

20 November 2019

Report of	Assistant Director, Policy & Corporate	Author	Paul Cook <input type="checkbox"/> 505861 Darren Brown <input type="checkbox"/> 282891
Title	2020/21 Revenue Budget, New Strategic Priorities and the Medium-Term Financial Forecast		
Wards affected	All		

1 Executive Summary

- 1.1 The report sets out an ambitious and financially sustainable Council programme for the next four years. The report includes the Cabinet's New Strategic Priorities including their initial response to the Climate Emergency declared by the Council on 17 July 2019.
- 1.2 Provision is made for these New Strategic Priorities within the Medium-Term Financial Forecast and will inform budget proposals to be made at the January 2020 Cabinet meeting.
- 1.3 Technical appendices set out the detailed budget calculations, and the 2019/20 in-year position
- 1.4 Budget estimates will be refined through the budget preparation process, as income, cost and spending priority assumptions mature and when the Government confirms the Local Government Finance Settlement for 2020/21.

2 Recommended Decision

- 2.1 To approve the New Strategic Priorities.
- 2.2 To note the Period 6 2019/20 revenue forecast and approve the one-off use of balances.
- 2.3 To agree savings proposals set out in the report for inclusion in the MTFF and note the forecast budget position for 2020/21.
- 2.4 To approve amendments to the capital programme as set out in Appendix E.
- 2.5 To continue membership of the Essex Business Rates Pool.
- 2.6 To agree that the 2020/21 council tax taxbase will be agreed by the Section 151 Officer in consultation with the Portfolio Holder for Resources
- 2.7 To agree changes to Council Fees and Charges as set out in Appendices F and H.

- 2.8 To advance £58k feasibility costs for North Colchester BID from the strategic New Homes Bonus Allocation.

3 Reason for Recommended Decision

- 3.1 To move forward the Council's strategic priorities, including responding to the Climate Emergency, and further develop the 2020/21 budget.

4 Alternative Options

- 4.1 A range of different options could be considered to meet the budget strategy requirements and the proposals in this report will be consulted on through the budget setting process.

5. Background information

- 5.1 The timetable and approach to the 2020/21 budget strategy was agreed at Cabinet on 10 July 2019. The 2020/21 budget gap reported to Cabinet 10 July 2019 was £630k. This has now been improved to a £14k surplus position. Details are set out in Appendix D.

6 New Strategic Priorities

- 6.1 The 2018-21 Strategic Plan sets out the Council's priorities against the themes of Growth, Responsibility, Opportunity and Wellbeing. These priorities are kept under review to ensure they remain relevant and take account of changing needs and issues locally, as well as the changing legislative, financial and policy context for local government. These include the growing importance attached to the environment and Climate Change as reflected in the unanimous decision, taken by Full Council in July 2019, to declare a Climate Emergency. As set out below all future proposals will be assessed to minimise any negative environmental impacts.
- 6.2 New Strategic Priorities (NSPs) are being developed, under the broad themes of Commercial Opportunities, Community, Place and Environment, as at Appendix A.
- 6.3 Many of the NSPs will need further scoping, consultation and project definition work before they can be approved and set underway. Others, such as the Woodland Project, are already underway and further progress can be made if further funding can be provided. £500k funding is being made available from reserves to begin such feasibility and scoping work. This allocation is a sustainable and prudent use of General Fund reserves that currently stand at over £20m. This development and definition work will enable the Strategic Plan to be refreshed in Spring 2020.
- 6.4 As proposals are developed, so the objectives and outcomes will be shared and views sought, from potential partners, key stakeholders, Council Members and the public. To deliver these shared priorities, the contribution of local stakeholders and other agencies will be particularly important where the Council must work with others and where their help and contributions may be sought.
- 6.5 The NSPs will require capital and revenue investment in addition to the updated MTFF. Appendix B provides further information on how the investment will be achieved.

7 MTFF Consultation

- 7.1 The budget strategy and timetable ensure that information is available for scrutiny and input from all Members. Detailed information will be available prior to the final budget report being submitted to Cabinet and approval by Council in February 2020. The Leader of the Opposition will have the opportunity to meet with officers to assist with consideration of any alternative budget proposals.
- 7.2 The normal statutory consultation with business ratepayers and parish councils will take place.

8 2019/20 Budget Issues

- 8.1 Scrutiny Panel reviewed the 2019/20 Period 6 budget position at its meeting on 12 November 2019. This shows a forecast net overspend of £0.336m. This reflects one-off costs including the Oyster Fishery lease surrender (£120k), removal of boats from the River Colne (£25k), demolition of united way cottages (£50k): and an income shortfall on the Northern Gateway (£100k).
- 8.2 Budget monitoring therefore shows an acceptable position at this stage of the financial year. Various parameters could affect the forecast and several options are available to mitigate the in-year pressure. It is therefore expected management action will deliver a balanced budget in 2019/20.

9 Balancing the 2020/21 Budget

- 9.1 It was agreed by Cabinet on 10 July 2019 that savings and income proposals would be delivered through specific opportunities and business cases, rather than through any further 'service reviews' to allow the outcomes of previous reviews to stabilise.
- 9.2 2020/21 pressures of £1.604m have been provided for.
- 9.3 The budget gap of £0.630m forecast in the 10 July Cabinet report has been fully addressed by identifying £1.488m of savings for delivery in 2020/21.
- 9.4 Appendix D sets out the opportunities identified and the new budget pressures in detail. This leaves a net position of a forecast budget surplus of £14k

10 Capital Programme

- 10.1 Appendix E sets out the proposed capital programme for 2020/21 onwards. The revenue implications have been built into the MTFF.

11 Fees and Charges

- 11.1 Fees and charges contribute significantly to funding Council services. For 2020/21 a complete review of fees and charges has been undertaken with the base assumption of a 2% inflation increase.
- 11.2 The main changes to fees and charges for 2020/21 are set out in Appendix F and a full list of fees and charges is provided in Appendix H.

12 Financial implications

12.1 As set out in the report.

13 Environmental and Climate Change Implications

13.1 The Objective Test required by Cabinet is being defined. This is not yet fully in place but when defined and embedded will provide a governance test that ensures key decisions are assessed for their likely environmental impact, including on the Council's commitment to be 'carbon neutral' by 2030.

14 Equality and Diversity Implications

14.1 Consideration will be given to equality and diversity issues in respect of budget changes proposed as part of the budget process. This will be done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

15 Risk Management Implications

15.1 As set out in the report

16 Other Standard References

16.1 There are no direct Publicity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Appendices

Appendix A – New Strategic Priorities

Appendix B – Funding the New Strategic Priorities

Appendix C - Financial sustainability

Appendix D - Base Budget 2020/21 and Medium Term Financial Forecast

Appendix E - Capital Programme 2020/21 onwards

Appendix F - Fees and Charges Changes 2020/21

Appendix G - Financial Year 2019/20

Appendix H – Full list of 2020/21 Fees and Charges

Appendix A: New Strategic Priorities

Environment	
Waste & Recycling Service	Minimise levels of waste through encouraging sustainable methods of recycling. Develop our service to improve customer experience and employee health and wellbeing.
Environment & Sustainability	Meet Climate Emergency commitments including carbon reduction, air quality and biodiversity.
Colchester Woodland	Plant 200,000 trees over 5 years and green the Colchester Orbital. Build a voluntary network to support our trees, change attitudes to the environment and build awareness of climate change and how impacts can be offset.

Place	
Town Centre Vision	Create a vision for Colchester Town Centre that strengthens Colchester position as leading centre for heritage and culture and a place in which to work, visit, relocate and invest in. Work with partners to harness significant regeneration opportunities.
Highways & Cycling	Prioritise plans for cycling and walking in Colchester and develop new projects to encourage sustainable modes of travel, improving health, wellbeing, community safety and air quality and providing a more attractive environment for people to cycle and walk around.
Garden Communities	Create Garden Communities that deliver new housing with the jobs, infrastructure, social and community facilities and open space needed. Work with residents to shape and deliver resilient, self-reliant communities and provide local stewardship of community assets.
River Colne Renewal	Work with partners to develop a vision for the upper, middle and lower River Colne that prioritises its value as a unique natural asset to be carefully utilised, protected and enhanced.

Commercial	
Rowan House Site	Regenerate the Rowan House site and existing accommodation to provide top quality office space and stimulate inward investment, providing a better working environment and additional revenue.
Northern Gateway	Create a new gateway to Colchester, providing jobs and healthcare, housing and an innovative energy source as well as leisure, sports and entertainment facilities, that contribute to the council's revenue.

Community	
Renew Our Community Assets	Improve community facilities by building on existing assets (people and places) to enable communities to come together, play together & encourage improved health and wellbeing.
Cultural Strategy	Build on the work of Creative Colchester by working with them, Arts Council funded and other partners to develop a collaborative Cultural Vision and Ambitions for the Borough.
Heritage Live	Bring our history to life, from the Temple & Castle to the Roman Circus, through display of physical objects, events, interpretation and commemoration to physical and digital trails and displays. Building pride in Britain's 1 st City, drawing in residents and visitors.
Youth Focus	Work with partners to improve facilities, activities and youth engagement aiming for positive impacts on volunteering, improved health & wellbeing, reducing ASB and developing a greater sense of community.

Appendix B

Funding the New Strategic Priorities

1. Budgetary headroom will be created through a combination of:
 - a. Additional revenue savings
 - b. Commercial income/business rates
 - c. Use of New Homes Bonus
 - d. Use of (£500k) overprovision in reserves and balances, this being available to begin projects in 2019/20.
 - e. Providing for New Strategic Priorities in relevant S106 agreements

These additional resources can be used for revenue or provide the potential to borrow.

Table B1 – Calculation of revenue headroom for strategic priorities					
		20/21	21/22	22/23	23/24
1	Headroom brought forward		1,813	2,191	2,368
2	Additional revenue savings	100	100	100	100
3	Commercial income & business rates	100	100	100	100
4	Use of new homes bonus	1,013	578	-23	590
5	The use of £500k overprovision in reserves and balances, this being available to begin projects in 2019/20.	500	-500	0	0
6	S106 agreements	100	100	0	0
7	Total potential headroom	1,813	2,191	2,368	3,158

2. The additional savings in row 2 are over and above the savings required to close the budget gap identified in Appendix D.
3. Commercial and business rates in row 3 reflect progress in commercial development and income generation particularly through the Revolving Investment Fund.
4. Use of New Homes Bonus in row 4 is based on the calculations set out in Appendix D.
5. The use of reserves is a prudent figure. This will be finalised following further review of the issues set out in Appendix D.
6. S106 agreements may provide an additional source of funding, the figures in the table are a prudent estimate of potential.
7. New Strategic Priorities can legitimately be funded by prudent borrowing. This is illustrated in Table B2 below. Borrowing could be undertaken from 2020/21 onwards in a phased programme.

Table B2 – Prudent borrowing level		
		Millions
1	Headroom by 2023/24 (from Table B1)	3.158
2	'Prudency' deduction (20%)	-0.632
3	Allow for other use of headroom (20%)	-0.505

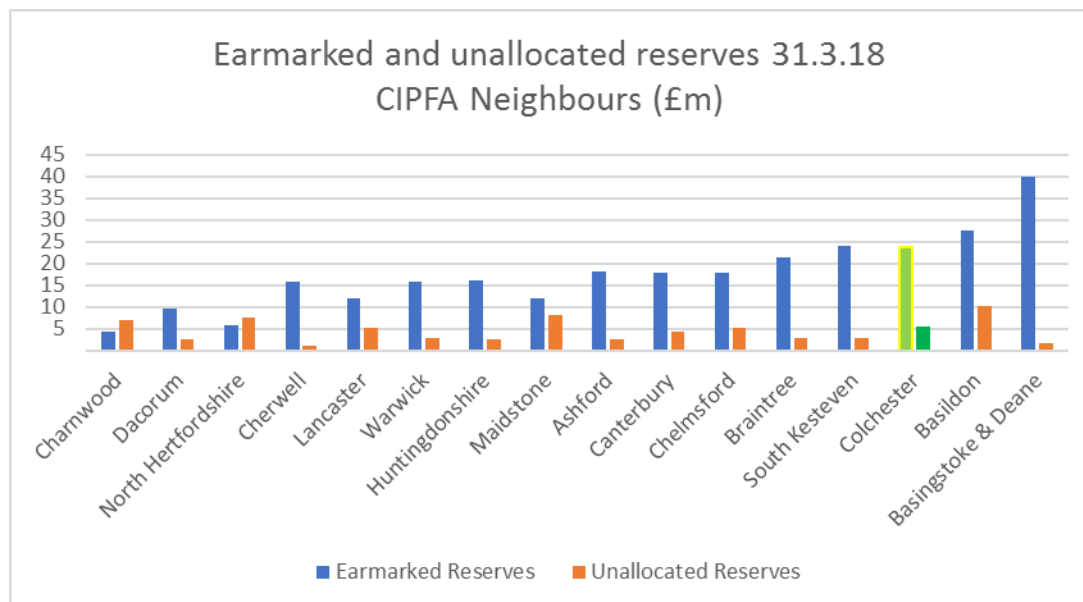
4	Reserve for contingency (10%)	-0.202
5	Allow for New Strategic Priorities revenue costs (33%)	-0.605
6	Capital financing allowance	1.213
7	<i>Assumed interest rate on borrowing 5%; MRP assumption 6.25% (different categories of asset will have different repayment periods)</i>	
8	Illustrative Capital Pot based on the above assumptions	10.785

8. The New Strategic Priorities will have a range of capital and revenue funding requirements, facilitated through the illustrative budgetary headroom identified in Table B2.

Appendix C - Financial sustainability

Reserves and Balances

- 1 The latest available comparative information on reserves and balances shows Colchester to have a reasonable level of earmarked and unallocated reserves. It is advisable to retain a prudent level.



- 2 The minimum level of general fund balance has been set at £1.9m. However this should move in line with inflation and it is recommended a target level of 10% of net budget should apply. The general fund balance should be at a minimum level of £2.030m in 2020/21.
- 3 The annual S151 Officer's statutory report on the adequacy of reserves and balances will be made in the January Cabinet report. There are no issues currently identified that will require addressing.

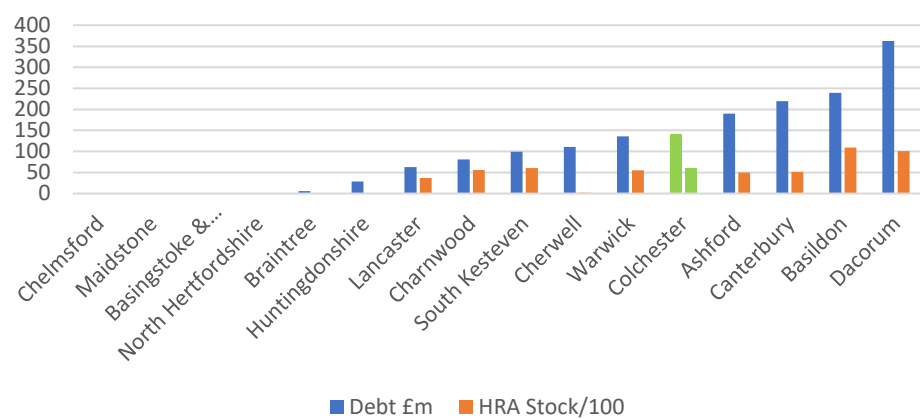
Financial Regulations

- 4 There is a requirement to revise the Financial Regulations annually as part of the budget process to reflect the changing pattern of Council services and other updates. The proposed 2020/21 Financial Regulations will be reported to Governance and Audit for recommendation to Council.

Borrowing

- 5 The chart shows Colchester's borrowing compared to its CIPFA neighbour group. As also set out in the chart, borrowing levels are largely explained by past decisions on housing stock retention (as demonstrated by the stock numbers bars) and the authorities' position at the self-financing housing settlement.

Debt Outstanding 31.3.2019 v HRA Stock CIPFA Group



Appendix D

Base Budget 2020/21 and Medium Term Financial Forecast

2019 Spending Review, Technical Consultation on 2020/21 Local Government Finance Settlement

- 1 The results of a one-year Government spending review were announced in September 2019. The spending review is indicative of councils' 2020/21 funding. However, given general political uncertainty it is not clear that the results of the review will be implemented.
- 2 On 3 October 2019 a technical consultation on the 2020/21 settlement was issued by MHCLG. The technical consultation indicates the government's approach to the settlement, but individual authority figures are not yet released except for social care grant allocations that are not relevant to Colchester.
- 3 Key principles of the Spending Review and Technical Consultation affecting the Council are set out in the Table D1

Table D1 – Summary of 2019 Spending Review and Technical Consultation		
Issue	Description	Response
Local Government Finance Reform	<p>A multi-year Spending Review will take place in 2020.</p> <p>The Government is committed to reforming local government finance from 2021/22. This will include a full reset of the business rates retention baselines</p> <p>2020/21 is therefore a roll forward settlement</p>	<p>Already assumed Fair Funding would not happen in 2020/21. The MTFF provides £500k annual steps for central funding losses.</p> <p>Although not required for Fair Funding changes, this provision may be required for New Homes Bonus changes and local government finance reform from 2021/22 onwards.</p> <p>In 2020/21 the £500k reduction step has now been reduced to £200k given greater certainty over the settlement.</p> <p>It is hoped that the fundamental review would however incentivise and reward without a long time lag quickly growing councils and may be significantly to Colchester's advantage.</p>
Basis of 2020/21 Settlement	Uprating the 2019-20 Settlement Funding Assessment in line with the change in the small business non-domestic rating multiplier.	Already assumed.
Referendum Principles	A council tax referendum principle of up to 2% or	The MTFF assumed a 3% referendum principle. 2020/21 council tax income expectations will

	£5 for district councils – whichever is the greater	be finalised at a later stage of the budget process.
Negative RSG	Government will pay off negative Revenue Support Grant in 2020/21	Already assumed in the MTFF
New Homes Bonus 2020/21	<p>Committing to retain the top-slice of Revenue Support Grant to fund New Homes Bonus in 2020-21 at £900 million</p> <p>Government reserves the right to adjust the 0.4% baseline in 2020/21 to reflect significant growth and spending limits. Any change would be announced in the Provisional Settlement</p> <p>Any part of the £900m allocation not distributed in 2020/21 will be returned to local government</p>	<p>It is unclear whether the basis will be reviewed at all. If so, there is £500k provision in the MTFF for funding losses.</p> <p>Any 2020/21 loss would be limited to that year only and might be partially offset by the promised return of funding to local government.</p> <p>There is also the MTFF provision for decreasing government support identified in the first row of this table.</p>
New Homes Bonus after 2020/21	<p>A more fundamental review will follow probably for 2021/22 implementation.</p> <p>For 2021/22 the legacy payment for 2020/21 would be recalculated on the new basis</p>	<p>The Council would expect to be a significant beneficiary from any reform that limited rewards to higher growth authorities.</p> <p>However the Council could be at risk if adverse changes to the duration of legacy payments and the distribution between first and second tier authorities were made.</p>

Impact of the 12 December 2019 General Election on the local government finance settlement timetable

- 4 The 12 December 2019 General Election is likely to lead to a late settlement announcement. The budget timetable is proceeding on the basis the settlement will be available late December. The position on timetable will be monitored through professional bodies and the LGA.

October 2019 change in pricing Public Works Loan Board loans to local authorities

- 5 The Public Works Loan Board has been the prime borrowing source for local authorities in recent years with rates at record lows. The offer rates have been calculated as the gilt yield for an equivalent duration plus 0.8%.

- 6 On 9 October 2019 the Treasury increased the formula for calculating offer rates by 1%. This was in response to concern over significantly increased borrowing by local authorities.
- 7 Despite the increase Public Works Loan Board rates are historically at a low level. Market funds at better rates may become available but this is yet to be determined. The impact of the changes can be contained within the MTFF as planned.
- 8 The potential use of alternative borrowing sources will be kept under review in liaison with the Council's Treasury advisers.

New Homes Bonus

- 9 In order to facilitate balancing the budget over the years 2020-23, it is now assumed that £0.631m of new homes bonus in 2020/21 is used for one-off implementation costs to achieve base budget savings, row 5 of Table D2. The allocations for further strategic development are set out in row 6, see also Appendix B. New Homes Bonus is expected to increase significantly based on the 30 September 2019 data returned to MHCLG. The figures will be further revised in January when the affordable homes reward has been finalised. New Homes Bonus earned is estimated at only £500k per year from 2021/22 onwards, with a four year entitlement assumption.

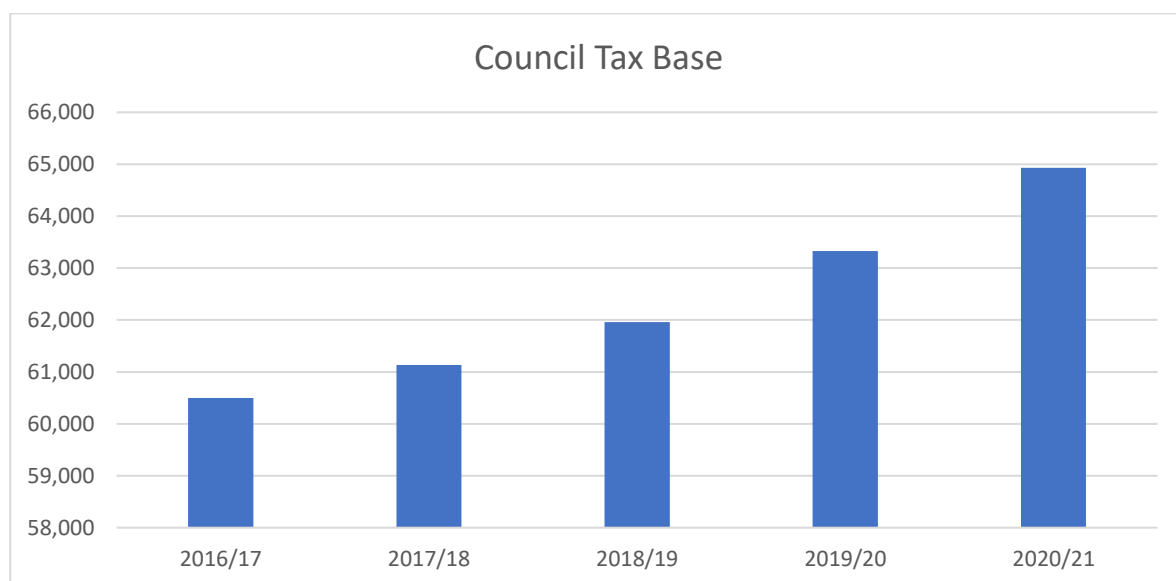
Table D2 – Use of New Homes Bonus							
This table is calculated on the current new Homes Bonus formula. Government has announced a comprehensive review of New Homes Bonus for 2021/22. The allocations forecast in row 7 could either increase or decrease under the new system.							
	All £'000	18/19	19/20	20/21	21/22	22/23	23/24
1	Contribution to Revolving Investment Fund This is an existing allocation to support the development of income generating projects	250	250	250	250	250	250
2	Affordable housing allocation This is an existing allocation towards a key Council priority	163	163	163	163	163	163
3	Base Budget This is the existing allocation in the MTFF reflecting a policy of reducing reliance on NHB to fund the base budget	1,233	1,033	833	633	433	233
4	Colchester Northern Gateway Sports Project This is an existing allocation	750	500	0	0	0	0
5	Savings Implementation This is a new allocation to facilitate delivery of 2020/21	0	0	631	200	390	0

	savings. From 21/22 onwards other opportunities are under investigation to reduce the potential gap in Table E3.						
6	NEGC			500	500	500	500
7	Strategic allocations This is the balance of NHB after other allocations.	1,047	1,469	1,013	1,591	1,568	2,158
8	Totals	3,443	3,415	3,390	3,337	3,304	3,304

Council Tax Base

- 10 The council tax base increase for 2020/21 was originally assumed to be 1%. This has now been improved to 2.5% or 1,600 properties given strong levels of development. The growth is reflected in the revised MTFF. However the figure will be finalised in January once the tax base as at 30 November is known. Growth in the taxbase in previous years is set out in table D3.

Table D3 Council tax base and annual changes		
	Base	Gain
2020/21 Estimated	64,931	1,600
2019/20	63,331	1,371
2018/19	61,960	828
2017/18	61,132	636
2016/17	60,496	949



Funding the agreed capital programme

- 11 The budget for capital financing costs has been reviewed. This covers both minimum revenue provision and interest costs. In order to meet the capital financing cost of the approved 2019/20 capital programme in 2020/21 and later years, a budget of £300k is required in 2020/21, a further £100k in 2021/22, and a further £100k in 2022/23.

Other budget requirements

- 12 The budget includes £180k for the cost of senior management changes. This primarily reflects the cost of an additional Assistant Director and associated support. This will ensure that there is capacity to deliver the Council's ambitious priorities and provide greater operational resilience. It also reflects the implementation of locally determined pay awards.
- 13 NEGC medium term revenue requirements can be addressed by use of the New Homes Bonus strategic allocation. Medium term revenue investment will be repayable from the long term development.

MTFF November 2019 Update

- 14 The overall initial 2020/21 MTFF on these assumptions is set out in Table D4 below. This shows in Row 6 the forecast budget surplus or gap from 2021/22 onwards assuming a continuity of current funding levels. Row 8 shows the potential gap after including the potential funding losses provided for in the MTFF.

Table D4 – Funding the Medium Term Financial Forecast						
	All £'000	19/20	20/21	21/22	22/23	23/24
1	Base Budget	-20,744	-20,385	-20,190	-21,126	-21,436
2	Settlement Funding Assessment – Steady State	4,257	4,100	4,243	4,386	4,430
3	Business Rates growth	2,163	1,800	1,800	1,800	1,800
4	New Homes Bonus	1,946	1,877	1,246	1,236	646
5	Council Tax	12,378	12,622	13,003	13,396	13,800
6	Surplus/-Gap Steady State	000	14	202	-308	-760
7	Potential funding loss			-500	-1,000	-1,500
8	Surplus/-Gap after loss	0	14	-298	-1,308	-2,260

- 15 The position on business rates will not be finalised until later in the budget process. The Essex business rates pool will continue into 2020/21 and the Portfolio Holder for Resources has agreed that the Council continues its membership as this is financially advantageous to the Council.
- 16 Supporting the development of North Colchester businesses, the Council proposes to advance the prospective North Colchester BID £58k from the Strategic New Homes Bonus allocation. In the event the BID proceeds this will be repaid.
- 17 Council tax will be finalised later in the budget process, reflecting growth and performance in 2019/20. The figure in the table is the current position that shows significant growth in the taxbase.
- 18 The results of the 2019 actuarial valuation of Essex County Council superannuation fund are now available. The contribution rate for current service has increased from 15.1% to 18.9%. The deficit for Colchester has decreased from £31m in 2016 to £17m in 2019. These two factors lead to a budget pressure of £150k.

Budget Savings

- 19 The table below sets out the savings that will be added to the Medium Term Forecast.

Table D5 – Budget Savings			£k	£k	£k
	Area	Savings achieved	20-21	21-22	22-23
1	Digital services	A better customer offer allowing more flexibility to book services and pay online	50	50	0
2	Commercial approach	To build on previous achievements to maximise the return on commercial assets and generate increased service income	406	272	
3	Fees and charges.	To ensure fees and charges are set at an appropriate level	251	15	
4	Procurement	To achieve better value for money by expert procurement across a range of supplies and services	160	70	18
5	Invest to save	To direct capital resources into infrastructure and facilities that increase service efficiencies	377	30	
6	Partnership working.	To continue to increase efficiency by partnership working and shared services with other agencies	0	50	30
7	External funding	To draw in external resources to help meet service cost or achieve capital investment	192		
8	Supplies and services		52	0	
9	Total savings		1,488	487	48

Budget Pressures

- 20 Budget pressures are set out in Table D6 below. Any additional pressures identified later in the budget process would need to be funded from increased savings.

Table D6 Cost Pressures			
1	General Inflation	635	Mainly to cover the assumed pay award of 3% and other inflationary increases. Netted down for 19/20 budget one-offs falling out.
2	IT costs	77	Ongoing costs relating to ICT strategy. Reflects the renewal of the Microsoft Enterprise Agreement. Also additional specialist applications, and the potential risk that other licence fees may need to be paid for a longer period than previously assumed.
3	Council Tax Sharing Agreement	100	Changes made to the sharing agreement could reduce the payment to CBC, though there might be increased business rates income
4	Refuse vehicles and crew	62	The Waste and Zones Futures Review identified the need for extra refuse and recycling collection vehicles to respond to housing growth.
5	Staffing changes	180	Cost of an additional Assistant Director post and associated support, and implementation of locally determined pay awards.
6	Commercial Income	100	Delays to Northern Gateway scheme income
7	Net impact of MRP/Interest	300	The budget for capital financing costs has been reviewed. This covers both minimum revenue provision (MRP) and interest costs. In order to meet the capital financing cost of the approved 2019/20 capital programme in 2020/21 and later years, a budget step of £100k in 2021/22 and 2022/23.
8	2019 Actuarial Valuation	150	The budget has been increased to reflect a rise in the primary rate from 15.1% to 18.9%. This is the net effect after a reduction in the deficit payments by £2m over 3 years.
9	Total cost pressures	1,604	

Appendix E

Capital Programme 2020/21 onwards

1. The Capital Programme builds on the schemes approved in setting the 2019/20 Budget. The proposed programme reflects:
 - Reprofiting the 2019/20 programme as previously reported
 - Continuing and augmenting the Revolving Investment Fund
 - The New Strategic Priorities

General Fund	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	
General Fund 2019 Programme	58,684	9,994	300		
Revised 2019 Programme	44,326	42,871	1,443	0	
New Strategic Priorities – indicative		2,000	2,000	2,000	2,000
General Fund 2020 Programme	44,326	44,871	3,443	2,000	2,000
Housing Revenue Account 2019 Programme	20,851	35,232	25,516	18,204	17,492
Revised 2019 Housing Revenue Account Programme	20,851	35,232	25,516	18,204	17,492
New Schemes	-	-	-	-	-
Housing Revenue Account 2020 Programme	20,851	35,232	25,516	18,204	17,492
Total 2020 Capital Programme	65,177	80,103	28,959	20,204	19,492

Appendix F

Fees and Charges Changes 2020/21

1. The main changes to fees and charges for 2020/21 are set out in Table F1 below. Fees and charges have been agreed with portfolio holders and a full list of fees and charges is attached at Appendix H.

Table H1 – Fees and Charges Summary	
Service Area	Changes
Civic Events	No change
Land Charges and Electoral Services	Land charges are calculated on a cost-recovery basis and have been revised. Electoral fees are unchanged.
Sports Grounds, Beach Huts, Countryside Sites and Open Spaces Events	Most fees increased by inflation except for allotments and car parking
Market and Street Trading	Market reduced (reflecting in-year proposals) Street Trading 2.3% increase
Neighbourhood Staff	Inflationary increase
Street Naming and Numbering	No change
Museums	Increase in child/concession prices and saver tickets
Visitor Information Centre	Minor change to guided tours
Private Sector Housing Services	Minor changes
Planning Services	Proposed to increase Practical Completion Certificates, PPA's, PE's, Confirmation of Compliance, Archaeology and UAD charges by a variable but above inflation increase given that no increase was levied in 18/19 as this will maintain a link with inflation and the wider sector
Building Control	No change
Parking Services	Most tariffs unchanged, except for those at West Mersea and for Priory Street season tickets, as set out in the schedules.
Environmental Protection	Minor changes
Licensing and Food Safety	Most existing fees kept broadly the same, with some new Legislative fees introduced
Recycling and Trade Services	Inflationary increase
Cemetery and Crematorium	Most fees increased by RPI/CPI, except for direct cremations (1% increase) and a small number of charges which are unchanged.
Sport and Leisure	All charges proposed taking into account demand/competition/cost of activity. Some charges frozen, some increased.

Appendix G

Financial Year 2019/20

- 1 The Period 6 revenue and capital monitoring position is set out in the tables below. This shows a current forecast revenue overspend of £336k and it is expected this can be managed in-year to achieve a balanced budget.
- 2 Key variances are set out in Table G1 below.

Table G1 – Period 6 Revenue Outturn Forecast (All £'000)		
One-off items		
Colchester Oyster Fishery Lease Surrender	120	
Removal of Boats from River Colne	25	
Demolition of United Way Cottages	50	
		195
		195
Others		
Northern Gateway income shortfall	100	
Net gain on interest payable/earned	(50)	
Other (net)	91	
		141
Total		336

- 3 As reported to Scrutiny Panel on 11th June 2019, the 2018/19 outturn position was an underspend of £263k. It is proposed that this is allocated from balances to provide further funding towards the Alliance Spending Priorities, particularly in light of the unanimous decision of the Council to declare a Climate Emergency in July this year and increase action aimed at cutting waste, boosting biodiversity and making the town carbon neutral by 2030.
- 4 The capital programme position has been reviewed at Quarter 2. Expenditure is currently 29% of programme, compared to 19% at the same stage in 2018/19.
- 5 On 30th January 2019 Cabinet approved the recommendations in the report “Potential New Housing Projects Using HRA Borrowing” to purchase up to 10 Properties using the Right to Buy back and up to 20 Open Market Purchases (OMP’s) The budget for each project was up to £2m and £4m respectively.
- 6 However the Council does not have control on the number of Right To Buy Back opportunities that come forward, or the suitability of the properties that are offered back. In order to maximise the potential to purchase properties through these two routes, it is recommended that there is some flexibility provided on the mix of Right to Buy backs and OMP’s. This flexibility will allow the Council to be proactive in acquiring more than 20 ex Council properties on the open market, should the Right to Buy Back opportunities not reach 10. It is also recommended that should there be an anticipated underspend out of the total £6m budget, that the Council can purchase additional properties so that more than 30 may be purchased whilst adhering to the £6m budget.
- 7 On 21st November 2018, Cabinet approved recommendations of the report “Increasing the Supply of Affordable Housing through the use of Right to Buy receipts” to partner with Heylo Housing to purchase 20 ex local authority properties

using a shared ownership model. A budget was set to utilise up to £1.2m of Right to Buy Receipts, and an additional £200,000 of expenditure to deliver additional affordable housing which would be let at Affordable Rent under a fixed term tenancy.

- 8 The Heylo Housing Shared Ownership model was based on the option to sell the properties after 10 years. The housing market is showing signs of cooling down and so the risk versus return is less attractive. Furthermore, the Council now has capacity to borrow following the abolition of the HRA debt cap, and no longer relies on partners to contribute the 70% of costs that cannot be funded through Right to Buy receipts.
- 9 It is recommended that the approved budget of £1,400,000 is used to increase the number of properties that the Council are purchasing back for permanent accommodation. A budget of £1,400,000 could achieve at least an additional 7 properties (based on the average total cost of £180,000 per property) which would be let at social rent and would sit within the HRA
- 10 An additional allocation will be required in the capital programme for feasibility costs of corporate asset programmes.