

7 July 2021

<b>Report of</b>	<b>Chief Operating Officer</b>	<b>Author</b>	<b>Richard Block Paul Cook</b>
<b>Title</b>	<b>Budget Strategy 2022/23 and Transformation</b>		
<b>Wards affected</b>	All wards		

## 1. Executive Summary

- 1.1 To outline the budget strategy and timetable for 2022/23 and the Medium Term Financial Forecast.
- 1.2 To propose a programme to transform Council services to generate required budget savings and harness the positive changes made to services during the Covid-19 pandemic.

## 2. Recommended Decision

- 2.1 To approve the budget strategy and timetable as set out in the report.
- 2.2 To agree the use of £500k of New Homes Bonus carried forward into 2021/22 as set out in Section 6 of this report.
- 2.3 To approve the proposed programme to transform Council Services.

## 3. Reason for Recommended Decision

- 3.1 It is a statutory requirement to set a balanced budget for 2022/23.
- 3.2 To agree a transformation approach to the 2022/23 budget strategy.

## 4. Alternative Options

- 4.1 None, because it is a legal requirement to balance the budget. Also, failing to transform would not result in the positive lessons learned during the Pandemic being harnessed and could put core services at risk.

## 5. Introduction

- 5.1 Covid-19 has demonstrated the scope to transform Council services. Existing services were rapidly adapted, new services were developed and the Council's use of technology - which was already advanced - went even further.
- 5.2 The potential of the Borough's communities was also demonstrated. They were enabled by the Council and other key organisations to provide a range of services which were vital to the pandemic response.
- 5.3 The proposed approach to the 2022/23 budget strategy builds on the effectiveness of the 2021/22 budget strategy process and themes.

## **6. Investing in Covid Recovery & Strategic Priorities**

- 6.1 The 2021/22 Budget includes £500k of unallocated (one-off) New Homes Bonus included as additional support for Covid impacts and recovery.
- 6.2 To drive forward recovery from the impacts of Covid and associated lockdowns and other restrictions on Council services, the community and the local economy, it is proposed to allocate this New Homes Bonus to support the delivery of the Council's strategic priorities for 2021/22 and ensure that core Council services are performing as effectively as possible.

### **6.3 Strategic Plan Priorities for investment and Covid Recovery in 2021/22**

#### **6.3.1 Tackling the climate challenge and leading sustainability**

- To increase biodiversity, wildflowers and accessibility to Council open spaces, the 'Greening Colchester' policy will be further developed through the Woodland & Biodiversity Project and based on the outcomes from the 2021 growing season pilots, in consultation with ward Councillors and the Environment and Sustainability Panel.
- To support residents to reduce, reuse and recycle their waste a budget will be made available to support the delivery of neighbourhood services, such as improving waste bins and containers for recycling materials, where demand has at times outstripped supply, and to ensure our frontline staff always have the equipment they need to do their job.
- We will invest in improved welfare, safety and compliance at the Shrub End depot whilst working towards a long-term strategy for our operational depot services.

#### **6.3.2 Creating safe, healthy and active communities**

- We recognise the excellent progress made in tackling covid but we cannot be complacent. We will continue to prioritise all efforts to reduce the transmission of coronavirus and risks of infection, including local track and trace, whilst doing everything we can to protect the livelihoods of our residents and businesses.
- We will expedite progress on delivering new Community Halls at St Marks, Highwoods and Western by-pass, Stanway.
- Members' Locality Budgets for 2021/22 were cut by 50% as part of the budget strategy process in the previous financial year and these will be restored back to £2,000 with immediate effect so that every councillor can support local priorities in their wards.
- Our open spaces have become increasingly significant and important to support resident's physical and mental wellbeing during the Covid pandemic. Funding will be allocated to enhance the security of our open spaces and prevent unauthorised access that could pose a risk to the biodiversity and accessibility of these important locations.

- We will investigate opportunities to brighten-up multi-story car parks, for example through decoration or other environmental improvements.

#### 6.3.3 Delivering homes for people who need them

- To help clear the current backlog of enforcement cases and enable training of a new apprentice role (currently being recruited to) an additional in-year budget contribution will provide additional capacity in the Planning Enforcement team.
- We will work with the County Council and local communities to ensure that any proposed developments on Council-owned land reflect the needs of the local community, optimise opportunities to create sustainable and affordable homes and improve access to public transport and active travel choices.
- We will seek to construct a workable proposal for a revised allocation at Middlewick enabling the creation of a Country Park and/or Nature Reserve between Abbot's Road and Birch Brook.

#### 6.3.4 Growing a better economy so everyone benefits

- Improvements will be made to signage and interpretation around the Town Centre to support and encourage residents and visitors to make the most of their experience in Colchester and increase the length of time visitors stay.
- The Queen celebrates her Platinum Jubilee in 2022 which provides a wonderful opportunity to 'dress' the town and support our local communities to join the celebrations, stimulating the local economy.
- As Britain's First City, and oldest recorded town, Colchester has been a highly significant regional centre for over 2,000 years. The Council will look to work with partners across Colchester, including the Town Deal Board, to put together a bid for City Status in 2022.

#### 6.3.5 Celebrating our heritage and culture

- Our museums service will explore the potential to create smaller displays e.g. 'Cabinets of Curiosity' at external venues to help increase inclusion and accessibility to some of our artefacts and exhibitions.
- We will investigate the potential to highlight heritage assets which are not normally seen by the public, and we will look for creative opportunities for events that help celebrate the unique character of Colchester.

#### 6.3.6 Summary of spending priorities for post Covid recovery:

Strategic Plan Theme	Projects	Budget £k
Tackling the climate challenge and leading sustainability	<ul style="list-style-type: none"> <li>• Woodland &amp; Biodiversity</li> <li>• Neighbourhood Services</li> <li>• Shrub End Depot phase II</li> </ul>	125
Creating safe, healthy, and active communities	<ul style="list-style-type: none"> <li>• Public Health (covid) response</li> <li>• Locality Budgets</li> <li>• Open Spaces Security</li> <li>• Car Park enhancements</li> </ul>	125

Delivering homes for people who need them	<ul style="list-style-type: none"> <li>• Planning Enforcement resource</li> </ul>	25
Growing a better economy so everyone benefits	<ul style="list-style-type: none"> <li>• Queen's Jubilee celebrations</li> <li>• Signage &amp; Interpretation</li> <li>• City Status bid</li> </ul>	125
Celebrating our heritage and culture	<ul style="list-style-type: none"> <li>• Heritage Highlighted</li> <li>• Colchester Events</li> </ul>	100
<b>Total</b>		<b>500</b>

## 7. Medium Term Financial Forecast (MTFF)

- 7.1 In 2020/21, significant government support has enabled the Council to avoid the use of reserves for Covid-19 pressures. The 2020/21 revenue outturn reported to 22 June 2021 Governance and Audit Committee shows a modest £38k overspend in 2020/21.
- 7.2 The MTFF assumes a gradual return to the status quo. But there is a recurring requirement for savings in the MTFF as shown in the table below. This reflects potential government funding reductions, including the loss of New Homes Bonus. The MTFF also assumes a £5 district council tax increase in each financial year.
- 7.3 Income in services will continue to be carefully monitored during 2021/22 to assess whether forecasts need to be adjusted. The level of Government funding for 2022/23 and onwards will only become clear in the 2022/23 Local Government Finance Settlement in December 2021. Meanwhile, there remains considerable uncertainty about the external factors that drive the Council's spending power going forward, including the 2021 Spending Review and potential changes to the business rates system. It is therefore not appropriate at this stage of the budget cycle to revise the MTFF assumptions as set out in the table below.

2021/22 Budget and MTFF	21/22	22/23	23/24	24/25	25/26
	£'000	£'000	£'000	£'000	£'000
<b>Previous year's budget</b>	<b>21,599</b>	<b>25,028</b>	<b>22,583</b>	<b>23,123</b>	<b>24,313</b>
Cost pressures & Growth items	2,103	279	1,821	940	940
Capital financing	644	(50)	200	200	200
Income losses	4,129	(2,000)	(350)	(200)	(200)
Transformation and recovery	500	(500)	0	0	0
Savings	(2,528)	(315)	(290)	(50)	(50)
Change in forecast use of new homes bonus	(1,419)	141	(841)	300	0
<b>Current year's budget</b>	<b>25,028</b>	<b>22,583</b>	<b>23,123</b>	<b>24,313</b>	<b>25,203</b>
Business rates	(6,120)	(5,580)	(5,123)	(4,667)	(4,544)
Govt - Covid Funding	(1,493)	0	0	0	0
Govt Grant	(622)	0	0	0	0
New Homes Bonus	(2,430)	(2,091)	(950)	(950)	(950)
Council Tax	(12,588)	(13,027)	(13,475)	(13,931)	(14,393)
Previously planned use of reserves	625	625	750	750	750
Covid use of reserves	(2,400)	(900)	(400)	(200)	(200)
<b>Budget Gap Cumulative</b>	<b>0</b>	<b>1,610</b>	<b>3,925</b>	<b>5,315</b>	<b>5,866</b>

- 7.4 The timetable for developing a budget strategy to deliver the MTFF is shown at Appendix 1.

## 8. Transformation Programme

- 8.1 A programme has begun to transform the organisation and harness the positive changes and learning from the Pandemic. This will also address the financial challenge described above.

- 8.2 The following objectives have been developed for the transformation programme to ensure it has direction and delivers the requirements of the Council:

The objectives of the transformation programme are to:

- Enable delivery of the Council's priorities in the 2020-23 Strategic Plan, Covid recovery and new socio-economic norms.
- Achieve MTFF sustainability by reducing costs and increasing income.
- Engage with and value our staff, Members, customers, communities, and businesses to design improved ways of working.
- Work with system partners to integrate our activities, optimise resources and provide greater resilience.
- Agree recommendations to inform the 2022-25 Budget Processes.
- To be ambitious, agile, inclusive, environmentally sustainable, and digital by default.

- 8.3 To achieve these objectives, a vision for transformation has been agreed, as follows:

- **ENABLING:** A council which is focused on the future of its people, place and businesses, enabling its residents to improve their quality of life.
- **INNOVATIVE:** A council which is truly open in its thinking, embracing opportunities for change and innovative in delivery.
- **COMMERCIAL:** A council which works its assets, opens-up further commercially minded opportunities and maximises its income earning potential.

- 8.4 Transformation proposals to deliver these objectives and the vision will be reported to Cabinet at its meeting on 14 October 2021.

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

- 9.1 Equality, Diversity and Human Rights responsibilities and duties of the Council will be achieved by the proposed transformation programme. As the transformation programme is developed further and specific proposals are made, full details including Equality Impact Assessments will be provided.

## **10. Strategic Plan References**

- 10.1 The 2021/22 Priorities in section 6 are designed to directly help deliver the Strategic Plan priorities in the context of organisational, community and economic recovery post Covid.
- 10.2 A key objective of the proposed transformation programme will be to ensure delivery of the vision, themes and objectives of the [Strategic Plan 2020-23](#).

## **11. Consultation**

- 11.1 Public consultation will form part of the process of finalising a budget strategy later this year. As specific transformation proposals are developed, where there could be changes to services, public consultation may be required. The responses will be considered in future reports to Cabinet.
- 11.2 Staff consultation regarding the proposed transformation programme has already commenced which has included the trade union, Unison. This consultation and engagement will continue as the programme is further developed.

## **12. Publicity Considerations**

12.1 The budget strategy and transformation programme will be publicised as it is developed further.

### 13. Financial implications

13.1 Included in the report.

### 14. Health, Wellbeing and Community Safety Implications

14.1 The proposed transformation programme will be developed to deliver the Council's aims with respect to health, wellbeing and community safety. As the programme is developed further and specific proposals are made, full details will be provided to Cabinet.

### 15. Health and Safety Implications

15.1 The Council's Health and Safety responsibilities will be delivered through the transformation programme.

### 16. Risk Management Implications

16.1 Risk assessments will be reviewed considering any changes to services proposed through the programme.

### 17. Environmental and Sustainability Implications

17.1 Achieving Environmental Sustainability is a core objective of the transformation programme, as detailed above and the Council's Strategic Plan 2020-23. The Council is committed to achieving net-zero carbon emissions from direct 'scope 1 and 2' activities by 2030.

17.2 Furthermore, all transformation proposals and projects will be assessed to optimise the contribution made towards environmental sustainability and minimise any negative impacts.

## Appendices

### Appendix 1 – Budget Timetable

Meeting	Stage	Details
7 July 2021 Cabinet	2022-23 Budget Strategy and Timetable	<ul style="list-style-type: none"><li>• Reflect on the 20/21 Outturn reported to June G&amp;A</li><li>• Set the Budget Strategy linked to transformation themes</li><li>• Set the Budget Timetable as per rows below</li><li>• Review Budget and MTFF assumptions. (Assumptions are not likely to have changed substantially compared to Feb 21 Budget Setting 21/22 and MTFF 21/25)</li></ul>
13 October 2021 Cabinet	Savings proposals supported by detailed templates	<ul style="list-style-type: none"><li>• Proposals to close the forecast gap for 2022/23 and reduce the gap in future years</li></ul>

17 November 2021 Cabinet	Fees and Charges proposals	<ul style="list-style-type: none"> <li>• Full detail provided</li> <li>• Inflationary increases do not generate savings as available to services to offset budget pressures</li> </ul>
December	Announcement of 2022/23 Local Government Finance Settlement	<ul style="list-style-type: none"> <li>• Results of 2021 Spending Review</li> <li>• Future shape of New Homes Bonus</li> <li>• Referendum principles. (Currently maximum district council tax increase £5.)</li> </ul>
25 January 2022 Scrutiny Panel	Scrutinises all the 26 January 2022 Cabinet reports and can recommend to Cabinet	
26 January 2022 Cabinet	Recommendations to Budget Council	<ul style="list-style-type: none"> <li>• 2022-23 district council tax</li> <li>• 2022-23 budget</li> <li>• 2022-26 Medium Term Financial Forecast</li> <li>• 2022-26 Capital Strategy and Capital Programme</li> <li>• Treasury Management Strategy 2022-26</li> <li>• Statutory Responsible Financial Officer statement on robustness of budget and reserves</li> </ul>
	Housing Revenue Account budget	<ul style="list-style-type: none"> <li>• Rents 2022/23</li> <li>• HRA Budget</li> <li>• Housing Capital Programme (HIP)</li> <li>• 5 year MTFF and 30 year HRA model refresh</li> </ul>
23 February 2022 Budget Council	Confirm the Cabinet recommendations	

## Background Papers