

## Cabinet

22 November 2017

Item  
**7(i)**

Report of	Assistant Director v- Policy and Corporate	Author	Sean Plummer ☎ 282347 Darren Brown ☎ 282891
Title	2018/19 Revenue Budget, Fees and Charges and Financial Reserves		
Wards affected	Not applicable		

### 1. Executive Summary

- 1.1 This report provides the Cabinet with an update of the current year's budget and latest forecast for the remaining budget gap for 2018/19. This is the third budget report in respect of 2018/19 and sets out a number of decisions that will help inform the final budget proposals to be made at the next Cabinet meeting.
- 1.2 Specifically the report covers:-
- a brief review of the current in year budget position including proposals to allocate funding to invest in Charter Hall.
  - Provide an update of the latest forecast budget position for 2018/19 showing a revised budget gap of £178k.
  - Sets out an updated list of savings proposals for next year.
  - Sets out key risk and variables that may impact the final 2018/19 budget position.
  - Sets out details of 2018/19 grant funding proposals for Parish, Town and Community Councils and arts organisations.
  - Details fees and charges proposals for council services
  - Provides an update of General Fund balances
  - Sets out details of earmarked reserves and provisions showing that these are mostly committed or allocated.

### 2. Recommended Decision

- 2.1. Cabinet is requested to:

***Re: Overall Budget position and changes***

- (a) Note the current 2018/19 revenue budget forecast which at this stage shows a budget gap of £178k and the forecast variables and risks.
- (b) Agree that the updated savings should be included in the 2018/19 budget forecast
- (c) Note the action being taken to finalise the budget.
- (d) Agree that the 2018/19 taxbase will be agreed by the Section 151 Officer in consultation with the Portfolio Holder for Resources

***Re: Specific budget decisions***

- (e) Approve the distribution of revenue grants to Parish, Town and Community Councils for 2018/19 as set out at Appendix C.
- (f) Approve the funding for arts grants as set out in Appendix D.

(g) Agree all fees and charges as set out in Appendix F and to continue to delegate to Assistant Directors the authority to vary fees and charges in-year as set in section 13 of this report.

### **3. Reason for Recommended Decision**

- 3.1. The Council is required to approve a budget strategy and timetable in respect of the year 2018/19.
- 3.2. This report relates to the budget update and a review of balances. This report also includes decisions in respect of fees and charges and certain specific budget changes to ensure that these can be reflected in the final budget.

### **4. Alternative Options**

- 4.1 There are different options that could be considered and as the budget progresses. Changes and further proposals will be made and considered by Cabinet and in turn Full Council. The separate appendices showing specific decisions include alternative options where relevant.

## **5. Background Information**

- 5.1. The timetable for the 2018/19 budget process (see Appendix A) was agreed at Cabinet on 12 July 2017.
- 5.2. An updated 2018/19 budget forecast was presented and agreed at the Cabinet meeting on 12 October 2016. This showed a budget gap of c£599k

## **6 In year Budget Review – 2017/18**

- 6.1. The Scrutiny Panel reviewed the current year's budget position on 7 November 2017. This showed a forecast net overspend of £490k, mainly reflecting forecast shortfalls in income.
- 6.2. There remains a number of risk and variables that will affect the forecast and a number of options exist to mitigate the in year pressure. It should be noted that as shown later in this report balances remain £0.4m higher than our recommended level. It is reasonable to assume that the final outturn is delivered 'on budget', however, there remains a risk that balances may be required to achieve this.
- 6.3. At the last Cabinet meeting a number of decisions were made to agree the use of the one off budget to help deliver projects which support strategic plan priorities and also those which can deliver income to assist with managing future budget pressures. It was reported that a budget of £486k funded from the New Homes Bonus and part of the gain from business rates pooling remained unallocated.
- 6.4. It is now proposed that £115k be allocated to carry out capital improvements to Charter Hall to enhance delivery and marketability of future events to meet targets in the Company Business Plan. The areas identified for investment are:-
  - An improvement in back stage facilities which would provide the opportunity to bring more prominent names, larger shows and longer running shows for multiple night events.
  - A redecoration of public areas and maximisation of space would make the venue more attractive and improve customer experience plus the development of an income producing kiosk.
  - Improvements to food preparation and kitchen areas would enable development of catering and bar opportunities. This would allow for new events to be explored such as multicultural weddings etc.
  - Improvements to technical equipment, AV and Lighting/Projection would increase the potential for the hire by promoters and corporate customers.
- 6.5. It is intended that any capital works would be completed by April/May 2018 and the effect of these would not be fully realised until 2019/20 and 2020/21, as major tours are booked a year to 18 months in advance – 2018/19 will benefit from some additional short term bookings but time will be spent marketing and developing key relationships with national promoters and agents.
- 6.6. If agreed, this would leave £371k unallocated. Further proposals to allocate this funding will be considered in the final budget report alongside the updated review of the in year budget forecast outturn position.

## 7. Local Government Finance Settlement and other Government Grants

### *Government Funding*

- 7.1. The Settlement Funding Allocation (SFA) which comprises our Revenue Support Group (RSG) and baseline business rates 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 government support of £2.1million (35%) and specifically for next year's budget a reduction in funding of £0.5m.

	<b>Actual</b>	<b>4 year settlement</b>				
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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 Assessment (SFA)</i>	<b>5,938</b>	<b>4,958</b>	<b>4,432</b>	<b>3,844</b>	<b>3,844</b>	
Reduction (£'000)		(980)	(526)	(588)	0	(2,094)
Reduction (%)		(17%)	(11%)	(13%)	0%	(35%)

- 7.2. The provisional figures are reflected in the budget forecast and confirmation of this grant will be provided in the 2018/19 finance settlement.
- 7.3. The previous table highlights that the Government's Revenue Support Grant (RSG) is decreasing significantly each year. When looked at alongside the reductions forecast for the New Homes Bonus it shows that almost £6m of grant reductions have been made or are forecast to be made by 2020/21 (see table below).

	<b>Actual</b>	<b>4 year settlement / Forecasts</b>				
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue Support Grant	1,978	920	275	(446)	(446)	
New Homes Bonus	5,714	4,783	3,438	2,753	2,228	
<b>Total Grants</b>	<b>7,692</b>	<b>5,703</b>	<b>3,713</b>	<b>2,307</b>	<b>1,782</b>	
Grant reductions (£'000)		(1,989)	(1,990)	(1,406)	(525)	(5,910)
Grant reductions (%)		(26%)	(35%)	(38%)	(23%)	(77%)

### *New Homes Bonus*

- 7.4. Alongside the announcement of the Finance Settlement we expect to receive confirmation of the New Homes Bonus. It was reported to Cabinet in October that the Government had published a consultation paper which included questions relating to potential changes that might affect the level of New Homes Bonus.
- 7.5. The 2018/19 budget forecast and MTFF includes the projected New Homes Bonus based on the existing the scheme methodology with assumptions based on housing growth numbers. This has been reviewed and we expect that the final figures may be higher. This is not shown at this stage in the forecast and will be updated when the final grant figures are confirmed.

- 7.6. The Council has recognised the risk that the New Homes Bonus would change and has been reducing how much of the grant is used to support the base budget. As has previously been reported given the scale of reduction in grant and the continuing uncertainty about this funding source it is proposed that from 2018/19 the use of NHB to support the base budget be reduced by £400k pa over the life of the MTFF. In 2018/19 this would mean that £1.233m will be used to support the base budget next year.
- 7.7. Cabinet has already agreed to allocate £750k from next year's New Homes Bonus towards the Northern Gateway Sports Project and it is assumed that the annual contribution of £250k to the RIF (Revolving Investment Fund) is maintained and that the bonus received in respect of affordable housing continues to be earmarked for housing purposes. Based on this it would mean that there could be c£1m available to support new 2018/19 budget decisions.

#### *Business Rates*

- 7.8. In the last budget update report to Cabinet the position in respect business rate pooling and the offer from Government to apply to be a pilot for 100% localised business rates was set out.
- 7.9. Following an assessment of what a pilot might mean for Colchester and discussions between all Essex authorities a bid was submitted to be a pilot. The bid was made by all Essex authorities except Thurrock. If the bid is not accepted then the same authorities have agreed to form a revised Essex business rates pool. The final budget report will reflect the outcome of our bid or pooling arrangement.

## 8 Summary of 2018/19 Budget Forecast

- 8.1 The 2018/19 budget forecast reported to Cabinet in October showed a forecast gap of £599k. Further savings are set out within this report, which if agreed would reduce this to a gap of £178k as set out below.

	October	Updated Position
	2018/19	2018/19
	£'000	£'000
<b>Base Budget</b>	25,911	25,911
One-off items	(3,661)	(3,661)
Cost Pressures	1,220	1,538
Growth Items	(100)	(100)
Savings	(1,252)	(1,633)
Change in use of NHB for one off investment	(945)	(945)
<b>Forecast Base Budget</b>	<b>21,173</b>	<b>21,110</b>
<i>Funded By:</i>		
Revenue Support Grant	(275)	(275)
Business Rates Baseline	(4,157)	(4,157)
SFA	(4,432)	(4,432)
Increase in business rates / taxbase above baseline	(1,000)	(1,000)
Business Rates Pooling	(200)	(200)
New Homes Bonus	(3,438)	(3,438)
<b>Total Gov't grants</b>	<b>(9,070)</b>	<b>(9,070)</b>
Council Tax	(11,434)	(11,474)
Use of Balances / Reserves	(70)	(388)
<b>Total Funding</b>	<b>(20,574)</b>	<b>(20,932)</b>
<b>Budget (surplus)</b>	<b>599</b>	<b>178</b>

- 8.2 Detailed budget setting work is continuing and at this stage some changes are proposed to the forecast. These and other decisions are shown below.

*Service savings and cost pressures*

- 8.3. Service budget are being produced and all savings and income plans scrutinised. There are a number of changes proposed to the budget forecast. The change to cost pressures simply reflects the final year of the ICT strategy and a small item carried forward between years. These changes are matched by increases in the use of reserves.
- 8.4. The savings proposals, set out in Appendix B, have been increased by £381k to reflect a number of areas that have been examined by Budget Group including museums, zones and car parking. The savings also include the Customer Futures 2 proposals set out as a separate agenda item.
- 8.5. The updated proposals also reflect some provisional reductions to previously assumed additional net income forecasts.
- 8.6. As is common at this stage in the budget process there are a number of emerging issues which are currently being examined and whilst no further changes are proposed at this stage, there will be changes to the budget assumptions required in the final budget report.

*Grant funding proposals*

- 8.7. As is usual at this stage in the budget process proposals in respect of grants to parish grants and arts organisations are set out in this report at Appendix C and D. These reflect the budget reduction shown in this report. The decision in respect of funding for voluntary welfare organisations in 2018/19 will be separately by the relevant Portfolio Holder. It is proposed that the overall budget be retained at the 2017/18 level.

**9. Council Tax**

- 9.1. The Government has indicated that all district councils will be allowed to increase their Council Tax by the higher of £5 or 2%. This is subject to confirmation in the final settlement. For Colchester the limit is therefore £5 which would currently equate to an increase of c2.8%. The budget forecast includes a planning assumption that the Band D tax rate will increase by £5.
- 9.2. The Council is required to agree the taxbase and notify precepting authorities between 1<sup>st</sup> December and the 30<sup>th</sup> January. As has been the case in previous years it is proposed to delegate the agreement of the taxbase to the Section 151 officer in consultation with the Portfolio Holder for Resources. This final taxbase will be reflected in the final budget report and Full Council report on the Council Tax setting. The assumed Council Tax income figures in the revised budget forecast reflects the latest updated taxbase position.

**10. Summary and Risk and variables**

- 10.1. As is common at this stage in the budget setting process there remain a number of key budget risks which include areas where information has not yet been released. The following table sets out the key issues and the current assumption used.

<b>Risk / Variable</b>	<b>Current Budget Assumption</b>	<b>Comment / Timing</b>
Grant Settlement / business rates retention	Cash reduction in SFA of 11% (£526k). Current increase assumed in retained business rates of £100k.	Announcement expected middle / end of December  Business rates projections to be produced for final report.
Collection fund position for Council Tax and business rates.	Nil assumed	Projections currently being produced. As a planning assumption it is assumed that surplus or deficit will be dealt with through earmarked reserves.
Other Government grants e.g.:- Benefit Admin grant  New Homes Bonus	No reduction assumed  Grant of £3.4m included.	Figures should be confirmed alongside Settlement.
Proposed use of New Homes Bonus	Assumed that £1.233m is used to support the base budget with the balance to support one off projects. It has previously been agreed that £750k will be allocated to the Colchester Northern Gateway sports project from the 2018/19 grant.	As above, this will first be dependent on confirmation of the grant for 2018/19 and then consideration of any proposals for how it is used.
Confirmation of budget savings and final detailed budget proposals	As set out in report	Ongoing risk assessment and detailed consideration of proposed savings and any cost pressures.
Confirmation of commercial company business plans and resulting management fees.	Figures based on original business case with some adjustments made as shown in this report	Business Plans for commercial services are being prepared for agreement by the Company Board.
Consideration of any potential recurring pressures and savings identified in the review of 2017/18 budget to date.	Some issues reflected in existing budget forecast. Other areas subject to review.	Work continuing as part of detailed budget setting and critical analysis of budget issues.
Completion of detailed budgets / Housing Revenue Account (HRA) recharges	Assumed all delivered as per budget allocation. No adverse impact on the charge to HRA.	Detailed budgets to be finalised and recharges calculated in December.
Confirmation of potential one off costs arising from budget proposals	Nil included in budget (sum separately held in balances)	Assessment of costs following confirmation of proposed budget savings.
Forecast balances position at 31 March 18	Current position shows a surplus of £0.4m above the current recommended level of	Continue monitoring of current year budget and forecasting of end of year position.

<b>Risk / Variable</b>	<b>Current Budget Assumption</b>	<b>Comment / Timing</b>
	£1.9million, however, the risk of a potential net overspend in year has been reported.	Review position in December and report in January.
Proposed use of reserves / balances	Proposals to use £20k of earmarked reserves.	Review as part of final budget proposals.
Links to capital programme	Budget proposals based on current programme.	Assess revenue impact of any proposed changes to capital programme.
Council Tax Rate	Planning assumption of an increase of £5 in the Band D taxrate.	Consider implication of final Council Tax proposal.
Taxbase calculated	Increase assumed in line with draft figures.	Taxbase determined in December. Will be impacted by Local Council Tax Support Scheme and any other changes to assumptions.

10.2. The above highlights the key risks and variables that may affect the budget forecast. Senior Management Team (SMT) and Leadership Team will continue to review these areas to minimise any potential impact and identify remedial action.

10.3. In summary, there remains a budget gap. SMT and Leadership Team are continuing to work through the outstanding areas of work and consideration of options to deliver a balanced budget will be detailed in the final budget report. These proposals will include an update of the Medium Term Financial Forecast (MTFF) which will reflect any impact in future years arising from proposals to balance the 2018/19 budget.

## **11. Revenue Balances**

### ***Recommended Level of Balances***

11.1 The Local Government Act 2003 places a specific duty on the Chief Financial Officer (Section 151 Officer) to report on the adequacy of the proposed financial reserves when the budget is being considered. This will be covered in full within the final budget report with an initial review in this and the following section.

11.2 The Council is required to maintain a prudent level of revenue balances in order to ensure sufficient funding is available to meet cash flow requirements and urgent or emergency issues that may arise during a financial year.

11.3 The minimum level of revenue balances is determined through a Risk Management Analysis based on criteria recommended by the Chartered Institute of Public Finance and Accountancy. For 2017/18 this level was agreed at £1.9million.

11.4. This detailed risk analysis for the financial year 2018/19 will be completed and reported within the final budget report. The proposal on the recommended level of balances will consider any issues arising from:-

- the Finance Settlement,
- assumption in respect of business rates
- Council Tax base (including collection rate assumptions)



- budget savings and other variables
- assessment of any changes arising from the Council's commercial company arrangements.

### **Forecast Balances Position - Update**

- 11.5 The balances position previously reported to Cabinet showed a current surplus of unallocated balances of £0.4million. This already takes account of the planned use of balances shown in the budget forecast.
- 11.6. As shown reported at paragraph 6.2 the latest forecast outturn for the current year is a deficit of £490k. A number of variables remain that could affect this position, both favourably and adversely. As part of the final budget report in January the current year position will be reviewed and the impact on balances will be considered. It is currently assumed that the final outturn will be on budget, however, at this stage it should be acknowledged that there is a risk that balances may be required to cover the in year budget position.

## **12. Earmarked Reserves and Provisions**

- 12.1. The Council maintains a number of earmarked reserves and provisions, which allows it to prudently plan for future expenditure requirements. As at 31 March 2018 we are currently forecasting earmarked reserves to total £21.2m and provisions of £3.1m. These are set out in detail at Appendix E and in summary in the following table.

	Committed / allocated		Uncommitted / unallocated		
	£'000	(%)	£'000	(%)	£'000
<i>Reserves:-</i>					
General Fund	9,984	94%	694	6%	10,678
HRA	10,515	100%	-	0%	10,515
<b>Total Reserves</b>	<b>20,499</b>	<b>97%</b>	<b>694</b>	<b>3%</b>	<b>21,193</b>
Provision	3,109		-		3,109

- 12.2. As part of the budget process an initial review has been undertaken into the level and appropriateness of earmarked reserves and provisions. No changes are currently proposed and it is considered that the reserves and provisions remain appropriate and at a broadly adequate level. The table shows that 97% of the earmarked reserves are committed or allocated to various spending plans. This includes areas where restrictions are in place as to how these funds might be used. Further detailed work is on-going to review these assumptions and the position will be considered as part of the final budget report.
- 12.3 It is currently assumed that we will use the following reserves to specifically support the budget:-
- (a) *Use of the S106 reserve to support costs (£20k)*  
We continue to use the S106 reserve to support costs of staff involved in monitoring S106 agreements, however, it should be noted that the current balance is reducing and therefore as part of the final budget report we will consider if this remains sustainable.
- (b) *Use of Capital Expenditure Reserve for ICT strategy (£300k)*  
This is the third year of the ICT strategy funding which, as previously reported, is being accounted for within the revenue budget.

### **13 Fees and Charges**

- 13.1. Proposals in respect of fees and charges are set out at Appendix F with relevant supporting information.
- 13.2. The Council agreed a pricing framework to reflect the Council taking a more commercial approach to service delivery that requires managers to behave in a more commercial manner and to be able to respond more quickly to market forces. This can mean responding to periods of lower demand by reducing prices or offering promotions, or increasing prices where demand exceeds supply and there is clear competition for services. It is proposed that the Council continues this approach with its wide range of fees and charges. Clearly this only applies to those charges where the Council has discretion to alter prices, and statutory fees and charges are outside of this approach.

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

- 14.1. Having considered publicity, equality, diversity and human rights implications, there are none that are significant to the general matters in this report. Where issues have been considered as part of fees and charges proposals or other budget changes these are detailed in the relevant appendix.

### **15. Consultation**

- 15.1. The Council is required to consult on its budget proposals. A consultation exercise took place as part of the production of the Strategic Plan agreed by Council in February 2015.
- 15.2. The budget strategy and timetable aims to ensure that information is available for scrutiny and input from all Members on proposals in the process. The aim is that detailed information will be available prior to the final budget report being submitted to Cabinet and approval by Council in February.
- 15.3. As has been the case in previous years the opportunity remains open for the leader of the opposition to meet with officers to assist with consideration of any alternative budget proposals.
- 15.4. Furthermore, we will continue with the statutory consultation with business ratepayers and communicate with parish councils in respect of grant funding.

### **16. Financial implications**

- 16.1 As set out in the report.

### **17. Risk Management Implications**

- 17.1 The strategic risks of the authority are being considered in developing the 2018/19 budget and all forecast savings/new income options are being risk assessed as part of the budget process.

### **18. Other Standard References**

- 18.1 Having considered publicity, community safety and health and safety implications, there are none that are significant to the general matters in this report.

### **Background Papers**

Budget Report to Cabinet 11 October 2017.

Financial Monitoring Report to Scrutiny Panel -7 November 2017

<b>2018/19 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 – 12 July 17</b>	<ul style="list-style-type: none"> <li>• Review 16/17 outturn</li> <li>• Report on updated budget strategy / MTFF</li> <li>• Timetable approved</li> </ul>
<b>Scrutiny Panel – 18 July 17</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 – 6 September 17 and /or 11 October 17</b>	<ul style="list-style-type: none"> <li>• Budget Update</li> <li>• Review of capital resources / programme</li> </ul>
<b>Cabinet – 22 November 17</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 – 30 January 18</b>	Budget position (Detailed proposals)
<b>Cabinet – 31 January 18</b>	Revenue and Capital budgets recommended to Council
<b>Council – 21 February 18</b>	Budget agreed / capital programme agreed / Council Tax set

## Appendix B

	Reported in October	Updated Position	
	2018/19	2018/19	Note
	£'000	£'000	
Savings (incl. one off adjustments)			
LCTS grant to parishes	(7)	(7)	Assumed reduction in parish grants in line with Government funding change. (see detailed grant proposals in this report)
Waste Review	(59)	(59)	Assumed second year impact of waste review.
Sport & leisure	(148)	(148)	Savings and additional income from sport and leisure business case.
Assets	(264)	(264)	Estimated increased income from commercial asset strategy including full year impact of Amphora Place.
Senior Management Restructuring & Commercial Company assumptions	(419)	(283)	Estimated savings through Senior Management Team restructuring and commercial company forecasts. Figures have been reduced to remove some assumed additional net income growth based on current in year figures. These areas are all being reviewed as part of detailed business plans being produced.
Digital Challenge - Service Savings	(110)	(70)	Various savings across service in line with digital challenge programme. These have been reduced to remove assumed additional income growth.
New service savings	(30)	(30)	Full year impact of service savings identified in 17/18 budget.
Digital Challenge / ICT strategy - implementation	(70)	(70)	End of funding for implementation.
Customer Futures 2	(145)	(292)	See separate item on this agenda.
Zones		(90)	Efficiencies will be delivered through a more focussed approach to activities and enforcement and a review of resources required based on demand. We will also review management resources.
Museums		(100)	Colchester Museums service will deliver additional income opportunities in light of 2017 investment into marketing. The service will also review back office functions given recent improvements to

	Reported in October	Updated Position	
	2018/19	2018/19	Note
	£'000	£'000	
			online information and introduce an assumed vacancy saving in line with historic average staff turnover.
ICT Review		(50)	These are savings following a major review of the ICT service earlier in the year. They are mostly achieved by cancelling a post.
Roundabout sponsorship		(20)	This is income from the sale of roundabout sponsorships that is in excess of the budget. To date this excess has been used to augment the corporate marketing budget.
Arts grants		(50)	A new two year funding settlement has been agreed with The Mercury; firstsite and Arts Centre which takes into account the challenging financial climate, compares well with neighbouring authority awards and continues to demonstrate our commitment and investment; especially when considered alongside capital commitments and positive partnership working.
Off-Street parking		(100)	This saving will be found through a change in the Off Street governance which will mean that each authority will have a direct SLA with Colchester. Each authority will be responsible for the cost of its service and any risk. The outcome of these changes is that Colchester's contribution towards the cost of the NEPP Off Street arrangements will be reduced.
<b>Total</b>	<b>(1,252)</b>	<b>(1,633)</b>	

**Notes:-**

The inflation element to sport and leisure savings is now shown as a reduction to the corporate inflation allowance.  
Part of the Customer Futures 2 savings had originally shown within the digital challenge targets.

**Revenue Grants to Parish, Town and Community Councils 2018/19****1 Decision Required**

- 1.1. To approve the distribution of Revenue grant to Parish, Town and Community Councils for 2018/19 as set out.

**2. Reasons for Decision**

- 2.1 It is necessary to set the level of Revenue grant to Parish, Town and Community Councils now in order that they may set their precepts for next year.

**3. Alternative Options**

- 3.1 The level of revenue grant could remain at the current level.
- 3.2 Alternative methods of distribution were also considered. However, feedback from an earlier consultation with Parish, Town and Community Councils had shown opposition to an element of the grant being subject to a bidding process.

**4. Supporting Information**

- 4.1 For 2013/14 allocations of revenue grant were discontinued, other than a base figure of £500 for each Parish, Town and Community Council to provide an equal level of support. No changes are proposed to this allocation for 2016/17.
- 4.2 The Portfolio Holder for Housing wrote to Parish, Town and Community Councils on 14 December 2012 to explain the impact of Local Council Tax Support (LCTS) on the tax base of Local Councils. The Government had advised of an indicative funding of £120k for Parish, Town and Community Councils in our area, and this was allocated based on calculations of what would achieve a 'neutral' impact on each Council.
- 4.3 The Portfolio Holder's letter advised that Colchester Borough Council had no control over the level of the grant in future years, it was unlikely that it would be separately identified in the overall funding figures, and that the allocation to Parish, Town and Community Councils would reduce in line with the overall grant from Government.
- 4.4 Colchester Borough Council's overall settlement funding allocation for 2018/19 is reducing by 11%. It is therefore proposed that this element of the 2018/19 grant to Parish, Town and Community Councils is reduced in accordance with this assumption.
- 4.5 The cost of Parish, Town and Community Council revenue grants set out in this report is £70.9k. The final approval of this sum is subject to the Council's internal scrutiny process and the approval of the overall budget by full Council in February 2018.
- 4.6. Implications for equality and diversity have been considered in respect of all changes proposed as part of the budget process, including this decision. It is not for the Borough Council to specify what the grants are spent on and for that reason it is not possible to be specific about any impacts, it will be the responsibility of the Parishes themselves to consider equality and diversity requirements when spending or allocating the funds. As such there is no Equality Impact Assessment associated with this report or link included.

## Proposed Grants for 2018/19

<b>Parish</b>	<b>LCTS Grant 17/18 £</b>	<b>11% Reduction £</b>	<b>Revenue Grant £</b>	<b>Total Grant 18/19 £</b>
Abberton & Langenhoe	481	(53)	500	928
Aldham	549	(60)	500	989
Birch	834	(92)	500	1,242
Boxted	1,040	(114)	500	1,426
Chappel	759	(83)	500	1,176
Copford	902	(99)	500	1,303
Dedham	1,462	(161)	500	1,801
East Donyland	4,191	(461)	500	4,230
East Mersea	549	(60)	500	989
Eight Ash Green	1,531	(168)	500	1,863
Fingringhoe	481	(53)	500	928
Fordham	1,741	(192)	500	2,049
Great Horkesley	481	(53)	500	928
Great Tey	623	(69)	500	1,054
Langham	623	(69)	500	1,054
Layer Breton	0	0	0	0
Layer de la Haye	549	(60)	500	989
Layer Marney	0	0	0	0
Little Horkesley	201	(22)	500	679
Marks Tey	1,668	(183)	500	1,985
Messing cum Inworth	481	(53)	500	928
Mount Bures	201	(22)	500	679
Myland	3,420	(376)	500	3,544
Stanway	6,287	(692)	500	6,095
Tiptree	10,906	(1,200)	500	10,206
Wakes Colne	343	(38)	500	805
West Bergholt	1,880	(207)	500	2,173
West Mersea	11,813	(1,299)	500	11,014
Winstred Hundred	549	(60)	500	989
Wivenhoe	8,456	(930)	500	8,026
Wormingford	343	(38)	500	805
<b>Total</b>	<b>63,344</b>	<b>(6,967)</b>	<b>14,500</b>	<b>70,877</b>

## **Strategic Arts Grants 2018/2019**

Colchester Borough Council awards annual grants to Firstsite, the Mercury Theatre and the Colchester Arts Centre.

This annual CBC funding combines with that awarded by Arts Council England and Essex County Council, as well as other public, private and commercial sources of income, to enable the organisations to contribute towards the Creative Colchester Strategy as well as the broader aims of the Council's Strategic Plan, and to run a wide range of targeted community and outreach activities. It also acts as an important stream of match funding to unlock additional external grants.

Performance is monitored against annual service level agreements and the organisations appear before the Scrutiny Panel on a regular basis. Cabinet nominates a Member to represent the Council on the Boards of all three organisations.

Following the end of a two year Arts Grants settlement a new two year funding settlement has been agreed which takes into account the challenging financial climate, compares well with neighbouring authority awards and continues to demonstrate our commitment and investment; especially when considered alongside capital commitments and positive partnership working. The 2018 to 2020 awards are as follows:

<b>Year</b>	<b>Firstsite</b>	<b>Arts Centre</b>	<b>Mercury</b>	<b>Total</b>
<b>2018/19</b>	£112,450	£55,950	£195,025	£363,425
<b>2019/20</b>	£97,000	£48,250	£168,175	£313,425
<b>Total</b>	£209,450	£104,200	£363,200	£676,850



## Earmarked Reserves and Provisions

Reserve	Amount at 31/03/17	Transfers - In	Transfers - Out	Estimate at 31/03/18	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.	1,907	550	(410)	2,047	2,047	-
<b>Insurance:</b> To cover the self-insurance of selected properties.	429	110	(5)	534	-	534
<b>Capital Expenditure:</b> Revenue provision to fund the capital programme. The reserve is fully committed to funding the current capital programme.	2,813	650	(690)	2,773	2,773	-
<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.	112	-	(44)	68	-	68

Reserve	Amount at 31/03/17	Transfers - In	Transfers - Out	Estimate at 31/03/18	Allocated / Committed	Unallocated
	£'000	£'000	£'000	£'000	£'000	£'000
<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.	204	1	(22)	183	183	-
<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.	88	4	-	92	-	92
<b>Section 106 Monitoring:</b> Required for future monitoring of Section 106 agreements. From 2015/16 it was set at £20k per year.	15	10	(20)	5	5	-
<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.	2,893	494	(2,279)	1,108	1,108	-

Reserve	Amount at 31/03/17	Transfers - In	Transfers - Out	Estimate at 31/03/18	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	977	-	(150)	827	827	-
<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 31/03/17</b>	<b>Transfers - In</b>	<b>Transfers - Out</b>	<b>Estimate at 31/03/18</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.	59	25	(11)	73	73	-
<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.	1,753	210	(900)	1,063	1,063	-
<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.	1,095	1,000	(201)	1,894	1,894	-
<b>Total General Fund</b>	<b>12,356</b>	<b>3,054</b>	<b>(4,732)</b>	<b>10,678</b>	<b>9,984</b>	<b>694</b>

<b>Reserve</b>	<b>Amount at 31/03/17</b>	<b>Transfers - In</b>	<b>Transfers - Out</b>	<b>Estimate at 31/03/18</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.	3,818	1,400	-	5,218	5,218	-
<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.	4,047	2,250	(1,000)	5,297	5,297	-
<b>Total HRA</b>	<b>7,865</b>	<b>3,650</b>	<b>(1,000)</b>	<b>10,515</b>	<b>10,515</b>	<b>-</b>
<b>Total</b>	<b>20,221</b>	<b>6,704</b>	<b>(5,732)</b>	<b>21,193</b>	<b>20,499</b>	<b>694</b>

Provision	Amount at 31/03/17	Transfers - In	Transfers - Out	Estimate at 31/03/18	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.	397	-	(86)	311	311	-
<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.	1,798	1,000	-	2,798	2,798	-
<b>Total</b>	<b>2,195</b>	<b>1,000</b>	<b>(86)</b>	<b>3,109</b>	<b>3,109</b>	<b>-</b>