

**Extract from the draft minutes of the Cabinet meeting of 13 October 2021**

**599. Budget 2022-23 and Medium Term Financial Forecast**

The Assistant Director, Corporate and Improvement Services submitted a report a copy of which had been circulated to each Member, together with the draft recommendation from the Scrutiny Panel meeting of 12 October 2021. Councillor Lissimore, Portfolio Holder for Resources, introduced the report and thanked officers for their work on the budget and medium term financial forecast (MTFF).

The Monitoring Officer read the following statement from Councillor Cory, Chair of the Scrutiny Panel.

*“It was discussed at length by Scrutiny Panel, with the following outcome agreed by all. That Scrutiny sets up a sub group to discuss the funding of a Youth Zone.*

*We need to continue to discuss this issue, in-line with the recommendations agreed by Scrutiny and Cabinet at its meeting on September 1st - that members are included in the discussions over the £400K funding for the Youth Zone, including at Budget Workshops. I strongly believe that since agreeing this recommendation, members have had little chance to progress the discussions.*

*Previously the Leader and this Cabinet and supported a Youth Zone in principle and said that the political will was there. Cllr Lissimore promised last night to continue to work with members to find ways to fund the Youth Zone and better youth services if viable suggestions are put forward. I welcome this”.*

Councillor Lissimore indicated that it was proposed to agree the recommendation from the Scrutiny Panel, but with the text amended to clarify what was agreed at the Scrutiny Panel. It was important to note that there were crucial issues still to be resolved: the capital funding for the build of the Youth Zone, the revenue funding to support and the location for the Youth Zone. It was hoped that the Sub-Group could look at these issues and provide a solution on which there was agreement and which could allow for a balanced budget. The proposed amended wording was:-

*RECOMMENDED to CABINET that further work be conducted by a sub-group of the Scrutiny Panel, to meet informally and identify and discuss potential options for providing and funding a future Youth Zone, whilst maintaining a balanced budget for the Council. The sub-group should aim to work towards finding a broad political consensus on an agreed site which meets Onside’s criteria, capital financing options and contingency in the annual revenue cost which recognises that £400,000 is Q1 2021 cost based and will experience cost pressure uplift by time of completion.*

Councillor Pearson attended and with the consent of the Chair addressed Cabinet to

raise the following issues:-

- At paragraph 7 of the report the main inflationary pressure was identified as pay. Why were energy and fuel costs not also identified as key inflationary pressures?
- Could further clarification be given to the meaning of paragraph 10.1 and what this meant in terms of actual increases to fees and charges?
- Could details of the extensive modelling referred to in paragraph 13.1 be circulated all Councillors.
- Could information about the comparator Councils referred to in paragraph 14.1 be provided.

Councillor Lissimore indicated that a written response would be sent that would be copied to all Councillors.

Councillor Willetts attended and with the consent of the Chair addressed the Cabinet in respect of the Scrutiny Panel's recommendation to Cabinet. The Panel's view had been that whilst youth services was a County Council responsibility, there was a cross party support amongst back bench Councillors for accelerating the provision of a Youth Zone and that there should be some acknowledgement of this in the budget. The Chief Executive had confirmed the Council could proceed using its general powers of competence. Therefore the priority of the Youth Zone needed to be raised in the budget setting process, and another spending allocation also needed to lose priority to provide for this. This needed to be done quickly in view of where the Council was in the budget setting process. No progress had been made at the Budget Workshop. The Scrutiny Panel recommendation put the onus on members to find a solution quickly.

Councillor Lissimore responded to stress that the costs were likely to increase over the course of the project, and that the Council's responsibility could increase if there was a shortfall in funding from partners. The advice of the Section 151 officer was that the funding for the Youth Zone should be removed from the MTFF, and the Council had a duty to set a balanced budget.

Councillor Barber attended and with the consent of the Chair addressed the Cabinet. As the Deputy to the Executive Member for Youth Services at Essex County Council, he was working with Colchester Borough Council to explore how to best invest in youth services, particularly the funding received through the Town Deal. There would be considerable investment in the Town House, which would transform it. He would share the County Council's position on the Youth Zone with members. It was felt a local delivery model with services in communities was most appropriate. A Youth Zone could be difficult to access for rural communities. It was noted that in Barking the Youth Zone was the only youth service provided.

Councillor Laws highlighted the proposal that funding for the major arts organisations be allocated on a four yearly basis, which would be enormously helpful to them in budgeting terms and in attracting external funding.

*RESOLVED* that:-

- (a) The transformation savings set out in Section 6 and Appendix A of the Assistant Director's report be approved.
- (b) That Locality Budgets be increased to £2,000 per Councillor from 2022/23 onwards as set out in Section 8 of the Assistant Director's report.
- (c) That Arts Partners are funded at current levels in 2022/23 and from 2023-24 onwards as set out in Section 9 of the Assistant Director's report.
- (d) The updated Medium Term Financial Forecast 2022/23 to 2025/26 set out in Section 11 of the Assistant Director's report be noted.
- (e) The updated Medium Term Financial Forecast assumptions 2022/23 to 2025/26 set out in Appendix B of the Assistant Director's report be noted.
- (f) The Head of Finance in consultation with the Deputy Leader and Portfolio Holder for Resources be authorised to submit National Non-Domestic Rates Return 1 to the Department of Levelling Up, Housing and Communities and determine the Council's continuing membership of the Essex Business Rates Pool.
- (g) The Head of Finance in consultation with the Deputy Leader and Portfolio Holder for Resources determine the reserves to be used in 2021/22 and 2022/23 to fulfil the requirements to meet Covid costs set out in Section 16 of the Assistant Director's report.
- (h) That the Head of Finance in consultation with the Deputy Leader and Portfolio Holder for Resources determine the 2022/23 tax base and notify preceptors in accordance with the statutory timetable.
- (i) That the recommendation from the Scrutiny Panel on 12 October 2021 be approved subject to being amended as below:-

*RECOMMENDED TO CABINET that further work be conducted by a sub-group of the Scrutiny Panel, to meet informally and identify and discuss potential options for providing and funding a future Youth Zone, whilst maintaining a balanced budget for the Council. The sub-group should aim to work towards finding a broad political consensus on an agreed site which meets Onside's criteria, capital financing options and contingency in the annual revenue cost which recognises that £400,000 is Q1 2021 cost based and will experience cost pressure uplift by time of completion.*

*RECOMMENDED TO COUNCIL that Colchester Borough Council becomes an opted in authority to Public Sector Audit Appointments for 2023/24 audit appointments as set out in Section 20 of the Assistant Director's report.*

## REASONS

To balance the 2022/23 budget and revise the Medium Term Financial Forecast.

## *ALTERNATIVE OPTIONS*

The Council is obliged to balance its budget on an annual basis. There are no alternatives.