the financial modelling and risks very carefully and ensure that these were understood. It should also

look elsewhere at alternative delivery methods. Garden settlements were not the only way to solve the housing crisis. This was a risky vanity project, and she called on Council to support the main amendment.

William Sunnocks of CAUSE addressed Council pursuant to the provisions of Council Procedure Rule 7(5). CAUSE was not opposed to housing and had suggested alternative ways of delivering housing. The structure of the Local Delivery Vehicles was very important and there was concern about the lack of local representation on them. There was no provision to provide a legacy for local communities. There was a wall of secrecy around the project, which was justified by claims of commercial confidentiality. The West Tey settlement should be removed from the structure. The Council should take its time and get the project right.

Mark Goacher addressed Council pursuant to the provisions of Council Procedure Rule 7(5). Whilst the need to build more housing to meet the needs of the homeless was accepted, garden communities would not address this. The solution was to build more Council housing but central government prevented this, and to make the private rented sector more affordable. Garden communities were essentially new towns. The details about the provision of health services were sketchy, and existing resources were already stretched. The proposed communities would create huge urban sprawl on greenfield sites whilst there were still brownfield sites that had not been developed.

It was proposed by Councillor Smith that the recommendations contained in minute 117 of the Cabinet meeting on 30 November 2016 be approved and adopted.

A main amendment was proposed by Councillor Willetts as follows:-

“That the motion on the Establishment of the North Essex Garden Communities Local Delivery Vehicles and Funding Requirements be approved and adopted subject to the following amendments:-

- to add after the words “Motion that recommendations” the following words: “(n), (o), (p) and (r). “
- Add after the word “adopted” “but that in regard to recommendation (q) Council informs Cabinet that the emerging local plan for 2017-2033 can be delivered without recourse to a garden community on the Colchester/Braintree borders, for which the economic case is unproven. Therefore Council considers that it would be strategically inopportune to proceed with the formation of Colchester Braintree Borders Ltd.”

Councillor Smith indicated that the main amendment was not accepted. On being put to the vote the main amendment was lost (eighteen voted for, twenty nine voted against and one abstained from voting).

A named vote having been request pursuant to the provisions of Meetings General

Procedure Rule 15(2) the voting was as follows:-

Those who voted for were:-

Councillors Arnold, Barber, Bentley, Buston, Chapman, Chillingworth, Davies, Elliott, A. Ellis, Hazell, Jarvis, Jowers, Lissimore, Loveland, J. Maclean, Moore, Willetts and Wood

Those who voted against were:-

Councillors Barlow, Barton, Bourne, Chaplin, Chuah, Coleman, Cope, Cory, Feltham, Fox, Goss, Graham, Harris, Higgins, Hogg, Liddy, Lilley, B. Oxford, P. Oxford, Pearson, Scordis, Scott, J. Scott-Boutell, L. Scott-Boutell, Smith, Warnes, T. Young, the Deputy Mayor (G. Oxford) and the Mayor (J. Young).

Those who abstained from voting were:-

Councillor Laws

The motion was then put to the vote and was approved and adopted (twenty nine voted for, eighteen voted against and one abstained from voting).

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

Those who voted for were:-

Councillors Barlow, Barton, Bourne, Chaplin, Chuah, Coleman, Cope, Cory, Feltham, Fox, Goss, Graham, Harris, Higgins, Hogg, Liddy, Lilley, B. Oxford, P. Oxford, Pearson, Scordis, Scott, J. Scott-Boutell, L. Scott-Boutell, Smith, Warnes, T. Young, the Deputy Mayor (G. Oxford) and the Mayor (J. Young).

Those who voted against were:-

Councillors Arnold, Barber, Bentley, Buston, Chapman, Chillingworth, Davies, Elliott, A. Ellis, Hazell, Jarvis, Jowers, Lissimore, Loveland, J. Maclean, Moore, Willetts and Wood

Those who abstained from voting were:-

Councillor Laws

**168 Local Council Tax Support 2017-18**

*RESOLVED* that the recommendation in minute 119 of the Cabinet meeting of 30 November 2016 be approved and adopted.

**169 Officer Pay Policy Statement 2017-18**

*RESOLVED* that the recommendation contained in minute 120 of the Cabinet meeting on 30 November 2016 be approved and adopted

**170 Nomination for Deputy Mayor 2017-18**

*RESOLVED* that the recommendation contained in minute 123 of the Cabinet meeting of 30 November be approved and adopted and Councillor Peter Chillingworth be nominated as Deputy Mayor for the Borough of Colchester for the 2017-18 municipal year.

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

**Councillors Chuah (as the Council's appointment to Colchester Hospital University Foundation Trust), Harris (as a member of Essex County Council's Health and Overview Scrutiny Committee), Graham (as a practising solicitor in litigation with Colchester Hospital University Foundation Trust), T. Young (as a non-executive director of Southend Hospital University Foundation Trust) and J. Young (in respect of her spouse's position as a non-executive director of Southend Hospital University Foundation Trust) declared a non-pecuniary interest in the following item pursuant to the provisions of Council Procedure Rule 9(5).**

It was proposed by Councillor Bourne that:-

Motion that this Council notes:

- The increasing level of public disquiet on the publication of the Five Year Forward View 2016-2021 'A Guide to the local health and care plan for North East Essex, West & East Suffolk', otherwise known as the Sustainability and Transformation Plan (STP).
- That it is essential for closer integration and joint working around hospital, ambulance, primary care, social care and community services to not just meet common resource challenges in public and voluntary sectors, but to improve the patient/resident experience and outcomes.
- The lack of transparency around this latest NHS England overlay of health plans at a much wider footprint, together with the recent news revelations about hospital

reconfigurations and changes to hospital and GP services without any engagement for Colchester residents undermines local democratic and public confidence in the STP process.

In these circumstances the Council calls upon those responsible for producing the forward view to agree that no steps will be taken to implement any changes until there is effective engagement with the public, patients and those many organisations, such as Colchester Borough Council, that are expected to be contributors to the planning and implementation of the STP. This includes formal public consultation on the Business Case that justifies the changes.

On being put to the vote, the motion was approved and adopted (twenty eight voted for, nineteen voted against and four abstained from voting).

## 172 Questions to Cabinet Members and Chairmen pursuant to Council Procedure Rule 10

Questioner	Subject	Response
Verbal Questions		
Councillor Harris	Would the Portfolio Holder for Business, Leisure and Opportunities pass on his congratulations to those who had managed the Litter Warriors scheme?	Councillor Feltham, Portfolio Holder for Business, Leisure and Opportunities, indicated that she would and thanked ward councillors for their work in making the scheme a success.
Councillor Scordis	Would the Portfolio Holder for Business, Leisure and Opportunities reconsider her stance on providing funding towards the Cricket Festival?	Councillor Feltham, Portfolio Holder for Business, Leisure and Opportunities, indicated that she would not. It was for Essex County Cricket club to decide how best it should engage with its fans in North Essex. It would also be appropriate for the businesses that benefited from such festivals to

		provide sponsorship.
Councillor Lissimore	What action would be taken in respect of a Council employee whom it was alleged had kicked a homeless person at St Mary's car park? Was this representative of the attitude of the Council towards the homeless?	Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, indicated he would look into the matter. The Council had sought to address housing need through building Council homes, but this was no longer possible due to changes introduced by central government. The Council had also introduced a number of policies designed to help those in housing need.
Councillor Hazell	Could the Portfolio Holder for Business, Leisure and Opportunities explain if there had been any progress in enabling customers to book West End Tennis Centre by paying online?	Councillor Feltham, Portfolio Holder for Business, Leisure and Opportunities explained that the Council had to strike a balance between the benefits of the service and the costs involved in delivering it. Over the winter period there were difficulties in booking online and by telephone. She was not in a position to confirm when this would be delivered.
Councillor Fox	Would the Portfolio Holder for Culture and Regeneration provide an update on the take up of studio space at the Creative Business Centre at 37 Queen Street?	Councillor T. Young, Portfolio Holder for Culture and Regeneration, explained that all spaces had been taken. It was an excellent facility and an example of collaborative working between Colchester Borough Council and Essex County

		Council, and he urged all Councillors to visit.
Councillor Liddy	Would the Portfolio Holder for Waste and Sustainability agree that the aim of the introduction of wheeled bins was to drive up recycling rates and to shift some of the burden for recycling from the resident to the local authority?	Councillor Graham, Portfolio Holder for Waste and Sustainability, agreed that that the aim was to increase recycling rates and reduce the amount of waste being sent to landfill.
Councillor Barber	Would the Leader of the Council provide a written response to the question on breakdown on the New Homes Bonus he had asked at the Council meeting in November?	Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, indicated that he would ensure a written response was sent shortly.
Councillor Barber	Would the Portfolio Holder for Safer Communities and Licensing explain the reasons for the increase in town centre car parking charges and the impact this would have on businesses?	Councillor Lilley, Portfolio Holder for Safer Communities and Licensing, indicated that he would provide a written answer.
Councillor Jarvis	Would the Portfolio Holder for Culture and Resources reconsider and provide a further period of consultation on Vineyard Gate. It was ten years since the last public consultation and it would provide an opportunity for the public to tell the Council what they needed or wanted the scheme to provide.	Councillor T. Young, Portfolio Holder for Culture and Regeneration, indicated that there would not be a further period of public consultation other than the statutory consultations required.
Councillor Pearson	In view of the adoption of the motion on the Sustainability and Transformation Plan, would the Scrutiny Panel	Councillor Davies, Chairman of the Scrutiny Panel, indicated that this was on the Panel's work

	look at Colchester Hospital University Foundation Trust and the STP and if so, when. Would an additional meeting of the Panel be considered?	programme. It was unlikely to be held until the next municipal year. An additional meeting of the Panel would be considered, if it could provide useful and meaningful scrutiny.
Councillor Chapman	Could the Leader of the Council provide further information about Lord Kerslake's review on Garden Communities? Would this be made public?	Councillor Smith, Leader of the Council and Portfolio Holder for Strategy indicated that this was a peer review of the Garden Communities scheme. A preliminary copy would be made available to the Leaders of the Councils involved in the project tomorrow. It was hoped that the report would be made public but this would need to be agreed amongst the four authorities.
Councillor Scott	Given the success of the pop up Syrian café at Firstsite, in collaboration with the Vaucher exhibition, would the use of the café be extended?	Councillor T. Young, Portfolio Holder for Culture and Regeneration, highlighted that he believed that Firstsite was starting to thrive. The Board was considering the use of the café, which was being let to a new provider in the new year. The pop up café had showed how successful it could be.
Councillor Goss	Following his visit to the Northern Approaches estate to look at parking issues, would the Portfolio Holder for Safer Communities and Licensing support a full	Councillor Lilley, Portfolio Holder for Safer Communities and Licensing, indicated that he would provide a written



	parking review for the estate?	answer.
Councillor Davies	Would the Leader of the Council provide a written response to the question on data breaches arising from the break in at Rowan House she had asked at the Council meeting in November?	Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, indicated that he would ensure a written response was sent shortly.

### **173 Members Allowances Scheme**

*RESOLVED* that the recommendations made in the Monitoring Officer's report be approved and adopted.

### **174 Schedule of Portfolio Holder Decisions**

*RESOLVED* that the schedule of Portfolio Holder decisions covering the period 17 October 2016 - 21 November 2016 be noted.



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

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

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

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

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

*RESOLVED* that:-

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

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

(f) The 2017/18 Revenue Budget requirement of £25,911k (paragraph 5.16 of the Assistant Chief Executive's report) and the underlying detailed budgets set out in summary at Appendix F and Background Papers to the Assistant Chief Executive's report be agreed and *RECOMMENDED TO COUNCIL*, subject to the final proposal to be made in respect of Council Tax.

(g) Colchester's element of the Council Tax for 2017/18 at £180.18 per Band D property, which represents an increase of £4.95 (2.8%) from the current rate be *RECOMMENDED TO COUNCIL*, noting that the formal resolution to Council will include Parish, Police, Fire and County Council precepts and any changes arising from the formal Finance Settlement announcement and final completion of the business rates NNDR. This will be prepared in consultation with the Leader of the Council.

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

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

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

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

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

(k) It be agreed and *RECOMMENDED TO COUNCIL* that £100k of Revenue Balances be earmarked for potential unplanned expenditure within the guidelines set out at paragraph 9.3 of the Assistant Chief Executive's report.

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

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

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

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

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

### *REASONS*

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

### *ALTERNATIVE OPTIONS*

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





## Council

Item  
**7(i)**

22 February 2017

Report of	Assistant Chief Executive	Author	Sean Plummer ☎ 282347
Title	Precept and Council Tax Levels 2017/18		
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 2017/18.**

### 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 2017/18.
- 1.2 To agree the use of the NNDR reserve to fund the increased Collection Fund deficit set out within this report at paragraph 4.3.

### 2. Reasons for Decision

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

### 3. Alternative Options

- 3.1 The resolutions are a statutory requirement.

### 4. Colchester Borough Council's Council Tax Requirement

- 4.1 Cabinet on 1 February 2017 approved and recommended to Council the 2017/18 revenue budget requirement. The final grant settlement notification is not expected to be published until after Parliament returns from recess on 20 February. Any material changes from the earlier provisional figures for the total Settlement Funding Assessment will be reported to the next available meeting of Cabinet. However, there is an additional item arising from other final budget issues.

#### *Local Retention of Business Rates*

- 4.2 The Cabinet report set out the arrangements, issues and risks associated with the local retention of business rates. It was outlined that the Council is required to submit a return of estimated business rates income for 2017/18 (the NNDR1). The budget proposals in

the Cabinet paper were based on additional anticipated income above the 2017/18 baseline funding level of £900k. The NNDR1 shows potential additional income for 2017/18 that is broadly in line with the budget estimate. Any fluctuation in overall NNDR income during the year will be reflected in the surplus/deficit figure in the 2018/19 budget, and the issue of ongoing income from retained business rates will be considered as part of the budget strategy for 2018/19.

- 4.3 In addition to the above, The NNDR1 forecast deficit as at the end of the current year has increased from the budgeted figure of £537k to £958k. Whilst the underlying deficit relates to the 2015/16 outturn and the in-year position is still positive, the production of the NNDR1 has identified additional Transitional Protection Payments to be made, and a slightly lower income due to further successful valuation appeals. It is recommended that the £421k increase in the deficit is met from the NNDR reserve, leaving the closing balance at an estimated £840k as shown below. This will have no impact on the amount to be funded by Council Tax payers.

<b>Collection Fund (C'Tax &amp; NNDR)</b>	<b>£'000</b>
Council Tax – surplus	(48)
NNDR deficit	958
<b>Net budget pressure in 17/18</b>	<b>910</b>
NNDR reserve – @ 1 <sup>st</sup> April 16	3,290
Forecast 16/17 movement (estimate)	(1,537)
Forecast balance on reserve @ 31 March 17	1,753
Use of reserve in 17/18 (see above)	(910)
<b>Forecast balance on reserve</b>	<b>843</b>

- 4.4 Cabinet recommended that Colchester's element of the Council Tax for 2017/18 be agreed at £180.18 for Band D properties, which represents an increase of £4.95 (2.82%).
- 4.5 In approving Colchester's element of the Council Tax, account has to be taken of Revenue Support Grant, Retained Business Rates and any surplus or deficit arising from the Collection Fund. Colchester's Council Tax requirement also has to reflect Parish Council spending and the following table sets out the position:

	<b>£'000</b>	<b>£'000</b>
Colchester's Budget Requirement	21,040	17,509
<b>Less:</b> Net contr. from Reserves & Balances	(5,077)	
Parish Councils' Requirement (Appendix 2)	15,963	
	1,546	
<b>Less:</b>		
Revenue Support Grant	(920)	(5,858)
Business Rates (baseline funding)	(4,038)	
Business Rates (growth)	(900)	
<b>Add: Deficit on Collection Fund</b>		910
<b>Council Tax Requirement</b>		<b>12,561</b>



4.6 Colchester's Council Tax at Band D for 2017/18 is £180.18 and is determined as follows:

Council Tax Requirement (as detailed above)	12,560,856
Divided by Council Tax Base	61,132.2
Council Tax at Band D (including Parishes)	205.47
Deduct Parish Element	25.29
<b>Council Tax at Band D for Colchester Borough Council</b>	<b>180.18</b>

## 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. The Essex PCC formally approved their budget on 26 January. Essex County Council and Essex Fire Authority are expected to formally approve their budgets on 14 February and 15 February respectively. Any change to the information set out in this report will be reported to this meeting.

	<b>Council Tax at Band D</b>			
	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>% Increase</b>	<b>£ Increase</b>
Colchester Borough Council	175.23	180.18	2.82	4.95
Essex County Council	1,130.13	1,163.70	2.97	33.57
Essex Police and Crime Commissioner	152.10	157.05	3.25	4.95
Essex Fire Authority	67.68	69.03	1.99	1.35
	<b>1,525.14</b>	<b>1,569.96</b>	<b>2.94</b>	<b>44.82</b>

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

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Borough	120.12	140.14	160.16	180.18	220.22	260.26	300.30	360.36
County	775.80	905.10	1,034.40	1,163.70	1,422.30	1,680.90	1,939.50	2,327.40
Police	104.70	122.15	139.60	157.05	191.95	226.85	261.75	314.10
Fire	46.02	53.69	61.36	69.03	84.37	99.71	115.05	138.06
<b>TOTAL</b>	<b>1,046.64</b>	<b>1,221.08</b>	<b>1,395.52</b>	<b>1,569.96</b>	<b>1,918.84</b>	<b>2,267.72</b>	<b>2,616.60</b>	<b>3,139.92</b>

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

## 6. Special Expenses

6.1 Special expenses are defined as those expenses incurred by the Council in performing, in part of the borough, a function performed elsewhere in the borough by a Parish Council. The Local Government Act 1992 allows the Council to treat any special

expenses as general expenses, i.e. as part of its own budget requirement for Council Tax purposes, provided the Council resolved accordingly.

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

## **7. Strategic Plan References**

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

## **8. Publicity Considerations**

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

## **9. Financial Implications**

- 9.1 As set out above.

## **10. Consultation**

- 10.1. The budget report to Cabinet set out consultation in respect of the budget including the statutory NNDR ratepayers meeting. This meeting took place on 8 February 2017, 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 2017/2018 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992 as amended ('the Act'):
  - (a) 61,132.2 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:

<b>Parish</b>	<b>Parish Tax Base</b>
Abberton & Langenhoe	435.0
Aldham	210.7
Birch	301.2
Boxted	577.5
Chappel	217.6
Copford	683.6
Dedham	908.4
East Donyland	637.8
East Mersea	124.0
Eight Ash Green	647.2
Fingringhoe	335.9
Fordham	320.4
Great Horkesley	1,043.8
Great Tey	374.6
Langham	493.3
Layer Breton	128.2
Layer de la Haye	712.5
Layer Marney	87.5
Little Horkesley	92.0
Marks Tey	917.3
Messing cum Inworth	173.6
Mount Bures	106.7
Myland	4,881.6
Stanway	3,226.1
Tiptree	3,375.4
Wakes Colne	238.6
West Bergholt	1,325.3
West Mersea	3,134.4
Winstred Hundred	489.7
Wivenhoe	2,875.3
Wormingford	188.7

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 2017/18 (excluding parish precepts) is £11,014,800
  
3. The following amounts be now calculated by the Council for the year 2017/2018 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
  - (a) 144,047,856 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) 131,487,000 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) 12,560,856 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) 205.47 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) 1,546,056 Being the aggregate amount of all special items referred to in Section 34(1) of the Act. [Parish Precepts]
  
  - (f) 180.18 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	210.28
Aldham	232.15
Birch	208.60
Boxted	255.60
Chappel	251.78
Copford	224.40
Dedham	223.69
East Donyland	264.65
East Mersea	242.12
Eight Ash Green	224.22
Fingringhoe	206.97
Fordham	270.13
Great Horkesley	193.58
Great Tey	226.30
Langham	216.34
Layer Breton	180.18
Layer de la Haye	200.97
Layer Marney	180.18
Little Horkesley	213.61
Marks Tey	230.06
Messing cum Inworth	232.48
Mount Bures	205.48
Myland	204.38
Stanway	221.28
Tiptree	261.26
Wakes Colne	233.57
West Bergholt	242.78
West Mersea	247.81
Winstred Hundred	205.61
Wivenhoe	277.05
Wormingford	228.57
All other parts of the Council's area	180.18

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

<b>Parish</b>	<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>	<b>Band E</b>	<b>Band F</b>	<b>Band G</b>	<b>Band H</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Abberton & Langenhoe	140.19	163.55	186.92	210.28	257.01	303.74	350.47	420.56
Aldham	154.77	180.56	206.36	232.15	283.74	335.33	386.92	464.30
Birch	139.07	162.24	185.42	208.60	254.96	301.31	347.67	417.20
Boxted	170.40	198.80	227.20	255.60	312.40	369.20	426.00	511.20
Chappel	167.85	195.83	223.80	251.78	307.73	363.68	419.63	503.56
Copford	149.60	174.53	199.47	224.40	274.27	324.13	374.00	448.80
Dedham	149.13	173.98	198.84	223.69	273.40	323.11	372.82	447.38
East Donyland	176.43	205.84	235.24	264.65	323.46	382.27	441.08	529.30
East Mersea	161.41	188.32	215.22	242.12	295.92	349.73	403.53	484.24
Eight Ash Green	149.48	174.39	199.31	224.22	274.05	323.87	373.70	448.44
Fingringhoe	137.98	160.98	183.97	206.97	252.96	298.96	344.95	413.94
Fordham	180.09	210.10	240.12	270.13	330.16	390.19	450.22	540.26
Great Horkesley	129.05	150.56	172.07	193.58	236.60	279.62	322.63	387.16
Great Tey	150.87	176.01	201.16	226.30	276.59	326.88	377.17	452.60
Langham	144.23	168.26	192.30	216.34	264.42	312.49	360.57	432.68
Layer Breton	120.12	140.14	160.16	180.18	220.22	260.26	300.30	360.36
Layer de la Haye	133.98	156.31	178.64	200.97	245.63	290.29	334.95	401.94
Layer Marney	120.12	140.14	160.16	180.18	220.22	260.26	300.30	360.36
Little Horkesley	142.41	166.14	189.88	213.61	261.08	308.55	356.02	427.22
Marks Tey	153.37	178.94	204.50	230.06	281.18	332.31	383.43	460.12
Messing cum Inworth	154.99	180.82	206.65	232.48	284.14	335.80	387.47	464.96
Mount Bures	136.99	159.82	182.65	205.48	251.14	296.80	342.47	410.96
Myland	136.25	158.96	181.67	204.38	249.80	295.22	340.63	408.76
Stanway	147.52	172.11	196.69	221.28	270.45	319.63	368.80	442.56
Tiptree	174.17	203.20	232.23	261.26	319.32	377.38	435.43	522.52
Wakes Colne	155.71	181.67	207.62	233.57	285.47	337.38	389.28	467.14
West Bergholt	161.85	188.83	215.80	242.78	296.73	350.68	404.63	485.56
West Mersea	165.21	192.74	220.28	247.81	302.88	357.95	413.02	495.62
Winstred Hundred	137.07	159.92	182.76	205.61	251.30	296.99	342.68	411.22
Wivenhoe	184.70	215.48	246.27	277.05	338.62	400.18	461.75	554.10
Wormingford	152.38	177.78	203.17	228.57	279.36	330.16	380.95	457.14
All other parts of Council's area	120.12	140.14	160.16	180.18	220.22	260.26	300.30	360.36

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

4. It be noted that for the year 2017/2018 Essex County Council, Essex Police & Crime Commissioner and Essex Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

**Valuation Bands**

<b>Precepting Authority</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Essex County Council	775.80	905.10	1,034.40	1,163.70	1,422.30	1,680.90	1,939.50	2,327.40
Essex PCC	104.70	122.15	139.60	157.05	191.95	226.85	261.75	314.10
Essex Fire Authority	46.02	53.69	61.36	69.03	84.37	99.71	115.05	138.06

5. Having calculated the aggregate in each case of the amounts at 3(h) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2016/2017 for each of the categories of dwellings shown overleaf:
6. For the purposes of Section 35 of the Local Government Act 1992, any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish council or chairman of a parish meeting shall not be treated as special expenses.
7. Determines that the Council's basic amount of Council Tax for 2017/18 is **not excessive** in accordance with the principles approved under Section 52ZB of the Act, and as shown in the calculation below.
- (a) Increase defined by the Secretary of State as constituting an excessive increase for 2017/18:
- (i) 2%, or more than 2%, greater than its relevant basic amount of council tax for 2016-17; and
- (ii) more than £5.00 greater than its relevant basic amount of council tax for 2016-17.
- (b) Percentage increase in the Council's basic amount of Council Tax:
- |                      |                 |
|----------------------|-----------------|
| 2016/17 amount       | £175.23         |
| 2017/18 amount       | £180.18         |
| Percentage increase: | £4.95 and 2.82% |

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 2017/18 is **not excessive** and no referendum is required.

8. Discretionary council tax discounts and exemptions for 2017/18 are:

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

## 9. Parts of the Council's Area

Parish	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
Abberton & Langenhoe	1,066.71	1,244.49	1,422.28	1,600.06	1,955.63	2,311.20	2,666.77	3,200.12
Aldham	1,081.29	1,261.50	1,441.72	1,621.93	1,982.36	2,342.79	2,703.22	3,243.86
Birch	1,065.59	1,243.18	1,420.78	1,598.38	1,953.58	2,308.77	2,663.97	3,196.76
Boxted	1,096.92	1,279.74	1,462.56	1,645.38	2,011.02	2,376.66	2,742.30	3,290.76
Chappel	1,094.37	1,276.77	1,459.16	1,641.56	2,006.35	2,371.14	2,735.93	3,283.12
Copford	1,076.12	1,255.47	1,434.83	1,614.18	1,972.89	2,331.59	2,690.30	3,228.36
Dedham	1,075.65	1,254.92	1,434.20	1,613.47	1,972.02	2,330.57	2,689.12	3,226.94
East Donyland	1,102.95	1,286.78	1,470.60	1,654.43	2,022.08	2,389.73	2,757.38	3,308.86
East Mersea	1,087.93	1,269.26	1,450.58	1,631.90	1,994.54	2,357.19	2,719.83	3,263.80
Eight Ash Green	1,076.00	1,255.33	1,434.67	1,614.00	1,972.67	2,331.33	2,690.00	3,228.00
Fingringhoe	1,064.50	1,241.92	1,419.33	1,596.75	1,951.58	2,306.42	2,661.25	3,193.50
Fordham	1,106.61	1,291.04	1,475.48	1,659.91	2,028.78	2,397.65	2,766.52	3,319.82
Great Horkesley	1,055.57	1,231.50	1,407.43	1,583.36	1,935.22	2,287.08	2,638.93	3,166.72
Great Tey	1,077.39	1,256.95	1,436.52	1,616.08	1,975.21	2,334.34	2,693.47	3,232.16
Langham	1,070.75	1,249.20	1,427.66	1,606.12	1,963.04	2,319.95	2,676.87	3,212.24
Layer Breton	1,046.64	1,221.08	1,395.52	1,569.96	1,918.84	2,267.72	2,616.60	3,139.92
Layer de la Haye	1,060.50	1,237.25	1,414.00	1,590.75	1,944.25	2,297.75	2,651.25	3,181.50
Layer Marney	1,046.64	1,221.08	1,395.52	1,569.96	1,918.84	2,267.72	2,616.60	3,139.92
Little Horkesley	1,068.93	1,247.08	1,425.24	1,603.39	1,959.70	2,316.01	2,672.32	3,206.78
Marks Tey	1,079.89	1,259.88	1,439.86	1,619.84	1,979.80	2,339.77	2,699.73	3,239.68
Messing cum Inworth	1,081.51	1,261.76	1,442.01	1,622.26	1,982.76	2,343.26	2,703.77	3,244.52
Mount Bures	1,063.51	1,240.76	1,418.01	1,595.26	1,949.76	2,304.26	2,658.77	3,190.52
Myland	1,062.77	1,239.90	1,417.03	1,594.16	1,948.42	2,302.68	2,656.93	3,188.32
Stanway	1,074.04	1,253.05	1,432.05	1,611.06	1,969.07	2,327.09	2,685.10	3,222.12
Tiptree	1,100.69	1,284.14	1,467.59	1,651.04	2,017.94	2,384.84	2,751.73	3,302.08
Wakes Colne	1,082.23	1,262.61	1,442.98	1,623.35	1,984.09	2,344.84	2,705.58	3,246.70
West Bergholt	1,088.37	1,269.77	1,451.16	1,632.56	1,995.35	2,358.14	2,720.93	3,265.12
West Mersea	1,091.73	1,273.68	1,455.64	1,637.59	2,001.50	2,365.41	2,729.32	3,275.18
Winstred Hundred	1,063.59	1,240.86	1,418.12	1,595.39	1,949.92	2,304.45	2,658.98	3,190.78
Wivenhoe	1,111.22	1,296.42	1,481.63	1,666.83	2,037.24	2,407.64	2,778.05	3,333.66
Wormingford	1,078.90	1,258.72	1,438.53	1,618.35	1,977.98	2,337.62	2,697.25	3,236.70
All other parts of Council's area	1,046.64	1,221.08	1,395.52	1,569.96	1,918.84	2,267.72	2,616.60	3,139.92



## Parish Council Precepts 2017/18

Parish	Precept 2016/17	Precept 2017/18	Increase/ (Reduction)	Increase/ (Reduction)
	£	£	£	%
Abberton & Langenhoe	12,056	13,092	1,036	8.59
Aldham	10,339	10,951	612	5.92
Birch	8,560	8,560	0	0.00
Boxted	34,372	43,555	9,183	26.72
Chappel	14,312	15,581	1,269	8.87
Copford	29,151	30,228	1,077	3.69
Dedham	24,196	39,528	15,332	63.37
East Donyland	53,976	53,875	(101)	(0.19)
East Mersea	7,569	7,681	112	1.48
Eight Ash Green	27,022	28,500	1,478	5.47
Fingringhoe	8,980	8,999	19	0.21
Fordham	28,658	28,820	162	0.57
Great Horkesley	11,791	13,986	2,195	18.62
Great Tey	16,368	17,276	908	5.55
Langham	17,808	17,837	29	0.16
Layer Breton	0	0	0	n/a
Layer de la Haye	14,599	14,813	214	1.47
Layer Marney	0	0	0	n/a
Little Horkesley	2,321	3,076	755	32.53
Marks Tey	41,597	45,757	4,160	10.00
Messing cum Inworth	8,759	9,080	321	3.66
Mount Bures	2,300	2,699	399	17.35
Myland	105,221	118,124	12,903	12.26
Stanway	104,994	132,582	27,588	26.28
Tiptree	260,874	273,677	12,803	4.91
Wakes Colne	12,740	12,740	0	0.00
West Bergholt	68,585	82,962	14,377	20.96
West Mersea	182,429	211,979	29,550	16.20
Winstred Hundred	12,139	12,451	312	2.57
Wivenhoe	266,171	278,516	12,345	4.64
Wormingford	8,852	9,131	279	3.15
<b>Totals</b>	<b>1,396,739</b>	<b>1,546,056</b>	<b>149,317</b>	<b>10.69</b>



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

**140. Appointment of External Auditor**

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

*RECOMMENDED TO COUNCIL* that that the Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

*REASONS*

It was likely that a sector wide procurement conducted by PSAA would produce better outcomes for the Council than any procurement the Council undertook itself or with a limited number of partners. Use of the PSAA would also be less resource intensive than establishing an auditor panel and conducting its own procurement.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 required that a decision to opt in must be made by Full Council. To comply with this regulation Cabinet was asked to make a recommendation to Council.

*ALTERNATIVE OPTIONS*

To establish an auditor panel and conduct our own procurement. This would be a far more resource intensive process and, without the bulk buying power of the sector led procurement, would be likely to result in a more costly service.



**Extract from the minutes of the Licensing Committee meeting on 11 January 2017**

**15. Review of the Statement of Licensing Policy**

The Committee considered a report by the Head of Professional Services inviting the Committee to consider the proposed amendments to the Licensing Policy and proposing the adoption of the revised policy to full Council.

Mr Ruder, Licensing, Food and Safety Manager gave a brief introduction to the proposed amendments to the Licensing Policy with particular emphasis on a number of key changes

SOS Bus. The paragraph in relation to the SOS bus would be strengthened to highlight that the bus was funded by voluntary contributions and therefore that the support of the licensed trade was essential to its continued operation and to the mitigation of any impact caused by licensed premises in the town centre.

The inclusion of the expectation that licence holders were expected to operate their premises in line with the application and commitments given to the Committee in order to gain their licence

The inclusion of additional categories of venues, including garages and camping venues in the Matrix and minor adjustment to time for non-alcohol led premises. Inclusion of paragraphs on the primary use of the premises and the need to demonstrate an exceptional case to justify departure from the Policy

The inclusion of paragraph dealing with the opening hours of premises

Amendments to the Special Policy for the Old Town Zone. Removing the times associated with the venue types and Changes to the categories of venues to make clear what is encouraged and what there is a strong presumption against.

It was suggested by the Committee that the word “only” be deleted from paragraph 3.28 of the report as this might unduly restrict the Council when considering applications.

In discussion, Sally Harrington, Planning, Licensing Service Manager informed the Committee that the town centre had experienced the quietest Christmas in the last five years in terms of incidents and but that the town had been busy. This was attributed to the success of collaborative working by licensed premises. The Committee welcomed this good news, which it believed was a consequence of the hard work by Licensing Officers, both in terms of enforcement and in developing a strong and effective policy.

The Committee also suggested that in future it should look at the use of CCTV and the possibility of bodycams for door staff. These would be particularly useful as they captured sound.

*RESOLVED* that the amended Statement of Licensing Policy be agreed with the exception of the word 'only' to be omitted from paragraph 3.28, under KF4 – Standards to promote the licensing objectives.

*RECOMMENDED to COUNCIL* that the amended Statement of Licensing Policy be approved and adopted and included in the Policy Framework.

**Record of Decisions taken under Scheme of Delegation to Cabinet Members**  
**22 November 2016 – 3 February 2017**

Portfolio – Business, Leisure and Opportunities					
Date	Number	Report Title	Author	Decision	Result
23 November 2016	BUS-006-16	Enterprise, Skills and Employment Grant	Jan Warren	<p>To award grant funding for the Enterprise, Skills and Employment Grants for 2016-17 financial year to the following organisations:</p> <ul style="list-style-type: none"> <li>• Signpost Colchester</li> <li>• Colchester Business Enterprise Agency (Colbea)</li> <li>• Space Studios</li> </ul> <p>Grant awards will be made subject to the Enterprise Grant Agreement, providing evidence of spend and updates on progress of agreed projects from the organisations funded.</p> <p>The total amount of funding available for 2016-2017 is £75,500. The proposal is to award grants as follows:</p> <ul style="list-style-type: none"> <li>• Signpost Colchester £5,500</li> <li>• Colbea £20,000</li> </ul>	Agreed 30 November 2016

## Record of Decisions taken under Scheme of Delegation to Cabinet Members 22 November 2016 – 3 February 2017

				<ul style="list-style-type: none"> <li>• Space Studios £50,000</li> <li>• Total Awarded       £75,500</li> </ul>	
1 December 2017	BUS-007-16	Refurbishment of Aqua Springs	Jane Edwards	To accept the tender submitted by Capstan Group Services Ltd., for the refurbishment works to Aqua Springs	Agreed 8 December 2017

Portfolio – Culture and Regeneration					
Date	Number	Report Title	Author	Decision	Result
25 January 2017	CRG-003-17	Procurement of Contractor for demolition of St James House and the former Waiting Room building	Howard Davies	<p>To agree that due to the specialised nature of the works involved in the demolition of St James House and former Waiting Room building that Contract Procedure Rule 9(4) be invoked.</p> <p>To procure Anglian Demolition &amp; Asbestos Ltd (ADAL) to carry out the demolition of and asbestos removal at St James House and the former Waiting Room at the former bus station site.</p> <p>To delegate the final agreement on price to Strategic Director Commercial and Place in consultation with the Portfolio Holder for Culture and Regeneration.</p>	Agreed 1 February 2017



**Record of Decisions taken under Scheme of Delegation to Cabinet Members  
22 November 2016 – 3 February 2017**

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

Portfolio – Housing and Public Protection					
Date	Number	Report Title	Author	Decision	Result
23 November 2016	HOU-001-16	Approach on Right to Buy Applications with Third Party Solar PV Lease	Lynn Thomas	Agreement to the Council's approach (as detailed in the report) when a right to buy applicant experiences a difficulty in obtaining a mortgage because a 3rd party solar PV lease is in place without a mortgage break option.	Agreed 30 November 2016
13 December 2016	HOU-002-16	Granting of a permanent right of access over housing land in East Stockwell Street.	Geoff Beales	Agreement to grant a permanent right of access across housing land to the owner of 34 East Stockwell Street	Agreed 20 December 2016
13 December 2016	HOU-003-16	Grant funding to Winnocks and Kendalls Almshouse Charity to provide affordable rented housing	Ruth Newcombe/ Tina Hinson	Approval to grant £285,000 from the Council's reserve of Right to Buy Receipts, to the WKAC for gap funding to facilitate the redevelopment of their site at 1-7 Winnock Road.	Agreed 20 December
5 January 2017	HOU-004-15	Housing Revenue Account Fees and Charges	Daniella Woraker	Approval of the fees and charges as set out in the report.	Agreed 19 January 2017

## Agenda item 10

### Record of Decisions taken under Scheme of Delegation to Cabinet Members 22 November 2016 – 3 February 2017

12 January 2017	HOU-005-16	Disposal of Land at Rear of 38-40 Berechurch Road, CO2 7QB	Mike Fawcett	Agreement to sell a plot of land measuring 0.16 of an acre adjacent to 40 Berechurch Road by open advertisement.	Agreed 19 January 2017
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Portfolio – Resources					
Date	Number	Report Title	Author	Decision	Result
30 November 2016	RES-008-16	ICT Support Contract	Matt Sterling/Kieran Johnston	To exercise the option contained in our existing ICT support contract not to continue with our current supplier and to bring the service back in house with effect from 1 April 2017.	Agreed 7 December 2016
22 December 2016	RES-009-16	Release of Funds for Commercial Loan which forms part of the Town Centre Fibre Operator Contract Award	Steven Eke	To approve the release of a secured loan to County Broadband which forms part of the August 2016 RIF Decision to award the Town Centre dark fibre network operator contract to County Broadband.	Agreed 5 January 2017
9 January 2017	RES-010-16	Irrecoverable Debts over £5000 – Council Tax	Michelle Tarbun	To approve the writing off of Council Tax debts totalling £35,088.40 which have proved irrecoverable.	Agreed 16 January 2017
9 January 2017	RES-011-16	Irrecoverable Debts over £5000 – Housing Benefit Overpayment	Michelle Tarbun	To approve the write off of Housing Benefit Overpayment debts totalling £24,790.08 which have proved irrecoverable.	Agreed 16 January 2017
9 January 2017	RES-012-16	Irrecoverable Debts over £5000 – Business Rates	Michelle Tarbun	To approve the writing off of the following Business Rates debts totalling £73,504 which have proved irrecoverable.	Agreed 16 January 2017

**Record of Decisions taken under Scheme of Delegation to Cabinet Members**  
**22 November 2016 – 3 February 2017**

Portfolio –Safer Communities and Licensing					
Date	Number	Report Title	Author	Decision	Result
No decisions in this period					

Portfolio – Strategy					
Date	Number	Report Title	Author	Decision	Result
25 January 2017	STR-001-16	Procurement of a supplier for consultancy and software provision for the redesign of the Councils waste collection service	Chris Dowsing	<p>To agree that due to the specialised nature of the works involved in the design of new waste and recycling routes and the provision of associated software and licences that Contract Procedure Rule 9(4) be invoked.</p> <p>To procure Integrated Skills Limited to carry out the design of the new routes and provide software and in cab technology to enable the routes to be carried out in accordance with the design.</p> <p>To delegate the final agreement on price to the Chief Operating Officer in consultation with the Portfolio Holder</p>	Agreed 1 February 2017

**Record of Decisions taken under Scheme of Delegation to Cabinet Members**  
**22 November 2016 – 3 February 2017**

				for Strategy.	
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Portfolio – Waste and Sustainability					
Date	Number	Report Title	Author	Decision	Result
No decisions in this period					

<b>Report of</b>	<b>Assistant Chief Executive</b>	<b>Author</b>	<b>Sean Plummer</b> ☎ 282347
<b>Title</b>	<b>2017/18 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast</b>		
<b>Wards affected</b>	n/a		

**This report requests Cabinet to recommend to Council:**

- **The 2017/18 General Fund Revenue Budget**
- **Colchester's element of the Council Tax for 2017/18**
- **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 for the purpose of assessing the impact on balances the outturn for the current financial year is forecast to be an overspend of £240k. (paragraph 3.4.).
- 1.2 To note the provisional Finance Settlement figures set out in Section 4 showing a cut to the Settlement Funding Assessment of £980k.
- 1.3 To note the figures for the business rates retention scheme and the arrangements for completion of the required return of estimated business rates income as set out at paragraph 4.8.
- 1.4 To note the changes made to the New Homes Bonus scheme and that there is a grant reduction in 2017/18 of £931k as set out in section 4 with further reductions in the grant in later years.
- 1.5 To approve the cost pressures, growth items, proposed use of New Homes Bonus, savings and increased income options identified during the budget forecast process as set out at in section 5 and detailed in Appendices C, D and E.
- 1.6 To consider and recommend to Council the 2017/18 Revenue Budget requirement of £25,911k (paragraph 5.16) and the underlying detailed budgets set out in summary at Appendix F and Background Papers subject to the final proposal to be made in respect of Council Tax.
- 1.7 To recommend to Council, Colchester's element of the Council Tax for 2017/18 at £180.18 per Band D property, which represents an increase of £4.95 (2.8%) from the current rate noting that the formal resolution to Council will include Parish, Police, Fire and County Council precepts and any changes arising from the formal Finance Settlement announcement and final completion of the business rates NNDR 1. This will be prepared in consultation with the Leader of the Council.

- 1.8 To agree the Revenue Balances for the financial year 2017/18 as set out at Appendix J and agree that the:-
- the minimum level be set at a minimum of £1,900k
  - £499k of balances, including sums carried forward from 2016/17, be applied to finance items in the 2017/18 revenue budget
- 1.9. To note the updated position on earmarked reserves set out in section 8 and agree the release of:-  
£20k from the S106 monitoring reserve  
£489k from the business rates reserve.  
£325k use of capital expenditure reserve for ICT strategy  
£150k use of parking reserve
- 1.10. To agree to use £3.173m from a combination of General Fund balances and reserves to fund the one off pension fund payment and that provision be made within the budget in 2018/19 and 2019/20 to reinstate these balances as set out in section 8.
- 1.11. To agree and recommend to Council that £100k of Revenue Balances be earmarked for potential unplanned expenditure within the guidelines set out at paragraph 9.3.
- 1.12. To note the Medium Term Financial Forecast for the financial years 2017/18 to 2020/21 set out in section 11.
- 1.13. To note the position on the Capital Programme shown at section 12 and agree to recommend to Council the inclusion in the Capital Programme of:-
- £857k for changes to the waste service as agreed by Cabinet.
  - £500k to deliver new social housing funded from the HRA Right to Buy Reserve
- 1.14 To note the comments made on the robustness of budget estimates at section 13.
- 1.15. To approve and recommend to Council the 2017/18 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the background paper at Appendix N.

## **2. Background Information and Summary**

- 2.1 The 2017/18 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 2017/18 has been prepared against a background of meeting the Council's Strategic Plan objectives whilst continuing to face significant financial pressures from the reductions in core Government funding. Every effort has been made to produce a balanced budget that includes a deliverable level of savings and income and provides for investment in key services. This has been achieved through a budget strategy that has resulted in:-

- the delivery of savings through the service review process including delivering channel shift
  - making efficiencies through specific budget reviews and business plans
  - 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 almost £3m. This compares to £1.5m included within the 16/17 budget. A large proportion of savings are based on proposals to work more efficiently and to maximise opportunities to increase income. As part of this year's budget an "outturn review" was again carried out which reviewed spending and income compared to the 2016/17 budget. This helped to identify areas where spending regularly falls below current budget levels, including some 'contingency' areas.
- 2.4. Core Government funding for 2017/18 is being reduced by £1m which follows a reduction in 2016/17 of £1.2m. Further reductions have also been confirmed as part of the 4 year settlement. However, these cuts alone are not the only pressures the Council has needed to address in the budget. Costs from general inflation and pay assumptions, additional business rates costs as a result of the revaluation exercise and additional employer pension costs have also added to the budget pressures.
- 2.5. The methodology for the New Homes Bonus is changing in 2017/18 which has resulted in a cut in the grant of £0.9m (16%). The Council has been taking steps to reduce the level of New Homes Bonus which is used to support the base budget. This means that there is still £3.1m available to support new investment. Some proposals are included in this report and further allocations will be made later in the year.
- 2.6. 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 show a cumulative budget gap of £6.5m over the next three years. Planned savings, including a significant reduction in funding for new projects from the New Homes Bonus mean that this gap has reduced to £2.5m.
- 2.7. The 4 year Settlement figures show that Revenue Support Grant will end by 2019/20. The Government's spending power figures also illustrate that the importance of the Council's own income through Council Tax and business rates are expected to increase to help to mitigate this cut.
- 2.8. The Settlement confirms that legislation to allow 100% of business rates to be retained by local government will be delivered by the end of this parliament. This will not mean that Colchester will keep 100% of the business rates collected, however, it may provide the potential to keep a greater share of business rates, alongside possible changes in responsibilities and risks.
- 2.9. These changes mean that it is important for the Council to fully consider the budget and medium term plans in light of the new funding arrangements.
- 2.10. Further information on the budget is provided in the following paragraphs.

- 2.11. 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 2017/18 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.
- 3.2. It was reported to Scrutiny Panel on 8 November that the current year's budget position showed a forecast net overspend £240k. This reflected some one off cost pressures and a number of positive and negative budget variances. There remain some outstanding risks and changes that are likely to be made to the forecast. For the purpose of considering the impact on balances it is considered prudent and appropriate to assume that the end of year position is in line with the last reported figure.
- 3.3 The position continues to be monitored, and Governance and Audit Committee will receive a report setting out a detailed position in March. As is common there are a number of budgeted costs that may not be fully spent in the financial year. The report to Scrutiny Panel will include details of any such changes, and this will be used when considering the end of year position.

- 3.4 **Cabinet is asked to note that the forecast outturn position for the current year is expected to be a net overspend of £240k and that this be used as part of the assessment of balances. The position will continue to be monitored.**

### 4 Finance Settlement (Government Funding)

- 4.1. The provisional Local Government Finance Settlement was announced in Parliament on 15 December 2016. The Settlement includes a number of funding arrangements, concepts and terminology introduced in 2013/14. This section of the budget report provides a summary of the key issues including:-
- Settlement Funding Assessment (SFA) including Revenue Support Grant (RSG)
  - Business Rates Baseline and tariffs and top-ups, levies and safety net
  - New Homes Bonus
  - Core Spending Power
- 4.2. The SFA which comprises our RSG and business rate baseline figure has been cut by **£0.98million (17%)**. This reduction is in line with the 4 year funding settlement which the Council applied for and which has been agreed by Government.

	16/17	17/18	Change	
	£'000	£'000	£'000	%
RSG	1,978	920	(1,058)	-53%
Business Rates Baseline	3,960	4,038	78	2%
Settlement Funding Assessment (SFA)	5,938	4,958	(980)	-17%



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

*Business Rates Baseline and tariffs and top-ups*

- 4.4. The SFA includes the Council's baseline funding level for the Business Rates Retention scheme. This is based on our historic business rates collection, adjusted by a 'tariff' payment. A local authority must pay a tariff if its individual authority business rates baseline is greater than its baseline funding level. Conversely, a local authority will receive a top-up if its baseline funding level is greater than its individual authority business rates baseline.
- 4.5. The following table sets out a summary of the baseline position for Colchester for 2017/18 showing the *indicative* required tariff payment of £20.5m.

	£'000
Billing Authority Baseline	30,691
CBC Individual Baseline (80%)	24,553
Less Tariff	(20,515)
<b>Baseline funding</b>	<b>4,038</b>
Safety Net threshold (92.5%)	3,735

- 4.6. It should be noted that the above figures **do not** take into account any impact of the 2017 revaluation exercise on the Business Rates Retention scheme. The 2017 revaluation will impact average bills, the baseline figure, top up/tariff adjustments and the level of losses through appeals. However, it is currently projected that the impact on the 2017/18 budget will be broadly cost neutral. This final position will be updated in the final budget report to Full Council.
- 4.7. The business rate retention scheme includes a degree of protection against reduction in business rates collected (the Safety Net), which means that 92.5% of the baseline funding in year is guaranteed. It also includes a method for ensuring that any growth above the baseline is shared with Central Government, the County Council and Fire Authority (the Levy). The Council keeps 40% of any additional income.
- 4.8. The arrangements for business rate retention require the Council to agree an estimate of business rates income for the coming year (the NNDR 1) by 31 January. This return includes a number of key assumptions in respect of collection rates, growth and an allowance for the impact of revaluation appeals. Based on initial projections it is anticipated that the NNDR 1 will show additional income above the baseline funding level, of which the Council's share is forecast to be in the region of £900k. This takes into account the estimated Section 31 grant due to the Council in relation to business rates relief provided to small businesses and retailers, which forms part of the Levy and Safety Net calculation. This will remain a risk and one which will be considered in the final paper for Full Council and within updates to the MTFF, alongside any impact of the 2017 revaluation.

*Business Rates Pooling*

- 4.9. Under the business rates retention scheme local authorities are able to come together, on a voluntary basis to pool their business rates receipts and then agree collectively how these will be distributed between pool members.

- 4.10. Pooling provides the opportunity to keep a greater share of business rates within Essex that would otherwise be paid to Government as a 'Levy', providing that districts experience growth above their baselines. However the protection each authority receives under the safety net arrangements in the event of a shortfall is removed, with the 7.5% safety net only applying to the overall pool.
- 4.11. In 2016/17 Colchester is one of nine District Councils together with the County Council and Fire Authority in a pooling agreement. All authorities in the pool have agreed it will continue into 2017/18 in its current form.
- 4.12. It should be noted that the information set out in this report in respect of business rates reflects the arrangements for business rate retention as an individual authority and not in a pool. However, based on indicative forecasts it is projected that pooling in 2017/18 would be beneficial to the Council, and the final decision will be considered in future year's budget reports and updates to the MTFF.
- 4.13. The Settlement is provisional and subject to consultation which ended on 13 January 2017. 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.
- 4.14. In addition to the Settlement funding figures other grants have been announced. The key grant for Colchester is the New Homes Bonus.

*New Homes Bonus (NHB)*

- 4.15. The 2017/18 grant has been announced and reflects changes to the methodology of the scheme. The Government published a consultation paper on changes to the New Homes Bonus: "New Homes Bonus: Sharpening the Incentive".
- 4.16. The final figure is a total grant for 2017/18 of £4.783m, a reduction of £931k. The detailed breakdown of the grant is set out at Appendix B and is summarised below:-

	<b>2016/17</b>	<b>2017/18</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Basic NHB</i>	5,426	4,506	(920)
<i>Affordable homes bonus</i>	288	277	(11)
<b>Total New Homes Bonus</b>	<b>5,714</b>	<b>4,783</b>	<b>(931)</b>

- 4.17. There are two main changes made to the scheme in 2017/18:-
- From 17/18 payments are made over 5 years rather than 6. From 18/19 this will reduce further to payments being for 4 years.
  - In addition from 17/18 the scheme has introduced a national baseline of 0.4%. NHB is only paid above this level.
- 4.18. In total these changes to the NHB scheme have reduced the grant that this Council would otherwise have received in 17/18 by £1.16m. The following table sets out the forecasts for basic element of the New Homes Bonus for the next four years following the changes showing that this part of the grant is forecast to reduce from £5.4m this year to c£2m by 2020/21 :-

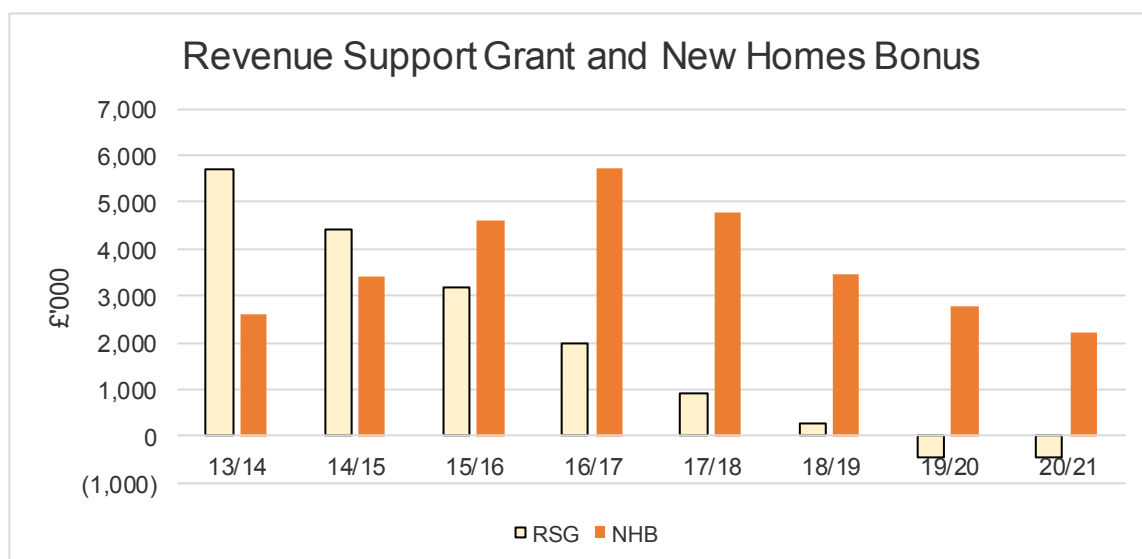
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Growth re 09/10	724	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
Growth re 10/11	749	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
Growth re 11/12	986	986	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
Growth re 12/13	757	757	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
Growth re 13/14	1,185	1,185	1,185	<i>nil</i>	<i>nil</i>	<i>nil</i>
Growth re 14/15	1,025	1,025	1,025	1,025	<i>nil</i>	<i>nil</i>
Growth re 15/16		553	553	553	553	<i>nil</i>
Growth re 16/17 (est)			500	500	500	500
Growth re 17/18 (est)				500	500	500
Growth re 18/19 (est)					500	500
Growth re 19/20 (est)						500
Total basic NHB	5,426	4,506	3,263	2,578	2,053	2,000

4.19. As stated earlier, the Settlement, including the New Homes Bonus proposals, is subject to consultation. The Council has responded to comment on the changes, principally in respect of the deadweight' baseline level of 0.4%. This level was not included in the original consultation and does not appear to form part of the responses made to the original consultation and could not have been predicted by authorities. The Government is asking if consideration should be given to implementing transitional measures to limit the impact of reforms to the New Homes Bonus and we have replied to say this should be looked at.

4.20. The Council has recognised the risk that the New Homes Bonus was likely to reduce in 2017/18 and also in future years. As such the budget strategy has assumed that the level of New Homes Bonus supporting the base budget will reduce and the budget proposes a reduction of £150k. The following table sets out a summary of how the total 2017/18 New Homes Bonus is being used showing that now just over one third is supporting the base budget.

	£'000	%
Contribution to RIF	250	5%
Affordable housing allocation	277	6%
Support for one-off schemes	2,623	55%
Base Budget	1,633	34%
<b>Total Grant</b>	<b>4,783</b>	<b>100%</b>

- 4.21. The announced changes to the New Homes Bonus and the 4 year funding settlement have provided a degree of certainty over the extent of cuts to our future Government grant funding. The following graph sets out the changes to Revenue Support Grant and New Homes Bonus since 2013/14 including projections up to 2020/21.



### Core Spending Power

- 4.22 This term relates to the Government's assessment of the "expected" available revenue for local government spending through to 2019/20. It includes the announced SFA and New Homes Bonus and an assumed level of income from Council Tax. This takes account of an *assumed* increase in the taxbase and a Council Tax rate increase of £5 on the Band D tax rate.
- 4.23 For 2017/18 the change in the spending power as per Government figures is shown as a reduction of £1.3m or 6% as shown below.
- 4.24. It is important to stress that spending power figures include the Government's assumption in respect of an increase in Council Tax income and the taxbase. The following sets out the Government's spending power assessment along with the Council's actual Council Tax income, showing a reduction in spending power of 7%.

	16/17	17/18	Change	
	£'000	£'000	£'000	%
SFA	5,938	4,958	(980)	-17%
NHB	5,714	4,783	(931)	-16%
Transition grant	88	88	0	0%
<i>Government grants</i>	<i>11,740</i>	<i>9,829</i>	<i>(1,911)</i>	<i>-16%</i>
Council Tax ( <b>Gov't assumed</b> £5 tax rate increase and 3.1% taxbase increase)	10,601	11,237	636	6%
<b>Core Spending Power</b>	<b>22,341</b>	<b>21,066</b>	<b>(1,275)</b>	<b>-6%</b>

<i>Government grants (as above)</i>	<i>11,740</i>	<i>9,829</i>	<i>(1,911)</i>	<i>-16%</i>
<i>Council Tax (actual £4.95 tax rate increase and 1.1% taxbase increase)</i>	<i>10,601</i>	<i>11,015</i>	<i>414</i>	<i>4%</i>
<b>Core Spending Power</b>	<b>22,341</b>	<b>20,844</b>	<b>(1,497)</b>	<b>-7%</b>

## 5. 2017/18 Budget Changes

### ***Revenue Cost Pressures***

- 5.1. Appendix C sets out revenue cost pressures of £1.7m, over the 2016/17 base, which have been identified during the budget process. This includes an inflation allowance and some specific service cost pressures.
- 5.2. Many of the cost pressures have been considered by Cabinet. However there are a number of changes to assumptions and details are set out.
- 5.3. Whilst not shown within the list of specific cost pressures the budget includes proposals totalling £402k in respect of carry forward items. The main items relates to costs of the ICT strategy and some other smaller cost of resources in Professional Services and project funding carried forward between years. This is reflected in the use of balances and reserves set out later in this report.

### ***Pension Fund deficit***

- 5.4. The budget strategy had included an allowance for an increase in pensions contributions including and the pension fund deficit following the actuarial review. The cost pressures include the additional cost of £206k in respect of employer contributions rising from 13.7% to 15.1%. The separate budget issue is the pension fund deficit. The revised figures provided for this based on the actuarial review show a reduced annual cost of £144k.
- 5.5. Currently, the Council make one annual payment to the Essex Pension Fund to provide for the agreed deficit repayment plan. An option exists to make one payment to cover 3 years (2017/18 to 2019/20) which covers the period until the next actuarial review. The table below shows the figures provided by the Essex Pension Fund for this option compared to the current arrangement showing a cash saving of £283k over three years:-

	17/18 Cost	Cost over 3 years
	£'000	£'000
Option - Annual payment	1,937	5,811
Option - One payment for 3 years	5,528	5,528
<b>Cost / (saving)</b>	<b>3,591</b>	<b>(283)</b>

- 5.6. Making a one off payment in 2017/18 will have a cashflow impact, however, given current and forecast low interest rates the cost in terms of reduced interest earned will still mean there is a saving from agree the one off payment option and therefore this approach has been assumed in this report. A proportion of the deficit payment is charged to the Housing Revenue Account (HRA) and therefore the increased cost in year to the General Fund is estimated at £2.9m

- 5.7. **Cabinet is asked to approve inclusion within the 2017/18 Revenue Budget of the cost pressures set out at Appendix C.**

### **Growth Items**

- 5.8. Appendix D sets out revenue growth items totalling £362k which are recommended for inclusion in the budget. This includes an allocation of £110k in the base budget to provide investment to support delivery of strategic plan priorities.
- 5.9. As shown earlier the New Homes Bonus grant has been cut in 2017/18. The Council uses a large part of the grant to provide one-off investment into both capital and revenue projects. In 2017/18 £2.6m is being invested and as shown in the table below decisions have already been made amounting to £587k meaning that £2.036m remains uncommitted:-

	<b>£'000</b>
Total funds available	2,623
<i>Allocated to:-</i>	
Mercury Theatre	500
Waste Review	87
Balance available	2,036

- 5.10. The consultation process on the New Homes Bonus closed in March 2016. There were a number of potential changes suggested and therefore until details of the new scheme was announced it was not clear how much the Council would have to invest in new projects until the announcement in December. Therefore, there has been little time to formulate detailed plans to use this grant.
- 5.11. There is now a clear expectation that income from the New Homes Bonus will reduce in future years with an estimate that the grant will drop by a further £2.6m by 2020/21. It is therefore essential that the Council carefully considers how this grant might be used in the coming year as well as future years including whether the opportunity exists to consider using some of the New Homes Bonus to support future borrowing costs. It is therefore proposed to allocate £2.036m in the 2017/18 budget to help deliver projects which support strategic plan priorities and also those which can deliver income to assist with managing future budget pressures. This will include:-
- reviewing resources required to deliver a number of strategic projects such as the creation of a housing company and other key schemes currently within the RIF including infrastructure.
  - consideration of how funding might be used to invest in assets
  - an assessment of opportunities to provide one-off investment in services to help deliver cost reductions or new income
  - continuing to consider projects that support communities. For example, the Council has already allocated £200k in year to support a campaign to reduce the inequalities which exist in some of our communities.

- 5.12. **Cabinet is asked to approve inclusion within the 2017/18 Revenue Budget of the growth items shown at Appendix D and the use of the New Homes Bonus for new projects as set out at paragraph 5.9 and 5.11.**

### **Revenue Saving / Increased Income / Technical Items**

- 5.13. Appendix E sets out budget reductions, savings and increased income totalling £2.968m.
- 5.14. 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. The savings include the reduced one-off investment arising from the cut in the New Homes Bonus.
- 5.15. **Cabinet is asked to approve inclusion of the savings / increased income items set out at Appendix E within the 2017/18 Revenue Budget.**

### **Summary Total Expenditure Requirement**

- 5.16. Should Cabinet approve the items detailed above, the total expenditure requirement for 2017/18 is as follows:

	<b>2017/18</b>	Note / para
	<b>£'000</b>	
<b>Base Budget</b>	24,047	
15/16 One-off items	(563)	
Cost Pressures	1,696	Appendix C
Pensions one off increase	2,935	
Growth Items	362	Appendix D
Savings	(2,968)	Appendix E
Budget c/f items	402	Para 5.3.
<b>Forecast Base Budget</b>	<b>25,911</b>	

#### **Notes:-**

*A summary of the 2017/18 budget is set out at Appendix F.*

*A more detailed summary of service group expenditure is attached at Appendix G with a graph showing net expenditure by service at Appendix H.*

*Further detailed service group expenditure is available.*

- 5.17. **Cabinet is asked to agree and recommend to Council the net revenue expenditure requirement for 2017/18 and the underlying detailed budgets set out in Appendix F.**

## **6. Council Tax, Collection Fund and Business Rates**

### *Council Tax Rate.*

- 6.1. 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.
- 6.2. In 2016/17 and for the coming year the Secretary of State has proposed that district councils such as Colchester can increase their Council Tax by the higher of £5 or 2%. For Colchester the limit is therefore £5.

- 6.3. The 2017/18 budget forecast and MTFF has reflected the planning assumption of an increase in Band D Council Tax and the proposal within this report is for a Band D Council Tax Rate of £180.18, an increase of £4.95 (2.8%).
- 6.4. The Local Government Act 2003 gave local billing authorities the ability to vary the discounts on second and empty homes. More recently local authorities were also given the opportunity to use new powers within the Finance Bill to reduce the level of discounts currently granted in respect of second homes and some classes for empty properties. No changes are proposed to the existing arrangements and it is recommended to Council that the Council Tax setting report includes these discounts.

#### *Collection Fund*

- 6.5. As part of the formal budget setting process, the Council is required to estimate each year the estimated surplus or deficit arising from Council Tax and Business Rates collection. These Collection Fund calculations include an assessment of the forecast surplus / deficit position for the current year, together with the variance between the 2015/16 forecast and actual outturn position.
- 6.6. The budgeted Council Tax surplus of £48k has arisen as a result of the combined impact of higher growth in the number of properties in the borough than had been forecast in 2015/16, together with further expected growth during the current year.
- 6.7. The Business Rates retention arrangements have brought a number of new risks, with perhaps the most significant of these arising from changes to the rateable value of properties following appeals. In addition to this, there are complex accounting arrangements, which mean that many of the outturn figures reflect the NNDR1 estimates that are made prior to the financial year commencing.
- 6.8. The budgeted deficit of £537k has occurred largely as a result of the requirement to make a significant increase to the Business Rates appeals provision at the end of 2015/16, and reflects the difference between the NNDR1 estimate and actual outturn. This is mitigated by surpluses in 2014/15 and 2015/16 resulting from differences between the outturn and the baseline position, which have been added to the Council's Business Rates earmarked reserve.
- 6.9. The movement on the Business Rates reserve as a result of the net 2017/18 budget pressure is summarised in the following table and reflected in budget proposals within this report:

<b>Collection Fund (C'Tax &amp; NNDR)</b>	<b>£'000</b>
Council Tax – surplus	(48)
NNDR deficit	537
<b>Net budget pressure in 17/18</b>	<b>489</b>
NNDR reserve – @ 1 <sup>st</sup> April 16	3,290
Forecast 16/17 movement (estimate)	(1,537)
Forecast balance on reserve @ 31 March 17	1,753
Use of reserve in 17/18 (see above)	(489)
<b>Forecast balance on reserve</b>	<b>1,264</b>



## 7 Revenue Balances

- 7.1 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 13 address this requirement.

### *Minimum level of balances*

- 7.2. Each year the assessment of the recommended level of balances is reviewed. The assessment for 2017/18 is summarised at Appendix I and shows that the recommended level continues to be set at £1.9m.
- 7.3. In considering the level at which Revenue Balances should be set for 2017/18, Cabinet should note the financial position the Council is likely to face in the medium term.
- 7.4. 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. The Council is including forecast additional income from the retention of business rates which means that the budget risk is not only limited to the level of the safety net arrangement in place. This remains an area of budget risk considered in the assessment of balances.
- 7.5. Based on the assumptions built into the budget, it is proposed to hold balances at a minimum of £1.9m. The ongoing impact of the various local government reforms will be assessed as part of the budget strategy for 2017/18 and the level of balances can be reviewed at that time.

### *Level and use of balances*

- 7.7. The use of balances to support the budget can be considered where there is scope and it is prudent to do so. Our normal approach is to consider the use of balances to fund one-off items, however, funding one-off costs through the normal budget resources does ease budget pressures in future years.
- 7.8. There are a number of proposals to use balances to support the 2017/18 budget as follows:-

	£'000
Use of balances for c/f items	77
General use of balances	98
Use for waste review (one off)	72
Use agreed in previous years (one off)	252
	499

- 7.9. The forecast position in respect of Revenue Balances is set out at Appendix J and shows balances at c£2.2m, £0.3m above the recommended minimum balance as set out in the risk analysis. The level at which balances are held above the recommended minimum level is a matter for Cabinet and Council to consider. It should be noted that the Council will continue to face significant budget pressures over the coming years and that it may be necessary to use balances to support future budgets especially to fund any one-off costs. With future budget gaps, increasing risk and uncertainty and a requirement to deliver already stretching

savings targets maintaining uncommitted or allocated balances at c£2.3m is considered appropriate.

7.10. 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 J and include changes to certain allocations including the removal of sums against risks in respect of land charges and taxi licensing which are no longer required and an increase in the allocation in respect of housing benefit risks.

7.11. Following the 2016/17 accounts closure it will be necessary to review all balances and the risk assessment to ensure allocations remain appropriate. This will be done as part of the 18/19 budget strategy and updated MTFF.

7.12. **Cabinet is recommended to approve Revenue Balances for the financial year 2017/18 be set at a *minimum* of £1.9m and to approve the use of £499k to support the revenue budget.**

## 8. Reserves and Provisions

8.1. In addition to General Fund balances, the Council holds a number of earmarked reserves. These are held for specific purposes or against specific risks and may be held to:-

- manage costs that do not fall evenly across financial years (such as renewal and repair costs)
- where the timing of any payments is not certain. (such as insurance reserve)
- as a result of statutory accounting arrangements / changes (such as the revenue grants and right to buy reserves.)

8.2. Cabinet at its meeting on 30 November 2016 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 2017/18. 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.

8.3. Appendix K sets out an updated position on these earmarked reserves and provisions. The table below summarises the total position showing the forecast level of the reserves at the end of March 2017, the split between General Fund and HRA and how much is 'committed'.

	Committed / allocated		Uncommitted / unallocated		
	£'000	(%)	£'000	(%)	£'000
<i>Reserves:-</i>					
General Fund	10,226	85%	1,781	15%	12,007
HRA	7,692	100%	-	0%	7,692
<b>Total Reserves</b>	<b>17,918</b>	<b>91%</b>	<b>1,781</b>	<b>9%</b>	<b>19,699</b>
Provision	4,349		-		4,349

8.4. The earmarked reserves figures uncommitted / unallocated simply means that whilst the reserve is required there are no specific spending plans for the coming year. The main item uncommitted relates to the business rates reserve of £1.3m. As shown at paragraph 8.8 this is required to be held and may be required to be used to fund similar pressures relating to business rates retention scheme.

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

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

8.6. The building maintenance programme has been based on in-depth condition surveys of all Council building assets. The 2017/18 budget includes the proposal to continue to add £150k to support the cost of future repairs. New releases are possible for next year and will be reported to Cabinet as required.

*S106 Monitoring Reserve – release of £20k*

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

*NNDR Reserve – release of £489k*

8.8. As set out in section 6 there is an estimated deficit on the combined collection fund for Council Tax and NNDR. As explained earlier this is mainly as a result of the need to provide for business rates appeals as part of the 2015/16 closure of accounts. It is proposed to fund this from the business rates reserve. As reported earlier, this will leave an estimated balance on the reserve of over £1.3m.

*Capital Expenditure Reserve – release of £325k for ICT Strategy*

8.9. The ICT strategy was agreed by Cabinet last year and was funded through the capital programme and New Homes Bonus. As the detailed project costs become clearer it is considered that the majority of costs should be charged to the revenue budget. The proposal to use the revenue backed capital expenditure reserve provides a mechanism to ensure that the ICT costs can be funded from revenue reserves whilst not impacting on the capital programme.

*Parking Reserve – release of £150k*

8.10. As set out in the budget there is a budget pressure within the parking account as ECC no longer provide a contribution towards TRO work. In 2017/18 it is proposed that this is mitigated by using reserves.

8.11. **Cabinet is recommended to agree the:**

- **release of £20k from S106 monitoring reserve towards the costs of carrying out this function**
- **release from the NNDR reserve of £489k towards the deficit on the collection fund.**
- **Release of £325k from the Capital Expenditure Reserve in respect ICT strategy**
- **Release of £150k from the parking reserve.**

*Funding one-off pensions payment*

- 8.12 As outlined earlier it is proposed to make the required pensions deficit contribution in respect of the period 2017/18 to 2019/20 in a one-off payment in 2017/18. We are required to show this full payment in our 2017/18 budget and has therefore been shown in the cost pressures.
- 8.13 To facilitate this arrangement and to reflect the equivalent annual costs in the budget requires a use of balances / reserves in 2017/18 of £3.2m. This will then be paid back over each of the next two years. As such the use of balances / reserves is only temporary and required to manage the accounting requirements for this transaction.
- 8.14. There remain a number of sufficient allocations within general fund balances and earmarked reserves which will enable this to be achieved. For example, sums in the Capital Expenditure Reserve are committed to projects which will span the next years. Also, in any year there are always a significant level of budget carry forwards which means that balances contain sums which are not spent until the next financial year. It should be noted that in April 2018 we will therefore pay back half the use of balances (£1.6m).
- 8.15. Several Essex councils already pay the pension payment in one amount and adopt a similar approach to using balances / reserves to 'smooth' the annual impact.
- 8.16. **Cabinet is recommended to agree to use balances and earmarked reserves of £3.173m in 2017/18 and to include in the budget strategy for each of the next two years a contribution to reinstate balances.**

**9. Contingency Provision**

- 9.1 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.
- 9.2 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 £1,900k, although if this were to be the case the Council would need to consider steps to reinstate balances at a later date.
- 9.3 **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.**

## 10. Summary of Position

10.1 Summary of the Revenue Budget position is as follows:

	£'000	Note / para
Revenue expenditure requirement for 2017/18	25,911	Para. 5.16
Collection fund deficit	489	Para 6.9.
New Homes Bonus	(4,783)	Para 4.16.
Transition grant	(88)	Second year of grant
Use of balances	(499)	Para. 7.8.
Use of balances / reserves for pensions payment	(3,173)	Para. 8.13
Release of earmarked reserves	(984)	Para . 8.11
<b>Budget Requirement</b>	<b>16,873</b>	
Funded by:		
Revenue Support Grant	(920)	Para. 4.2
NNDR Baseline Funding	(4,038)	Para. 4.2.
NNDR Improvement	(900)	Para. 4.8
Council Tax Payers requirement (before Parish element) see below*	(11,015)	Para. 6.3.
<b>Total Funding</b>	<b>(16,873)</b>	

<b>Council Tax*</b>	
Council Tax Payers requirement (before Parish element)	11,015,000
Council Tax Base – Band D Properties	61,132.2
<b>Council Tax at Band D</b>	<b>£180.18</b>

- 10.2 **Cabinet is asked to agree and recommend to Council Colchester's element of the Council Tax for 2017/18 at £180.18 per Band D property, which represents an increase of £4.95 (2.8%) from the current rate noting that the formal resolution to Council will include Parish, Police, Fire and County Council precepts and any changes arising from the formal Finance Settlement announcement and final completion of the business rates NNDR 1.**

## 11. Medium Term Financial Forecast – 2017/18 to 2020/21

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

2018. The following table summarises the position showing a cumulative gap over the period from 2018/19 to 2020/21 of c£2.5m

	2017/18	2018/19	2019/20	2020/21	See para
	£'000	£'000	£'000	£'000	
Net Budget	25,911	21,621	21,620	21,885	
SFA	(4,958)	(4,432)	(3,844)	(3,844)	11.4
NNDR Growth	(900)	(1,000)	(1,000)	(1,000)	11.14
New Homes Bonus	(4,783)	(3,438)	(2,753)	(2,228)	11.7
Transition Grant	(88)				
Council Tax	(11,015)	(11,434)	(11,860)	(12,293)	11.22
Reserves / Collection Fund	(4,167)	(120)	(20)	(20)	
Cumulative Gap	0	1,197	2,143	2,500	
Annual increase	0	1,197	946	357	

- 11.3. 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 in the Appendix and summarised below:-

*Government Funding and Business Rates*

- 11.4. The SFA which comprises our RSG and baseline NNDR figure has been cut by **£0.98million in 17/18**. The reduction in RSG is in line with the 4 year funding settlement which the Council applied for and which has been agreed by Government. The following table sets out the remaining figures in the 4 year settlement which ends in 2019/20 and a planning assumption of a standstill position in 20/21. These show reduction in grant of showing a total reduction of £2.1million (35%) and specifically for the MTFF a further reduction in funding from April 2018 of £1.1m.

	Actual	4 year settlement				
	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Support Grant	(1,978)	(920)	(275)	446	446	
Business Rates Baseline	(3,960)	(4,038)	(4,157)	(4,290)	(4,290)	
<i>Settlement Funding</i> Assessment (SFA)	(5,938)	(4,958)	(4,432)	(3,844)	(3,844)	
Reduction (£'000)		980	526	588	0	2,094
Reduction (%)		-17%	-11%	-13%	0%	-35%

- 11.5. As has been previously reported the Government proposes to allocate funding on the basis of the core resources available to local authorities, taking into account councils' business rates and council tax, as well as their Revenue Support Grant. It follows that some councils with less Revenue Support Grant in later years will need to **contribute** funding from the other elements of their settlement core funding in order to meet the overall reductions to local government funding set in the Spending Review. Where this is the case, the Government proposes to adjust the relevant

councils' tariff or top up under the business rates retention scheme. The table shows that by 2019/20 there will be no more RSG and that a contribution of almost £446k will be required to be made.

11.6. As set out within this report the New Homes Bonus is a key element of the financial support for local authorities and the Government has announced changes to the scheme that will reduce the grant in 2017/18 with further reductions in later years

11.7. The MTFF includes projections based on the changes proposed for the New Homes Bonus and is based on an 'average' level of growth for future years. The MTFF assumes that the New Homes Bonus will continue to be used to support the base budget, however, this will be reduced year on year to limit the risk of future changes to this grant. It is also assumed that the annual contribution of £250k to the RIF will continue and that the bonus paid for affordable housing will continue to be earmarked for housing. These assumptions are set out in the following table.

	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000
<b>New Homes Bonus</b>	<b>4,783</b>	<b>3,438</b>	<b>2,753</b>	<b>2,228</b>
<i>Allocated to:-</i>				
Contribution to RIF	250	250	250	250
Affordable housing allocation	277	175	175	175
Base Budget	1,633	1,483	1,333	1,183
Support for one-off schemes	2,623	1,530	995	620
<b>Total allocation</b>	<b>4,783</b>	<b>3,438</b>	<b>2,753</b>	<b>2,228</b>

11.8. The table shows that the level of NHB grant the Council receives is expected to be cut by £2.5m by 2020/21 on top of the cut of £0.9 million in 17/18. The Government has said it will consult on further possible changes to the NHB which could result in further reductions in grants.

11.9. Further changes in Government funding over the course of the MTFF are likely with potential reductions in grants for benefit administration for example. These are not yet factored in to the MTFF and will be considered alongside other grant changes.

#### *Business Rates – 100% retention*

11.10. The Department for Communities and Local Government's consultation on 'Self-sufficient local government: 100% Business Rates Retention', was published in July. Alongside this consultation a discussion paper on 'Fair Funding Review: Call for evidence on Needs and Redistribution' was published. Both documents are available here: <https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention>.

11.11. The proposals in the consultation set out that by the end of this Parliament, local government will retain 100 per cent of taxes raised locally. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some Whitehall grants will be phased out.

11.12. To achieve such radical reform, the Government wants councils, business and people to take the initiative and shape the design of the new system. The consultation was reported to Cabinet in September and a response was provided.

The Government has not yet set out detailed plans for how the changes will be implemented.

11.13. The MTFF makes no allowance for any changes arising from the reforms and as more detailed announcements are made we will update forecasts.

11.14. The 2017/18 budget includes the assumption that we will achieve an increase above the business rates baseline of £900k. In the MTFF it has been assumed that this will continue and an increase of a further £100k for the following year is shown. This assumption will need to be reviewed in future updates of the MTFF and will be revised to reflect the emerging detail of the changes to the retention of business rates.

#### *Pay, Inflation and costs*

11.15. The 2017/18 budget includes an allowance for a pay award. For 2017/18 and beyond a sum is included for planning purposes to cover this and other inflationary pressures.

11.16. The next actuarial review of the pension fund will take place in 2019. No allowance has been included for any impact from this review, however, this will be considered in future updates. An allowance for the full year impact of pensions 'auto enrolment' which is due in 2017 is included. This assumption will be reviewed later in the year when the impact can be assessed.

#### *Forecast savings*

11.17. The MTFF includes forecast savings for 2018/19 and beyond. These include:-

- The anticipated savings and income from the ongoing sport and leisure review
- The revised projections for commercial services, including the events business case
- The forecast income arising from assets included within the RIF
- The ongoing digital challenge programme.

11.18. It will be necessary to closely track the delivery of these projects during the life of the MTFF and to account for any changes.

#### *Fees and charges income*

11.19. It is evident that there has been a fluctuation in some income budgets over recent years and a number of budgets have been changed to reflect these revised assumptions. On this basis the MTFF assumes a broadly neutral position over the next three years, other than additional income assumed within business cases, and this will need to be reviewed annually to ensure income targets are reasonable.

#### *Specific Cost Pressures*

11.20. The MTFF reflects that the government grant being used to support the costs of food waste collection will run out in the next two years. In addition an allowance is included for the potential change in the stadium rent and the inclusion of the revenue implication of the ICT strategy.

11.21. There remain a number of potential risks and pressures for which no allowance is currently made. These include:-

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



- demands on services including those arising from growth in the Borough.
- an assessment of the potential revenue and capital impact of major projects such as Garden Communities and Northern Gateway.

#### *Council Tax*

- 11.22. The Government's Spending Power forecasts assume an annual increase in Council Tax of £5 for Band D properties. The MTFF has been updated to reflect this assumption, however, this does not represent a proposal. An allowance for an increase in Council Tax income through growth in the tax base of 1% pa is also included.

#### *Summary*

- 11.23. 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. The funding changes to local government will continue with further grant reductions the move to 100% business rates retention and the Council needs to be able to respond to the impact of these changes.
- 11.24. In the 2017/18 budget savings and reductions of £3m have been identified which, when looked at alongside almost £12m plus identified in the budgets since 2011/12, represents a significant level of budget savings found. The MTFF shows that whilst anticipated savings from the current plans 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.

- 11.25. **Cabinet is asked to note the medium term financial forecast for the Council.**

## **12. Capital Programme**

- 12.1. The current capital programme is detailed in Appendix M. It should be noted that this shows only those schemes that are currently in the approved capital programme, and as such excludes the proposals within this report and potential future schemes that have been included in the medium term capital forecast.
- 12.2. The latest monitoring report highlights that there is a small net underspend on the Capital Programme of £0.6k against completed schemes and it is proposed that these funds are reallocated.
- 12.3. A review of resources available to support the Capital Programme in the medium term has been carried out, and the following table provides a summary of the projected position for 2016/17. This shows a surplus that is available to support potential schemes in subsequent years.

<b>Detail</b>	<b>£'000</b>
Surplus brought forward	(576)
Capital receipts projection for 2016/17	(450)
New schemes	242
<b>Balance available</b>	<b>(784)</b>

12.4. There are two new items recommended for inclusion in the capital programme:

*Waste Collection Strategy - £857k*

12.5 Cabinet of 20 December 2016 agreed as part of the final budget report the recommendation to Council of the inclusion of this scheme in the Capital Programme. The capital expenditure requirements of the Strategy will include the costs of vehicle adaptation, the purchase of bins and green boxes and routing software. It is estimated that this will require capital expenditure of £857k based on eight rounds.

12.6 The medium term forecast of projected capital receipts and spending plans is shown in the table below reflecting the proposals within this report. This separately identifies the forecast position for the General Fund Capital Programme as well as the Revolving Investment Fund (RIF) Committee. It can be seen that the overall programme is in balance.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
<b>GENERAL FUND</b>						
Shortfall / (Surplus) B/Fwd	(576)	(784)	(984)	(1,184)	(1,384)	(1,584)
New schemes	242	0	0	0	0	0
Capital receipts	(450)	(200)	(200)	(200)	(200)	(200)
Shortfall / (Surplus) C/Fwd	(784)	(984)	(1,184)	(1,384)	(1,584)	(1,784)
<b>REVOLVING INVESTMENT FUND</b>						
Shortfall / (Surplus) B/Fwd	(2,401)	2,491	2,548	10,487	5,850	3,081
New schemes	8,523	6,333	17,032	1,632	0	0
Capital receipts	(3,631)	(6,276)	(9,093)	(6,269)	(2,769)	(2,519)
Shortfall / (Surplus) C/Fwd	2,491	2,548	10,487	5,850	3,081	562
<b>Overall Shortfall / (Surplus) C/Fwd</b>	<b>1,707</b>	<b>1,564</b>	<b>9,303</b>	<b>4,466</b>	<b>1,497</b>	<b>(1,222)</b>

*Use of 1-4-1 Right To Buy Receipts - £500k*

12.7 In June 2012, the Council entered into a retention agreement with DCLG for the use of "1-4-1" Right To Buy receipts to part fund new housing for affordable or social rent. Under the terms of the agreement, any receipts not used within three years from the quarter of their generation will need to be repaid with interest. As a reminder, a proportion of these receipts were used to part-fund the building of 34 new Council House dwellings on former garage sites, funded through the Housing Revenue Account.

12.8 Opportunities are now arising where Registered Providers (RP) are approaching the Council to access this funding to help them deliver new social housing, which we would provide to them in the form of a grant. In return, the Council would receive nomination rights to the new accommodation.

12.9 Therefore, to enable these opportunities to progress, a budget needs to be included in the Capital Programme from which the grant payments can be made. A provisional sum of £500k has been included within this report, with a corresponding amount of resource to fund it, which is from the earmarked 1-4-1 receipts reserve. There is therefore no net cost to the Council.

### 13. Robustness of Estimates

13.1 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.

- 13.2 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.
- 13.3. This latest review of the budget for this financial year, 2016/17, has shown that broadly speaking most budgets have been achieved, although some one off pressures in year and also some budget variances have contributed to a forecast overspend for the year. Steps have been taken over recent years and also in 2017/18 to revise some expenditure and income budgets and in general budget targets are felt to be realistic. We have continued to see variations in some key income budgets, both positive and negative, and the monitoring of these is important to ensuring that budget variations are identified and any necessary action taken.
- 13.4. 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 2017/18 are additional savings or income following budget decisions taken already. These savings include areas identified through the outturn review and include increasing some income targets and making the assumptions that further general savings will be identified by services in year. It is reasonable to say that these and other changes have continued to reduce 'contingencies' within budgets and to take a slightly more optimistic view in certain areas. As such I believe service budgets are achievable but include less scope to deal with unexpected items and as such the level of balances and any corporate risk allocations remains important.
- 13.5. All Heads of Service have completed an exercise to identify the key assumptions and risks to their budgets and these have been reviewed as part of the balances assessment.
- 13.6. 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, planning, car parks and commercial services.
  - Delivery in the year of certain corporate savings such as those that form part of the digital challenge and also some areas through the outturn review.
  - 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)
  - Impact on budgets relating to homelessness and other demand pressures.
- 13.7. The budget risks will be managed during 2017/18 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 £1.9m.

- 13.8. The External Auditor has commented that the Council has a good track record of delivering budget targets and responding to budget pressures.
- 13.9 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.
- 13.10. 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.
- 13.11 **Cabinet is asked to note the comments on the robustness of budget estimates.**

#### **14. Treasury Management and Prudential Code Indicators**

- 14.1. The proposed Treasury Management Strategy Statement (TMSS) including the Minimum Revenue Provision Policy Statement and Annual Investment Strategy is included at **Appendix N**. The follow paragraphs contain a summary of the strategy for 2017/18, which covers the following issues:
- the capital plans and the prudential and treasury indicators;
  - the Minimum Revenue Provision (MRP) Policy;
  - the current treasury position;
  - the economic background and prospects for interest rates;
  - the borrowing strategy;
  - the investment policy and strategy, and credit worthiness policy; and
  - the policy on use of external service providers.
- 14.2. The Council's Prudential and Treasury Indicators for 2017/18 through to 2019/20 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, as well as the latest medium term revenue and capital forecasts.
- 14.3. The Minimum Revenue Provision (MRP) Policy Statement for 2017/18 states that the historic debt liability will continue to be repaid on an equal instalment basis over a period of 50 years, 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.
- 14.4. The UK bank rate was cut from 0.50% to 0.25% in August 2016, having been at the previous historical low since March 2009. The current view from the Council's treasury advisers is that the Bank Rate is now expected to remain unchanged until quarter 2 of 2019. **Appendix A to the TMSS** draws together a number of current forecasts for short term and longer term interest rates.
- 14.5. 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. However, against this, the long term saving resulting from borrowing at very low rates should be considered. Consequently this approach will be kept under review during the year.

- 14.6. Investment instruments identified for use in 2017/18 are detailed in **Appendix B to the TMSS**. It should 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.
- 14.7. 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 applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties, which also enables diversification and avoidance of concentration risk.
  - The Council applies the creditworthiness service provided by Capita Asset Services, which combines ratings and other data from credit rating agencies with credit default swaps and sovereign ratings.
  - The Council will only use approved counterparties from countries with a minimum credit rating of ‘AA-’, based on the lowest available rating (**Appendix C to the TMSS**). However, this policy excludes UK counterparties.
  - The suggested budgeted return on investments placed for periods up to 100 days during the year is 0.25%.

- 14.8. **Cabinet is asked to agree and recommend to Council the 2017/18 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the paper at Appendix N**

## **15. Strategic Plan References**

- 15.1. The 2017/18 budget and the Medium Term Financial Forecast is underpinned by the Strategic Plan priorities and will seek to preserve and shift resources where needed to these priorities.
- 15.2. Appendix O provides an assessment of the links between the Strategic Plan and budget strategy.

## **16. Financial Implications**

- 16.1 As set out in the report.

## **17. Publicity Considerations**

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

## **18 Human Rights Implications**

18.1. None

## **19. Equality and Diversity**

19.1. 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.

## **20. Community Safety Implications**

20.1 None

## **21. Health and Safety Implications**

21.1 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.

## **22. Risk Management Implications**

22.1 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.

## **23. Consultation**

23.1. The budget will be scrutinised by Scrutiny Panel on 31<sup>st</sup> January 2017. The statutory consultation with NNDR ratepayers takes place in early February 2017 and notes of the meeting will be provided in due course.

## **Background Papers**

Budget reports to Cabinet – 30 November 2016

<b>2017/18 Budget Timetable</b>	
<b>Budget Strategy</b>	
<b>March – June (SMT and Budget Group)</b>	Budget Group Meetings Agreed Update MTFF /Budget Strategy Review potential cost pressures, growth and risks Consider approach to budget Initial budget reviews started
<b>Cabinet – 13 July 16</b>	<ul style="list-style-type: none"> <li>• Review 15/16 outturn</li> <li>• Report on updated budget strategy / MTFF</li> <li>• Timetable approved</li> </ul>
<b>Scrutiny Panel – 19 July 16</b>	Review Cabinet report
<b>Detailed Budget preparation and Budget Setting Consultation</b>	
<b>Budget Group / Leadership Team regular sessions on progress / budget options now - December</b>	Review budget tasks Consider delivery of existing budget savings Complete outturn review
<b>Cabinet – 7 September 16 and /or 12 October 16</b>	<ul style="list-style-type: none"> <li>• Budget Update</li> <li>• Consider “4 year settlement”</li> <li>• Review of capital resources / programme</li> </ul>
<b>Cabinet – 30 November 16</b>	<ul style="list-style-type: none"> <li>• Budget update</li> <li>• Reserves and balances</li> <li>• Agree fees and charges / budget changes</li> <li>• Government Finance settlement (if available)</li> <li>• Review in year budget position</li> </ul>
<b>Scrutiny Panel – 31 January 17</b>	Budget position (Detailed proposals)
<b>Cabinet – 1 February 17</b>	Revenue and Capital budgets recommended to Council
<b>Council – 22 February 17</b>	Budget agreed / capital programme agreed / Council Tax set

## 2017/18 New Homes Bonus

	Actual						Provisional
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Basic NHB</b>							
Growth re 09/10	724	724	724	724	724	724	nil
Growth re 10/11		749	749	749	749	749	nil
Growth re 11/12			986	986	986	986	986
Growth re 12/13				757	757	757	757
Growth re 13/14					1,185	1,185	1,185
Growth re 14/15						1,025	1,025
Growth re 15/16							553
<b>Total basic NHB</b>	<b>724</b>	<b>1,473</b>	<b>2,459</b>	<b>3,216</b>	<b>4,401</b>	<b>5,426</b>	<b>4,506</b>
<b>Affordable Housing element</b>							
re 10/11 delivery		52	52	52	52	52	nil
re 11/12 delivery			105	105	105	105	105
re 12/13 delivery				37	37	37	37
re 13/14 delivery					20	20	20
re 14/15 delivery						74	74
re 15/16 delivery							41
<i>Total affordable homes bonus</i>	<i>0</i>	<i>52</i>	<i>157</i>	<i>194</i>	<i>214</i>	<i>288</i>	<i>277</i>
<b>Total New Homes Bonus</b>	<b>724</b>	<b>1,525</b>	<b>2,616</b>	<b>3,410</b>	<b>4,615</b>	<b>5,714</b>	<b>4,783</b>



## APPENDIX C

### 2017/18 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 30<sup>th</sup> November 2016 are highlighted in the updated allowance column.

	Current allowance	Updated Allowance	Comment
	£'000	£'000	
General Inflation	640	389	The revised inflation allowance reflects the latest assumption in respect of pay and prices. The allowance is less in part due to some specific cost pressures being identified separately.
Pensions – actuarial review impact	250	206	The cost pressure shown relates an increase in the employer contribution rate set as part of the actuarial review. The issue of the deficit position is considered separately within the report.
Pensions auto-enrolment	200	50	The allowance for the impact of pensions ‘auto enrolment’ which is due in 2017 has been reduced. At this stage there is no certainty as to the extent to which more employees will decide to stay in the scheme after auto enrolment. Therefore, it is proposed to reduce the provision for this in the budget and to consider the implication of the actual cost when it is known in the Autumn.
Welfare reform	26	26	Incremental cost for additional resources agreed by Cabinet in November 2015. Funding in part from allocation from balances.
Benefit payments		85	There is a forecast net pressure of £85k of benefit costs in respect of assumptions in respect of additional benefit costs relating to homelessness offset by other benefit subsidy changes.

	Current allowance	Updated Allowance	Comment
	£'000	£'000	
Net interest		120	It has been highlighted during the year that interest earned would be lower following reductions in interest rates. This also includes an allowance for the cashflow impact of the one off pensions payment.
Business rates revaluation		100	The revaluation has resulted in a net increase in business rates paid by the Council. The main increases relate to Council car parks, with some reductions including Colchester Leisure world.
Apprenticeship levy		120	The Apprenticeship Levy starts from April 2017 and requires employers operating in the UK with a pay bill over £3 million each year to invest in apprenticeships via an apprenticeship levy charged at a rate of 0.5% of the annual pay bill. For CBC, this means we will be required to set aside £120k in the first year which CBC will be able to draw down to pay for apprenticeship training only. The levy cannot be used to pay for the salaries, however it can also be used to train and develop existing CBC staff who do not have a degree. CBC will lose the levy if it is not spent within a year.
Staff costs		188	As part of the detailed budget exercise there are a number of pressure from temporary roles that are continuing and require funding. These include positions linked to income, such as resources to maximise business rate income and to deliver the business broadband project. In addition, there is the continuation of resources to support the delivery of the northern gateway project. It is proposed to use some balances to support these roles.
Other service pressures		177	There are a number of cost pressures within Commercial Services. These include increased rent and service charge costs for Rowan House (£62k), Town Hall car park costs and loss of income (£51k) and other costs and income pressures within Estates and facilities management.

	<b>Current allowance</b>	<b>Updated Allowance</b>	
	<b>£'000</b>	<b>£'000</b>	<b>Comment</b>
Waste Review - one off costs		72	One off costs of waste review implementation (excl. costs met from grant).
NEPP - removal of funding from ECC		150	Essex County County are no longer providing an annual contribution of £150k towards TRO (Traffic Regulation Order) work. This will be absorbed within NEPP budgets from 18/19 but it is proposed that earmarked parking reserves in 17/18 are used to provide transitional funding.
Technical items		13	There are a number of miscellaneous net cost pressures arising from changes in charges between the General Fund, HRA and the NEPP.
<b>Total</b>	<b>1,116</b>	<b>1,696</b>	

## APPENDIX D

### 2017/18 Growth Items

The following are growth items included in budget proposals. Changes since the report to Cabinet on 30<sup>th</sup> November 2016 are highlighted.

	Current allowance	Updated Allowance	
	£'000	£'000	Comment
Locality budgets	102	102	An allowance has been built into the budget forecast to continue the locality budgets of £2,000 for Ward Councillors in 2017/18.
Reduced use of NHB in base budget	150	150	It is proposed that the Council continue to reduce the level of New Homes Bonus supporting the base budget.
Allocation for recurring investment in Strategic Plan priorities		110	As part of the budget, proposals have been made to deliver savings in order to reallocate resources to invest in strategic plan priorities. Specific decisions will be made in future reports.
	<b>252</b>	<b>362</b>	

## Savings and Income – 2017/18

Service	Opportunity	2017/18	Comments
		£'000	
<b>Efficiencies, Income and Service Reviews</b>			
All Services	Outturn Review / income	580	A review of last year's outturn position and earlier years alongside progress to date this year has identified the potential to revise certain budgets assumptions. These relate to savings in employee budgets through increasing the 'vacancy factor' and changes to the car park and planning income budgets.
Operational Services	Sport & Leisure Business Case	94	First year savings as shown in report to Cabinet. A further £50k saving is shown within the reduced allocation for inflation.
Commercial Services	Commercial income	113	Updated forecast to reflect assumed additional income and savings within commercial trading services.
Commercial Services	Assets	154	Additional income arising from activities agreed from the Revolving Investment Fund (RIF).
Operational Services	Waste review	38	Cabinet has agreed the waste review which identified net savings in 17/18 of £38k (excluding one off costs which are considered separately in this report.
Various Services	LACM	50	Cost reductions are expected through various carbon management savings identified in the Local Authority Carbon Management (LACM) Plan.
Operational Services	Butt Road car park	42	The current budget includes provision for the rent for the Butt Road car park, however, following negotiations a 'peppercorn rent' has now been agreed resulting in a budget saving.

Service	Opportunity	2017/18	Comments
		£'000	
All Services	Digital Challenge	570	Forecast savings and income arising from activities included in the digital challenge programme. This includes:- <ul style="list-style-type: none"> <li>£320k of savings within service budgets such as income through the agreed ultra high speed broadband project.</li> <li>£250k of corporate savings through identification of savings through 'smarter working' and also through reduced costs of postage and printing.</li> </ul>
Corporate & Financial Management	Reduced implementation resources	80	Following consideration of resources to deliver the changes set out in the digital challenge it is considered possible to reduce the allowance previously allocated from £150k to £70k.
Commercial Services	Reduced resources within Commercial Services	35	Resources were originally allocated as part of Universal Customer Contact FSR to support <a href="#">reviews of</a> commercial / trading services. It is now considered to be the right time to review and reduce these resources to deliver a saving.
Professional Services	Reduced resources within Land Charges as part of restructure following retirement of staff.	10	Reduced resources are not expected to impact on service or income target.
Community Services	Restructure of some specific roles within Zone team.	15	Consideration has been given to absorbing certain duties within the zone teams.
<b>Total income &amp; efficiencies</b>		<b>1,781</b>	<b>60%</b>
<b>Budget Reductions</b>			
Corporate & Financial Management	Parish Grants re: LCTS scheme	13	Reduction in grants as approved by Cabinet.
<b>Total reductions</b>		<b>13</b>	<b>0%</b>

Service	Opportunity	2017/18	Comments
		£'000	
<b>Corporate / technical items</b>			
Technical	Minimum Revenue Provision (MRP)	93	Reduced cost following change in policy agreed by Cabinet in September 2016 in respect of MRP on capital expenditure incurred before April 2008.
Technical	Council Tax Sharing Agreement	150	Income from the agreement with ECC, Essex Police and Crime Commissioner and Essex Fire Authority has exceeded the budget in the last two years and therefore it is proposed to increase the 2017/18 budget. There is a risk to this target, however, we have been carrying forward surplus income in the last two years which therefore provides a degree of comfort that this income will be achieved.
Various Services	Reduction in investment funded from New Homes Bonus	921	As set out in this report the New Homes Bonus methodology has been reviewed and has resulted in a cut to the grant which means that the funding allocated for one off projects has been reduced.
Commercial Services	Reduction in affordable homes investment funded from New Homes Bonus	10	As above, but specifically in respect of the bonus paid for delivering affordable homes.
<b>Total corporate / technical items</b>		<b>1,174</b>	<b>40%</b>
<b>Total</b>		<b>2,968</b>	

## Summary Budget 20017/18

	Adjusted Base Budget	One-Off Items	Cost Pressures	Growth Items	Technical Items	Total Savings	Detailed 17/18 Budgets
		£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core	227						227
Corporate & Financial Management	6,202	(19)	445			(67)	6,561
Executive Management Team	605		17				622
Community Services	6,191	(147)	179	102		(150)	6,175
Commercial Services	1,665	(50)	420			(422)	1,613
Customer Services	2,375	(70)	263			(78)	2,490
Operational Services (excl. NEPP)	1,166		260			(352)	1,074
Professional Services	2,250	(142)	156			(244)	2,020
<b>Total General Fund Services</b>	<b>20,681</b>	<b>(428)</b>	<b>1,740</b>	<b>102</b>	<b>0</b>	<b>(1,313)</b>	<b>20,782</b>
<b>Technical Items</b>							
<i>Corporate Items / sums to be allocated to services</i>							
Procurement Savings	(15)						(15)
Investment Allowance funded by New Homes Bonus	3,573	70		150		(921)	2,872
Business Rates revaluation	0		100				100
Apprenticeship Levy	0		120				120
Waste Review	0		56			(38)	18
Strategic Plan (funded by 15/16 NHB)	205	(205)					0



	Adjusted Base Budget	One-Off Items	Cost Pressures	Growth Items	Technical Items	Total Savings	Detailed 17/18 Budgets
		£'000	£'000	£'000	£'000	£'000	£'000
Allocation to support Strategic Plan	0			110			110
Digital Challenge implementation	150					(80)	70
Smarter Working	0					(200)	(200)
Digital Challenge - Post & Print	(50)					(50)	(100)
Inflation Reduction	0		(100)				(100)
Additional Service Savings	0					(60)	(60)
LACM	0					(50)	(50)
<i>Non-Service Budgets</i>							
Parish Council Grants / LCTS	91					(13)	78
Net interest Budget	418		120				538
Repair & Renewals Contribution	150						150
Minimum Revenue Provision (MRP)	653					(93)	560
Pensions	2,136		2,985				5,121
Council Tax Sharing Agreement	(650)					(150)	(800)
Heritage Reserve & Gosbecks Reserve	3						3
GF/HRA/NEPP Adjustment	(3,298)		12				(3,286)
Total Below the Line	3,366	(135)	3,293	260	0	(1,655)	5,129
<b>Total incl. Below the line</b>	<b>24,047</b>	<b>(563)</b>	<b>5,033</b>	<b>362</b>	<b>0</b>	<b>(2,968)</b>	<b>25,911</b>
<i>Funded by:-</i>							
Use of balances: re carry forwards	(426)	426			(77)		(77)
General use of balances	(462)	462			(422)		(422)

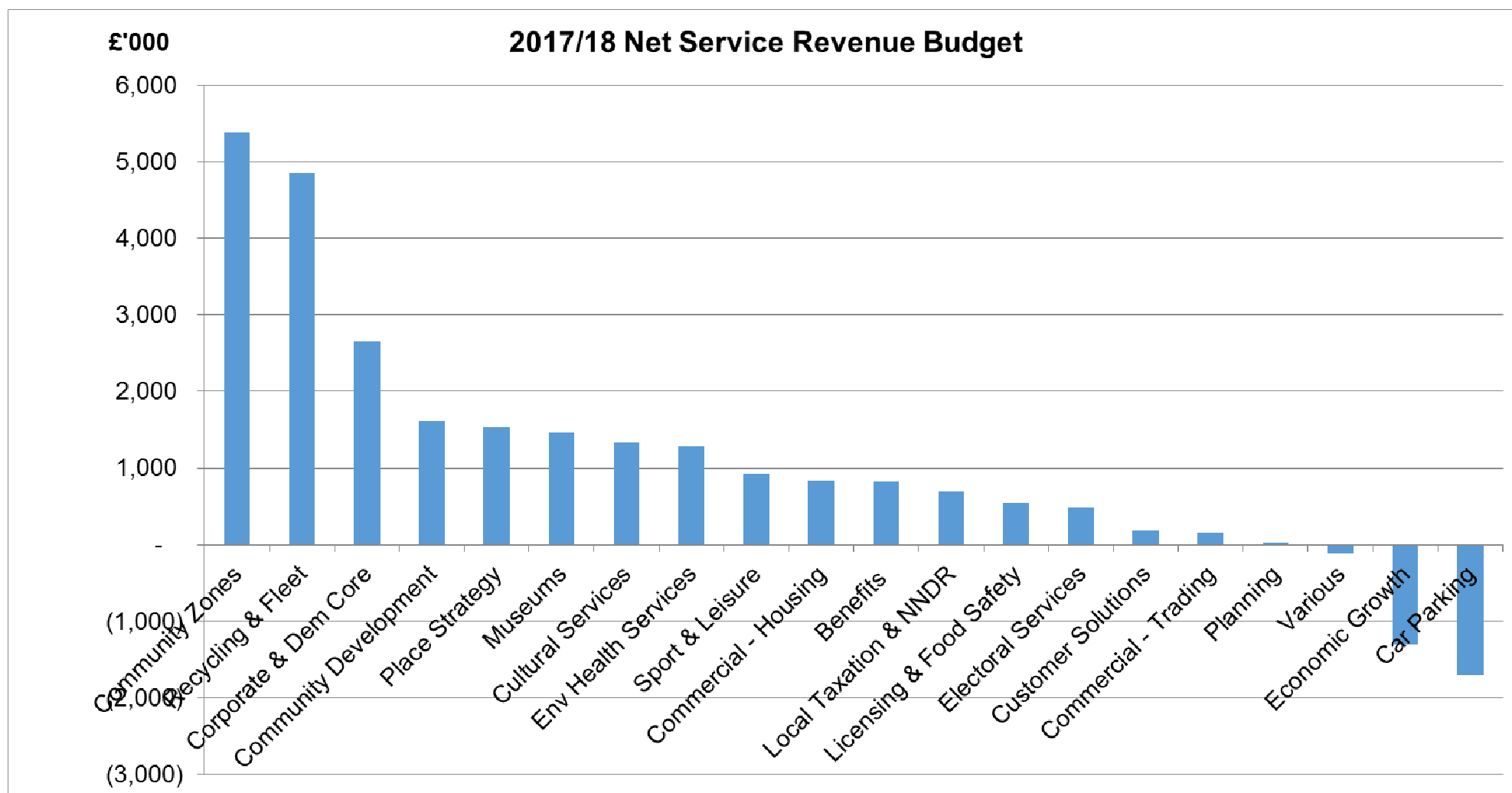
	Adjusted Base Budget	One-Off Items	Cost Pressures	Growth Items	Technical Items	Total Savings	Detailed 17/18 Budgets
		£'000	£'000	£'000	£'000	£'000	£'000
Use of balances for one-off Pension costs funding	0				(3,173)		(3,173)
Use of other Earmarked Reserves	0				(475)		(475)
Use of Business Rates Reserve	(1,537)	1,537			(489)		(489)
Use of S.106 Reserve	(20)						(20)
Revenue Support Grant	(1,978)		1,058				(920)
Business Rates Baseline	(3,960)		(78)				(4,038)
Transition Grant	(88)						(88)
NNDR Growth above Baseline	(800)				(100)		(900)
Council Tax	(10,599)				(416)		(11,015)
Collection fund Transfer	(353)	353			(48)		(48)
New Homes Bonus	(5,714)				931		(4,783)
NNDR Deficit / (Surplus)	1,890	(1,890)			537		537
<b>Total</b>	<b>(24,047)</b>	<b>888</b>	<b>980</b>	<b>0</b>	<b>(3,732)</b>	<b>0</b>	<b>(25,911)</b>

## Detailed General Fund Service Budgets 2017/18

	Direct Budgets			Non-Direct Budgets	
Area	Spend	Income	Net	Net	Total
	£'000	£'000	£'000	£'000	£'000
<b>Corporate &amp; Democratic Core</b>	227	-	227	2,430	2,657
<b>Total</b>	<b>227</b>	<b>-</b>	<b>227</b>	<b>2,430</b>	<b>2,657</b>
<b>Corporate &amp; Financial Management</b>					
Assistant Chief Executive	156	-	156	(156)	-
Finance	805	(17)	788	(788)	-
ICT and Communications	2,606	(186)	2,420	(2,420)	-
People and Performance	536	(14)	522	(522)	-
Governance	2,937	(262)	2,675	(2,624)	51
<b>Total</b>	<b>7,040</b>	<b>(479)</b>	<b>6,561</b>	<b>(6,510)</b>	<b>51</b>
<b>Executive Management Team</b>					
EMT	622	-	622	(622)	-
Partner Projects	-	-	-	-	-
<b>Total</b>	<b>622</b>	<b>-</b>	<b>622</b>	<b>(622)</b>	<b>-</b>
<b>Community Services</b>					
Head of Community Services	136	-	136	(136)	-
Cultural Services	709	(122)	587	753	1,340
Community Zones	4,518	(804)	3,714	1,663	5,377
Community Development	1,214	(156)	1,058	556	1,614
Colchester Museums	51	(449)	(398)	3	(395)
<b>Subtotal</b>	<b>6,628</b>	<b>(1,531)</b>	<b>5,097</b>	<b>2,839</b>	<b>7,936</b>
Colchester & Ipswich Museums	2,098	(1,020)	1,078	781	1,859
<b>Total</b>	<b>8,726</b>	<b>(2,551)</b>	<b>6,175</b>	<b>3,620</b>	<b>9,795</b>
<b>Commercial Services</b>					
Head of Commercial Services	28	-	28	(28)	-
Place Strategy	1,599	(138)	1,461	83	1,544
Economic Growth	1,447	(3,563)	(2,116)	811	(1,305)
Corporate Asset Management	2,022	(99)	1,923	(1,884)	39
Commercial - Trading	2,682	(3,350)	(668)	821	153
Commercial - Housing	1,914	(929)	985	(151)	834
<b>Total</b>	<b>9,692</b>	<b>(8,079)</b>	<b>1,613</b>	<b>(348)</b>	<b>1,265</b>
<b>Customer Services</b>					
Head of Customer Services	43	-	43	(43)	-
Customer Operations	1,679	-	1,679	(1,679)	-

	Direct Budgets			Non-Direct Budgets	
Area	Spend	Income	Net	Net	Total
Customer Demands & Research	522	(25)	497	(497)	-
Customer Solutions	1,343	(452)	891	(708)	183
Local Taxation & NNDR	459	(635)	(176)	874	698
<b>Subtotal</b>	<b>4,046</b>	<b>(1,112)</b>	<b>2,934</b>	<b>(2,053)</b>	<b>881</b>
Benefits - Payments & Subsidy	56,602	(57,046)	(444)	1,262	818
<b>Total</b>	<b>60,648</b>	<b>(58,158)</b>	<b>2,490</b>	<b>(791)</b>	<b>1,699</b>
<b>Operational Services</b>					
Head of Operational Services	28	-	28	(28)	-
Sport & Leisure	4,457	(4,930)	(473)	1,400	927
Recycling & Fleet	6,988	(2,661)	4,327	528	4,855
Car Parking	880	(3,838)	(2,958)	1,251	(1,707)
<b>Subtotal</b>	<b>12,353</b>	<b>(11,429)</b>	<b>924</b>	<b>3,151</b>	<b>4,075</b>
Parking Partnership (NEPP)	3,071	(2,871)	200	(31)	169
<b>Total</b>	<b>15,424</b>	<b>(14,300)</b>	<b>1,124</b>	<b>3,120</b>	<b>4,244</b>
<b>Professional Services</b>					
Head of Professional Services	38	-	38	(38)	-
Licensing & Food Safety	560	(468)	92	451	543
Environmental Health Services	863	(105)	758	526	1,284
Electoral Services	279	(29)	250	235	485
Prof Support Units	1,842	(214)	1,628	(1,678)	(50)
Land Charges	149	(349)	(200)	49	(151)
Planning	609	(1,155)	(546)	575	29
<b>Total</b>	<b>4,340</b>	<b>(2,320)</b>	<b>2,020</b>	<b>120</b>	<b>2,140</b>
Adjustment for NEPP use of balances	-	150	150	-	150
<b>Total (excl. NEPP)</b>	<b>103,648</b>	<b>(82,866)</b>	<b>20,782</b>	<b>1,050</b>	<b>21,832</b>

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



## General Fund Balances – Risk Assessment

A risk assessment has been undertaken to determine the prudent level of general fund balances as part of the 2017/18 budget process. This has been carried out with reference to specific risk allocation sums held within balances

Historically we have maintained a strong level of balances and these have been used to:-

- Support the annual budget - particularly to fund one off items.
- Fund new initiatives identified during the year.
- Provide cover for cashflow and emergency situations.
- Provide flexibility and a resource for change management.

### Risk Assessment

The results of the current assessment are summarised below.

Factor	Assessed Risk			Comment
	High	Med	Low	
	£'000	£'000	£'000	
Cash Flow	1,000			
Inflation		100		
Investment Income	75			
Trading Activities and fees and charges		200		
Benefits		200		Separate allocation also held in balances
New legal commitments			100	
Litigation		150		
Partnerships			100	
VAT Exemption Limit			450	Increased to £450k in 16/17 representing current impact.
Budget Process		150		Increased in 16/17by £50k to reflect removal of contingency sums
Revenue impact of capital schemes			150	
Impact of Local Government Finance reforms	300			Maintained, given funds held in earmarked reserve and balances
	1,375	800	800	

	Risk	%	Minimum provision
High Risks	1,375	100	1,375
Medium Risks	800	50	400
Low risks	800	10	80
<b>Sub total</b>			<b>1,855</b>
Unforeseen factors			45
<b>Recommended level</b>			<b>1,900</b>

This shows the minimum level of balances be maintained at £1.9 million. It is then a matter of judgement whether it would be desirable to hold any further level of balances beyond this, or to seek to rebuild balances above this level to provide for future flexibility.

The main issues to mention concerning the assessment are: -

- The key reason for proposing to increase balances in 2013/14 was the new risks associated with major Local Government reforms such as the creation of a Local Council Tax Support Scheme and the local retention of business rates. This remains a key risk area.
- While the possible requirement to meet capital spending from revenue resources a potential risk it is no longer shown in the assessment as it is classed as "nil" because of the current level of funds held in the capital expenditure reserve and the introduction of the Prudential Code.
- Net investment income has been identified as a risk area. In last year's risk assessment this was classified as a "high risk" and due to the continuing uncertainty in the world economy this has been maintained.
- The assessment includes the risk that the VAT exemption limit will be exceeded with a consequent loss of recoverable VAT. Regular monitoring and active management of new schemes minimises this risk.

## **Implications**

The risk assessment will be carried out at least annually as part of the budget process. While the current assessment indicates a minimum level it is important to recognise that there are implications of operating at this level. As noted above we have traditionally had a level of balances that have provided flexibility and enabled new initiatives to be considered outside the annual budget process. Operating at the minimum level requires an approach and a discipline to: -

- Ensure all spending aspirations for the coming year are assessed as part of the annual budget process. The continued development of the Medium Term Financial Forecast will assist in this.
- Recognise that it will not be possible to draw on balances to fund new discretionary initiatives identified in the year, however desirable they may be; an alternative source of funding would need to be identified.
- Realise future assessments could identify a need to rebuild balances
- Accept that the potential for interest earnings on balances will change depending on the level of balances held. (This will be reflected in the budget accordingly).
- Acknowledge that any balances desired for future flexibility/change management will need to be built up over and above the prudent level identified.

In addition it is acknowledged that it may be necessary for balances to fall below the recommended level. Balances are provided to mitigate unbudgeted cost pressures and as such at times they may be used to provide temporary support to the Council's budget.

## General Fund Balances Position

Balances					
	Allocated	Risk allocations	Unallocated	Total	Note
	£'000	£'000	£'000	£'000	
<b>Opening balance 1/4/16</b>	<b>(6,985)</b>	<b>(863)</b>	<b>(2,514)</b>	<b>(10,362)</b>	per 15/16 accounts
<b><i>Budget Carry Forwards:-</i></b>					
Service Budget c/fs	1,475			1,475	
New Homes Bonus	1,008			1,008	
New allocations agreed Cabinet	128			128	Agreed by Cabinet – November 2015
Colchester & Ipswich Museum Service (CIMS)	188			188	Use of balances subject to decisions made by joint Committees.
North Essex Parking Partnership (NEPP)	179			179	
Council Tax Sharing agreement	271			271	Includes carry forward sum from previous years.
Funding allocation for Borough Investment For All	143			143	Agreed by Cabinet in 15/16, some funding c/f and some reallocated.
<b><i>Funding allocations held in balances</i></b>					
Allocations in previous years c/f	350			350	Allocations against specific projects. This has been reviewed as part of the final budget report and certain allocations are no longer required.
Redundancy costs	473			473	Includes pension strain costs. Cost more likely in later years.
Right to challenge - Gov't funding	46			46	



<b>Balances</b>					
	Allocated	Risk allocations	Unallocated	Total	Note
	£'000	£'000	£'000	£'000	
<b>Agreed use of balances in 16/17:-</b>					
Use of earmarked balances for welfare reform	76			76	Agreed by Cabinet November 15
Use of balances to support budget	386			386	Agreed by Cabinet November 15
Funding budget carry forwards	426			426	Agreed by Cabinet November 15
Funding previously held for Street Lights	185			185	Agreed by Cabinet March 16
Garden communities	250			250	Agreed by Cabinet in July 2016
Building Control	101			101	Agreed by Cabinet in July 2016, however, as project is now not going ahead this may not all be required, but held at this stage.
Use of allocation for planning appeals	170			170	Spend in year from risk allocation.
Underspends in year to be c/f	(32)			(32)	
Change in use of grants in previous years	(48)			(48)	
Potential use of balances in year			240	240	Based on last reported outturn forecast.
<b>Total use in 16/17</b>	<b>5,775</b>	<b>0</b>	<b>240</b>	<b>6,015</b>	
<b>Proposed use in 17/18</b>					
NNDR / Welfare reform	102			102	Use of balances agreed arising from reforms.
Support for digital challenge in 17/18	150			150	
Use for waste review	72			72	Balance of funding for one off costs.
General budget support	98			98	As set out in this report
Carry forwards	77			77	
<b>Total proposed use in 17/18</b>	<b>499</b>	<b>0</b>	<b>0</b>	<b>499</b>	

<b>Balances</b>					
	Allocated	Risk allocations	Unallocated	Total	Note
	£'000	£'000	£'000	£'000	
<i>Use of balances in later years or risk allocations</i>					
Community Stadium - rent adjustment	500			500	Provision for one-off reduction in rent
NNDR / Welfare reform	50	172		222	Provision for impact arising from reforms.
Support for 18/19 budget	50			50	
Planning appeals, legal, HR etc- risk allocation		241		241	£170k spent in 16/17. Balance held against other risks.
Housing benefit - risk allocation		300		300	Agreed in 15/16 budget and proposed to be increased by £170k to reflect increased risk relating to benefits.
Collection Fund - risk allocation		150		150	Agreed in 15/16 budget
	180			180	Agreed by Cabinet 12 October 2016. Some costs may be incurred in 16/17. £20k of this assumed to be used to support staff resource in 17/18 budget
Think Global, Act Local					
<b>Total later years allocations</b>	<b>780</b>	<b>863</b>	<b>0</b>	<b>1,643</b>	
<b>Uncommitted / unallocated Balance</b>	<b>69</b>	<b>0</b>	<b>(2,274)</b>	<b>(2,205)</b>	
Recommended level			(1,900)	(1,900)	Proposed level
<b>Surplus above recommended level</b>	<b>69</b>	<b>0</b>	<b>(374)</b>	<b>(305)</b>	

## Earmarked Reserves and Provisions

Reserve	Amount at 31/03/16	Transfers - In	Transfers - Out	Estimate at 31/03/17	Allocated / Committed	Unallocated
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Renewals and Repairs (incl Building Maintenance Programme):</b> Maintained for the replacement of plant and equipment and the maintenance of premises.	1,791	500	(400)	1,891	1,891	-
<b>Insurance:</b> To cover the self-insurance of selected properties.	384	25	(10)	399	-	399
<b>Capital Expenditure:</b> Revenue provision to fund the capital programme. The reserve is fully committed to funding the current capital programme.	1,851	3,200	(700)	4,351	4,351	-
<b>Asset Replacement Reserve:</b> A reserve for the future replacement of vehicles and plant. The vehicle replacement policy has been reviewed. Revenue contributions to this reserve have now ceased and the funding is now sourced from the Council's Capital Programme.	104	-	-	104	-	104
<b>Gosbecks Reserve:</b> Maintained to provide for the development of the Archaeological Park. The main source of funding was a 'dowry' agreed on the transfer of land.	225	2	(26)	201	201	-

<b>Reserve</b>	<b>Amount at 31/03/16</b>	<b>Transfers - In</b>	<b>Transfers - Out</b>	<b>Estimate at 31/03/17</b>	<b>Allocated / Committed</b>	<b>Unallocated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Heritage Reserve:</b> This represents balance held of museums donations and as such represents a small element of the Council's support to heritage schemes.	11	5	(2)	14	-	14
<b>Hollies Bequest:</b> Provision for the upkeep of open space.	2	-	(2)	-	-	-
<b>Section 106 Monitoring:</b> Required for future monitoring of Section 106 agreements. From 2015/16 it was set at £20k per year.	35	20	(20)	35	35	-
<b>Revenue Grants Unapplied:</b> Under new accounting rules any grant received where there are no clear conditions that the grant is repayable if not spent now have to be transferred to this reserve. For all these grants proposals for use of the money exist and the funds are held in the reserve until the money is spent.	2,217	-	(600)	1,617	1,617	-

Reserve	Amount at 31/03/16	Transfers - In	Transfers - Out	Estimate at 31/03/17	Allocated / Committed	Unallocated
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Parking Reserve:</b> As part of the existing 'on street' parking arrangements there is requirement to keep any surplus funds separate from the General Fund. With the North Essex Parking Partnership (NEPP) there is also a requirement to hold separately funds provided to support TRO (Traffic Regulation Order) work and also initial funding provided by Essex County Council	694	-	-	694	694	-
<b>Building Control:</b> The Building (Local Authority Charges) Regulations came into force on 1 April 2010. The new charges allow Building Control to more accurately reflect the cost of chargeable services. In any year there is therefore the likelihood of a balance on this account that must be assessed as part of ongoing charges.	-	-	-	-	-	-
<b>Heritage Mersea Mount:</b> Funding received from English Heritage towards costs relating to Mersea Mount.	11	-	-	11	11	-

<b>Reserve</b>	<b>Amount at 31/03/16</b>	<b>Transfers - In</b>	<b>Transfers - Out</b>	<b>Estimate at 31/03/17</b>	<b>Allocated / Committed</b>	<b>Unallocated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Mercury Theatre:</b> Provision for the building's long term structural upkeep. Accumulated funds have been used to support roof repairs to the Mercury Theatre.	46	25	(10)	61	61	-
<b>Business Rates Reserve:</b> Maintained to cover the risk of any residual issues resulting from the introduction of the Local Business rates Retention scheme.	3,290		(1,537)	1,753	489	1,264
<b>Revolving Investment Fund Reserve:</b> Maintained as a way to deliver income-producing development schemes and regeneration/economic growth projects. The three main sources of funding into the RIF are existing capital programme allocations, capital receipts and revenue funding. Revenue funding will be held in this reserve until it is required for future capital schemes or revenue expenditure as necessary.	1,026	250	(400)	876	876	-
<b>Total General Fund</b>	<b>11,687</b>	<b>4,027</b>	<b>(3,707)</b>	<b>12,007</b>	<b>10,226</b>	<b>1,781</b>

<b>Reserve</b>	<b>Amount at 31/03/16</b>	<b>Transfers - In</b>	<b>Transfers - Out</b>	<b>Estimate at 31/03/17</b>	<b>Allocated / Committed</b>	<b>Unallocated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>HRA Retained Right To Buy (RTB) Receipts - Debt:</b> Reserve following Government changes to the RTB scheme. From 2012/13 the Council can retain a proportion of RTB receipts to offset debt taken on by the HRA Self-Financing settlement. The reserve must be used for HRA purposes.	2,492	1,400	-	3,892	3,892	-
<b>HRA Retained Right To Buy (RTB) Receipts - Replacement:</b> Reserve following Government changes to the RTB scheme. From 2012/13 the Council can retain a proportion of RTB receipts to fund affordable housing development. Receipts held within the reserve must be used within 3 years for this purpose; otherwise they must be repaid to the Government.	1,750	2,250	(200)	3,800	3,800	-
<b>Total HRA</b>	<b>4,242</b>	<b>3,650</b>	<b>(200)</b>	<b>7,692</b>	<b>7,692</b>	<b>-</b>
<b>Total</b>	<b>15,929</b>	<b>7,677</b>	<b>(3,907)</b>	<b>19,699</b>	<b>17,918</b>	<b>1,781</b>

Provision	Amount at 31/03/16	Transfers - In	Transfers - Out	Estimate at 31/03/17	Allocated / Committed	Unallocated
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Insurance:</b> This element of the fund is specifically set aside as a provision to meet the cost of identified claims including subsidence. It also includes a contingency for liable costs if a previous insurer, which has gone into administration, is unable to remain solvent.	438	60	-	498	498	-
<b>NNDR Appeals:</b> The Council has created a provision to meet the financial impact of successful appeals made against rateable values as defined by the Valuation Office as part of the Business Rates Retention scheme introduced from 1 April 2013.	2,989	862		3,851	3,851	-
<b>Total</b>	<b>3,427</b>	<b>922</b>	<b>-</b>	<b>4,349</b>	<b>4,349</b>	<b>-</b>



# APPENDIX L

Medium Term Financial Forecast				
2017/18 to 2020/21				
	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000
<b>Base Budget</b>	24,047	25,911	21,621	21,620
15/16 One-off items	(452)			
Cost Pressures	5,033	(2,395)	812	640
Growth Items	362	454	354	150
Savings	(2,968)	(2,349)	(1,167)	(525)
Carry forward items	(111)			
<b>Forecast Base Budget</b>	<b>25,911</b>	<b>21,621</b>	<b>21,620</b>	<b>21,885</b>
<i>Funded By:</i>				
Revenue Support Grant	(920)	(275)	446	446
Business Rates Baseline	(4,038)	(4,157)	(4,290)	(4,290)
SFA	(4,958)	(4,432)	(3,844)	(3,844)
Increase in NNDR / taxbase above baseline	(900)	(1,000)	(1,000)	(1,000)
New Homes Bonus	(4,783)	(3,438)	(2,753)	(2,228)
Transition Grant	(88)			
<b>Total Gov't grants</b>	<b>(10,729)</b>	<b>(8,870)</b>	<b>(7,597)</b>	<b>(7,072)</b>
Council Tax	(11,015)	(11,434)	(11,860)	(12,293)
Collection Fund Deficit / (Surplus)	(48)	0	0	0
Business Rates Deficit / (surplus)	537	0	0	0
Use of Reserves	(4,656)	(120)	(20)	(20)
<b>Total Funding</b>	<b>(25,911)</b>	<b>(20,424)</b>	<b>(19,477)</b>	<b>(19,385)</b>
<b>Budget (surplus) / gap before changes (cumulative)</b>	<b>0</b>	<b>1,197</b>	<b>2,143</b>	<b>2,500</b>
<b>Annual increase</b>	<b>0</b>	<b>1,197</b>	<b>946</b>	<b>357</b>

	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000
<b>Cost Pressures</b>				
General Inflation	389	640	640	640
Pensions actuarial review	206			
Pensions actuarial review - impact of one off payment	2,935	(2,935)		
Elections		105		
Pensions - auto enrolment	50	150		
Budget Carry forwards	402	(402)		
NEPP - reduction in income from ECC for TROs	150			
ICT strategy - ongoing cost			200	
Stadium rent		128	22	
Benefit payments	85			
Interest	120			
Business rates revaluation	100			
Apprenticeship levy	120			
Staff resources	188			
Various Service pressures	177	43		
Waste Review -one-off (excl. transition grant)	72	(72)		
Various technical items	13			
Welfare reform	26	(52)	(50)	
<b>Total</b>	<b>5,033</b>	<b>(2,395)</b>	<b>812</b>	<b>640</b>
<b>Growth Items</b>				
Food Waste (net impact of loss of grant)		304	204	
Locality budgets	102			
Reduced use of NHB in base budget	150	150	150	150
Strategic Plan growth	110			
<b>Total</b>	<b>362</b>	<b>454</b>	<b>354</b>	<b>150</b>

<b>Savings (incl. one off adjustments)</b>				
Council Tax sharing agreement	(150)	250		
LCTS grant to parishes	(13)	(7)	(7)	
LACM	(50)			
Butt Road car park	(42)			
Minimum Revenue Provision (MRP)	(93)			
Waste Review	(38)	(59)		
Outturn review	(580)			
Sport & leisure	(94)	(198)	(50)	
Assets	(154)	(395)	(200)	

	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000
Commercial Income	(113)	(190)	(150)	
Digital Challenge				
Corporate Savings	(250)	(50)		
Service Savings	(320)	(255)	(75)	
New service savings	(60)	(30)		
Reduced investment from NHB - affordable homes	(10)	(102)		
Reduced investment from NHB	(921)	(1,243)	(685)	(525)
Digital Challenge / ICT strategy - implementation	(80)	(70)		
<b>Total</b>	<b>(2,968)</b>	<b>(2,349)</b>	<b>(1,167)</b>	<b>(525)</b>

<b>Use of / contribution to Reserves</b>				
Funding c/f				
S106 monitoring reserve	20	20	20	20
Use of balances for welfare reform and digital challenge	252	50		
Use of balances (incl. supporting staff resources)	98	50		
Waste review one off	72			
Use of balances - pensions	3,173			
Use of Capital Expenditure Reserve - ICT Strategy	325			
Use of NEPP reserve	150			
Funding budget carry forwards	77			
NNDR Reserve	489			
<b>Total</b>	<b>4,656</b>	<b>120</b>	<b>20</b>	<b>20</b>

<b>New Homes Bonus Grant</b>				
Basic NHB	(4,506)	(3,263)	(2,578)	(2,053)
Affordable Homes Bonus	(277)	(175)	(175)	(175)
<b>Total Grant</b>	<b>(4,783)</b>	<b>(3,438)</b>	<b>(2,753)</b>	<b>(2,228)</b>

## Addressing the Budget Gap

The MTFF shows a budget gap of circa £2.5m over the three years from 2018/19. 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:-

<b>Risk / Area of uncertainty</b>	
Impact of EU referendum 'leave' result.	<p>At this early stage any impact from the "leave" decision is unclear. However, the uncertainty and risks include:-</p> <ul style="list-style-type: none"><li>• Any changes to the announced public sector funding levels including NHB</li><li>• Any impact on the Council's business rates 'taxbase'</li><li>• Any impact on the Council's treasury management costs arising from interest rate changes.</li><li>• Any impact of economic climate on Public Sector funding</li></ul>
<i>Government Funding / Business Rate Retention Scheme</i>	<p>The MTFF includes the reduction in the 'SFA' for 2017/18 of 17% with further reductions thereafter in line with figures included in the 4 year settlement.</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 budget includes an assumption that in 2017/18 we will retain an extra £900k of NNDR income above our baseline figure, with some increases in later years. The business rates revaluation takes effect in 2017/18 and the risk and impact of business rate appeals remains an area of concern. With the planned move to 100% business rates retention this remains a risk area for the Council's budget.</p>
<i>Welfare Reform (including Local Council Tax Support - LCTS)</i>	<p>Budget papers have previously set out some of the key risks associated with the implications 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> <p>Resources have been released to provide additional staffing to support residents with funding provided from balances.</p>
<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 2017/18 budget for the New Homes Bonus based on the notified grant. Thereafter the MTFF assumes the grant will reduce based on proposals made by the Government. These grant reductions will reduce the funds available for one-off investment and this is assumed within the MTFF.</p>

<b>Risk / Area of uncertainty</b>	
<i>Pensions</i>	<p>In the 17/18 budget an allowance has been built in for an increase in pensions costs based on the results of the actuarial review. In addition the budget assumes we will pay the deficit payment for the next three years.</p> <p>An allowance has been made for the impact of 'auto enrolment' in 17/18 and 18/19. This may need to be revised depending on actual numbers joining the pension scheme.</p>
<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. Looking ahead to 2017/18 and beyond it is difficult to estimate how income levels may continue to be affected. Some targets have been increased to reflect performance in recent years and there is also additional income forecast from agreed business plans.</p>
<i>Inflation</i>	<p>An allowance for general inflation including pay has been built into the 17/18 forecast and MTFF.</p> <p>Council's cost inflation is in general not directly linked to RPI and therefore we will continue to monitor the impact of inflation on all Council costs. Some of the main risk areas include energy, fuel costs and pay assumptions.</p>
<i>Use of reserves</i>	<p>The budget position for 2017/18 includes proposals to use certain reserves included some general use of balances to support the budget.</p> <p>The MTFF includes some proposals to use reserves in future years.</p>
<i>Legislation</i>	<p>There are likely to be several items of new legislation over the life of the MTFF for which any available funding may not cover costs or which may impact significantly on the Council e.g. Universal Credit.</p>
<i>Impact of regeneration programme e.g. staff resources</i>	<p>The 2017/18 budget included continuing additional resources to support work in the Northern Gateway.</p> <p>Furthermore, the recently established Revolving Investment Fund (RIF) provides a framework for managing potential pressures.</p>
<i>Property review</i>	<p>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 be considered in detail and included in the on-going updates of the MTFF. The 2017/18 budget forecast maintains the additional allocation of £150k in respect of planned repairs.</p>
<i>Impact of growth in the Borough and demand for services</i>	<p>A number of Local Authority services are directly impacted by the increase of population in the Borough, such as waste services, planning, benefits etc. As part of future budgets it will be necessary to consider whether there is a need for additional resources in these or other areas in order to maintain levels of service. A financial assumption has been made that the Council's programme of service reviews will assist in identifying efficiencies to cope with changes in demand.</p>

<b>Risk / Area of uncertainty</b>	
<i>Delivery of budget savings</i>	The 2017/18 budget includes c£3m 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. The MTFF includes further savings from the ongoing budget and service reviews and whilst these are currently considered to be on track to be delivered these will be reviewed as part of the 18/19 budget.
<i>Net Interest earnings and investments</i>	The budget is influenced by a number of factors including interest rates and cashflow movements. The treasury management strategy for 2017/18 highlights the outlook for interest rates in the medium-term which points to continuation of unprecedented low levels into 2017/18. The Council's strategy of internal borrowing has helped minimise our interest cost, however, it is recognised that this is not a long term approach and therefore there may be future cost pressures from any need to borrow externally. This is currently not reflected in the MTFF but will be considered as part of future budget updates.

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

## Capital Programme

			Projected Expenditure					
		Total Programme	2016/17	2017/18	2018/19	2019/20	(Surplus) / Shortfall	
	Service / Scheme	£'000	£'000	£'000	£'000	£'000	£'000	
	<b>SUMMARY</b>							
	Operational Services	3,082.8	2,115.8	967.0	0.0	0.0	0.0	
	Professional Services	2,166.0	980.0	912.5	273.5	0.0	0.0	
	Commercial Services (excluding RIF)	502.0	305.1	196.9	0.0	0.0	0.0	
	Community Services	3,045.6	1,805.5	1,240.1	0.0	0.0	0.0	
	Revolving Investment Fund (RIF)	33,239.7	8,548.2	6,128.1	16,931.4	1,632.0	0.0	
	Completed Schemes	348.6	348.0	0.0	0.0	0.0	(0.6)	
	Capitalised Maintenance Schemes	236.4	236.4	0.0	0.0	0.0	0.0	
	Total (General Fund)	<b>42,621.1</b>	<b>14,339.0</b>	<b>9,444.6</b>	<b>17,204.9</b>	<b>1,632.0</b>	<b>(0.6)</b>	
	Housing Revenue Account	12,460.4	12,374.9	85.5	0.0	0.0	0.0	
	Total Capital Programme	<b>55,081.5</b>	<b>26,713.9</b>	<b>9,530.1</b>	<b>17,204.9</b>	<b>1,632.0</b>	<b>(0.6)</b>	
	<b>OPERATIONAL SERVICES</b>							
	Shrub End Depot - new baler and shed	840.5	840.5	0.0	0.0	0.0	0.0	
	Priory Street Car Park	534.4	534.4	0.0	0.0	0.0	0.0	
	LWC - Health & Fitness Extension	994.0	27.0	967.0	0.0	0.0	0.0	
	LWC - Aqua Springs Refurbishment	250.0	250.0	0.0	0.0	0.0	0.0	
	LWC - Leisure Pool Refurbishment	270.0	270.0	0.0	0.0	0.0	0.0	
	LWC - Coffee Shop Extension	80.0	80.0	0.0	0.0	0.0	0.0	
	St Johns Car Park	90.0	90.0	0.0	0.0	0.0	0.0	
	Shrub End Pitch Replacement	23.9	23.9	0.0	0.0	0.0	0.0	

			Projected Expenditure					
		Total Programme	2016/17	2017/18	2018/19	2019/20	(Surplus) / Shortfall	
	Service / Scheme	£'000	£'000	£'000	£'000	£'000	£'000	
	<b>TOTAL - Operational Services</b>	<b>3,082.8</b>	<b>2,115.8</b>	<b>967.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
	<b>PROFESSIONAL SERVICES</b>							
	Mandatory Disabled Facilities Grants	1,973.5	900.0	800.0	273.5	0.0	0.0	
	Private Sector Renewals - Loans and Grants	192.5	80.0	112.5	0.0	0.0	0.0	
	<b>TOTAL - Professional Services</b>	<b>2,166.0</b>	<b>980.0</b>	<b>912.5</b>	<b>273.5</b>	<b>0.0</b>	<b>0.0</b>	
	<b>COMMERCIAL SERVICES</b>							
	Assistance to Registered Housing Providers	91.9	0.0	91.9	0.0	0.0	0.0	
	CCTV Monitoring	115.0	100.0	15.0	0.0	0.0	0.0	
	Local Authority Carbon Management (LACM)	190.0	100.0	90.0	0.0	0.0	0.0	
	Cemetery Extension	43.7	43.7	0.0	0.0	0.0	0.0	
	Cemetery Exterior Lighting	50.0	50.0	0.0	0.0	0.0	0.0	
	Replacement of Cremators	11.4	11.4	0.0	0.0	0.0	0.0	
	<b>TOTAL - Commercial Services</b>	<b>502.0</b>	<b>305.1</b>	<b>196.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
	<b>COMMUNITY SERVICES</b>							
	Improving Life Opportunities	38.3	0.0	38.3	0.0	0.0	0.0	
	Oak Tree Community Centre Roof	50.0	0.0	50.0	0.0	0.0	0.0	
	Lion Walk Activity Centre	40.0	0.0	40.0	0.0	0.0	0.0	
	Garrison Gym Rebuild	88.2	88.2	0.0	0.0	0.0	0.0	
	Mersea Pontoon	10.6	10.6	0.0	0.0	0.0	0.0	
	Castle Park Sensory Garden S106	60.6	60.6	0.0	0.0	0.0	0.0	
	Cook's Shipyard Playsite Wivenhoe S106	11.6	11.6	0.0	0.0	0.0	0.0	



			Projected Expenditure					
		Total Programme	2016/17	2017/18	2018/19	2019/20	(Surplus) / Shortfall	
	Service / Scheme	£'000	£'000	£'000	£'000	£'000	£'000	
	Old Heath Recreation Ground Improvements	132.1	132.1	0.0	0.0	0.0	0.0	
	Wivenhoe Adult Gym	21.0	21.0	0.0	0.0	0.0	0.0	
	Market Development	2.7	2.7	0.0	0.0	0.0	0.0	
	Mile End Rec Playground	40.0	40.0	0.0	0.0	0.0	0.0	
	Tiptree P C - Store & WCs	83.0	83.0	0.0	0.0	0.0	0.0	
	Walls - new merged scheme	521.8	410.0	111.8	0.0	0.0	0.0	
	Mercury Theatre Redevelopment	1,430.7	430.7	1,000.0	0.0	0.0	0.0	
	Relocation of Museum Resource Centre	515.0	515.0	0.0	0.0	0.0	0.0	
	<b>TOTAL - Community Services</b>	<b>3,045.6</b>	<b>1,805.5</b>	<b>1,240.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
	<b>REVOLVING INVESTMENT FUND</b>							
	Northern Gateway North	445.2	445.2	0.0	0.0	0.0	0.0	
	CNGN - Mile End Cricket	200.0	0.0	200.0	0.0	0.0	0.0	
	CNGN - Sports Hub	17,078.0	0.0	3,559.0	11,887.0	1,632.0	0.0	
	Northern Gateway South	493.2	118.2	375.0	0.0	0.0	0.0	
	Town Centre	6,547.6	1,466.6	240.0	4,841.0	0.0	0.0	
	Creative Business Centre	1,286.5	1,286.5	0.0	0.0	0.0	0.0	
	Jacks - St Nicholas St	1,015.6	100.0	915.6	0.0	0.0	0.0	
	Sheepen Road	3,492.3	3,292.3	200.0	0.0	0.0	0.0	
	District Heating Project North	26.8	26.8	0.0	0.0	0.0	0.0	
	District Heating Project East	10.0	10.0	0.0	0.0	0.0	0.0	
	East Colchester Enabling Fund	285.0	50.0	235.0	0.0	0.0	0.0	
	Breakers Park	75.0	25.0	50.0	0.0	0.0	0.0	
	Surface Water Flooding - Distillery Lane/Haven Road	77.4	10.0	67.4	0.0	0.0	0.0	
	Site Disposal Costs	4.8	4.8	0.0	0.0	0.0	0.0	
	Moler Works Site	40.7	0.0	40.7	0.0	0.0	0.0	

			Projected Expenditure					
		Total Programme	2016/17	2017/18	2018/19	2019/20	(Surplus) / Shortfall	
	Service / Scheme	£'000	£'000	£'000	£'000	£'000	£'000	
	CMP Phase 3 - PV Systems	95.4	0.0	95.4	0.0	0.0	0.0	
	Business Broadband	362.8	362.8	0.0	0.0	0.0	0.0	
	Land Acquisition	1,703.4	1,350.0	150.0	203.4	0.0	0.0	
	<b>TOTAL - RIF</b>	<b>33,239.7</b>	<b>8,548.2</b>	<b>6,128.1</b>	<b>16,931.4</b>	<b>1,632.0</b>	<b>0.0</b>	
	<b>HOUSING REVENUE ACCOUNT</b>							
	Housing Improvement Programme	8,752.9	8,752.9	0.0	0.0	0.0	0.0	
	Adaptations to Housing Stock	604.0	604.0	0.0	0.0	0.0	0.0	
	Sheltered Accommodation Review	2,818.0	2,818.0	0.0	0.0	0.0	0.0	
	Housing ICT Development	285.5	200.0	85.5	0.0	0.0	0.0	
	<b>TOTAL - Housing Revenue Account</b>	<b>12,460.4</b>	<b>12,374.9</b>	<b>85.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
	<b>COMPLETED SCHEMES (OR WHERE RETENTION ONLY OUTSTANDING)</b>							
	Town Hall DDA Sensory Project	0.6	0.0	0.0	0.0	0.0	(0.6)	
	Leisure World Skatepark	112.8	112.8	0.0	0.0	0.0	0.0	
	Wivenhoe Pontoon	25.0	25.0	0.0	0.0	0.0	0.0	
	Jet Washer	102.0	102.0	0.0	0.0	0.0	0.0	
	Abberton Community Fund S106	10.0	10.0	0.0	0.0	0.0	0.0	
	Town Station Square	42.8	42.8	0.0	0.0	0.0	0.0	
	Castle Museum - Castle Bridge	1.0	1.0	0.0	0.0	0.0	0.0	
	Moot Hall Organ	39.0	39.0	0.0	0.0	0.0	0.0	
	ICT Strategy	15.4	15.4	0.0	0.0	0.0	(0.0)	
	<b>TOTAL - Completed Schemes</b>	<b>348.6</b>	<b>348.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.6)</b>	

			Projected Expenditure					
			Total Programme	2016/17	2017/18	2018/19	2019/20	(Surplus) / Shortfall
	Service / Scheme		£'000	£'000	£'000	£'000	£'000	£'000
	<b>CAPITALISED MAINTENANCE</b>							
	Crematorium - Gutters & Fascias		13.4	13.4	0.0	0.0	0.0	0.0
	Colchester Leisure World - Dryside Changing Rooms		48.0	48.0	0.0	0.0	0.0	0.0
	Town Hall - Bell Tower Repairs		135.0	135.0	0.0	0.0	0.0	0.0
	Colchester Business Centre		40.0	40.0	0.0	0.0	0.0	0.0
	<b>TOTAL - CAPITALISED MAINTENANCE</b>		<b>236.4</b>	<b>236.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and  
Annual Investment Strategy  
2017/18

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

### **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 2017/18**

1.10 The strategy for 2017/18 covers the following Capital and Treasury Management issues:

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

1.11 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

### **Treasury management consultants**

1.12 The Council uses Capita Asset Services Treasury Solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

1.13 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

## 2 The Capital Prudential Indicators 2017/18 – 2019/20

- 2.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

### Capital Expenditure

- 2.2 This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £'000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
General Fund	6,401	14,417	10,974	18,520	1,632
HRA	13,663	11,199	11,288	11,860	10,898
<b>Total</b>	<b>20,064</b>	<b>25,616</b>	<b>22,262</b>	<b>30,380</b>	<b>12,530</b>

- 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	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Total Expenditure	20,064	25,616	22,262	30,380	12,530
<b>Financed by:</b>					
Capital receipts	1,318	9,782	7,786	17,787	2,132
Capital grants	3,238	3,068	1,399	1,137	0
Reserves	11,172	7,750	7,239	5,381	5,305
Revenue	646	3,902	3,814	3,433	2,527
Finance leases	877	78	0	0	0
<b>Net financing need</b>	<b>2,813</b>	<b>1,036</b>	<b>2,024</b>	<b>2,642</b>	<b>2,566</b>

### The Capital Financing Requirement

- 2.4 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 2.5 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.
- 2.6 The CFR includes any other long term liabilities (e.g. finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £3.3m of such schemes within the CFR as at 31 March 2016. The Council is asked to approve the CFR projections below:

£'000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
CFR – general fund	25,630	24,520	23,342	23,415	22,251
CFR - housing	127,933	128,969	130,993	132,320	134,886
<b>Total CFR</b>	<b>153,563</b>	<b>153,489</b>	<b>154,335</b>	<b>155,735</b>	<b>157,137</b>
<b>Movement in CFR</b>	2,395	(74)	846	1,400	1,402
<b>Movement in CFR represented by:</b>					
Net financing need	2,813	1,036	2,024	2,642	2,566
Assets acquired under finance leases	877	78	0	0	0
Less MRP	1,295	1,188	1,178	1,242	1,164
<b>Movement in CFR</b>	<b>2,395</b>	<b>(74)</b>	<b>846</b>	<b>1,400</b>	<b>1,402</b>

### **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 allow for the borrowing need (CFR) to be repaid on an equal instalment basis over a period of 50 years with effect from the 2016/17 financial year. This has the benefits of reducing the amount payable for the first 17 years, introducing a consistent level of charge, and ensuring that this element of MRP is eventually completely repaid.
- 2.10 From 1 April 2008 for all unsupported borrowing (including finance leases) the MRP policy will be the Asset Life Method (option 3) – MRP will be based on the estimated life of the assets, in accordance with the regulations. This provides for a reduction in the borrowing need over approximately the asset's life. Repayments included in finance leases are applied as MRP.
- 2.11 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.
- 2.12 The Accountancy team will keep the Council's MRP Policy under review to ensure that it remains fit for purpose in relation to its borrowing requirements.

### **Affordability Prudential Indicators**

- 2.13 The previous paragraphs cover the overall capital, and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:
- 2.14 **Ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
%					
General Fund	8.06%	7.46%	7.85%	8.74%	8.84%
HRA	18.06%	18.58%	18.88%	19.24%	19.21%

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.

	2017/18 Estimate	2018/19 Estimate	2019/20 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.

	2017/18 Estimate	2018/19 Estimate	2019/20 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 2016, with forward projections are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
External debt at 1 Apr	136,094	136,094	137,130	139,154	141,796
New borrowing	0	1,036	2,024	2,642	2,566
Other long-term liabilities	2,700	2,074	1,383	770	447
<b>Gross debt at 31 Mar</b>	<b>138,794</b>	<b>139,204</b>	<b>140,537</b>	<b>142,566</b>	<b>144,809</b>
CFR	153,563	153,489	154,335	155,735	157,137
<b>Under / (over) borrowing</b>	<b>14,769</b>	<b>14,285</b>	<b>13,798</b>	<b>13,169</b>	<b>12,328</b>
Investments at 31 Mar	37,406	36,370	34,346	31,704	29,138
<b>Net Debt</b>	<b>101,388</b>	<b>102,834</b>	<b>106,191</b>	<b>110,862</b>	<b>115,671</b>

- 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 2017/18 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	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Debt	137,130	139,154	141,796	144,362
Other long term liabilities	2,074	1,383	770	447
<b>Total</b>	<b>139,204</b>	<b>140,537</b>	<b>142,566</b>	<b>144,809</b>

- 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:

<b>Authorised limit £'000</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
Debt	166,515	168,252	170,465	172,390
Other long term liabilities	2,074	1,383	770	447
<b>Total</b>	<b>168,589</b>	<b>169,635</b>	<b>171,235</b>	<b>172,837</b>

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

<b>HRA Debt Limit £'000</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
HRA debt cap	140,275	140,275	140,275	140,275
HRA CFR	128,969	130,993	132,320	134,886
HRA headroom	11,306	9,282	7,955	5,389

<b>HRA Debt Ratios £'000</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
HRA debt	128,969	130,993	132,320	134,886
HRA revenues	30,181	29,807	29,355	29,534
Ratio of debt to revenues	4	4	5	5
Number of HRA dwellings	6,002	5,952	5,912	5,872
Debt per dwelling (£'000)	21	22	22	23

## 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 current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Capita Asset Services central view:

	Bank Rate	PWLB Borrowing Rates			
		5 year	10 year	25 year	50 year
<b>Mar-17</b>	0.25%	1.60%	2.30%	2.90%	2.70%
<b>Jun-17</b>	0.25%	1.60%	2.30%	2.90%	2.70%
<b>Sep-17</b>	0.25%	1.60%	2.30%	2.90%	2.70%
<b>Dec-17</b>	0.25%	1.60%	2.30%	3.00%	2.80%
<b>Mar-18</b>	0.25%	1.70%	2.30%	3.00%	2.80%
<b>Jun-18</b>	0.25%	1.70%	2.40%	3.00%	2.80%
<b>Sep-18</b>	0.25%	1.70%	2.40%	3.10%	2.90%
<b>Dec-18</b>	0.25%	1.80%	2.40%	3.10%	2.90%
<b>Mar-19</b>	0.25%	1.80%	2.50%	3.20%	3.00%
<b>Jun-19</b>	0.50%	1.90%	2.50%	3.20%	3.00%
<b>Sep-19</b>	0.50%	1.90%	2.60%	3.30%	3.10%
<b>Dec-19</b>	0.75%	2.00%	2.60%	3.30%	3.10%
<b>Mar-20</b>	0.75%	2.00%	2.70%	3.40%	3.20%

- 4.2 The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip in economic growth. During the two-year period when the UK is negotiating the terms for withdrawal from the EU, it is unlikely that the MPC will do anything to dampen growth prospects, which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in until quarter 2 2019, after those negotiations are expected to have been concluded. However, if strong domestically generated inflation were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.
- 4.3 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments. The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

- 4.4 PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently.
- 4.5 Borrowing interest rates were on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically low levels after the referendum and then even further after the MPC meeting of 4th August, when a new package of quantitative easing purchasing of gilts was announced. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when the Council may not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt.

## **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 still an issue that needs to be considered.
- 5.2 At 31 March 2016 the Council's Capital Financing Requirement was £153.5m and, net of finance lease liabilities, the underlying borrowing requirement was £150.3m. The Council's external borrowing totalled £136.1m, which meant under-borrowing totalled £14.2m.
- 5.3 There would be a cost of carry to any new long-term borrowing that causes an increase in cash balances, as this position will incur a revenue loss between borrowing costs and investment returns. However, against this, the long term saving resulting from borrowing at very low rates should be considered. Assuming current rates increase in accordance with the above forecast, if borrowing were delayed for two years it would lead to the cost of borrowing being significantly higher over the life of a 50 year loan.
- 5.4 Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
  - if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an 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 lower than they are projected to be in the next few years.
- 5.5 Any decisions will be reported to the Scrutiny Panel or Governance and Audit Committee at the next available opportunity.

### **Treasury Management Limits on Activity**

- 5.6 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.

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

Interest rate Exposures £'000	2017/18	2018/19	2019/20
Upper limit on fixed interest rates based on net debt	106,200	110,900	115,700
Upper limit on variable interest rates based on net debt	53,100	55,400	57,800

Maturity Structure of fixed interest rate borrowing	Lower	Upper
Under 12 months	0%	15%
12 months to 2 years	0%	15%
2 years to 5 years	0%	15%
5 years to 10 years	0%	15%
10 years to 20 years	0%	30%
20 years to 30 years	0%	30%
30 years to 40 years	0%	40%
40 years to 50 years	0%	40%
Over 50 years	0%	10%

### **Policy on Borrowing in Advance of Need**

- 5.8 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**

- 5.9 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).
- 5.10 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.
- 5.11 Any rescheduling will be reported to the Scrutiny Panel or the Governance and Audit Committee at the earliest meeting following its action.

### **Municipal Bond Agency**

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

### **HRA borrowing**

- 5.13 As part of the HRA reform arrangements in April 2012, the Council decided to follow the 'two pool' approach to allocating existing debt, taking into account those loans that were originally raised for a specific purpose. This assumed that the HRA would be 'fully borrowed', however the HRA is now in a position where it may need to borrow to fund the Housing Investment Programme.
- 5.14 As the Council is maintaining an under-borrowed position, the HRA will be recharged for the cost of any new borrowing requirement based on the average balance of unfinanced HRA borrowing during the year, using the PWLB variable rate as at 31 March of the previous year. In an environment of low investment returns and relatively stable borrowing rates, this provides a recharge that is beneficial to both the HRA and General Fund, and can be reasonably forecast from early on in the financial year. This approach will be reviewed annually in conjunction with the TMSS and projected investment returns.

## **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 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 guidance, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 6.3 Ratings will not be the sole determinant of the quality of an institution, and it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as 'credit default swaps' and overlay that information on top of the credit ratings.
- 6.4 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 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.
- 6.6 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**

- 6.7 The Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies;
  - CDS spreads to give early warning of likely changes in credit ratings;
  - sovereign ratings to select counterparties from only the most creditworthy countries.
- 6.8 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

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

- 6.9 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.
- 6.10 Typically the minimum credit ratings criteria the Council uses will be a Short Term rating (Fitch or equivalents) of F1, and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 6.11 All credit ratings will be monitored on a monthly basis. The Council is alerted to changes to ratings of all three agencies through its use of the creditworthiness service. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.
- 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 daily basis via its Passport website, provided exclusively to it by Capita Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 6.12 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, and information on any external support for banks to help support its decision making process.

### **Country limits**

- 6.13 The Council will only use approved counterparties from countries with a minimum sovereign credit rating of AA-, based on the lowest available rating. However this policy excludes UK counterparties. The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix C**. This list will be amended by officers should ratings change in accordance with this policy.
- 6.14 In addition no more than £10m will be placed with any non-UK country at any time.

### **Investment strategy**

- 6.15 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).
- 6.16 The Bank Rate is forecast to remain at 0.25% before starting to rise from quarter 2 of 2019, and not to rise above 0.75% by quarter 1 2020. Investment rates are likely to remain low during this period. The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows:
- 2016/17 0.25%
  - 2017/18 0.25%
  - 2018/19 0.25%
  - 2019/20 0.50%
  - 2020/21 0.75%
  - 2021/22 1.00%
  - 2022/23 1.50%
  - 2023/24 1.75%
  - Later years 2.75%
- 6.17 The overall balance of risks to these forecasts is currently slightly to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.
- 6.18 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

### **Investment treasury indicator and limit**

- 6.19 The limit for the total principal funds invested for greater than 364 days is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. The Council is asked to approve the treasury indicator and limit.

£'000	2017/18	2018/19	2019/20
Max. principal sums invested > 364 days	5,000	5,000	5,000

**End of year investment report**

- 6.20 At the end of the financial year, the Council will report on its investment activity to the Governance & Audit Committee as part of its Annual Treasury Report.

PWLB rates and forecast shown below take into account the 20 basis point certainty rate reduction effective as of 1 November 2012.

Capita Asset Services Interest Rate View													
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank Rate View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
3 Month LIBID	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%
6 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
12 Month LIBID	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB Rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Bank Rate													
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%
5yr PWLB Rate													
Capita Asset Services	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
Capital Economics	1.60%	1.70%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%
10yr PWLB Rate													
Capita Asset Services	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
Capital Economics	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	3.10%	3.20%	3.30%	3.40%
25yr PWLB Rate													
Capita Asset Services	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
Capital Economics	2.95%	3.05%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%	3.55%	3.65%	3.75%	3.95%	4.05%
50yr PWLB Rate													
Capita Asset Services	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Capital Economics	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.60%	3.70%	3.80%	3.90%

## Appendix B

**Specified Investments** – All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

**Non-Specified Investments** – These are investments that do not meet the specified investment criteria. A limit of the lesser of £20m or 50% of the portfolio will be held in aggregate in non-specified investments.

A variety of investment instruments may be used that will fall into one of the above categories, subject to the credit quality of the institution. The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Organisation	Min. Credit Criteria	Money Limit	Maturity Limit
Banks and Building Societies (including term deposits, CDs or corporate bonds)	Yellow	£7.5m	5 years
	Purple	£7.5m	2 years
	Orange	£7.5m	1 year
	Blue	£7.5m	1 year
	Red	£5.0m	6 months
	Green	£2.5m	100 days
	No colour	Not to be used	
UK Government Gilts	UK sovereign rating	£10m	1 year
UK Government Treasury Bills	UK sovereign rating	£10m	1 year
UK Local & Police Authorities	N/A	Unlimited	1 year
Debt Management Agency Deposit Facility	AAA	Unlimited	6 months
Money Market Funds	AAA	£10m	Liquid
Enhanced Money Market Funds	Dark Pink / Light Pink / AAA	£10m	Liquid
Bonds issued by Multilateral Development Banks	AAA	£3m	6 months
Property Funds	AAA	£5m	

### Notes:

- Non U.K. country limit of £10m
- Limit in all Building Societies of £10m

The use of property funds can be deemed capital expenditure, and as such will be an application of capital resources. The Council will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

The criteria in this appendix are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and / or restricted time limits.

This list is based on those countries that have sovereign ratings of AA- or higher and also have banks operating in sterling markets, which have credit ratings of green or above in the Capita Asset Services credit worthiness service.

**AAA**      Australia  
             Canada  
             Denmark  
             Germany  
             Luxembourg  
             Netherlands  
             Norway  
                 Singapore  
             Sweden  
             Switzerland

**AA+**      Finland  
             Hong Kong  
             U.S.A.

**AA**      Abu Dhabi (UAE)  
             France  
             Qatar  
             U.K.

**AA-**      Belgium

## Impact of Budget Strategy 2017/18

The budget for 2017/18 has been prepared in continuing difficult financial conditions. This is alongside the bedding in of changing local government financial arrangements.

There continue to be reductions in the amount of money we receive with a cut in combined funding of £1m (17%). In addition the changes to the New Homes Bonus has been cut by £0.9m.

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

These various approaches and reductions to the budgets available for investment from the New Homes Bonus have helped to identify almost £3m of savings, extra income and budget reductions. This strategic approach to delivering savings minimises the need to ask services to deliver percentage reductions which may impact on service delivery or any significant budget reductions

In broad terms the savings identified and prudent use of balances has enabled the Council to address the cost pressures faced without the need for cuts to services.


The “base budget” includes an allowance of £110k for investment to assist in the delivery of the Strategic Plan. Proposals for using this will be made in future reports.

The New Homes Bonus remains one of the main ways in which the Council is able to identify funds for investment to support the delivery of the Strategic Plan. In the 2017/18 budget the amount of New Homes Bonus being used to support the ‘base budget’ has been reduced to under £1.6m and is a third of the total grant being received next year. There is £3.1m being invested in projects or programmes. These include:-

- Providing funding to support ambitious plans for development of the Mercury Theatre
- Allocating funds to support affordable housing
- An allocation of £250k to support the RIF
- Just over £2m to invest in projects that support Strategic Plan objectives and / or help deliver income to close future budget gaps.





<b>Report of</b>	<b>Assistant Chief Executive</b>	<b>Author</b>	<b>Steve Heath</b>
<b>Title</b>	<b>Appointment of External Auditor</b>		 <b>282389</b>
<b>Wards affected</b>	Not applicable		

**This report concerns the appointment of the Council's External Auditor for work on the audit of the accounts for 2018/19**

## 1. Decision Required

- 1.1 To recommend to Full Council that the Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

## 2. Reasons for Decision

- 2.1 It is likely that a sector wide procurement conducted by PSAA will produce better outcomes for the Council than any procurement we undertook by ourselves or with a limited number of partners. Use of the PSAA will also be less resource intensive than establishing an auditor panel and conducting our own procurement.
- 2.2 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council. To comply with this regulation Cabinet is asked to make the above recommendation to Council.

## 3. Alternative Options

- 3.1 To establish an auditor panel and conduct our own procurement. This would be a far more resource intensive process and, without the bulk buying power of the sector led procurement, would be likely to result in a more costly service.

## 4. Supporting Information

- 4.1 As part of closing the Audit Commission, the Government novated external audit contracts to PSAA on 1 April 2015. The audits were due to expire following conclusion of the audits of the 2016/17 accounts, but could be extended for up to three years by PSAA, subject to approval from the Department for Communities and Local Government.
- 4.2 In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. This meant that for the audit of the 2018/19 accounts it would be necessary for authorities to either undertake their own procurements or to opt in to the appointed person regime.
- 4.3 There was a degree of uncertainty around the appointed person regime until July 2016 when PSAA were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support

across most of local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission, and is owned by the Local Government Association's Improvement and Development Agency (IDeA).

- 4.4 The PSAA sent invitations to Authorities to opt in on 27 October and a response is required by 9 March 2017. Subject to Cabinet's agreement, the recommendation to opt in to the appointing person arrangements will be considered by Council on 22 February.
- 4.5 The main advantages of using PSAA are set out in its prospectus and are copied below; these can also be viewed as the disadvantages if the Council was to decide to undertake its own procurement:
- Assure timely auditor appointments
  - Manage independence of auditors
  - Secure highly competitive prices
  - Save on procurement costs
  - Save time and effort needed on auditor panels
  - Focus on audit quality
  - Operate on a not for profit basis and distribute any surplus funds to scheme members.

## **5. Proposals**

- 5.1 That the Council submit to the PSAA formal notice of acceptance of the invitation to become an opted-in authority for the purposes of the appointment of our external auditor under the provisions of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

## **6. Strategic Plan References**

- 6.1 The objectives and priorities of the Strategic Plan inform all stages of the budget process.

## **7. Financial implications**

- 7.1 If PSAA is not used, some additional resource may be needed to establish an auditor panel and conduct our own procurement. Until either procurement exercise is completed it is not possible to state what additional resource may be required for audit fees for 2018/19, although it is anticipated that any increase will be minimised through using PSAA.

## **8. Risk Management Implications**

- 8.1 As set out in the report, use of PSAA minimises the risks inherent in undertaking our own procurement.

## **9. Standard References**


- 9.1 There are no publicity or consultation considerations; or equality, diversity and human rights; community safety or health and safety implications.

## **Background Papers**

PSAA Prospectus

PSAA – Appointing Person – Frequently Asked Questions

11 January 2017

Report of	Head of Professional Services	Author	Jon Ruder
Title	Review of the Statement of Licensing Policy		 282840
Wards affected	All		

**This report details proposed changes to the Statement of Licensing Policy following the annual review of the Policy. It also recommends that the Policy be referred to Council for adoption.**

## 1. Decisions Required

### 1.1 Members are asked to -

- (i) Consider the proposed amendments to the Licensing Policy set out at Appendix 1.
- (ii) Agree the amended Policy and propose its adoption to full Council.

## 2. Reasons for Decisions

- 2.1 The Licensing Policy, approved in January 2016, has been reviewed in the light of experience and taking into account changes in the nature of the night-time economy over the past year.

## 3. Alternative Options

- 3.1 To leave the Policy unchanged.

## 4. Matters for consideration

- 4.1 The Policy was approved by full Council in December 2015 and implemented with effect from 1 January 2016. Since its implementation a number of applications have been made and officers have had the opportunity to test the Policy. Over the past year there have also been a number of changes in the Town Centre which have seen the development of an increasing number of residential properties and a reduction in public nuisance and disorder as a result of the work of the multiagency Licensing Enforcement Group headed by the Council. Having regard to these factors a review of the Policy has been undertaken to ensure that it remains relevant.

- 4.2 The key changes are marked in the policy attached at Appendix 1 and are as follows –

- 1.11 Link to Purple Flag
- 1.13 Changes to reflect the new Annual Partnership Plan
- 1.14 SOS Bus – strengthening the paragraph to highlight that the SOS Bus is funded by voluntary contributions and therefore that the support of the licensed

trade is essential to its continued operation and to the mitigation of any impact caused by licensed premises in the town centre.

- 3.11 Inclusion of the expectation that licence holders are expected to operate their premises in line with application and commitments given to the Committee in order to gain their licence
- 3.13 Giving further details on the types of venues that are encouraged.
- 3.14 Inclusion of additional categories of venues, including garages and camping venues in the Matrix and minor adjustment to time for non-alcohol led premises. Inclusion of paragraphs on the primary use of the premises and the need to demonstrate an exceptional case to justify departure from the Policy.
- 3.38 Inclusion of paragraph dealing with the opening hours of premises.
- PS7-10 Inclusion of measures in relation to the use of special effects, hypnotism. Large scale events, and care and safety of persons leaving the premises
- CH10 Inclusion of measures in relation to the operation of Under 18 events.
- 9.5 Amendments to the Special Policy for the Old Town Zone –
  - Removing the times associated with the venue types
  - Changes to the categories of venues to make clear what is encouraged and what there is a strong presumption against.

## **5. Strategic Plan References**

- 5.1 The Statement of Licensing Policy attempts to strike a difficult but reasonable and proportionate balance between the different and often competing aspirations of licensed businesses and residents. This Policy recognises the importance of widening the choice and appeal of licensed premises and the development of cultural, social and community activities while at the same time offering reasonable and proportionate protections to local residents, visitors and other non-licensed businesses. The policy is in line with the Council's vision to create a Borough that is vibrant, prosperous, thriving and welcoming.

## **7. Consultation and Publicity Considerations**

- 7.1 The original Policy was the subject of an extensive consultation process as prescribed by the Licensing Act 2003. The revisions will be published on the Council's website and will be discussed with the trade through the medium of Pubwatch. In view of the fact that the revisions are largely clarification it is not considered that a wholesale consultation is necessary.

## **8. Financial Implications**

- 8.1 There may be costs incurred in defending any action brought against the Council which seeks to judicially review the Statement of Licensing Policy.

## **9. Equality, Diversity and Human Rights Implications**

- 9.1 The draft revised Statement of Licensing Policy has been prepared in accordance with and taken account of, all relevant legislation. There is an Equality Impact Assessment in Place for the Policy.

## **10. Community Safety Implications**

- 10.1 The Licensing Policy is a key component in the Council's strategy to tackle crime and disorder and anti-social behaviour, particularly alcohol related anti-social behaviour and as such it will contribute significantly towards improving overall community safety.

## **11. Health and Safety Implications**

- 11.1 There is no known direct public health and safety issues arising from the adoption of the amended Licensing Policy.

## **12. Risk Management Implications**

- 12.1 A flexible yet robust revised Statement of Licensing Policy will continue to provide both the Council and the Licensing Authority with a sound basis for decision making in relation to licensed premises and a secure platform from which to promote the four licensing objectives as outlined in the Licensing Act 2003.

**Please note that the Statement of Licensing Policy attached to this report is updated to show the amendments made following the Licensing Committee meeting of 11 January 2017.**



# **Statement of Licensing Policy 2016–2021**

Colchester Borough Council

1 January 2017

## Foreword

Welcome to the latest edition of Colchester's Statement of Licensing Policy.

We have made a number of significant changes to this policy following a collaborative proactive approach to licensing. We have built on the success of our multi-agency Licensing Enforcement Group and used the experience gained to shape our aspirations to promote and enhance Colchester's reputation as a safe and vibrant, welcoming and prosperous borough. We want to make sure that Colchester continues to offer a diverse range of high quality and well managed venues and experiences; valued by those who live here, work here and come to visit.

We have:

- set out what we aim to encourage
- identified how we want the town to grow and diversify
- made clear the high standards we expect premises to achieve
- created a special policy for the Old Town Zone
- reordered the Policy to make it easier to read, and
- set out our commitment to creating a vibrant, prosperous, thriving and welcoming town, open to all ages to enjoy the nightlife in a safe environment.

We are mindful of the balance that has to be struck between the sometimes competing needs of our residents and those of our business community. It is essential to ensure our residents can peacefully enjoy their homes and environment whilst also encouraging responsible and positive investment and economic growth.

We hope that this revised Statement of Licensing Policy is clear and easily understood and reflects the needs of all our communities.

Colchester Borough Council, Essex Police and our partner agencies on the Licensing Enforcement Group are committed to working in partnership to provide a responsive licensing approach. We commend it to you and sincerely believe that it will make a positive difference.

Councillor Michael Lilley, Cabinet Member for Safer Communities and Licensing  
Nick Cope, Chairman of the Licensing Committee  
Chief Inspector Elliott Judge, Essex Police

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Colchester is Britain's oldest recorded town with a unique history and heritage attracting in excess of 6 million visitors' trips a year. It is also a vibrant, thriving, prosperous and welcoming town and the existence of a large University and Garrison contribute to its overall diversity. The Borough is home to more than 180,000 residents living in communities based not only in and around the town centre but in the coastal, rural and riverside areas of the Borough. The population is expected to rise to 233,400 by 2035 with the regeneration of key areas of the borough and the creation of new communities.

The evening and night time economy in the Borough, which attracts 1.14 million visitors a year and is worth £64.4 million, is predominantly centred in the town of Colchester. The unique geography of the town centre means that the vast majority of licensed venues are located within the area circled by the old roman wall; within this area and close by are a number of residential communities. The challenge for the Council as the Licensing Authority is to balance the sometimes opposing demands of this sector with those of residents.

A recent survey of the evening and night-time economy commission by the Council and carried out in May/June 2015 identified that those surveyed wanted to see a greater variety of things to do; anti-social behaviour addressed; and action taken to reduce excessive drinking. This supports the Council's view that to attract businesses, visitors and residents the town needs to offer a variety of venue choices and to move away from a night-time economy centred on high volume drinking establishments. The survey results showed that whilst 31.3% indicated they visited the town for the purposes of clubbing, a broadly similar number, 30.5%, visited in order to eat out and that couples and families accounted for 40.5% of the users of this economy.

## **Introduction**

1.1 This Statement of Licensing Policy (hereafter referred to as the 'Licensing Policy') is published under Section 5 of the Licensing Act 2003 and states how the Council as the Licensing Authority will exercise its licensing functions in order to promote the four licensing objectives which are:

- The prevention of crime and disorder
- The prevention of public nuisance
- Public safety
- The protection of children from harm

1.2 Unless otherwise stated this licensing policy will not depart from the Secretary of State's Guidance (known as Section 182 Guidance (as amended)). Therefore to reduce repetition if matters are detailed in the Guidance they may not be included in this policy.

1.3 The aim of this Licensing Policy is to ensure desirable destinations for a wide range of age groups and uses. Premises that will extend the diversity of entertainment and attract a wider range of participants are encouraged rather than premises mainly or exclusively focused on the sale of alcohol. The Licensing Authority believes that achieving this will promote the licensing objectives as well as support other important Council strategies.

1.4 The Licensing Policy is integral in managing the role licensed premises play throughout the Borough. A key aim of the policy is to ensure that licensed premises have a positive impact on their locality and where any premises do cause problems, they are addressed swiftly and in the most appropriate manner. This Policy aims to develop a more inclusive night time economy, ensure high standards of management for licensed premises, and promote high-quality premises that can contribute positively to their locality.

## **Links to Other Strategies, Policies and Initiatives**

1.5 In preparing this Policy, the Council has had regard to and consulted those involved in its local strategies on crime prevention, planning, transport, culture, tourism and economic development. The Policy therefore integrates, as far as is reasonably practicable, with other key Council policies to ensure the promotion of the Council's strategic plan and with key initiatives to improve the night time economy

## **The Strategic Plan**

1.6 The Council's strategic plan is the overarching strategy for the Borough setting out the direction and potential for the Borough and integrating social, economic and environmental strategies to create a Borough that is -

**Vibrant** promoting our heritage and working hard to shape our future  
**Prosperous** generating opportunities for growth and supporting infrastructure  
**Thriving** attracting business and selling Colchester as a destination  
**Welcoming** a place where people can grow and be proud to live

1.7 This Policy aims to contribute to this vision through promoting a wider range of high-quality attractions that encourage an increased range of customers in order to lead to longer term economic viability. Licensed premises provide a key role as an employer, in regeneration, and in attracting people to the Borough. Additionally, effective regulation plays an essential role in enabling businesses to thrive and contribute to the Borough's economy.

## **Aspirations for the Borough**

1.8 The Council is committed to achieving the goals set out in its Strategic Plan to create a vibrant, prosperous, thriving and welcoming town. In relation to the evening and night time economy this Policy will support the plans to

Ensure Colchester is a welcoming and safe place for residents, visitors and businesses with a friendly feel that embraces tolerance and diversity

Enhance the diverse retail and leisure mix supporting independent businesses valued by residents and visitors

Create the right environment for people to develop and flourish in all aspects of life both business and pleasure.

Create a business friendly environment, encouraging business start-ups, support to small and medium sized enterprise and offer development in the right locations

Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life

Promote Colchester's heritage and wide ranging tourism attractions to enhance our reputation as a destination

Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment and tourism opportunities

Be clear about the major opportunities to work in partnership with public, private and voluntary sectors to achieve more for Colchester than we could on our own

Improve sustainability, cleanliness and health of the place by supporting events that promote fun and wellbeing

Make more of Colchester's great heritage and culture so that people can enjoy them and draw inspiration for their creative talents

Cultivate Colchester's green spaces and opportunities for health, wellbeing, and the enjoyment of all.

Make Colchester confident about its own abilities, to compete with the best of the towns in the region to generate a sense of pride.

1.9 Licensed premises can have a major effect on these aspirations and so when relevant to the promotion of the licensing objectives, the Licensing Authority will aim to support the aspirations to ensure premises are only licensed that contribute positively to the Borough.

1.10 The Licensing Authority will seek to ensure that premises contribute positively to the area in which they are situated with respect to the licensing objectives having regard to the nature of its locality. Operators of licensed premises are encouraged to consult with local residents and businesses prior to submitting applications.

## **Purple Flag**

1.11 This Licensing Policy aims to build upon Colchester's success in achieving [Purple Flag status](#) and further enhance the leisure, cultural and entertainment offerings for users of the night time economy by ensuring only well-run, safe and welcoming licensed premises are operated offering a broad mix of attractions. It is a key strand of the Council's Strategic Plan, to make Colchester a better place to live, work, learn and visit, and its core themes of ensuring Colchester is vibrant, prosperous, thriving and welcoming. This Policy aims to complement the principles behind the Purple Flag award to ensure licensed premises make a positive contribution towards a successful night time economy.

## 1.12 The Purple Flag Core Agenda covers five broad themes:

**Wellbeing** – The standards for licensed premises contained within the Policy set out how the Licensing Authority expects licensed premises to operate in order to ensure high quality of operation and management.

**Movement** – Getting home safely after an evening out is a prime requirement. The consideration of availability of transport is addressed through the location considerations in the Policy by ensuring that there are appropriate transport and dispersal mechanisms in place, having regard to the locality.

**Broad appeal** – Successful destinations should offer a vibrant choice of leisure and entertainment for a diversity of ages, lifestyles and cultures, including families. They should contain a rich mix of public and private attractions. They should be vital places for both the day and the night. The Policy sets out the diverse range and types of licensed premises the Council aims to encourage.

**Place** – Successful hospitality areas are alive during the day, as well as in the evening and night. They contain a blend of overlapping activities that encourage people to mingle and attractive places where spending and being are in balance. They respect and reinforce the character and identity of the area, its buildings, structures and features. They demonstrate flair and imagination in all aspects of design for the night. This Licensing Policy aims to encourage an evening and night time economy that is not solely youth-oriented and alcohol-driven and by ensuring that premises are only licensed that contribute positively to their locality.

**Policy** framework – this policy provides clear direction to ensure that licensed premises offer a positive experience within the area in which they are located.

## Community Safety Team and the Safer Colchester Partnership

1.13 This policy is closely aligned with the work of the Community Safety Team enhancing and supporting its work. There is a significant degree of overlap in the work of Community Safety and Licensing around the areas of alcohol and safety and in particular addressing evening and nighttime economy crime. and this Policy supports and enhances this work. Key Priority 5 of the Annual Partnership Plan is to address evening and night time economy crime through the Purple Flag and its action plan. Key Priority 3 of the Safer Colchester Partnership Plan deals with the issue of alcohol misuse. Alcohol together with drug misuse fuels most of the violent and antisocial behavior that takes place in the Town Centre. The Partnership seeks ways to support projects and initiatives that tackle the problems both in the night time economy and also during the day with street drinkers. The initiatives, identified in the plan, include a pilot project with licensed premises on the use of polycarbonate drinking vessels; and the voluntary reduce the strength campaign to encourage off-licences to stop selling super strength cheap lagers, beers and ciders a street drinkers' task and finish group and sharing data to identify issues.

## SOS Bus

1.14 The Town Centre benefits from the operation of the SOS bus and support mini bus which operates in Colchester High Street every Friday and Saturday night. The bus, which is staffed by a manager, coordinator and trained volunteers, offers a safe haven, helps diffuse trouble and provides medical support to people who need it. Its operation demonstrably reduces demand for accident and emergency attendances and helps reduce the negative impact of the night time economy on business, residents and the town in general. This Policy supports the work of the SOS staff and recognizes the essential role it plays in making the Borough vibrant, prosperous, thriving and welcoming. The SOS bus relies on voluntary contributions to fund its operation. The Council welcomes the financial contributions made and support given by members of the licensed trade which help to ensure the continued operation of the SOS bus and therefore its mitigation of the problems that can occur in the night time economy.

### **Local Development Framework**

1.15 The Council's adopted Local Plan emphasizes the importance of the Town Centre and regeneration. Planning policies direct development towards the most accessible and sustainable locations and plans for the provision of transport, employment and community facilities to support the growth areas of the Borough. This Policy supports these development aims; it recognizes the need to ensure that licensed premises are suitable for the area in which they are situated and encourages a diverse range of entertainment facilities to meet the needs of growing communities.

### **Contributing to achieving wider aspirations**

1.16 The Council recognizes there is no public health licensing objective and therefore cannot conduct its licensing function in order to promote public health. However, it also recognizes the impact of alcohol misuse in the Borough, and it is hoped that through the implementation of this Policy the promotion of the four licensing objectives will in turn have a positive effect on preventing alcohol misuse. For example, by ensuring licensed premises refuse sales of alcohol to children, or those attempting to purchase it on behalf of children, this will impact positively on a reduction in child alcohol-related health problems. Additionally, by preventing the use of illegal drugs on licensed premises, it is hoped this might reduce combined alcohol and drug misuse. Through ensuring the responsible selling of alcohol, this may impact on reducing a person's drinking at harmful or hazardous levels. The Council, through its Licensing Enforcement Group (LEG), receives information on admissions to A&E and ambulance call outs and this information is used in profiling premises and areas of the borough. However, it is accepted that any such positive impact will be as a coincidence of the Licensing Authority conducting its licensing function under the Act to promote the licensing objectives.

### **Pubwatch**

1.17 The Council encourages participation in the town centre Pubwatch scheme and is assisting in the creation of a new scheme for West Mersea. The Council encourages licensees to participate in Pubwatch, or for them to seek to establish new ones where none currently exist, and endeavours to provide as much support as

possible to any members of the trade looking to work together with neighbouring residents and businesses to ensure the promotion of the licensing objectives. By acting together Pubwatch can be a powerful group to affect change in the night time economy addressing not only issues of concern but also acting together raise the profile of the town as a vibrant, prosperous, thriving, and welcoming night time destination.

## **Consultation and Implementation of the Policy**

1.18 In accordance with Section 5(3) of the Act, the Licensing Authority carried out extensive consultation between 17 August 2015 and 31 October 2015. The comments received in response to this consultation were considered by the Licensing Committee at its meeting on 26 November 2015.

1.19 This Statement of Licensing Policy will take effect on 1 January 2016 and will remain in force for a period of not more than five years from this date. The Policy will be monitored and reviewed on a regular basis. Any proposed significant changes will be subject to full consultation in accordance with the Act. Minor amendments which do not affect the substance of the policy may be made without consultation.

## **Integration with Planning**

1.20 The use of premises for the sale or provision of alcohol, regulated entertainment or late night refreshment is subject to planning control. Such use will require planning permission or must otherwise be lawful under planning legislation. Planning permission is generally required for the establishment of new premises or the change of use of premises.

1.21 The planning and licensing regimes involve consideration of different (albeit related) matters. The Licensing Sub-Committee is not bound by the decision made by a Planning Committee and vice versa. Where the hours granted by planning are different to the licensing hours, the licensee must observe the earlier closing time. Premises operating in breach of their planning permission may be liable to prosecution or other enforcement under planning law.

1.22 The grant or variation of a licence does not negate the requirement for the licensee to ensure that relevant planning permission (or building control approval) is in place prior to the premises operating. Applications for premises licences should normally be from businesses with planning consent for the property concerned. However applications for licences may be made before any relevant planning permission has been sought or granted by the Planning Authority. It is strongly recommended that applicants contact the Planning Authority in advance of making a licensing application to seek advice on the planning constraints in respect of their premises and so ensure that in operating the premises planning and licensing requirements are compatible.

## **Consideration of need**

1.23 The Licensing Authority is not able to take into account need or the commercial

demand when exercising any licensing function; this is a matter for the market.

### **Duplication with other regulatory regimes**

1.24 In exercising its licensing functions, the Licensing Authority shall seek to avoid duplication with any other existing legislation and regulatory regimes that already place obligations on employers and operators e.g. the Management of Health and Safety at Work Regulations 1999, the Regulatory Reform (Fire Safety) Order 2005, or the Environmental Protection Act 1990.

### **Other Licensing Policies**

1.25 The Council has policies to deal with applications made under the Gambling Act and for applications in relation to sex establishments.



## 2. Guide to the Licensing Policy

2.1 This Licensing Policy sets out the relevant information on how licence applications will be determined and how licensed premises are expected to operate, as well as explaining how licensing integrates with other related strategies for the Borough.

2.2 The aims of this Licensing Policy are to pursue and promote the licensing objectives by encouraging:

- Desirable destinations for a wide range of age groups
- Licensed premises suitable for the area within which they are located
- Diversity of entertainment throughout the town centre that appeals to a wider audience
- A wide range of uses of premises

2.3 Licensed premises are an integral part of town and wider Borough and this Policy is a key tool in ensuring the different circumstances of our identified areas are taken into account when considering licence applications. After careful consideration and having regard to evidential data including the most recent night time economy survey data completed in May/June 2015, the Council has determined to include within the Policy a special policy for the Colchester Old Town Zone. This special policy sets out what the Licensing Authority wishes to see in this specific area and the expectations in relation to the management of premises.

2.4 The Council, as the Licensing Authority, is committed to ensuring that licensed premises are an asset to their locality and respect the character and identity of the area through the implementation of this Licensing Policy. However, where licensed premises fail to promote the licensing objectives, the Licensing Authority will take appropriate steps to address any such licence related issues.

2.5 Residents can play a significant role in contributing to the effective implementation of this Licensing Policy. The impact of licensed premises will naturally be most felt at a local level and it is important that residents and businesses have an active involvement in the licensing process and understand how they can do this.

2.6 The Licensing Authority considers it extremely important that licensed premises operate as good neighbours within their community. Operators of licensed premises are encouraged to consult with local residents and businesses prior to submitting applications to ensure they are aware of, and can address, any needs or concerns they may have.

2.7 Additionally, existing licensed premises are encouraged to have regular dialogue with residents and businesses in the local area to ensure the promotion of the licensing objectives on an ongoing basis.

2.8 This Policy contains a number of Key Factors, which are the primary issues it expects to be considered by licensees when identifying the steps they intend to take to promote the licensing objectives in respect of their licensed premises:

## Key Factors

- KF1 What we aim to encourage** – desirable destinations for a wide range of groups and uses
- KF2 The location of licensed premises** – venues in the right place
- KF3 Hours for licensed premises** – operating at the right hours
- KF4 Standards to promote the licensing objectives** – excellent management
- KF5 Off sales of alcohol** - operating to the highest standards

## Operation of the Policy

2.9 Applicants are expected to consider all the policies relevant to their application; these include general policies, key factors and where appropriate special policies.

2.10 Where there is no relevant representation, the licence must be granted as applied for subject to the mandatory conditions and those specified in the operating schedule.

2.11 If there is a relevant representation, the application will be considered against the policies and steps taken which are appropriate and proportionate to promote the licensing objectives

2.12 There is a greater chance of a representation being made (and therefore a hearing) where the factors contained in this Policy are not addressed.

2.13 Where the policy is to refuse the application in line with the special policy, the Licensing Authority will always consider the circumstances of the case and whether there are exceptional circumstances to justify a departure. In considering whether there are such circumstances, the authority will consider the reasons for the policy and whether those reasons would be met notwithstanding the departure.

2.14 In considering conditions to be attached to licences and certificates, the Licensing Authority will ensure that conditions must:

- be specific for the premises;
- not duplicate existing provisions;
- be capable of being met;
- be appropriate and proportionate for the promotion of the licensing objectives: and
- be tailored to the individual style and characteristics of the premises and events concerned.

2.15 It is acknowledged that conditions can only be imposed that seek to manage the behaviour of customers when they are on the premises and within the control of the licensee or in the immediate vicinity of the premises.

2.16 Where, following relevant representations and a hearing, the Licensing Authority is not satisfied that amendments to the application and/or the imposition of conditions will ensure the promotion of the licensing objectives the policy is to refuse the application. The amendments that will be taken into consideration include –

- excluding licensable activities
- amendments to the times for licensable activities
- a reduction in the licensable area

2.17 Licensing law is not the primary mechanism for the general control of nuisance and antisocial behaviour by individuals once they are away from the licensed premises and, therefore, beyond the direct control of the individual, club or business holding the licence, certificate or authorisation concerned. Nonetheless, it is a key aspect of such control, and licensing law will always be part of a holistic approach to the management of the evening and night time economy in the Borough.

### **Departures from the Policy**

2.18 This Policy sets out the Licensing Authority's vision for the regulation of licensed premises throughout the Borough and outlines the standards expected in order to ensure the promotion of the licensing objectives. The Licensing Authority may depart from the policy should it consider doing so would benefit the promotion of the licensing objectives. However, it is expected that any such departure would only be in exceptional circumstances.

### 3 Key Factors

3.1 The key factors set out in the Policy are intended to address the principle issues related to licensed premises. Licensed premises and activities can play an important role in ensuring that the Borough is vibrant, prosperous, thriving and welcoming. However, if premises are not managed responsibly they can also impact negatively on an area by causing a wide variety of problems.

3.2 Our aim is to promote an 'inclusive' evening and night time economy throughout the Borough to ensure people of all ages can participate in and enjoy a range of activities. These key factors are designed to ensure that all licensed premises throughout the Borough operate to promote the four licensing objectives in order to ensure they contribute positively to the Borough. The Key Factors are:

**KF1 What we aim to encourage**

**KF2 The location of licensed premises**

**KF3 Hours for licensed premises**

**KF4 Standards to promote the licensing objectives**

**KF5 Off sales of alcohol**

3.3 A key aim is to ensure the diversity of licensed premises and particularly avoid premises simply focused on the consumption of alcohol. Where relevant representations are made, there will be presumptions against premises that facilitate quick drinking through lack of seats (vertical drinking), loud music, and particularly those which aim to attract an exclusively youth-focused crowd to the exclusion or detriment of other groups.

3.4 We will also ensure that due consideration is given to the proximity of licensed premises not only to local residents and businesses, but also in relation to other licensed premises to ensure they are located in a position that does not adversely affect their ability to ensure the promotion of the licensing objectives.

3.5 While it is recognized that, in some circumstances, flexible licensing hours for the sale of alcohol can help to ensure that concentrations of customers leaving premises simultaneously are avoided, the Licensing Authority will consider restricting hours to ensure the promotion of the licensing objectives, subject to relevant representations being made in relation to the hours applied for, should the Licensing Authority deem this appropriate and proportionate following a hearing.

3.6 Where no relevant representations are received against an application for a Premises Licence or Club Premises Certificate, it shall be granted automatically subject to mandatory conditions under the Licensing Act and conditions consistent with the licensee's operating schedule.

3.7 However, we have established Key Factors we expect licensees to consider. Failure to do this may increase the possibility of representations being made against applications, particularly by Responsible Authorities.

3.8 Every application will be treated in accordance with the Act, the Guidance and this Licensing Policy. The licensee is expected to consider the Key Factors and the potential impact upon the licensing objectives relevant to them. The Licensing Policy is applicable to all premises providing any licensable activity, and it is important that all premises have regard to it and can demonstrate this. In particular premises located within the Old Town Zone should have regard to both the provisions set out in Paragraph 3.14 and those set out in 9.5.

3.9 The Standards to Promote the licensing objectives (Key Factor 4) set out what the Licensing Authority expect licensees to have due consideration to in how they operate their premises. However, it is a matter for them to propose the measures they consider appropriate with respect to their individual circumstances.

3.10 The Licensing Authority expects licensees to implement all measures they consider appropriate to promote the licensing objectives with respect to their individual circumstances. The Standards may not be appropriate to apply in every situation to every premises but all relevant measures appropriate to the premises will be expected to be incorporated as part of the operating schedule. Licensees are not restricted to consideration of those measures outlined in the Licensing Policy. It is proper that they address all issues they consider appropriate to promote the licensing objectives.

3.11 The Licensing Authority expects licence holders to operate their premises in accordance with the application and commitments made to the Committee in order to obtain the grant of the licence. Where evidence indicates that this is not the case premises licence holders may expect an application will be made to Review the licence. Applicants wishing to operate a restaurant will be expected to provide evidence of the premises operation as such when requested by the Licensing Authority; such evidence to include, but not limited to, wet and dry and door entry figures.

3.12 The Council will actively support and encourage premises that seek to meet the harmonization of the day and nighttime economy.

## **KF1 - What we aim to encourage**

3.13 The aim is to ensure desirable destinations that cater to a wide range of age groups and uses. Premises that are encouraged are:

Those that will extend the diversity of entertainment and attract a wider range of participants and in particular venues that offer diversity within the night time economy such as late night cinema, without the sale of alcohol, and live music venues. Venues that offer original material, are encouraged particularly to provide a range of live performances and styles of music, provided that such entertainment does not undermine the licensing objectives.

Family friendly venues, where people with children can attend, are encouraged. ~~These need not necessarily be places specifically aimed at children but could be premises appealing to adults which also provide for children.~~

Quieter and Smaller 'local-style' venues able to promote a sense of community and familiarity for customers.

Wind-down or chill-out venues that enable people to begin or end their nights out in a quieter venue where customers can sit down in a relaxed environment, particularly without alcohol.

Restaurants and Cafés as well as other less alcohol-dominated venues.

Theatres and Cinemas

3.14 **Subject to compliance with the other policies** the types of licensed premises set out in the Matrix below will generally be acceptable, unless relevant representations are made and/or the Licensing Authority considers that the ~~is satisfied the individual~~ application will undermine the licensing objectives. ~~The Council wishes to see wider diversity in the night time economy and in particular wishes to encourage premises whose primary purpose is not the sale of alcohol.~~

**Please note**

- The times given in the Matrix above are for licensable activities.
- In the case of premises which encompass two or more uses it is incumbent on the applicant to state the primary use of the premises; this use must be supported by the management plan/operating schedule.
- Any application which falls outside the times given in the Matrix will need to demonstrate a genuinely exceptional case to justify departure from the Policy. The reasons for the exception should be shown in the operating schedule and must demonstrate that there will be no derogation in the licensing objectives, including from departing customers

<b><u>Primary</u> Function</b>	<b>Residential</b>	<b>Mixed Commercial and Residential</b>	<b>Commercial</b>
Restaurant	Yes until <del>11pm</del> <u>midnight</u>	Yes until <del>00.30</del> <u>midnight</u>	Yes until 01.00
Late Night Takeaways *	Yes until 22.00	Yes until midnight	Yes until <del>0</del> <u>1.00</u>
<del>Nightclub</del>		<del>No</del>	<del>No</del>
Pub ** <b><u>Bar</u></b>	Yes until 23.00, <u>midnight</u> Friday and Saturday	Yes until midnight	Yes until 02.00
<del>High Volume Vertical Drinking Establishments</del>	<del>No</del>	<del>No</del>	<del>No</del>
Non-Alcohol Led – <u>e.g.</u> Theatres etc.	Yes until 23.00	Yes until midnight	Yes until <del>midnight</del> <u>01.00</u>

Off-licence	Yes until 22.00	Yes until midnight	Yes until midnight
Members' Club	Yes until 23.00	Yes until midnight	Yes until 02.00
Village <u>and Community</u> Halls	Yes <u>until 23.00, midnight Friday and Saturday</u>	Yes <u>until midnight</u>	Yes <u>until 02.00</u>
Wine Bars **	Yes until 23.00 midnight Friday and Saturday	Yes until midnight	Yes until 02.00
<del>Live Venues</del>	<del>Yes until 11pm</del>	<del>Yes until midnight</del>	<del>Yes until midnight</del>
<del>Sports Clubs</del>	<del>Yes until 23.00</del>	<del>Yes until 00.30</del>	<del>Yes until 01.00</del>
<del>Café Bars</del>	<del>Yes until 11pm</del>	<del>Yes until midnight</del>	<del>Yes until 2am</del>
Coffee Shops/ <del>bars</del>	Yes until 23.00	Yes until midnight	Yes until 02.00
<u>Caravan/Camping/Holiday Parks</u>	Consideration will be given to the licensable activities to be <u>provided when</u> determining an appropriate time		
Garages/Service Stations			

\*premises with limited or no seating and primarily focused on the sale of hot food to take away including delivery

\*\* premises where customers are generally seated, the density of the premises is lower and the age spread of the customer base is wider

## KF2 - The location of licensed premises

3.15 The Licensing Authority considers the following as key issues in relation to the location of licensed premises:

- The proposed operation of the premises having regard:  
to the licensable activities applied for,  
the size, structure and proposed capacity,  
the type/nature of the business
- The proximity of the premises to local residents.
- The proximity of the premises to other local businesses that could be affected
- The general character of the surrounding area including crime and antisocial behaviour levels

- The availability of transport to and from the premises

3.16 Consideration will be given to the capacity for vertical drinking at the premises. Where relevant representations are made, there shall be a presumption against new premises aimed at predominately providing vertical drinking environments i.e. through limited seating provision. Vertical drinking has been linked with encouraging binge drinking and an increased potential for violence and antisocial behaviour.

3.17 Additionally, a number of premises closing simultaneously would lead to larger numbers leaving at the same time thereby increasing the risk of disorder and disturbance, as well as creating spikes in demand for taxis and other sources of transport.

3.18 There is the need to balance the needs of residents with that of the night time economy. Licensees should consider how their premises could impact upon the needs of local residents and businesses. Particular consideration is expected to be given to:

Prevention of noise or vibration escaping from the premises due to volume of music or plant and machinery noise

Prevention of noise disturbance from people entering and leaving the premises (e.g. queue management, dispersal policy)

Prevention of disturbance by people outside the premises (e.g. smoking areas)

Litter from the premises (This issue is considered particularly relevant in respect of late night takeaways and smoking-related litter outside of licensed premises)

Disturbance caused by deliveries and collections at the premises including waste and bottle collection

3.19 Consideration should be given to the effective availability of transport in relation to the premises including the proximity of public transport in order to ensure customers are able to get home safely and without causing disturbance.

### **KF3 - Hours for licensed premises**

3.20 The Licensing Authority considers that measures must be taken to address the causes of crime and disorder and public nuisance linked to the night time economy.

3.21 The Licensing Authority will have particular regard to the hours applied for and considers that later hours will typically be more sensitive and higher risk in causing problems, especially related to drunkenness and particularly after midnight. Consequently, the Licensing Authority expects a higher level of control measures to be implemented at the premises when an application is made for later hours.

3.22 The Licensing Authority will have particular consideration to the location of premises and their likely effect on the locality when considering whether the hours requested are appropriate to the area and consistent with promoting the four licensing



objectives (see the Matrix in paragraph 3.12). Opening hours will not generally be regulated but each application will be considered on its own merits and in particularly noise sensitive locations it may be appropriate to consider the opening hours of a premises.

3.23 Where relevant representations are made, premises that are considered to meet the criteria 'What we aim to encourage' will normally be given greater freedom to operate than premises that could be considered more likely to have a detrimental impact upon the licensing objectives, such as youth-oriented, alcohol- driven premises.

3.24 It is expected that hours for licensed premises will be particularly relevant having consideration to the location of the premises. Consequently, the hours applied for licensable activities should be appropriate with regard to the nature of the location of the premises. It is recognized that in spite of the quality of the operation of the business, where patrons are out of the control of the licensee, the lateness of the terminal hour for the premises will often be a contributory factor in the potential for disturbance.

~~3.25 Applicants should only apply for hours that they realistically intend to operate.~~

3.25 The Licensing Authority will not consider the fact that other premises in the vicinity already have later hours as a justification for granting similar or extended hours and each application will be considered on its individual merits.

#### **KF4 – Standards to promote the licensing objectives**

3.26 An application for a new premises licence application, provisional statement, or a variation to an existing licence, must contain an operating schedule which identifies robust proposals to promote the licensing objectives.

3.27 Where no relevant representation is received against an application, conditions consistent with the steps proposed in the operating schedule will be attached to the licence (in addition to the mandatory conditions).

3.28 We have identified the standards we expect licensees to consider when preparing their operating schedules in order to promote the four objectives. However, it is a matter for them to consider and propose the measures they regard as appropriate to promote the licensing objectives with respect to the individual circumstances of their application. These measures are not exhaustive and the Licensing Authority will have regard to any relevant issues raised in any representation that may fall outside the standards.

3.29 All relevant measures appropriate to the premises will be expected to be incorporated as part of the operating schedule. Licensees are not restricted to only those measures outlined in this Policy and it is proper that they address all issues they consider appropriate to promote the licensing objectives. They may also wish to liaise with the responsible authorities and local residents or businesses in considering whether any additional issues may be relevant.

3.30 All persons, including responsible authorities, should also consider these

standards in relation to making any representation against an application.

3.31 Where there are relevant representations in respect of an application, these standards will be applied by the Licensing Authority to ensure licensed premises operate in the manner expected, where appropriate, by the Licensing Policy.

3.32 When it is considered by the Licensing Authority to be appropriate and proportionate in order to promote the licensing objectives, the policy is to attach conditions in accordance with the standards to promote the licensing objectives outlined in this Policy

3.33 While the standards have been separated under distinct titles of the four licensing objectives, many of them will be relevant for the promotion of multiple objectives. Where a measure may address more than one licensing objective it need only be included once.

## **KF5 Off-sales of alcohol**

3.34 The Council has implemented a Public Space Protection Order for the St Botolph's Street area and has a Designated Public Place Order in the town centre in order to help address and prevent numerous problems caused by public consumption of alcohol. Street drinking can be a major cause of antisocial behaviour, often involving underage persons, which gives rise to disorder, concerns over public safety and harm to children. Additionally, it is widely reported that consumption of alcohol by persons on the way to on-licensed premises gives rise to problems of drunken and disorderly behaviour.

3.35 The Licensing Authority therefore, without prejudice to the other policies contained within this policy, will adopt the following stance in relation to premises licensed for the sale of alcohol for consumption exclusively off the premises:

- Where any Responsible Authority makes representation against the grant of a licence for off-sales and, following a hearing the committee are satisfied that there is evidence of serious concerns over demonstrable problems of street drinking or disorder associated with the off-sale of alcohol in the area, there shall be a presumption against granting a licence. Applications will only be granted, following a hearing, where the Licensing Authority is satisfied the grant of the licence would not harm the licensing objectives.
- Where relevant representations are made, the Licensing Authority will also have particular consideration to the hours requested for sales of alcohol. Persons who are alcohol-dependent may be drawn to particular premises if they are licensed to sell alcohol at earlier times than other premises. Additionally, if there are issues related to late-night disorder, the hours for alcohol sales from the premises may be restricted.

3.36 Other conditions may be imposed directed at avoiding problematic street drinking in the vicinity of the premises. Another particular concern will be irresponsible drink promotions that do not follow best practice, would appeal to underage drinkers or street drinkers, or encourage excessive consumption.

3.37 There has in recent years been a significant rise in applications to the Licensing Authority seeking to permit off sales from premises before 068.00. In light of the factors set out in 3.35 above the Licensing Authority has a presumption against granting a licence for the off sale of alcohol before 068.00 and applicants wishing to sell alcohol before this time must demonstrate a genuinely exceptional case to justify departure from the Policy. The reasons for the exception should be shown in the operating schedule and must demonstrate that there will be no derogation in the licensing objectives, including from departing customers

## 4 The Prevention of Crime and Disorder

4.1 The Licensing Authority expects licensees to implement all measures they consider appropriate to promote the Prevention of Crime and Disorder licensing objective with respect to their individual circumstances. The standards below may not be appropriate to apply in every situation, to every premises, but all relevant measures appropriate to the premises will be expected to be incorporated as part of the operating schedule. Licensees are not restricted to considering only those measures outlined in the Policy and it is proper that they address all issues they consider appropriate to promote the licensing objectives.

### CD1 Implementation of effective security measures at the premises

It is expected that there should be a defined policy that documents the security measures in place for the premises. A defined policy should ensure a consistent approach and explain the standards expected of staff. It is expected that premises hold security review meetings on a regular basis to help identify and resolve issues and ensure that staff are fully aware of important issues. Relevant issues could include the prevention of thefts, or identifying problematic individuals.

### CD2 The effective management of queues outside the premises

Queues should be managed effectively to prevent any nuisance or disorderly behaviour. There should be a consistent approach to the management of customers waiting to enter the premises and licensees are expected to demonstrate how they will manage queues to the premises.

### CD3 The control of entry to and exit from the premises, including assessing the need for door supervisors

Consideration should be given to how capacity will be controlled and how already drunk or disorderly individuals will be prevented from being admitted. A relevant consideration will be whether security staff will be employed at the premises. It is expected that the need for security staff will be determined by documented risk assessment.

Where door supervisors are provided, it is expected that licensees have consideration of the following:

- High-visibility identification – It is expected that door supervisors shall be easily identifiable by wearing high-visibility clothing.
- Appropriate number of staff – Door supervisors should be employed at specified times with regard to the individual circumstances of the premises. The need for door staff should also be regularly reviewed and risk-assessed and appropriate security employed.
- The role of door supervisors in ensuring effective dispersal of patrons from the premises at the end of the night – Door supervisors should be instructed to encourage persons leaving the premises do so without causing disturbance and in an orderly fashion.
- Consideration of SIA-approved contractor scheme companies – The objective of the SIA's Approved Contractor scheme is to raise performance

standards. Approved contractors are demonstrably committed to customer service and the compulsory licensing of their staff, ensuring that every private security operative deployed on a premises will be working within the law.

- Holding security briefings at the start and end of duty.
- Maintaining a register of door supervisors on duty.

CD4 Operation of a documented policy in respect of searching patrons entering the premises.

Consideration should be given to whether searches of customers entering the premises are required. It is expected that the need for searches will be determined by risk assessment.

Any search policy is expected to include provision for the following circumstances:

- Records maintained of searches and seized items – Records should be maintained of any searches where prohibited items are seized and removed. Records should be made available to the Police.
- Circumstances under which searches will be conducted – Risk assessments should be conducted to consider when searches are appropriate.
- Location of where searches will take place – Areas should be covered by CCTV and not in isolated areas.
- Use of detection devices to detect weapons and drugs and when and where they will be used – Consideration for appropriate detection devices should be risk- assessed and employed as appropriate.
- Putting procedures in place for the seizure and retention of recovered drugs and other prohibited items – Items recovered should be kept in a secure location and the Police notified.

CD5 Designing out crime in the layout of the premises

Consideration should be had to best-practice advice such as the 'Licensed Property: Security by Design' (BBPA) or at [www.securedbydesign.com](http://www.securedbydesign.com) (ACPO).

CD6 Comprehensive risk assessments for activities at the premises

Risk assessments should be regularly reviewed and any appropriate action implemented immediately. Risks identified should be recorded and updated when appropriate. Consideration should be given to the risks associated with the activities of the business, the clientele, the Key Factors in this Licensing Policy, the nature of the area the premises is located, as well as any appropriate individual circumstances.

CD7 Use of town link radio service at the premises

Late-night premises in the town centre are expected to consider subscribing to the town link radio service which enables the rapid dissemination of information on criminal activity throughout the town centre.

CD8 Implementation of documented reporting procedures at the premises

Important and relevant incidents that occur at the premises should be recorded. Such records should be made available upon request by a Responsible Authority.

Recordable incidents could include:

- Accidents
- Lost and found property
- Refused sales of alcohol
- Thefts
- Banned and ejected persons
- Other incidents
- Injuries
- Allegations against staff.

CD9 Ensuring responsible management of externally promoted events at the premises

Promoters should be required to complete the promoter pro-forma and notification be given to Essex Police and the Licensing Authority no later than 28 days before the event.

CD10 Provision of comprehensive documented staff training

Documented staff training should be conducted relevant to the prevention of crime and disorder issues on the premises, to include (but not limited to):

- Age restrictions in respect of products
- Responsible Alcohol Service, including recognizing signs of drunkenness, refusal skills, drugs awareness
- Company policies and reporting procedures (see above)
- Managing and resolving conflict
- Action to be taken in the event of an emergency, including the report of a crime, fire, or request for emergency medical attention
- Licence conditions
- Relevant obligations and offences under the Licensing Act 2003, including those associated with the sale of alcohol.

Records of all training should be documented and kept on the premises available for inspection by the Responsible authorities.

CD11 Implementation of effective measures to prevent and deal with drunkenness at the premises

Premises licensed for the sale of alcohol for consumption on the premises should have a written policy in relation to drunkenness. Premises should not admit persons who are visibly intoxicated and staff should be trained regarding responsible alcohol sales, identifying drunkenness and preventing alcohol sales to them.

Consideration should also be given to:

- Taking practical steps to prevent drink driving
- Displaying responsible drinking information and posters throughout the

premises including the toilet areas  
Ensuring alcohol free options are readily available  
Making appropriate arrangements to ensure the safe transport home of vulnerable customers

#### CD12 Ensuring only responsible drinks promotions are operated at the premises

Consideration should be given to how any promotions could impact upon the mandatory licence condition for on-licensed premises prohibiting irresponsible promotions. It is expected licensees have reference to recognized codes of practice in respect of the responsible sale and promotion of alcohol products such as those issued by the British Beer and Pub Association, Portman Group and Drinkaware Trust.

#### CD13 Effective monitoring of the premises (both interior and exterior) including the use of CCTV

It should be demonstrated how the premises will be effectively monitored, e.g. patrols by staff, which areas will be covered by CCTV, whether security staff will be employed and, if so, where – as well as any other appropriate measures. Additionally, appropriate monitoring of external areas, e.g. immediately outside the entrance to the premises, smoking shelters or beer gardens, should be addressed where relevant.

Details of CCTV cameras should be provided (both internal and external). CCTV should be installed in liaison with, and to a standard approved by, Essex Police.

#### CD14 Ensuring all alcohol sales are properly authorised

The Licensing Authority considers it good practice for alcohol-licensed premises to ensure that there is a Personal Licence-holder on site at all times the premises is open for the sale of alcohol. Depending on the size of the premises, it may be appropriate for multiple Personal Licence-holders to be on duty, e.g. if the premises has more than one bar or is particularly large. The Licensing Authority expects to see written evidence of the delegation by the DPS to other persons of the authority to sell alcohol at the premises

#### CD15 Prevention of illegal drug use and anti-spiking at the premises

A zero-tolerance policy should be implemented regarding the use of illegal drugs on the premises. A drugs policy should be in writing and include how drugs will be prevented from being brought into the premises, what action the venue will take should anyone be caught with drugs on the premises, and how the drugs will be disposed of. The use of toilet attendants, regular documented toilet checks and searches of the premises could be conducted. Licensees for on-licensed premises should also consider what action will be taken to prevent the spiking of drinks at the premises. This could include encouraging customers to ensure that drinks are not left unattended, and the use of publicity material to ensure customers remain vigilant.

#### CD16 Operation of a documented glass policy for the premises

Glass injuries are a serious problem in the UK, with approximately 5,500 glassings reported each year, and glasses or bottles being used in 5% of all violent crime. A

documented risk assessment should be conducted for the use of glassware on the premises and safer drinking vessels, such as toughened glass or polycarbonate, should be used when appropriate. Risk assessments should also include the use of glass in external areas (if appropriate) as well as how glass collections will be managed throughout the premises, including the frequency of such collections.

#### CD17 Support for the SOS bus and other mitigation measures

The SOS bus works with other teams out and about in the night time economy – the street pastors, enforcement officers, doormen of licensed premises, police and ambulance service – to mitigate the effects caused by patrons of premises operating in the night time economy and to assist those premises in dealing with problems at their venue. Licensees are expected to demonstrate how they can offer support to ensure the continued operation of the SOS bus. This can take the form of financial contributions, display of promotional material, fundraising and actively working in a positive way with volunteers, as well as other initiatives such as taxi marshaling.

#### CD18 The operation of the premises

The Licensing Authority expects licence holders to operate their premises in accordance with the application and commitments made in order to obtain the licence. Applicants should demonstrate their commitment to the proposed use of the premises by the inclusion of such conditions that support this use of the premise and to limit the operation of the premises to the use applied for.



## 5 Public Safety

5.1 The Licensing Authority expects licensees to implement the measures they consider appropriate to promote the public safety objective regarding their individual circumstances. The standards below may not be appropriate to apply in every situation to every premises but all relevant measures appropriate to the premises will be expected to be incorporated as part of the operating schedule. Licensees are not restricted to only those measures outlined in the Licensing Policy and it is proper that they address all issues they consider appropriate to promote the licensing objectives.

### PS1 Maintaining a safe capacity and recording customer numbers

Capacity should be managed effectively and in accordance with an appropriate risk assessment to prevent overcrowding. Advice should be sought from Essex Fire and Rescue in relation to the safe capacity for premises and how it should be managed.

### PS2 Ensuring Fire Safety procedures are in place and up to date

Licensed premises should:

- Conduct a Fire Risk Assessment for the premises, which is reviewed as required, and as a minimum every 12 months. An assessment template and guidance notes are available on the Essex County Fire & Rescue Service website.

- Ensure all fire equipment is inspected/serviced as per its relevant British Standard (generally, but not always, annually) and documented.

### PS3 Use of a daily pre-opening and closing checklist

Consideration should be given to implementing such checklists as they can help ensure that all appropriate and routine actions are conducted consistently, ensuring good practice.

### PS4 Provision of comprehensive documented staff training

Documented staff training should be provided to ensure adequate public safety on the premises, including (but not limited to):

- First Aid
- Fire safety procedures
- Evacuation procedures
- Terrorist threats (predominantly town centre venues)
- Overcrowding.

### PS5 Implementation of appropriate anti-terrorism measures

Licensed premises, particularly those located in the town centre, should have regard to the National Counter Terrorism Security Office (NaCTSO) publication 'Counter Terrorism Protective Security Advice for Bars, Pubs and Nightclubs'.

## PS6 Operation of a documented glass collection and spillage policy

Premises licensed for the sale of alcohol for consumption on the premises should have a policy and procedure in place to ensure effective and efficient collection of glasses and the cleaning-up of spillages throughout the premises.

## PS7 The Use of Special Effects

Premises intending to use any form of special effects should carry out an appropriate and documented risk assessment and notify the Licensing Authority of their intended use.

## PS8 Hypnotism, mesmerism or similar acts

Premises intending to provide, as part of their entertainment an exhibition, demonstration or performance of hypnotism, mesmerism or any similar act or process should carry out an appropriate and documented risk assessment and notify the Licensing Authority of their intended use. This does not absolve the premises licence holder from applying for and gaining any other necessary permissions

## PS9 Large Scale Events

Premises holding large scale events are expected to have regard to the management standards set out in the policy and have in place an Event Management Plan that addresses , but is not limited to, the following –

Overall event safety control

Production details

Medical and first aid provision

Site management and the structural integrity of all temporary structures

Crowd management, stewarding and security

Fire safety and control

Configuration and control of sound systems

Management of any on-site and off-site car parking

Management of concessions and franchises

Provision and maintenance of water supplies

Welfare and provision of information

Provision and maintenance of sanitary facilities

Reception collection and removal of litter and other waste

Liaison with local residents and businesses

An alcohol management plan

## PS10 Care and Safety of Persons, including vulnerable persons, leaving the premises

A vulnerable person is one who for a variety of reasons may be unable to look after themselves and protect themselves from harm or exploitation. People may be vulnerable for a variety of reasons including but not restricted to – intoxication levels, substance misuse, illness or medical conditions, mental health issues, age, gender/risk of sexual predator or exploitation, and social impact factors.

Premises are expected to have in place a policy in relation to the care of vulnerable persons which should consider but is not limited to the following –

- Identifying whether the person is alone or with friends.
- Assigning a member of staff to keep an eye on them.
- Making contact with a relative or friend to ensure the person is taken home safely.
- Caring for the person in a safe place within the premises and away from the general public area.
- Contacting the SOS bus, Street Pastors and/or Police/Ambulance Service to provide care/assistance.
- In the event the person wanders away from the premises, notify CCTV and asking them to keep a watch on the individual and communicate with other premises via the town link service
- Assisting the person and/or friends in finding a route home.
- Recording the incident in the premises log book.

Premises are also expected to give consideration to implementing measures designed to encourage safe journeys home including (but not limited to) -

- Discouraging drink driving by promoting schemes such as designated driver, with notices clearly displayed throughout the premises.
- Displaying information to customers with regard to safe options for travelling home such as Cabwise. Information should include access to licensed taxi cabs or licensed private hire vehicles, the location of taxi ranks and public transport facilities including night bus options. Providing a free taxi phone service and a safe waiting area for customers inside the premises

## 6 The Prevention of Public Nuisance

6.1 The Licensing Authority expects licensees to implement the measures they consider appropriate to promote the prevention of public nuisance objective with respect to their individual circumstances. The standards below may not be appropriate to apply in every situation to every premises but all relevant measures appropriate to the premises will be expected to be incorporated as part of the operating schedule. Licensees are not restricted to only those measures outlined in the Licensing Policy and it is proper that they address all issues they consider appropriate to promote the licensing objectives.

### PN1 Prevention of noise breakout from the premises

This relates to both internal and external areas. Measures such as double-glazing, the use of an acoustic lobby, noise limitation devices and soundproofing for internal areas may be relevant. Licensees should demonstrate the measures taken to address such issues.

### PN2 Use of a last entry time for the premises

Consideration should be given to a curfew on entry times, which can reduce the possibility of persons causing noise and disturbance late at night who may have been attracted to the premises.

### PN3 Communication and integration with local residents and businesses

Licensees are encouraged to consult with local residents and businesses prior to submitting an application for a new licence or variation of an existing licence to ensure that any issues that may arise in respect of the proposed operation of the premises can be addressed at the earliest possible stage and ensure the promotion of the licensing objectives.

Licensees are expected to communicate with local residents and businesses, to address and resolve relevant problems. This could include giving contact telephone numbers to local residents so they can report any issues to the premises for them to be dealt with. It is expected that contacts at the premises would be persons in a position of responsibility who are contactable whenever the premises is open to the public so that any issues can be addressed without delay. Licensees could also arrange regular meetings with neighbours to ensure good relations.

### PN4 Effective management of exterior spaces (e.g. beer gardens, smoking areas)

Where the premises include any exterior areas, licensees should demonstrate what measures are in place to prevent issues that may give rise to problems. Relevant considerations should include:

- a limit on the number of patrons in such areas
- whether there is a curfew on using them
- how they will be delineated, if relevant
- how will premises be kept clean and free of litter, particularly at the end of trading
- what supervision will be in place?

will the premises be covered by CCTV?  
How will the area be lit to avoid nuisance to neighbours?  
will glasses be allowed outside?  
what glass collection arrangements will be in place?  
how to avoid customers causing noise disturbance  
how the premises will prevent begging at, and in the immediate exterior of, the premises.

PN5 Cleansing arrangements and ensuring the premises and surrounding area are kept clean and free of litter

Where the licensable activities could give rise to litter being dropped in the vicinity of the premises, the measures in place to prevent this occurring and/or tidy it up should be demonstrated. Such measures could include regular litter inspections during the hours of operation and at the close of business, the placing of litter bins in prominent areas of the premises, reducing packaging, and the use of branded packaging.

PN6 Responsible management of the use of flyers and other promotional material

The irresponsible use of flyers can cause major litter problems. Any use of flyers and other promotional material should be done in a responsible and appropriate manner. It should be noted that permits are required for handing out flyers in various areas of the Borough.

PN7 Ensuring adequate arrangements for secure and responsible storage of refuse

Adequate and secure storage for refuse should be provided that is appropriate for the nature of the business. Particular regard should be given to the management of glass bottles to prevent them being taken outside the premises as potential weapons, and to the emptying of bottles into refuse containers at times that could disturb local residents or businesses.

PN8 Appropriate arrangements for deliveries and collections

Consideration should be given to how and at what times deliveries are made to the premises to avoid disturbance to local residents and business and avoid any obstruction. Equally, this would apply to any collections from the premises, e.g. refuse collections by private contractors.

PN9 Prevention of customers causing disturbance when leaving the premises

Licensed premises need to ensure the orderly exit and dispersal of customers from the premises. Relevant considerations could include:

- Prominent display of notices requiring courtesy for neighbours
- Preventing customers from congregating outside
- Providing advice and directions to available public transport
- Providing contact details for taxi/private hire firms and provision of a call-back service
- Use of a dedicated taxi/private hire service
- Implementing a dispersal policy based upon good practice
- Use of a winding-down period
- The role of door supervisors in managing persons leaving.

PN10 Membership of any local Pub and Club Network/Off Licence Forum or other recognized partnership group

Licensees should commit to work in partnership through local business groups, which can provide useful forums to keep abreast of local issues and developments when they operate in the area.

## 7 The Protection of Children from Harm

7.1 The Licensing Authority expects licensees to implement the measures they consider appropriate to promote the protection of children from harm licensing objective with respect to their individual circumstances. The standards below may not be appropriate to apply in every situation to every premises but all relevant measures appropriate to the premises will be expected to be incorporated as part of the operating schedule. Licensees are not restricted to only those measures outlined in the Licensing Policy and it is proper that they address all issues they consider appropriate to promote the licensing objectives.

### CH1 Risk assessment for when children are on the premises

Regard should be had to specific risks that may arise when children are on the premises. The risk assessment should be documented and available for inspection by the Responsible authorities upon request. Relevant considerations could include:

- Will access be restricted to certain areas of the premises?
- Is there adequate supervision?
- Are the areas covered by CCTV?
- Will alcohol sales be restricted in areas where children are permitted?
- How will children be prevented from accessing alcohol?

Special consideration is expected to be given to promoted events in licensed premises aimed at, or likely to attract, persons under 18. The Licensing Authority expects robust measures to be in place to address potential risks associated with such an activity.

### CH2 Ensuring any gambling machines on the premises are appropriately located and properly monitored

Consideration should be given to the ability to supervise their use regarding location to ensure underage persons do not use them with regard to any code of practice issued by the Gambling Commission (gambling machines) and advice from the Licensing Authority.

### CH3 Ensuring entertainment at the premises is age-appropriate

Where adult-only entertainment is provided, children should be prevented from being on the premises when such entertainment is taking place.

### CH4 Taking action to prevent proxy sales of alcohol from the premises

Premises licensed for the sale of alcohol should take proactive steps to prevent this occurring. Possible measures include:

- Regular checks around and/or outside the premises for underage persons encouraging adults to purchase alcohol for them
- Use of CCTV, particularly in external areas

Displaying prominent notices in the premises explaining the law in relation to purchasing alcohol on behalf of persons under 18 and the penalties involved.

#### CH5 Proper management of any child performers

It is expected that any child performers are properly licensed and a nominated adult is present to act in a supervisory capacity.

#### CH6 Ensuring age restrictions are enforced effectively when showing films

Where age-restricted films are displayed, appropriate and effective measures must be in place to ensure relevant age restrictions are complied with.

#### CH7 Prevention of underage sales of age-restricted products and underage persons access

Effective and appropriate measures must be taken to ensure age restrictions are enforced at the premises. Relevant considerations include:

- Implementation of Challenge 25
- Details of what forms of ID are acceptable
- The use of till prompts
- The maintenance of refusal logs
- Staff training.

#### CH8 Provision of comprehensive documented staff training

Documented staff training is expected, particularly in relation to activities consistent with the licensing objectives, including (but not limited to):

- Identification and refusal of underage sales
- Age-restricted products
- Any access restrictions to the premises by children.

#### CH9 Display of child welfare information in public areas of the premises

Where children are allowed on the premises, information should be available on what to do if there is a cause for concern regarding a child's welfare.

#### CH10 Operation of under 18 events at premises

Where under 18 events take place, premises are expected to put in place appropriate measures to ensure the safety and welfare of those attending the event.



## 8 Off-sales of Alcohol

8.1 The Licensing Authority expects licensees to consider the standards below in relation to the operation of their premises; they may not be appropriate to apply in every situation but where they are such measures will be expected to be incorporated as part of the operating schedule. Licensees are not restricted to only those measures outlined in the Licensing Policy and it is proper that they address all issues they consider appropriate to promote the licensing objectives and in particular those set out in the preceding sections on the measures to promote the licensing objectives.

OF1 Taking action to prevent the purchase and sale of counterfeit or non-duty paid alcohol

Premises should take proactive steps to prevent this from occurring. Such measures include:

- No alcohol purchased from sellers calling at the shop
- Reporting to Trading Standards any caller to the shop attempting to sell alcohol
- Keeping invoices (or copies) on the premises for all alcoholic goods purchased for inspection by authorised officers
- Operation of a stock control system
- Use of an ultraviolet pen or light to check the UK Duty Stamp on spirits

OF2 To control the sale of alcohol for delivery

Regard should be given to the specific risks, of selling and supply alcohol to persons underage, that are presented by the ordering of alcohol by telephone or internet and the delivery to a residential address where the person receiving the alcohol be underage. Premises should take proactive steps to prevent the sale and delivery of alcohol to underage persons. Possible measures include:

- Pre-ordering by telephone or internet prior to delivery
- Carrying Invoices relating to delivery on the delivery vehicle
- Production of invoices and record of orders on request to any authorised officer
- Operation of a "Challenge 25" scheme
- A refusals book

## 9. Special Policy for Colchester's Old Town Zone

9.1 In the town centre restaurants and takeaways account for over half of the premises in the night time economy and pubs bars and inns account over a third of all premises. There is evidence that within the area identified as the Old Town Zone (shown on the plan at Appendix 1) the promotion of the licensing objectives is being undermined as a consequence of the operation of licensed premises in the area; having regard to the levels of crime and disorder and public nuisance experienced within it and the complaints received from local residents.

9.2 The Licensing Authority considers that whilst the levels of problems do not currently justify the implementation of a cumulative impact policy for the area; the area is of concern and shall be kept under review. The Licensing Authority has taken into consideration the role of the SOS bus in helping to mitigate the problems caused by the sale of alcohol in this area and recognizes that were the bus to be withdrawn the effect would be to push problems in the area to levels where a cumulative impact area would be considered.

9.3 Therefore, the Council has adopted a special policy for the area, to be known as the Old Town Zone Policy.

9.4 There is evidence of problems associated with operation of licensed premises in the Old Town Zone and the Licensing Authority wishes to see a decrease in the levels of crime and disorder and public nuisance already being experienced in the area. However, the authority does wish to diversify the evening and night time economy in in this area.

9.5 With this in mind, and subject to compliance with the other requirements of the policy (in particular paragraph 3.14), the following approach for new licences and material variations, where relevant representations have been made, shall be taken:

- a. The following venue types are strongly encouraged provided they do not undermine the licensing objectives and licensing policy:

- Restaurant
- ~~open until midnight~~
- Non-alcohol lead premises
- ~~open until midnight~~
- Live entertainment venue ~~open until 01.00~~
- ~~Café Bar open until 01.00~~
- Coffee shops/~~bars open until 01.00~~

- ~~b. The following venue types will be judged according to the measures set out in paragraph 9.9 (pages 37 to 41). Positive proposals for the promotion of the licensing objectives must also be demonstrated in the operating schedule. A stricter approach is likely to be taken to where customers are not seated at tables and/or where a substantial food offer is not available at all times the premises are open.~~

- ~~Restaurant — open after midnight~~
- ~~Pub — open until midnight~~
- ~~Members Club — all~~
- ~~Wine Bars — all~~
- ~~Live entertainment venue — open after 01.00~~
- ~~Café Bars — open after 01.00~~
- ~~Coffee Bars/Shops — open after 01.00~~

~~e.b.~~ There will be a strong presumption against the following venue types. A genuinely exceptional case would need to be shown. The reasons for the exception should be shown in the operating schedule and must demonstrate that there will be no derogation in the licensing objectives, including from departing customers

- Late night takeaway ~~—all~~
- Nightclub ~~—all~~
- High Volume Vertical Drinking establishment ~~—all~~
- Pub/Bar ~~—open after midnight~~
- Off licences
- ~~—open after midnight~~

#### Please note

- In the case of premises which encompass two or more uses it is incumbent on the applicant to state the primary use of the premises; this use must be supported by the management plan/operating schedule.
- Any application which falls outside the times given above will need to demonstrate a genuinely exceptional case to justify departure from the Policy. The reasons for the exception should be shown in the operating schedule and must demonstrate that there will be no derogation in the licensing objectives, including from departing customers.
- Exceptional circumstances do not include the quality of the management nor the size of the venue.

9.6 Key Factor 4, Standards to Promote the Licensing Objectives, sets out many measures that the Licensing Authority considers to be appropriate in order to ensure the promotion of the licensing objectives.

9.7 Having regard to the issues within the Old Town Zone the Licensing Authority has also set out particular matters to ~~to~~ ~~it~~ ~~which it~~ expects operators to pay special attention ~~to~~ in order to ensure their operation will not add to the problems within this area. Operators are not required to do so, but where the authority's discretion is engaged, any applications which fail to address all appropriate matters may be refused or have conditions applied to comply with the policy measures.

9.8 These measures shall be considered in conjunction with the policy approach set out above and may be more or less appropriate depending on the style of operation applied for. Applicants are not limited to only these proposed measures and should propose all measures they consider appropriate in the promotion of the licensing objectives.

9.9 The measures are set out as follows:

Please note – the references below refer to the standards under the licensing objectives  
(See pages 22 to 34)

Ref	Matter to be addressed	Measure to be adopted
CD2	Effective management of queues outside the premises	A documented policy addressing how queues outside of the premises will be managed to prevent any nuisance or disorderly behavior
CD3	The control of entry to and exit from the premises, including assessing the need for door supervisors	A documented risk assessment assessing the need for door supervisors at the premises. Where employed, door supervisors shall be easily identifiable (through high-visibility uniform) and employed in appropriate numbers and during appropriate times. Written records to be kept of any door supervisors on duty.
CD5	Designing out crime in the layout of the premises	Positive consideration will be given to the commissioning a Licensing Impact Statement (by Design for Security) and operation of the premises in line with the recommendations of that report.
CD8	Implementation of documented reporting procedures at the premises	Documented records to be kept in respect of: Lost and found property Refused sales of alcohol Thefts Banned and ejected persons Injuries Complaints and any remedial action taken.
CD10	Provision of comprehensive documented staff training	Documented staff training conducted in respect of: Preventing underage sales Preventing drunkenness Managing and resolving conflict Emergency procedures Compliance with the licence

		<p>conditions</p> <p>Relevant obligations and offences under the Licensing Act, particularly those associated with the sale of alcohol</p> <p>Identification and refusal of underage sales</p> <p>Positive consideration will be given to the use of accredited training course and recognized industry qualifications (e.g. BII)</p>
CD11	Implementation of effective measures to prevent and deal with drunkenness at the premises	<p>A documented policy in relation to preventing and managing drunkenness on the premises.</p> <p>Access to the premises should not be permitted to any person who is visibly intoxicated.</p> <p>Positive consideration will be given to:</p> <p>The sale of alcohol being subject to the use of waiter/waitress service for consumption by persons seated at tables</p> <p>Substantial food being available at all times</p> <p>Use of the Responsible Alcohol Service Guide</p> <p>Displaying responsible drinking information and posters throughout the premises</p> <p>Ensuring alcohol-free options are readily available</p> <p>Making appropriate arrangements to ensure the safe transport home of vulnerable customers</p> <p>Training of staff in the Responsible Alcohol Service award</p> <p>No promotional activity resulting in a minimum unit price of less than 50p.</p> <p>In relation to off sales - positive consideration will be given to:</p> <p>Voluntary restriction of high strength alcohol (i.e. high ABV beers and cider)</p>

CD13	Effective monitoring of the premises (both interior and exterior) including the use of CCTV	A digital CCTV system installed in conjunction with any specification or recommendations of Essex Police.
CD14	Ensuring all alcohol sales are properly authorised	Positive consideration will be given to there being at least one personal licence holder on duty on the premises at all times it is open to the public.
CD16	Operation of a documented glass policy for the premises	A documented risk assessment in respect of the use of glassware on the premises. Where appropriate plastic or polycarbonate drinking vessels.
CD17	Support for the SOS bus and other mitigation measures	Positive consideration will be given to measures to support the SOS bus and other mitigation measures.
PS1	Maintaining a safe capacity and recording customer numbers	The maximum occupancy of the premises should be prominently displayed at the entrance to the premises and appropriate measures put in place to ensure the capacity is not breached.
PS6	Operation of a documented glass collection and spillage policy	A documented policy to ensure that drinking vessels are not left unattended and the efficient collection of glasses and cleaning up at the premises, especially in outdoor areas.
PN1	Prevention of noise breakout from the premises	Systems to ensure that any noise from the premises, especially regulated entertainment, does not cause disturbance to neighbouring properties, particularly local residents.
PN3	Communication and integration with local residents and businesses	Positive consideration will be given to: Participation in any community local initiatives. Communication with local residents and groups. Provision of a mobile contact number for the DPS or nominated person for the immediate resolution of problems. Hosting of meetings with local

		residents to troubleshoot issues associated with the premises.
PN4	Effective management of exterior spaces (e.g. beer gardens, smoking areas)	Policies in place in relation to: Supervision arrangements. How such areas will be kept clean and free of litter, particularly at the end of trading. Avoiding customers causing noise disturbance.
PN5	Cleansing arrangements and ensuring the premises and surrounding area are kept clean and free of litter	Systems in place to ensure the premises and surrounding area are kept clean and free of litter at all times the premises is open to the public, and at the close of trade.  Positive consideration will be given to: Contribution (including financial) to any community local initiatives or infrastructure Cleaning initiatives beyond the immediate vicinity of the premises.
PN6	Responsible management of the use of flyers and other promotional material	The distribution of flyers shall only be conducted in accordance with the terms of the requisite permit to distribute free printed material issued by the Council.
PN9	Prevention of customers causing disturbance when leaving the premises	Policies for the dispersal of customers to ensure orderly conduct and minimize disturbance. Positive consideration will be given to: Supervision of customers leaving including preventing customers congregating outside Use of a winding-down period Providing a dedicated taxi/private hire calling service, which operates a call back facility.
PN10	Membership of any local Pub and Club Network/Off Licence Forum or other recognized partnership group	Positive consideration will be given to: Participation in the local Pubwatch scheme Support of any local resident / community schemes including the



		voluntary hosting of meetings.
CH4	Taking action to prevent proxy sales of alcohol from the premises	Operators should ensure staff are aware of the risks of proxy sales and take appropriate measures to deter offences.
CH7	Prevention of underage sales of age-restricted products and underage persons access	The operation of Challenge 25 with acceptable forms of ID Positive consideration will be given to: The use of till prompts Operation of mystery shopper exercises at own expense.

9.9 The special policy shall apply to all new and material variation applications within the Old Town Zone. In relation to variations, this includes any variation that seeks to add a licensable activity, increase the capacity/size of a licensed premises, or extend the hours for licensable activities, but will usually exclude minor variations.

9.10 Each application will be considered on its individual merits.

9.11 Departure from policy is expected only in exceptional circumstances. Exceptional circumstances will not include the quality of management or size of venue.

9.12 Applicants will be expected to have particular regard to all key factors of this Policy.

9.13 This special policy area will be kept under review and where problems of crime and disorder or public nuisance are not improving, or are worsening, the Policy will be reviewed with a view to introducing a cumulative impact area.

## 10. The Cumulative Impact of Concentrations of Licensed Premises

10.1 Cumulative impact means the potential impact on the promotion of the licensing objectives of a significant number of licensed premises concentrated in one area. The cumulative impact of licensed premises on the promotion of the licensing objectives is a proper matter for a Licensing Authority to consider in developing its licensing policy statement.

10.2 The Licensing Authority acknowledges that a concentration of licensed premises in a particular area can result in an increase in crime, anti-social behaviour, noise pollution and disturbance to residents in the vicinity of those premises and other patrons of the nighttime economy. In such cases the amenity of local residents can be placed under severe pressure but the causes may not be attributable to any individual premises and therefore enforcement action taken to ensure adherence to conditions may not always resolve the problems.

10.3 Types of evidence the Licensing Authority will take into consideration when considering whether to implement a cumulative impact policy include:

- Information and intelligence from its own Licensing Enforcement Group
- Alcohol-related crime
- The number and type of licensed premises and the hours and activities for which they are licensed
- Ambulance and A&E data in respect of alcohol-related incidents
- Residential density
- Noise complaints
- The number of consumers attracted to the area and the availability of public transport

10.4 In coming to any decision about a cumulative impact, the Licensing Authority will also have regards to other mechanisms outside of the licensing regime, which may also be available to address the issues, these include but are not limited to:

- Planning controls
- Positive measures to create a safe and clean town environment in partnership with local businesses, transport operators and other Council departments
- The provision of CCTV in the town centre, sufficient taxi ranks, provision of public conveniences open late at night, street cleaning and litter patrols
- Police enforcement including the issuing of fixed penalty notices
- Prosecution of personal licence holders or other members of staff who sell alcohol to people who are already drunk
- Confiscation of alcohol from children and adults in designated areas
- Police and Council powers to close down instantly, for 24 hours, a premises or temporary event on the grounds of disorder, the likelihood of disorder or noise emanating from the premises causing a nuisance

- The power to seek the review of a licence

10.5 Such a special policy will be implemented if the Authority is satisfied that there is evidence to support such a decision, and that it is proportionate and the most effective measure to address the problems identified.

## 11 Temporary Event Notices

11.1 Temporary Event Notices, TENs, can be used to authorise premises for licensable activities for temporary periods or specific occasions.

11.2 Unlike applications for premises licences and club premises certificates, the licensing authority does not grant temporary event notices. Instead the premises user notifies the licensing authority of their intention to hold an event. Only the police and environmental protection can intervene to prevent it taking place or agree modifications to the event arrangements. However, in the interests of public safety the fire authority are notified by the Licensing Authority of all temporary events notices.

11.3 It is strongly suggested that TENS are lodged well in advance of the event to enable the licensing authority to work with event organisers, where necessary, to resolve any potential issues that may arise as a result of the TEN. This is particularly relevant for organisers of events anticipating maximum attendance and/or involving the sale of alcohol. Organisers should also have regard to the relevant parts of the guidance in this policy on large scale events.

11.4 Events such as village fetes which occur on a temporary basis may not require a licence. However, organisers of such events are requested to notify the Licensing Authority to ensure that, in the event that enquiries/complaints are received from members of the public, they can be effectively dealt with.

11.5 Temporary Event Notices do not override the need to have the necessary planning consent in place for the event to be held.

## 12 Premises Licences for Large-Scale Public Events

12.1 The Council holds a number of Premises Licences for public areas throughout the town centre. If you wish to hold an event in a public space it is strongly recommended that you first contact the Council's Licensing Team.

12.2 Licensees are expected to have regard to the management standards set out in the Policy as well as address the following elements:

- Overall event safety control
- Production details
- Medical and first aid provision
- Site management and the structural integrity of all temporary structures
- Crowd management, stewarding and security
- Fire safety and control
- Configuration and control of sound systems
- Management of any on-site and off-site car parking
- Management of concessions and franchises
- Provision and maintenance of water supplies
- Welfare and provision of information
- Provision and maintenance of sanitary facilities
- Reception collection and removal of litter and other waste
- Liaison with local residents and businesses

12.3 Relevant details in respect of the above may include:

- The proposed capacity of the event
- The provision of plans to agreed scales detailing exits, entrances, temporary bars, marquees and all facilities to be provided within the premises
- Details of proposals for entertainments, together with information regarding any special effects
- Details of proposals for concessionary activities, including food franchises, bars, restaurants and non-food retail sales
- An alcohol management plan, which will include details of:
  - The designated premises supervisor
  - Personal Licence-holders
  - Control of the sale of alcohol
  - Proof-of-age policy
  - Promotion of responsible drinking
  - Appropriate signage

- A Safety Policy and Risk Assessment for the event
- Details of arrangements for co-ordinating and controlling event safety on the site
- A site safety plan, including site safety rules, requirements for construction and breakdown of site, structural safety calculations, drawings of temporary structures and safety barriers, details of electrical installations and lighting arrangements
- Incident contingency and emergency plans (including a Major Incident Plan)
- A crowd management, stewarding and security plan (taking into account the views of Essex Police)
- A medical ambulance and first aid plan
- A fire safety plan
- A traffic management plan
- A sound assessment with details and proposals for monitoring and controlling sound emission
- Details for the provision of cleaning and maintenance of sanitary accommodation, washing facilities and drinking water
- Details for the reception collection, litter and disposal of other waste
- Details of welfare arrangement facilities and provisions for information on site
- Details of the arrangements and facilities for disabled persons.
- Consideration should not solely focus on the activities taking place within the area of the licensed premises. Appropriate measures to address issues outside the licensable area include:
  - Putting in place plans that will assist to minimize disruption to the day-to-day lives of local residents, businesses and existing operations for the period of the event
  - Providing a robust traffic and transport plan that takes into account the needs of the local community – and minimizes the impact of visitors to the area for the event – while maintaining a safe and convenient point of access and egress for the attendees within the parameters of existing traffic, transport and parking provision
  - Putting in place a strategy to manage the consumption of alcohol by visitors

accessing and leaving the event in the public realm and highway

- Putting in place a strategy for the control of access to and egress from the licensed premises for the control of disorderly behaviour.
- Providing facilities external to the licensed area that will assist in the management of the access and egress of visitors to the event – and minimize the impact on the existing public realm – including, but not restricted to, additional toilet facilities and a designated park and ride area
- Putting in place a cleansing strategy beyond the immediate perimeter of the licensed premises in association with the Local Authority
- Providing communication channels for the local community that will enable residents and businesses to access sufficient detailed information prior to the event days
- Providing a hotline and information phone number for residents and local businesses for the duration of the event.

12.4 Licensees should contact the Safety Advisory Group which oversees large scale events in the Borough and have reference to The Event Safety Guide – A Guide to Health, Safety and Welfare at Music and Similar Events, commonly referred to as ‘The Purple Guide’.

## 13 Licensing Enforcement and Monitoring

13.1 It is essential that licensed premises comply with the terms of their licence as well as other requirements of the Licensing Act. Equally important is ensuring that premises not licensed to provide licensable activities are prevented from doing so. Once licensed, it is essential that premises are monitored to ensure that they are run in accordance with the licence conditions and the specific requirements of the Act. The Council will also monitor the Borough for unlicensed activities that require a licence and then act accordingly and in line with the Council's Enforcement Policy.

13.2 Enforcement activities to promote the licensing objectives will be targeted and will concentrate on those premises that present a greater risk; have a history of non-compliance with conditions and regulations; or demonstrate poor management practice.

13.3 The Licensing Authority is the lead authority on the Council's Licensing Enforcement Group which comprises representatives from all the responsible authorities and the Garrison. The Group meets monthly to share information on licensed venues and agree any resultant enforcement action.

The Terms of Reference of the Group are to:

- Work together to share knowledge and deal effectively with premises licensed under the Licensing Act 2003 that have been subject to complaints or raised concerns.
- Identify and discuss at an early stage those premises which may be called for review.
- Establish agreed means by which an intervention by the Group rather than by a single responsible authority could be achieved.
- To consider matters of potential serious or escalating concern that may fall outside the Licensing Act 2003 (e.g. taxi problems or disturbance that may be related to the management of one or more licensed premises).
- The aims and responsibilities of the Group are to:
- Improve the local and immediate neighbourhood that is affected by poorly managed premises.
- Raise the levels of compliance and standards of management in licensed premises.
- Prevent a possible escalation of problems with early and coordinated intervention.
- Enable the Licensing Authority to optimise its role as responsible authority under the Licensing Act.
- Improve understanding and foster positive working relationships between all



responsible authorities.

13.4 The Licensing Authority takes a risk-based and proportionate approach to regulatory enforcement and monitoring in relation to the likely impact of the premises upon crime and disorder, public nuisance, problems concerning public safety and the protection of children from harm. Therefore, higher-risk and problem premises will be targeted for enforcement activity whereas a lighter touch approach will be adopted for low risk, well-run premises.

13.5 Failure to promote the licensing objectives may result in licence review and the possible implementation of sanctions by the Licensing Committee, including removal of licensable activities, reductions in hours or, ultimately, revocation of the licence. Additionally, where offences are committed and/or licence conditions are not adhered to, prosecution will be considered.

13.6 The Licensing Authority and partner agencies shall continue to work with the licensed trade through the provision of advice, education and training, information, promotion of good practice and behaviour.

13.7 The principles of enforcement for Licensing Authority focus are:

- Taking firm action against those who flout the law or act irresponsibly
- Assisting businesses and others in meeting their legal obligations
- Promptly acting on issues of concern to local communities.

13.8 The responsible authorities are available to provide advice and support for licensees as well as members of the public in relation to any problems they may be encountering relevant to licensed premises.

## **Reviews**

13.9 The review of a licensed premises is the key protection for residents and businesses where one or more of the licensing objectives are being undermined and these problems can be linked to the operation of a licensed premises. A responsible authority or any other body can ask for the review of a licence.

13.10 When considering a review request, or other possible enforcement action, the Licensing Authority will consider all relevant matters and in particular –

The use of the premises for criminal activities such as the supply of drugs or money laundering  
Failure to promptly respond to a warning given by a responsible authority  
Failure to engage with the responsible authorities in an effective manner  
Previous convictions for licensing offences  
Previous failure to comply with licence conditions

13.11 The Licensing Authority will not normally engage its role as a responsible authority

by calling reviews on behalf of other persons, such as local residents or community groups. These individuals are entitled to do so in their own right where there are sufficient grounds to do so.

13.12 Where responsible authorities have concerns about problems identified at a premises, the Licensing Authority considers it to be good practice for them to give the licence holder early warning of their concerns and the need for improvement. Where possible and/or appropriate it would be expected that advice and guidance in addressing the issue(s) should be given, such as using an Improvement Plan before bringing the premises to review. Responsible authorities may seek to amend a licence via review where evidence indicates the need for permanent enforceable conditions to be added to a licence.

13.13 It should be noted that a review can be called without an early warning where a serious situation has occurred and immediate action is required. Where premises are associated with serious crime and/or disorder a senior Police officer may apply for a summary review of a premises licence.

13.14 The outcome of a review hearing will not ordinarily have effect until such time as the period given for appealing (normally 21 days) expires or an appeal is disposed of.

### **Suspension for Non Payment of Fees**

13.15 The Licensing Authority is required to suspend a premises licence or club premises certificate if the annual fee has not been paid when it is due. Where a premises licence or certificate has been suspended, no licensable activities can be lawfully carried out at the premises until the annual fee has been paid. The suspension shall be lifted immediately upon payment of the fee and licensable activities may be resumed.

13.16 If an annual fee has not been paid by the due date, the licence holder shall be notified accordingly by the Licensing Authority and given notice of the date the suspension shall take effect.

13.17 Where payment has not been made by the due date as a result of a genuine administrative error, or because the licence holder disputed liability for the fee before or at the time of the due date, there shall be a grace period of 21 days to resolve the matter before the licence is suspended.

### **Ability to re-instate conditions upon Review**

13.18 Where entertainments authorised under the Licensing Act 2003 have been deregulated and the conditions in relation to those matters no longer apply, the Licensing Authority may reinstate or impose conditions following a review of a premises licence or club premises certificate. The reinstatement or imposition of conditions will be considered where it can be demonstrated that the promotion of the licensing objectives is being

undermined and such action is considered to be appropriate.

