

Extract from the draft minutes of the Cabinet meeting held on 31 January 2018

232. 2018/19 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast

The Assistant Director Policy and Corporate submitted a report a copy of which had been circulated to each Member together with minute 147 of the Scrutiny Panel meeting of 30 January 2018.

Councillor Flores attended and with the consent of the Chairman addressed the Cabinet, about the management of the Gosbecks Reserve Fund. This had been established from £500,000 of section 106 funding. He explained some of the background to an overspend of £60,000 which had only come to light in 2016. In addition he expressed concern about the use of the Gosbecks Reserve for funding other heritage related spending not strictly related to Gosbecks. This was against the spirit of the Gosbecks Reserve and it was suggested that the misspent funds should be transferred back in order to ensure that Gosbecks could be properly maintained.

Councilor Bourne, Portfolio Holder for Housing and Communities, indicated that this was probably too narrow an issue to justify the establishment of a Task and Finish Group but she would meet with the ward councillors and Councillor Laws to discuss the issue in more detail. Councillor Feltham, Portfolio Holder for Commercial Services, indicated that she had had responsibility for Gosbecks at some of the periods in question and was willing to help.

Councillor Barber attended and with the consent of the Chairman addressed the Cabinet. He sought a reassurance about the impact of the efficiency savings on the Zone teams. They provided a valuable service and should be a priority for resources. There could also be scope for parishes to take on some of the work undertaken by the Zone teams. The roll out of the digital strategy had been disappointing so far, and further information about the rollout to rural areas was requested.

Councillor Laws attended and with the consent of the Chairman addressed Cabinet. He noted the allocation of £177,000 for Borough Council elections and suggested that a debate should be held on moving to four yearly whole Council elections. The unallocated expenditure in the heritage reserve should be used to light up the Roam Walls.

In response, Councillor Cory, Portfolio Holder for Resources, explained that the saving of £90,000 was only a small proportion of the total Zones budget and it would not impact on frontline services. It would be achieved through a management reorganisation and a rationalising of rotas. In terms of the digital strategy, the

Council was working with the government to bring forward 5G connectivity. Elections by thirds kept the Council responsive and reflective, and even if the Council moved to whole Council elections, there would be still be costs in administering national and county elections.

The budget protected front line services and would ensure that the Council would continue to support residents with good quality services. In the light of further cuts to the Revenue Support Grant and the New Homes Bonus, it was necessary to raise Colchester's element of Council Tax by 2.75%. The budget provided investment to protect the vulnerable, by providing funds to address homelessness and for the Council Tax Support Scheme. Locality budgets would be maintained, allowing ward councillors to choose how they supported their communities. The Medium Term Financial Forecast remained challenging, with a budget gap of £2.6 million over the next three years. Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, endorsed his comments and expressed his support for the proposed budget.

RESOLVED that:-

- (a) It be noted that for the purpose of assessing the impact on balances the outturn for the current financial year is assumed to be an overspend of £200k (see paragraph 6.4 of the Assistant Director's report).
- (b) The provisional Finance Settlement figures set out in Section 7 of the Assistant Director's report showing a cut to the Settlement Funding Assessment of £524k 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 7.8 of the Assistant Director's report be noted.
- (d) The reduction in the New Homes Bonus grant and that there further reductions in later years are expected be noted as set out in section 7 of the Assistant Director's report.
- (e) The cost pressures, proposed use of New Homes Bonus, savings and increased income options identified during the budget forecast process as set out at in section 8 and detailed in Appendices C and D of the Assistant Director's report be approved.
- (f) It be agreed and *RECOMMENDED TO COUNCIL* the 2018/19 Revenue Budget requirement of £19,695k (paragraph 8.13) and the underlying detailed budgets set out in summary at Appendix E and Background Papers of the Assistant Director's report subject to the final proposal to be made in respect of Council Tax.
- (g) It be agreed and *RECOMMENDED TO COUNCIL* that Colchester's element of the Council Tax for 2018/19 be set at £185.13 per Band D property, which represents an increase of £4.95 (2.75%) 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.

(h) The Revenue Balances for the financial year 2018/19 as set out at Appendix I of the Assistant Director's report be agreed and it also be agreed that:-

- the minimum level be set at a minimum of £1,900k
- £136k of balances, including sums carried forward from 2017/18, be applied to finance items in the 2018/19 revenue budget

(i). The updated position on earmarked reserves set out in section 11 of the Assistant Director's report be noted and the following be agreed:-

- Release of £300k use of capital expenditure reserve for ICT strategy
- Release of £185k use of parking reserve
- Contribution to the business rates reserve of £600k

(j) The reinstatement of balances in respect of the pensions deficit payment made in 2017/18 as set out in section 8.12 of the Assistant Director's report be noted.

(k) *RECOMMENDED TO COUNCIL* that £100k of Revenue Balances be earmarked for potential unplanned expenditure within the guidelines set out at paragraph 12.3 of the Assistant Director's report.

(l) The Medium Term Financial Forecast for the financial years 2018/19 to 2021/22 set out in section 14 of the Assistant Director's report be noted.

(m) The position on the Capital Programme, including forecast underspend shown at section 12 of the Assistant Director's report be noted and to *RECOMMEND TO COUNCIL* the inclusion in the Capital Programme of:-

- The proposed lending to the Council's company to support housing development as set out in the CCHL Business Plan.
- The inclusion of £2.9m in respect of the acquisition of properties for use as temporary accommodation.
- The proposed allocation in respect of the Council's waste fleet.
- The proposed transfer of resources from the DFG budget to Discretionary Financial Assistance Programme

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

(o) The 2018/19 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy, as set out in the background paper at Appendix M of the Assistant Director's report, be approved and *RECOMMENDED TO COUNCIL*.

REASONS

The Council is required to approve an annual budget.

The Assistant Director's report sets out supporting information and also statutory commentary about the robustness of the budget and the level of balances.

ALTERNATIVE OPTIONS

There are different options that could be considered as part of the budget within the constraints set out in the Assistant Director's report.