

Cabinet Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ
Wednesday, 31 January 2018 at 18:00**

The Cabinet deals with the implementation of all Council services, putting into effect the policies agreed by Full Council and making recommendations to Full Council on policy issues and the budget.

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COLCHESTER BOROUGH COUNCIL
Cabinet
Wednesday, 31 January 2018 at 18:00

The Cabinet Members are:

Leader and Chairman Councillor Paul Smith (Liberal Democrats)
 Councillor Tina Bourne (Labour)
 Councillor Mark Cory (Liberal Democrats)
 Councillor Annie Feltham (Liberal Democrats)
 Councillor Mike Lilley (Labour)
 Councillor Beverley Oxford (The Highwoods Group)
 Councillor Jessica Scott-Boutell (Liberal Democrats)
 Councillor Tim Young (Labour)

AGENDA
THE LIST OF ITEMS TO BE DISCUSSED AT THE MEETING
(Part A - open to the public)

Please note that Agenda items 1 to 5 are normally dealt with briefly.

1 Welcome and Announcements

The Chairman will welcome members of the public and Councillors and remind everyone to use microphones at all times when they are speaking. The Chairman will also explain action in the event of an emergency, mobile phones switched to silent, audio-recording of the meeting. Councillors who are members of the committee will introduce themselves.

2 Urgent Items

The Chairman will announce if there is any item not on the published agenda which will be considered because it is urgent and will explain the reason for the urgency.

3 Declarations of Interest

Councillors will be asked to say if there are any items on the agenda about which they have a disclosable pecuniary interest which would prevent them from participating in any discussion of the item or participating in any vote upon the item, or any other pecuniary interest or non-pecuniary interest.

4 Minutes of Previous Meeting

The Councillors will be invited to confirm that the minutes are a correct record of the meeting held on 22 November 2017.

Minutes 22-11-17

7 - 20

5 Have Your Say!

The Chairman will invite members of the public to indicate if they wish to speak or present a petition on any item included on the agenda or any other matter relating to the terms of reference of the meeting. Please indicate your wish to speak at this point if your name has not been noted by Council staff.

6 Decisions Reviewed by the Scrutiny Panel

The Councillors will consider the outcome of a review of a decision by the Scrutiny Panel under the call-in procedure. At the time of the publication of this agenda, there were none.

7 Strategy

7(i) Strategic Plan 2018-21

21 - 34

This report invites Cabinet to agree a draft Strategic Plan 2018-21 and to recommend it to Full Council for adoption.

8 Housing and Communities

8(i) Taking Action to Tackle Homelessness

35 - 42

This report summarises new action to reduce homelessness, and improve the service the Council provides to homeless people.

9 Strategy/Resources/Housing and Communities

9(i) 2018/19 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast

43 - 128

This report requests that Cabinet recommend to Council the 2018/19 General Fund Revenue Budget, Colchester Borough Council's element of Council Tax for 2018/19, the Capital Programme and the Medium Term Financial Forecast.

9(ii) Housing Revenue Account Estimates 2018/19

129 -
152

This report sets out the Housing Revenue Account budget for 2018/19, including proposals for changes to tenants rents for the coming financial year, and the management fee payable to Colchester Borough Homes. It includes a forecast of the potential

expenditure requirements and income projections for the HRA for the next 5 years, and the updated 30 year HRA financial model.

9(iii)	Housing Investment Programme 2018/19	153 - 160
	This report sets out a summary of the proposed allocation of £9.188million of new resources to the Housing Investment Programme for 2018/19, along with the sources of funding. It also includes an indication of the potential expenditure requirements and funding sources for the years 2019/20 to 2022/23.	
10	Waste and Sustainability	
10(i)	Review of Waste Collection Strategy	161 - 208
	This report sets out how the changes to the waste collection strategy agreed in December 2016 have been implemented and the impact the changes have made.	
11	Commercial Services	
11(i)	Colchester Commercial Holdings Ltd Business Plan	209 - 240
	This reports sets out the business plan for Colchester Commercial (Holdings) Limited (CCHL) which combines all high level goals, financial targets and personnel functions from the subsidiary companies. The report recommends that the Cabinet approves the CCHL business plan including the revenue and capital assumptions and implications for the Council's budget.	
11(ii)	Refurbishment of 5-6 St Nicholas St	241 - 244
	This report provides an update on the redevelopment of 5-6 St Nicholas Street (Jacks) and invites Cabinet to consider a limited refurbishment of the building, which would then be leased to a prospective tenant.	
12	Business and Culture	
12(i)	Half Yearly Performance Report including Progress on Strategic Plan Action Plan	245 - 272
	This report summarises performance for the first half of 2017-18 towards achieving the Council's key performance measures and the Strategic Plan Action Plan.	
13	Resources	

- 13(i) **Mandatory Member Development, Member Role Profiles and Training Plan** 273 - 310

This report invites Cabinet to consider making a recommendation to Council in respect of mandatory member development and to approve Councillor role profiles and training plan.

14 **General**

- 14(i) **Progress of Responses to the Public** 311 - 314
To note the contents of the Progress Sheet

15 **Exclusion of the Public (Cabinet)**

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

Part B
(not open to the public including the press)

16 **Commercial Services - Part B**

16(i) **Refurbishment of 5-6 St Nicholas St - Part B**

This report provides confidential background information on the costs required to bring the building into a lettable state should Cabinet decide to progress the option identified in the report on Part A of the agenda. It also seeks approval of the capital spend required for the building works together with approval of the draft heads of terms for the lease.

CABINET

22 November 2017

Present: - Councillor Smith (Chairman)
Councillors Bourne, Cory, Feltham, Lilley, B. Oxford, J.
Scott-Boutell and T. Young

Also in attendance: - Councillors Barber, Cope, Hazell, Laws, Lissimore, G.
Oxford and Willetts

214. Minutes

RESOLVED that the minutes of the meeting held on 10 October 2017 be confirmed as a correct record.

215. Have Your Say

Councillor Peter Banks, West Mersea Town Council, addressed the Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1) about Bradwell B. He expressed his concern that that the design assessment for Bradwell B had moved on to a second phase. This was deeply concerning and was economically, scientifically, morally and environmentally irresponsible. He asked what level of opposition Colchester Borough Council would make to these plans and would the Council be involved in discussions with other relevant authorities and organisations. In particular what pressure would be applied to Maldon District Council to ensure that the Councils representing Mersea and other coastal villages in Colchester Borough would be upgraded to statutory consultees? Would the Council support Blackwater Against Nuclear Group (BANG), which had considerable scientific expertise which it was willing to make available to the Council?

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, indicated that the Cabinet fully supported BANG in their opposition to Bradwell B. The Council had previously established a cross party Task and Finish Group which had looked at the issues involved in considerable detail and expressed the Council's opposition. This had been agreed unanimously by Council. The Cabinet was doing all it could to make its opposition known. Councillor Cory, Portfolio Holder for Resources, Councillor T. Young, Portfolio Holder for Business and Culture and Councillor Lilley, Portfolio Holder for Public Safety and Licensing all expressed their opposition to Bradwell B. It was hoped that there would be cross party support for BANG.

Mark Goacher addressed the Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1). As the prospective Green Party candidate for Castle Ward, he had been contacted by a number of small businesses in the town centre who were concerned about the ban on A-boards. They were concerned that they had not properly consulted

about the ban. The blanket nature of the ban would affect footfall and was unfair as it was only an issue in Short Wyre Street. It was inconsistent to address A-boards but not take action against tables and chairs outside restaurants and cafes which took up more space on the pavements. The ban was driving businesses away and action should be targeted to where there was an issue, rather than implementing a blanket ban.

Councillor G. Oxford addressed Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1) in support of the ban on A-boards. It made it much easier for wheelchair users, parents with buggies and others with mobility difficulties to access the town centre. A-boards were not necessary as businesses could apply for planning permission for a sign hung from a bracket, which would have the same impact as an A-board.

Councillor Lilley, Portfolio Holder for Public Safety and Licensing, responded and explained that the Council had undertaken a rigorous consultation process before introducing the ban on A-boards and had also referred the issue to the Scrutiny Panel. Businesses had not attended the meeting of the Scrutiny Panel to put forward their views. A-boards had been an issue across the town centre, but he was pleased to note that there were only a handful of businesses still using them. This was a great improvement to the town centre and the policy was supported by the public. It would be reviewed after six months. The Council was willing to take powers from Essex County Council so it could licence fittings such as tables and chairs on pavements in the town centre.

Councillor Feltham, Portfolio Holder for Commercial Services, Councillor B. Oxford, Portfolio Holder for Customers and Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, also expressed their support for the ban on A-boards.

John Akker, addressed Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1) to reiterate concerns about the enforcement of licences for caravans on Mersea. There were approximately 1800 caravans and lodges on Mersea and there was considerable concern that a number were being used as permanent residences. Evidence based on car registrations had been submitted to the Council but no action had been taken on the grounds that the drivers could not be traced. There was also evidence that there were 70 patients registered with doctors, who appeared to live in holiday accommodation. As a consequence, the Council was losing out on council tax revenue and public services were being stretched.

Councillor Bourne, Portfolio Holder for Housing and Communities, asked that the information be presented to her so that she could look into the issue.

Nick Chilvers addressed the Cabinet pursuant to the provisions of Meetings General Procedure Rule 5(1). He had found that wheeled bins were cleaner and more convenient, and did not spoil the street scene, as he had feared. There was no reason that they could not be used in rural areas and in areas such as Lexden and Prettygate. The use of wheeled bins should be on the basis of the suitability of the premises, rather than the views of the local ward councillor. The Council needed to make more effort to promote the benefits of wheeled bins and allay fears. The Council should also ensure that the zones and street cleaning teams were properly resourced, and it should concentrate on these core services and leave issues such as leisure services for the private sector to provide.

Councillor J. Scott-Boutell, Portfolio Holder for Waste and Sustainability, explained that

there were no plans to roll out wheeled bins to other areas of the borough. Further information was required before this could be considered. Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, explained that the new system was working well and as a consequence 15 less tonnes of waste were being sent to landfill each week.

Councillor Lilley, Portfolio Holder for Public Safety and Licensing, explained that the Council was looking to put more resources into street cleaning, and was also looking for support from businesses. Residents also had a role to play in not creating litter, and the Public Space Protection Order would give the Council powers to enforce against littering.

Councillor Smith (in respect of being the Vice Chairman of the District Council Network) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

216. 2018/19 Revenue Budget, Fees and Charges and Financial Reserves

The Assistant Director Policy and Corporate submitted a report a copy of which had been circulated to each Member.

Councillor Barber attended and with the consent of the Chairman addressed the Cabinet. He noted with concern the budget gap and that the Council was not on course to deliver a balanced budget. The Council was seeking to raise revenue by increasing fees and charges to offset poor income delivery from the Council services. This was a disappointing strategy. He invited Councillor Cory to attend Trading Board and discuss ways of generating income for the Council. He would welcome the opportunity to discuss a number of rural issues with the Portfolio Holder for Resources, which he considered the administration neglected. For example the Digital Strategy focused on the urban areas of Colchester.

Councillor Laws attended and with the consent of the Chairman addressed the Cabinet. He noted that in 10 years the Gosbecks Reserve would have been spent and that the Council should look now at alternative ways of managing the site, such as transfer to the National Trust. The unallocated Heritage Reserve should be used to light up the Roman Walls. The 23% rise in the price of admissions to the Castle was noted and some concern was expressed about the impact this could have on tourism. The impact would need to be monitored. However, the policy of allowing residents of the borough to pay once and visit as often as they wanted during the course of the year was welcomed.

Councillor Cory, Portfolio Holder for Resources, agreed it would be useful to look at potential future options for Gosbecks. The unallocated Heritage Reserve was a capital fund and so could not be used for an ongoing revenue commitment such as lighting the Roman Walls. The Council was operating in a more commercial way and taking more risks in its approach to raising revenue. The commercial targets set for Council services were challenging and on occasions market forces meant these targets were not met, but this was still the correct strategy.

It was noted that central government had made no further funding available to local government in the national budget statement, despite the warning of the District Council Network. Despite the loss in income the Council was investing in Colchester and had identified £1.6 million of savings to offset this. Whilst the budget gap was currently £178,000

he was confident that this would be closed.

Councillor T. Young, Portfolio Holder for Business and Culture, stressed the extent of the cuts in funding from central government. Therefore the administration was looking at innovative ways to balance the budget. In respect of the entry fees to the Castle, this had been looked at in detail. It still represented excellent value for money, and other museums such as Hollytrees and the Natural History Museum remained free.

Councillor Feltham, Portfolio Holder for Commercial Services, highlighted the use of New Homes Bonus to deliver improvements to Charter Hall, which would make it into a more attractive venue and enable it to generate more income.

Councillor Bourne, Portfolio Holder for Housing and Communities agreed that that it would be sensible to begin to look at future options for the maintenance of the Gosbecks site now. Councillor Lilley, Portfolio Holder for Public Safety and Licensing, highlighted that the fees in respect of hackney carriage and private hire vehicles were subject to an ongoing consultation, and would be finalised once the consultation was complete.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, highlighted the fall in central government funding. The Council received only approximately £1.50 in Revenue Support Grant per resident. It was noted that in its budget the government had not lifted the cap on the Housing Revenue Account to allow Councils to begin building Council houses again. Whilst setting a budget became more challenging each year, the administration was protecting residents and frontline services from government cuts.

RESOLVED that:-

- (a) The current 2018/19 revenue budget forecast which at this stage shows a budget gap of £178k and the forecast variables and risks be noted;
- (b) The updated savings be included in the 2018/19 budget forecast;
- (c) The action being taken to finalise the budget be noted;
- (d) The 2018/19 taxbase be agreed by the Section 151 Officer in consultation with the Portfolio Holder for Resources;
- (e) The distribution of revenue grants to Parish, Town and Community Councils for 2018/19 as set out at Appendix C of the Assistant Director's report be approved.
- (f) The funding for arts grants as set out in Appendix D of the Assistant Director's report be approved.
- (g) All fees and charges as set out in Appendix F of the Assistant Director's report be agreed and authority be delegated to Assistant Directors to vary fees and charges in-year as set out in section 13 of the Assistant Director's report.

REASONS

The Council is required to approve a budget strategy and timetable in respect of the year

2018/19. The Assistant Director's report relates to the budget update and a review of balances and 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.

ALTERNATIVE OPTIONS

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.

217. Sport and Leisure Future Operational Model

The Assistant Director, Colchester Commercial Holdings submitted a report a copy of which had been circulated to each Member.

Councillor Feltham, Portfolio Holder for Commercial Services, introduced the report and explained that it was recommended that the ownership and assets of the Sport and Leisure Service would remain within the Council but that Colchester Commercial (Holdings) Ltd would be responsible for the operational and strategic management of the service. This would bring a more commercial focus to the operation of the service. However, the public sector ethos would be maintained. It was proposed that this model of operation be reviewed after a period of 18 months. The development of the Sport and Leisure service, and in particular Northern Gateway, would deliver better facilities for all residents and would raise the profile of Colchester

RESOLVED that:-

- (a) The findings of the recent Colchester Borough Council Sport and Leisure Service operational management review which also includes options for the ownership and management of the planned facility at Colchester Northern Gateway (CNG) be noted.
- (b) The recommendation that ownership and overall control of the Sport and Leisure Service remains with the Council with strategic and operational management of the service continuing to be carried out by the Council's wholly owned company Colchester Commercial Holdings be agreed.
- (c) The management and future operational model of the service be reviewed again after 18 months.
- (d) The new CNG facility also be operated by the Council with strategic and operational management arrangements being overseen by Colchester Commercial Holdings.
- (e) In accordance with the decision at paragraph (d) above, to continue to review the potential income opportunities and running costs during the construction phase with a final Business Plan to be approved by Cabinet prior to opening.

REASONS

Existing Sport and Leisure Services

Professional advice relating to business rates and VAT for transferring sport and leisure services to the Council's commercial company indicates that are likely to be additional VAT costs and no advantages in respect of business rates.

Colchester Commercial Holdings Ltd (CCH) have held responsibility for the management of Sport and Leisure Services since June 2017. Since implementing this management arrangement the service has undertaken a 'step change' in financial management, marketing, business and partner development bringing a more commercial culture into the organisation and maximising income to the Council.

Although it is considered financially and operationally advantageous for Sport and Leisure to remain within the Council at this time it is important that CCH has the opportunity to regularly consider, review and present the most advantageous delivery model.

Colchester Northern Gateway

The associated costs and income predictions for an external operator and in house operator are fairly comparable. Should the facility be more successful than projected, the Council will benefit directly from additional income from the in house model.

It is important to agree an operational model as soon as possible in order to ensure those running the facility can have input into the detailed design of the project

Business Plans rely on the scheme being utilised at near capacity in year one – advance marketing and business development activity will be key to this and will shape the final business plan.

Management of Sport and Leisure Services and CNG by a single operator ensures that activities relating to business growth, pricing, strategic development and sports development can be part of a coherent policy across the sites.

This cohesive approach to the development of sport and leisure services in the Borough will enable future multi-site opportunities to be explored and developed, with the recent Sport England pilot bid a good example of partnership working, not just between Council venues but with external facility providers too.

ALTERNATIVE OPTIONS

In terms of the current Sport and Leisure Service the following alternative options were considered;

Transfer Sport and Leisure Services into Colchester Commercial Holdings (CCH) and incur additional net VAT costs. The service could continue to be run as it has been historically without the input of CCH, however management by the wholly owned company over the last few months has shown considerable improvements in the marketing, and net income of the facility. In addition the senior management restructuring assumes that the management of the service would remain with the company.

The setting up a separate "not for profit" subsidiary may have limitations and could restrict

some commercial activities. In addition there remains a risk that this could still result in additional VAT costs.

A “trust “model is also a possible option but this would mean a loss of control by the council. This operating model has been examined in detail previously, with the result that officers were requested not to explore this option further.

A number of alternative options have been reviewed and assessed for the future management of the new Northern Gateway sports facility;

The whole site management could be outsourced and there was considerable interest from national and regional operators following a soft market testing exercise. Whilst an external operator would reduce any risk to the Council associated with running the facility, it would also take away direct control and future income opportunities.

A joint venture with a third party could be considered however it is considered that the Business Plan projections do not show enough profit for two parties to benefit from joint management.

For the same reasons as above it is considered that a commercial external operator would not be able to realise sufficient profit to consider the facility viable.

218. Combined Service Review – Customer Futures 2

The Assistant Director Customers submitted a report a copy of which had been circulated to each Member together with minute 136 of the Scrutiny Panel meeting of 7 November 2017.

Councillor Willetts attended and with the consent of the Chairman, addressed the Cabinet. The general shift to more modern means of communication was welcomed. However there would always be some groups who would wish to be able to communicate and transact with the Council in person. The reduction of staffing was noted, and the proper gearing of staff to work was also welcomed, but this must not be at the expense of customer service. It was vital that the changes did not lead to dissatisfaction with those who contacted the Council offline.

Councillor B. Oxford, Portfolio Holder for Customers, explained that the review would ensure that online services were delivered in an efficient and secure way and would provide a more streamlined online service to customers. It would also generate significant savings. By introducing specialist officers into the Customer Service Centre it would enable specialist queries to be resolved more quickly. Where customers had complex needs or were vulnerable, they would still be able to access services when and how they needed to. The review would empower and enable staff and provide more opportunities to progress.

Councillor Cory, Portfolio Holder for Resources, expressed his support for the proposed changes. He was confident that the changes and savings would be delivered. The investment in the ICT Strategy had laid the groundwork for the technological changes which underpinned the review.

RESOLVED that:-

(a) The proposed new service principles and operating model (structure) for the service known as Customers be approved, which is a result of a combined service review (Customer Futures 2) which has taken place over the past four months.

(b) The implementation stage of this review be approved.

REASONS

To implement the proposed new service principles and operating model for Customers which will deliver improved customer service for our online (web) channel as well as providing good customer services via the public office (Community Hub and Library) and the call centre for our more vulnerable customers and those with complex cases. It will result in recurring revenue budget savings.

ALTERNATIVE OPTIONS

The alternative option would be not to approve the new service principles and operating model (structure) or to ask for changes be made to the proposals set out in Appendix A. In either scenario, the delivery of an improved online (web) channel and greater efficiency and effectiveness could be delayed or not delivered.

219. Request for Delegated Authority to award Fleet Contract

The Assistant Director, Environment, submitted a report a copy of which had been circulated to each Member.

Councillor Willetts attended and with the consent of the Chairman addressed the Cabinet. It was the role of the opposition to hold the executive to account. However, when they had sought to call in a previous decision on the award of a contract under powers delegated by Cabinet, the reasons for the call in had not been accepted. In this case, important decisions were being delegated to the Portfolio Holder and Chief Operating officer, and it was important that these decisions were open to scrutiny. In particular they would welcome the opportunity to scrutinise the outcome of the options appraisal.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, explained that the contract was not due to come into effect until April 2019, which gave plenty of time for the Scrutiny Panel to look at this issue, should it choose to do so. It was open to the Scrutiny Panel to request that this be included on its work programme going forward.

RESOLVED that authority be delegated to the Chief Operating Officer in consultation with the Portfolio Holder for Waste and Sustainability to award the fleet contract.

REASONS

In order to award a new contract, there are likely to be a number of stages for varying vehicles and maintenance at different times throughout 2018. One of the factors is that the Council have to give 12 months' notice to the current contractor if it is decided not to

extend the contract. Therefore it is advised to delegate authority to the Chief Operating Officer in consultation with the Portfolio Holder for Waste and Sustainability in order to make a decisions as needed between Cabinet meetings.

ALTERNATIVE OPTIONS

There are a number of options as the current contract ends in 2019, and specifies that notice is to be given to the current provider by the end of March 2018. The procurement process to be followed will comply with the Public Procurement Regulations 2015.

220. Local Council Tax Support 2018/19

The Assistant Director Customers submitted a report a copy of which had been circulated to each Member together with minute 137 of the Scrutiny Panel meeting of 7 November 2017.

Councillor Cory, Portfolio Holder for Resources, introduced the report. He highlighted that the Council had a high council tax collection rate and that was in part due to an effective support scheme being in place. Over 9,000 residents were supported by the scheme. The main changes that were being introduced were to limit entitlement to Band D properties, to change the minimum level of entitlement to £2 per week and to disregard bereavement support payments or charitable payments as income or capital for the purposes of the scheme.

RESOLVED that the Local Council Tax Support Scheme from 1 April 2018 be agreed.

RECOMMENDED TO COUNCIL that the Local Council Tax Support Scheme be adopted.

REASONS

Legislation requires that following public consultation, amendments to the scheme for 2018/19 need to be agreed by Full Council before 31 January 2018.

ALTERNATIVE OPTIONS

Consultation proposals included an option to introduce a minimum earned income figure for those who are self-employed which is in line with the United Kingdom minimum wage for 16 hours worked. It is not recommended to take forward this option as it could lead to a disproportionate burden being placed on this resident base.

221. Officer Pay Policy Statement 2018/19

The Assistant Director Policy and Corporate submitted a report a copy of which had been circulated to each Member.

Councillor Cory, Portfolio Holder for Resources, introduced the report. He supported the principle of transparency that underpinned the publication of the Officer Pay Policy. The policy demonstrated the prudent approach that was taken to officer pay. In particular the

commitment to Living Wage (as set by the Living Wage Foundation) and the relatively small differential between the highest and lowest salaries were highlighted.

Councillor T. Young, Portfolio Holder for Business and Culture, also highlighted the payment of the Living Wage, and that contractors working for the Council were also obliged to pay the Living Wage. Work was underway to publish gender pay information, although when this had been looked at recently, there had been no gender pay gap.

RECOMMENDED TO COUNCIL that Officer Pay Policy Statement 2018/19 be approved and adopted.

REASONS

The Localism Act requires “authorities to prepare, approve and publish pay policy statements articulating their policies towards a range of issues relating to the pay of its workforce, which must be approved by full Council annually. An authority’s pay policy statement must be approved by a resolution of that authority before it comes into force”.

ALTERNATIVE OPTIONS

The only alternative would be to not recommend the approval of the Pay Policy Statement, but that would be contrary to the requirements of the Localism Act.

222. Approval of Colchester Borough Council’s Digital Strategy 2017-2022

The Assistant Director, Colchester Commercial Holdings, submitted a report a copy of which had been circulated to each Member.

Councillor Willetts attended and addressed the Cabinet. It was noted that the Local Plan had assumed an increase in the numbers of people who would be working from home and it was therefore important that the digital infrastructure throughout the borough was robust. There was currently a disparity in the between the progress on this in urban and rural areas and there was a significant lag in the delivery of improvements to rural areas. The Digital Strategy needed to correct this and have an aggressive approach to the delivery of high quality infrastructure throughout the borough.

Councillor Cory, Portfolio Holder for Resources, explained that Colchester was beginning to be seen as a beacon of technological expertise. This was reflected in the recent award from the European Union and Colchester had recently been visited by officials from central government seeking to learn from developments in Colchester. Colchester was also hoping to be a test area for 5 G trials.

Councillor T. Young, Portfolio Holder Business and Culture, explained that the Digital Strategy specifically addressed the issue of provision to rural areas and committed to ensuring rural areas were as well served as urban areas.

RESOLVED that the proposed Digital Strategy 2017-22 be adopted.

REASONS

The Council wishes to build on the exciting work undertaken to date in the digital sector in Colchester with the aim to make the Borough the best connected place in the East of England. As the sector continues to grow and opportunities emerge, the Strategy will be used to inform future discussions with a range of partners and funders, particularly DCMS and enable the development of an implementation plan.

The Council's ambition is to further develop the digital, IT and creative sectors to generate value-added employment of the future for the Borough's growing population.

The Digital Strategy is the first policy adopted by CBC to allow for joined-up use of its range of existing and future digital assets, all of which are currently operated on an ad hoc basis. These include town centre fibre networks, CCTV, 4G and WiFi transmitters and digital advertising panels. Subsequent business cases for the use of these assets will identify and detail potential commercial, revenue-generating opportunities arising from their use.

The publication of the Strategy coincides with the announcement by the Government of significant funding opportunities for, among others, Local Authorities. Each of the work streams contained in the Digital Strategy will be scrutinised to see whether it is suitable for application to the appropriate Departments for funding under the Government finance schemes.

ALTERNATIVE OPTIONS

Not to adopt the Digital Strategy however this would mean that the Council would not be able to present a coherent policy framework in its efforts to secure inward investment by tech companies, or to secure finance from the Government funding streams currently available.

223. Review of Councillor Development Policy

The Assistant Director Policy and Corporate submitted a report a copy of which had been circulated to each Member.

RESOLVED that the revised Councillor Development Policy be approved.

REASONS

In view of the time that has elapsed since the policy was last reviewed and in view of the forthcoming reassessment for Charter Status, this is a good opportunity to review the policy and check that it is still relevant and fit for purpose.

ALTERNATIVE OPTIONS

It is open to Cabinet either not to approve the revised Councillor Development Policy or to approve it subject to amendments.

224. Nomination of Deputy Mayor 2018-19

Consideration was given to the appointment of the Deputy Mayor for the 2018-19 Municipal Year.

Councillor Smith, Leader of the Council and Portfolio for Strategy, proposed Councillor Cope for appointment as Deputy Mayor for the Borough of Colchester for the 2018-19 Municipal Year.

Councillor G. Oxford addressed Cabinet to indicate his support for Councillor Cope's nomination.

Councillor Cope returned thanks for his nomination and indicated that, if appointed, he would serve as Mayor to the best of his ability.

RECOMMENDED TO COUNCIL that Councillor Cope be nominated for appointment as Deputy Mayor for the Borough of Colchester for the 2018-19 Municipal Year.

225. Progress of Responses to the Public

The Assistant Director, Policy and Corporate submitted a progress sheet a copy of which had been circulated to each Member.

RESOLVED that the contents of the Progress Sheet be noted.

REASONS

The progress sheet was a mechanism by which the Cabinet could ensure that public statements and questions were responded to appropriately and promptly.

ALTERNATIVE OPTIONS

No alternative options were presented to the Cabinet.

The Cabinet resolved under Section 100A(4) of the Local Government Act 1972 and the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

226. Minutes

RESOLVED that the not for publication extract from the minutes of the meeting held on 11 October 2017 be confirmed as a correct record.

The Cabinet resolved under Section 100A(4) of the Local Government Act 1972 and the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

227. Sport and Leisure Future Operational Model

The Assistant Director Colchester Commercial Holdings submitted an appendix to the report in Part A of the agenda a copy of which had been circulated to each Member.

RESOLVED that Appendix A to the Assistant Director's report be noted.

Report of	Assistant Director of Policy and Corporate	Author	Matt Sterling ☎ 282577
Title	Strategic Plan 2018-21		
Wards affected	All wards		

1. Executive Summary

- 1.1 This report concerns the draft Strategic Plan 2018-21 (attached). The Strategic Plan sets the priorities for the borough and the Council for the next three years. The current Strategic Plan was published in February 2015 and runs to 2018 so a new plan is needed to reflect future needs.
- 1.2 The Strategic Plan is one of the core statutory elements of the Council's Policy framework, as set out in Article 4 of the Council's Constitution. It must therefore be adopted by full Council.
- 1.3 The Strategic Plan sets the framework for the Council's three-year Medium Term Financial Forecast and its Capital Programme. Both the Plan and the Budget will be debated at the same full Council on 21 February.
- 1.4 This new Strategic Plan addresses the key challenges facing the Borough by describing 20 priorities organised into four key themes: Growth, Responsibility, Opportunity and Wellbeing.

2. Recommended Decision

- 2.1 To agree the Strategic Plan 2018-21 and recommend to full Council that it be adopted.
- 2.2 To ask officers to prepare an action plan to achieve its aims and priorities.

3. Reason for Recommended Decision

- 3.1 To enable the Strategic Plan 2018-21 to be agreed and adopted.

4. Alternative Options

- 4.1 The current Strategic Plan expires at the end of the financial year. A new plan is required and needs to be adopted by full Council. The absence of a Strategic Plan would create a significant risk of the Council failing to identify and deliver on its core priorities.

5. Background Information

- 5.1 The Council's Strategic Plan describes the organisation's view of the main priorities for the Borough. It covers a three-year time span, although many of the issues it addresses are long-term in nature. Once adopted, an accompanying detailed action plan is produced to ensure meaningful action is taken to address the Strategic Plan's priorities.
- 5.2 To produce this plan, workshops have been held with Cabinet members, Senior Managers, and Officers. The Council has also held a consultation with the public to inform the Plan's contents. This consultation took the form of an electronic survey open to all, and focus groups aimed at ensuring the voices of a representative cross-section of the borough's population were heard.
- 5.3 The Plan is organised into four themes which recognise the need:
- To ensure all residents benefit from the growth of the borough, and that jobs and infrastructure keep up with this growth
 - For everyone to take responsibility to do their bit to make the borough even better
 - To promote and improve Colchester and its environment
 - To make Colchester an even better place to live and to support those who need most help.
- 5.4 The four themes in this Plan are: Growth, Responsibility, Opportunity, and Wellbeing.
- 5.5 Each theme includes five priorities which address the key issues facing the borough. These priorities cover a wide range of issues including anti-social behaviour, business, communities, environment, heritage, housing, jobs, tourism, transport, and wellbeing. The Strategic Plan Action Plan will describe detailed actions for each priority.

6. Equality, Diversity and Human Rights implications

- 6.1 The Strategic Plan 2018-21 will continue to support the importance of equality and diversity in all aspects of borough life.
- 6.2 The Equality Act requires councils to have an equality objective, and the new Plan does that throughout its themes and priorities. An Equality Impact Assessment is available to view on the website [here](#), or by following this pathway from the homepage – Your Council>How the Council works>Equality and Diversity>Equality Impact Assessments>Policy and Corporate>Strategic Plan 2018-21.

7. Strategic Plan References

- 7.1 The themes and priorities of the Strategic Plan 2018-21 will be reflected in officer reports to councillors following its adoption by full Council in February.

8. Consultation

- 8.1 The public consultation for the new Strategic Plan consisted of an electronic survey open to all residents and organisations, along with a set of focus groups to ensure that the voices of a representative cross-section of Colchester residents were heard. The six-week public consultation ran to 31 December 2017. It was promoted via a [Have your say on the Council's future priorities](#) news release and a 'banner' on the home page of the Council's website. Responses to the survey were invited online, via a dedicated phone line or by visiting Colchester Library and completing a paper form.

- 8.2 85 people responded to the electronic survey, which asked respondents to rank the three most important and the three least important services that we commission or provide, as well as to express their views.
- 8.3 Eight focus groups were held at four locations across the borough – two urban, two rural - involving 46 people chosen to be representative of residents in terms of age, disability, ethnicity, income, family status and gender. The focus groups gave a more in-depth opportunity to explore how residents feel about living in Colchester, and to gauge their responses to possible priorities.
- 8.4 In the public consultation, residents told us:
- Colchester is a welcoming place and should continue to be so.
 - They are positive about Colchester as a town and borough and see it a good place to live.
 - They are proud of the long and prominent history of the town.
 - They like the countryside surrounding Colchester, especially those with young children.
 - They like the borough's open spaces, particularly Castle Park and the events and activities that are held there.
 - They believe that being slightly further out of London helps Colchester maintain more of a rural image, yet still being connected to the heart of Essex and London.
 - They understand the importance of 'growth' for the town and borough, but want infrastructure to keep pace with Colchester's growth.
 - They want the Council to play its part to maximise the availability of affordable housing.
 - They want to maximise the availability of jobs and opportunities, especially younger people.
 - They want the Council to support the most vulnerable in society, and to help reduce homelessness.
 - They want the town centre to be more accessible and appealing, and recognise that the Council cannot work on its own in dealing with the town centre challenges.
 - They think the Council has an important role in facilitating healthier lives as part of the infrastructure improvements as the town grows.
 - They are concerned about anti-social behaviour, particularly those living in urban areas.
 - They are positive about the Council's recycling services.
- 8.5 Staff views were sought at a workshop and these were incorporated into the Plan.
- 8.6 The consultation and research responses were fed into the review of the Strategic Plan.

9. Publicity Considerations

- 9.1 The Strategic Plan is a key element of the Council's continued external engagement activity. The Council will continue to ensure promotion of strategic activity via new and existing communications channels including direct, in person, in the media, on social media platforms and on its website.
- 9.2 The Council will communicate at key milestones of strategic projects to promote a strong positive reputation for the borough, with half-year updates on the website.

10. Financial implications

- 10.1 The Strategic Plan sets the framework for the Council's three-year Medium Term Financial Forecast and its Capital Programme. A key part of this is setting out the Council's priorities for the next three years and looking at how this will affect where the budget is spent.
- 10.2 The financial implications of the action plan to deliver the Strategic Plan's priorities are incorporated into the annual budgeting process.

11. Community Safety Implications

- 11.1 Community Safety remains a priority in this Strategic Plan. Its specific priorities to address issues around community safety, crime and disorder include:
- help make sure Colchester is a welcoming place for all residents and visitors
 - educate residents about the impact of anti-social behaviour
 - work with Essex Police and partners in the Safer Colchester Partnership to make Colchester an even safer place.

12. Health and Safety Implications

- 12.1 There are no Health and Safety implications from the Strategic Plan.

13. Risk Management Implications

- 13.1 As action plans to deliver the Strategic Plan 2018-21 are developed, risks will be identified and addressed.
- 13.2 The absence of a Strategic Plan would create a risk for the Council failing to deliver on its core priorities.

Appendices

The draft Strategic Plan 2018-21.

Background Papers

Summary of the public consultation.



Our Colchester

The Strategic Plan 2018-21

Growth, Responsibility, Opportunity and Wellbeing

OUR ACHIEVEMENTS 2015-18

Communities

- Start-well programme for vulnerable families launched with over £200,000 used to deliver initiatives like Beat the Streets; raising awareness to keep our children safe and improve health and wellbeing
- Community Enabling Strategy adopted along with a range of projects, campaigns and local initiatives
- Supported local priorities and vulnerable groups with over £1.3m of funding
- Infrastructure funding to support renovation and development of new Community Facilities such as Stanway Village Hall and improvements to community open space such as the Café on the Old Heath Recreation Ground
- 'The Big Switch' initiative has saved Colchester residents £158,928.14 on fuel bills.

Economy

- Colchester Ultra-ready inward investment campaign launched: Colchester rated in UK's top 10 for creative industries
- The Old Police Station redeveloped and opened as a RICS award winning Creative Business Centre – all 43 studios let within first month
- 'Purple Flag' well-managed town centre status gained and retained
- Curzon cinema nearing completion of the conversion of Roman House.

Environment and transport

- 16% reduction in Council's carbon emissions (544 tonnes of CO2)
- Worked collaboratively with Community Safety Partners to distribute over £50,000 of funding; delivered Days and Nights of Action and introduced the new policing community initiative 'Street Weeks'
- Northern Approach Road 3 opened
- 'Fixing the Link' walkway from North Station to Town Centre completed
- Our award winning Parks and Open Spaces include High Woods Country Park and Castle Park both Green Flag accredited. High Woods achieved Anglia in Bloom's silver gilt for the Best Park in the region over 10 acres. Castle Park was RHS Britain in Bloom UK Parks and Green Spaces Award runner up 2017.

Housing

- 1,845 new homes delivered, including more than 200 affordable homes
- Over £33m invested to improve Council's housing stock
- Enoch House sheltered accommodation redeveloped and opened
- More than 1,100 cases of homelessness prevented through pro-active support.

Leisure, heritage and tourism

- The I-Spy and 'If Our Walls Could Talk' tourism campaigns reached a potential audience of 7 million people across a wide range of promotional channels including online, print and outdoor and digital advertising. The Official Colchester Visitor Guide and www.visitcolchester.com website redesigned and relaunched
- Wide range of events delivered including 'Summer Screen' in Castle Park, and over £65,000 of funding provided to 42 independent not for profit events through the Festival Support Fund
- Museums have secured Arts Council 'National Portfolio Organisation' status which includes £797,000 funding over the next four years
- Our new Colchester Historic Guide Book was published and the Colchester Castle guide book won best heritage guide 2017 from the Association of Cultural Enterprises.

Our Colchester - The Strategic Plan 2018-21

This plan describes the priorities and direction for our borough. It sets out the Council's ambitious goals to help make Colchester an even better place to live, work and visit. We will work with many partners to get the best for our residents.

To help us decide on these priorities we invited members of the public to share their thoughts with us. We did this in a consultation which included an online survey, and a series of focus groups with the public, independently selected to make sure we included all sections of our communities.

Residents told us:

- Colchester is a welcoming place and should continue to be so
- They are positive about Colchester and see it a good place to live
- They are proud of the long and prominent history of the town
- They like the countryside surrounding Colchester, and the borough's open spaces such as Castle Park
- They understand the importance of growth for the town and borough, but want infrastructure to keep pace
- They want the Council to play its part to maximise the availability of affordable housing and encourage inward investment to maximise job opportunities
- They want the Council to support the most vulnerable in society, and to help reduce homelessness.

OUR PRIORITIES ARE:

GROWTH

Ensuring all residents benefit from the growth of the borough

RESPONSIBILITY

Encouraging everyone to contribute to making our borough even better

OPPORTUNITY

Promoting and improving Colchester and its environment

WELLBEING

Making Colchester an even better place to live and supporting those who need most help.

GROWTH

Help make sure Colchester is a welcoming place for all residents and visitors

Ensure residents benefit from Colchester's economic growth with skills, jobs and improving infrastructure

Promote inward investment to the borough

Develop jobs, homes, infrastructure and communities to meet the borough's future needs by creating new Garden Communities

Work with partners to create a shared vision for a vibrant town centre.



RESPONSIBILITY

Promote responsible citizenship by encouraging residents to get involved in their communities and to identify solutions to local issues

Encourage re-use and recycling to reduce waste to landfill

Educate those residents who behave anti-socially about the impact of their behaviour

Increase the supply of good quality homes by using legal powers to reduce the number of empty homes and improve standards in the private rented sector

Create new routes for walking or cycling and work with partners to make the borough more pedestrian-friendly.



OPPORTUNITY

Promote Colchester's heritage and visitor attractions to increase visitor numbers and to support job creation

Encourage green technologies through initiatives such as SMART Cities

Help business to flourish by supporting infrastructure for start-up businesses and facilitating a Business Improvement District

Ensure a good supply of land available for new homes through our Local Plan.



WELLBEING

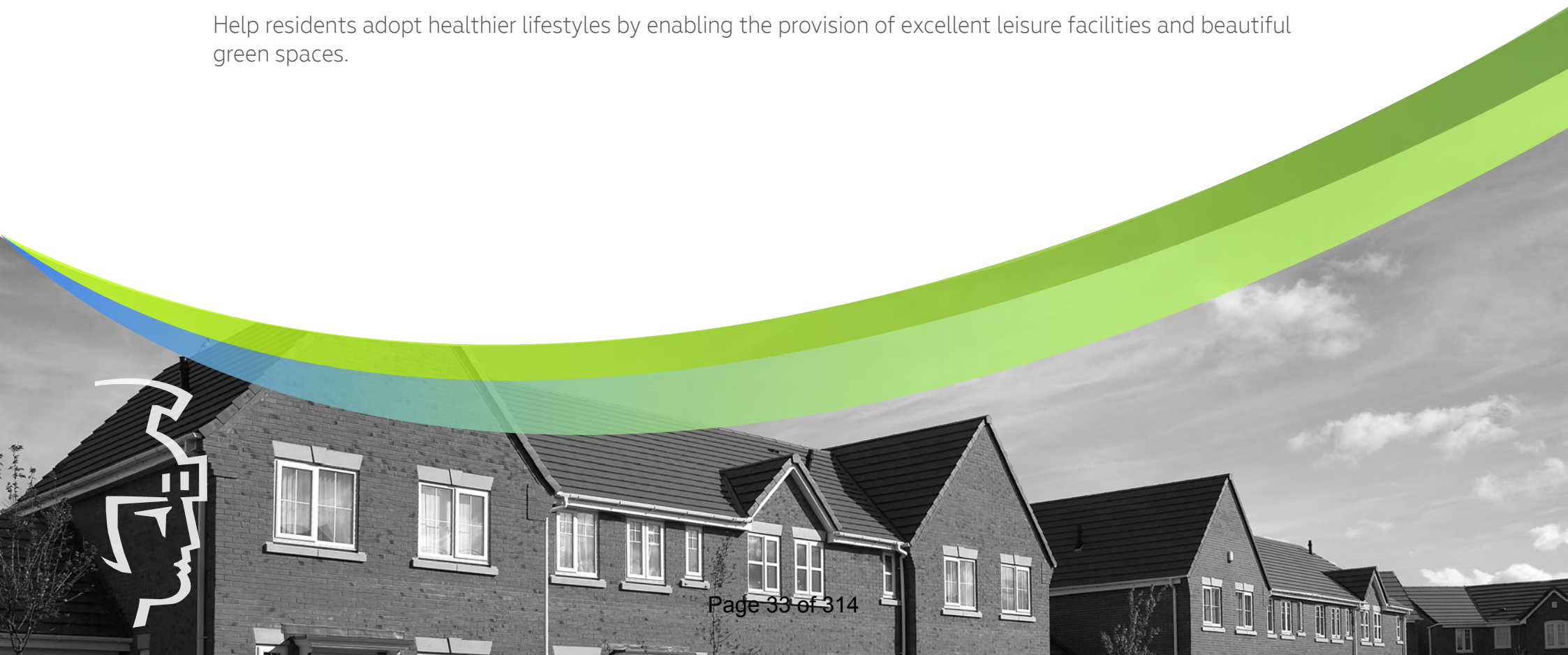
Encourage belonging, involvement and responsibility in all the borough's communities

Work with Essex Police and partners in the Safer Colchester Partnership to make Colchester an even safer place

Create new social housing by building Council homes and supporting Registered Providers


Target support to the most disadvantaged residents and communities

Help residents adopt healthier lifestyles by enabling the provision of excellent leisure facilities and beautiful green spaces.



Our Colchester - The Strategic Plan 2018-21
Growth, Responsibility, Opportunity and Wellbeing

GROW
CBOW

Report of	Assistant Director of Policy and Corporate	Author	Tina Hinson  506903
Title	Taking action to tackle homelessness		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report summarises new action to reduce homelessness, and improve the service the Council provides to homeless people.
- 1.2 There has been widespread coverage of the national housing crisis. The Council's approach is :
 - A strong focus on increasing the supply of permanent homes.
 - Imaginative approaches to the prevention of homelessness.
 - Innovative measures to improve the experience of households living in temporary accommodation.
- 1.3 Colchester has achieved its targets for new house building for many years, but nationally housing supply has fallen well short of what is needed for decades.
- 1.4 The Council (CBC) and its partners have had some real successes in preventing homelessness from occurring in the first place. However, the number of households in temporary accommodation has continued to increase.
- 1.5 CBC wants to enable and deliver the best possible outcomes for its communities. There is no one silver bullet to solving the current crisis in housing. This report seeks to propose several solutions on the basis that together they will make a difference.
- 1.6 This report recommends a number of actions the Council should do now. These are:
 - Pursue purchase of open market properties for use as temporary accommodation.
 - A pilot to increase the supply of private rented sector accommodation.
 - Process changes to the way we implement the Allocations Policy.
 - Continue the purchase of former right to buy council properties for use as permanent accommodation.
- 1.7 The proposed actions will be funded using both existing budgets and general fund borrowing.

2. Recommended Decisions

- 2.1 To give approval for the purchase of up to 16 homes to be used as temporary accommodation for homeless households up to a value of £2.9 million.

- 2.2 To note the requirement for General Fund prudential borrowing to enable these purchases, and seek approval from Full Council in February 2018
- 2.3 To approve the use of up to £1 million of Affordable Housing New Homes Bonus income to fund a proportion of the purchase costs of the 16 properties, as set out in the financial implications of this report
- 2.4 To delegate to the Strategic Director Commercial and Place or Assistant Director Policy and Corporate Services, in consultation with the Portfolio Holder for Business and Culture, the authority to negotiate the terms and purchase price of individual properties.
- 2.5 To approve the use of £100,000 new homes bonus income and £150,000 from the Government's Flexible Homelessness Support Grant to fund a two year pilot scheme to increase the supply of private sector rented accommodation.
- 2.6 To continue the purchase of, for use as permanent accommodation, former council properties bought under the right to buy offered back to the Council under the "right of first refusal" legislation, where these offer good value for money and are in areas of high housing need.

3. Reason for Recommended Decisions

- 3.1 Colchester Borough Council has a legal duty to provide accommodation to people who are homeless, so long as they meet the criteria set out in law (see paragraph 5.1 for more detail).
- 3.2 Whilst the Council and its arms-length management organisation, Colchester Borough Homes, are preventing more people from becoming homeless each year, the number of homeless households in temporary accommodation continues to increase.
- 3.3 The recommended decisions contained in this report will support the Council and Colchester Borough Homes to prevent homelessness and improve the experience of temporary accommodation for those who are homeless and waiting for permanent housing to become available.

4. Alternative Options

- 4.1 Not to proceed with the recommended decisions contained within this report: – This could result in households who are homeless being placed in less suitable temporary accommodation (such as bed and breakfast) or in accommodation outside of the Colchester Borough.
- 4.2 Pursue other options: - Research was undertaken to look at options to tackle homelessness and improve the experience of temporary accommodation. These options are contained in the background paper to this report. Other options were rejected because they were not cost effective; took too long to deliver; and/or there were too many risks attached to successful delivery.

5. Background Information

The Council's legal duties to households who are homeless

- 5.1 Under current homelessness legislation, local housing authorities have a statutory duty to ensure households that are believed to be homeless, eligible for assistance and in priority need (primarily if the household is vulnerable or has dependent children) are provided with interim accommodation. Following investigations, the Council may accept that it has a statutory duty to find suitable permanent accommodation for that household. Temporary Accommodation is the accommodation provided by the Council on either an interim basis or, where it has accepted a statutory homeless duty, for the period until it discharges that duty usually through an offer of suitable permanent housing. There is a severe shortage of affordable rented homes in Colchester and households in temporary accommodation have to wait for a permanent home to become available. These duties will change when the Homelessness Reduction Act 2017 is implemented in April 2018. Local housing authorities will be legally obliged to provide information, advice and assistance to everyone who is homeless or at risk of homelessness, irrespective of their priority need status, in order to reduce homelessness levels in their areas.
- 5.2 Services to assess homelessness and undertake homelessness prevention are carried out by the Council's arm's length management organisation, Colchester Borough Homes (CBH).

Homelessness in Colchester

- 5.3 In Colchester, our focus has been to prevent homelessness occurring in the first place by taking action as soon as possible to either prevent homelessness (by keeping the household in their current accommodation) or to alleviate it by finding alternative suitable accommodation. The table below demonstrates the success of this approach with the number of households prevented from experiencing homelessness increasing each year. The excellent work of the Housing Options Team and our partners is essential to preventing homelessness in Colchester.

Homelessness prevention in Colchester	2014/15	2015/16	2016/17	2017/18 (up to end of December 2017)
Total cases	498	572	648	614

Source: DCLG P1E

- 5.4 Between 2013/14 and 2015/2016 the number of homeless households the Council accepted a duty to provide permanent homes for rose from 197 households to 375 households in 2015/2016. A concerted and focussed approach to homelessness prevention saw the numbers fall in 2016/2017 to 325. However, the number of households in temporary accommodation continued to increase; at the end of 2013/14 it was 162 households and at the end of 2016/2017 it was 204 households.
- 5.5 National research and local experience shows that temporary accommodation is not a good solution for households. The uncertainty and temporary nature of the accommodation places strains on mental health and relationships. Children in a household can see their education disrupted. Households can be provided with temporary accommodation that is a significant distance away from support and community networks at a time when they are needed most.

- 5.6 In order to meet our housing needs, and in particular to minimise the numbers in temporary accommodation, we need a three-pronged approach:
1. Firstly, a strong focus on **increasing the supply of permanent homes**.
 2. Second, imaginative approaches to the **prevention of homelessness**.
 3. And third, innovative measures to **improve the experience of households living in temporary accommodation**.
- 5.7 Innovations such as our new Housing Company and the Garden Communities will make a significant contribution to increasing the supply of new homes. We will also continue to work with Registered Providers and private developers to secure affordable housing. The prevention work of the Housing Options Team and our partners is crucial, and it is encouraging to note them exceeding our target for prevention work for 2016/2017. There is no one silver bullet to addressing the shorter-term need of reducing the use and improving the standards of temporary accommodation. However, this paper and accompanying report propose several innovative solutions on the basis that together they will make a difference.
- 5.8 The challenge will not end with the implementation of these solutions. The Council and Colchester Borough Homes will face new challenges with the implementation of the Homelessness Reduction Act and the full roll-out of Universal Credit. We need to continue to seek new and innovative ways to increase supply and prevent homelessness using our own resources, our partnerships and our influence. We will continue to capture this work in our Homelessness Strategy and delivery plan.

Actions to tackle homelessness

- 5.9 A number of options were explored to take action to tackle homelessness and provide better temporary accommodation. Below is a summary of the recommended actions we should do now:
- Pursue purchase of open market properties for use as temporary accommodation.
 - A pilot to increase the supply of private rented sector accommodation.
 - Process changes to the way we implement the Allocations Policy.
 - Continue the purchase, for use as permanent accommodation, of former right to buy council properties offered back to the Council under the “right of first refusal” legislation.
- 5.10 **Purchase homes on the open market**
This option would increase the supply of temporary accommodation and contribute to achieving the Council’s aims of better outcomes for homeless households, better value for money and better options to provide homes for those facing homelessness by:
- Giving the Council control, securing the accommodation over the long term.
 - Guaranteeing minimum levels of quality as the Council is landlord and will maintain the properties.
 - Removing the risk of emergency bed and breakfast/nightly let costs for these units increasing in the market, as a result of inflationary and supply and demand. The Council will set the rents.

The size and type of homes purchased will be based on the Council’s Temporary Accommodation Position Statement and the shortfall of temporary accommodation. It will

be a mix of two bedroom and three bedroom properties. CBH would manage these homes on behalf of the Council.

5.11 Pilot to increase the supply of private rented sector accommodation

The Homefinder Scheme administered by Colchester Borough Homes enables the Council to access the private rented sector and secure homes for households who are homeless, avoiding the use of bed and breakfast or temporary accommodation. Whilst it has worked well in the past, the scheme is less attractive to Landlords and Agents as demand is high and they are able to secure tenants who are not CBH customers and can pay rents significantly above LHA rates. It is recommended that a two year pilot scheme be undertaken which explores different incentives which could be offered to private landlords in order to increase the supply of private sector accommodation and assesses the value for money of these incentives.

5.12 Allocation Policy - process changes

CBH will seek the participation of Registered Providers in the “one offer” processes so that homeless households do not spend unnecessarily long periods of time in temporary accommodation bidding on and refusing properties which would provide them with a permanent home.

5.13 Continue to purchase back properties previously sold under the Right to Buy when they are offered back to the Council for use as permanent accommodation

All properties (freehold and leasehold) sold under the Right to Buy since January 2005 contain a covenant which compels the owner to offer the property back to the Council, if the property is offered for sale within ten years of the original purchase. This is known as the right of first refusal. There is nothing which compels the Council to buy back properties offered to it in this way. However, the Council has always considered whether or not to buy back a property. In the past these properties have not represented good value for money. The Council can now use right to right to buy receipts it has retained under its agreement with the Government, to fund up to 30% of the total cost of purchasing back an ex-council property offered back to the Council. This option now represents better value for money.

5.14 The Council recently purchased two former Council properties to provide much needed permanent homes, using 30% right to buy receipts. Where the Council considers it beneficial to purchase a former right to buy property, the Council would first look to using existing budgets to do so. Properties would be purchased back where they represent good value for money and are in areas of high housing need.

5.15 The Council can also nominate a Registered Provider to buy the property. The Council can then provide 30% of the total cost of buying the property from the Council's retained right to buy receipts as grant to the Registered Provider. The Registered Provider would fund the other 70% of the cost. The Council would receive nomination rights in return for the grant given.

5.16 This could see up to 10 properties purchased each year by the Council or Registered Providers for use as permanent affordable housing.

6. Equality, Diversity and Human Rights implications

6.1 An equality impact assessment on the proposals in this report has been completed and a link to the document can be found here [EQIA Action to tackle homelessness](#)

7. Strategic Plan References

- 7.1 The actions recommended in this report will help to achieve the following goals from the Council's Strategic Plan 2015 - 2018:
- Provide opportunities to increase the number of homes available including those that are affordable for local people and to build and refurbish our own Council houses for people in significant need.
 - Be clear about the major opportunities to work in partnership with public, private and voluntary sectors to achieve more for Colchester than we could on our own.

8. Consultation

- 8.1 Consultation has taken place internally with Colchester Borough Council's Finance and Client Teams and with Colchester Borough Homes.

9. Financial implications

- 9.1 As this report relates to the homelessness function, the financial implications will be accounted for in the Council's General Fund. This proposal has a combination of estimated capital and revenue implications which are set out in the following paragraphs.

9.2. Purchase homes on the open market

The capital cost will be funded from retained 1-4-1 Right to Buy receipts (maximum of 30% of total scheme cost), new homes bonus, with the balance being met from General Fund prudential borrowing. The following table sets out the estimated capital implications;

	16 units
Estimated Capital Implications	
Total Scheme Cost	2,880,000
<i>Funded By:-</i>	
1-4-1 RTB Receipts (30%)	(864,000)
AH NHB	(1,000,000)
GF NHB	(100,000)
GF Borrowing	(916,000)
Net Cost	-

- 9.3 The revenue implications include rental income from the properties based on affordable rents, up to the Local Housing Allowance, with an assumption of 95% occupancy levels. The modelling includes the estimated cost of managing and maintaining the properties, with a provision for bad debts and any potential Council Tax costs if the properties are empty between re-lets. Finally, the modelling makes an allowance for the principle and interest costs resulting from undertaking prudential borrowing.

<u>Estimated Revenue Implications</u>	
Gross Rent (LHA Rate)	(110,100)
Management & Maintenance Allowance	16,500
Council Tax on Empty Properties	1,100
Bad Debts	5,500
<i>Financing Costs:-</i>	
MRP	22,900
Interest	22,900
Net Cost / (Saving) to General Fund	(41,200)

9.4 Pilot to increase the supply of private rented sector accommodation

The Government has given local authorities a grant for two years in order that local authorities tackle homelessness in more flexible and creative ways. This new funding was partly to replace the withdrawal of the temporary accommodation management fee which was paid through the housing benefits system. The value of the flexible homelessness support grant is £494,040 for 2016/2017 and £559,423 for 2017/2018. The funding has been delegated to CBH as they provide the front-line Homelessness and Housing Options Service on behalf of CBC.

- 9.5 It is proposed that £150,000 of this grant funding be used to increase the supply of private rented sector accommodation for homeless households or those threatened with homelessness, plus £100,000 from our new homes bonus grant allocation for 2017/18.

	Total cost	General NHB	DCLG Flexible Homelessness Support Grant
Increased landlord incentives pilot	£250,000	£100,000`	£150,000

9.6 Continue to purchase back properties previously sold under the Right to Buy

An allocation of £0.500million has been included in the Housing Investment Programme report elsewhere on this agenda. This will support the potential to Buy Back properties offered back to the Council through the Right to Buy legislation. It also provides the opportunity to use funding through retained 1-4-1 Right to Buy receipts (up to 30% of total cost), with the balance of 70% coming from S106 commuted sums for affordable housing.

10. Risk Management Implications

- 13.1 The most significant risk to not approving the recommendations is that the Council and Colchester Borough Homes will have fewer tools to prevent homelessness and improve the experience of temporary accommodation for those who are homeless and waiting for permanent housing to become available.
- 13.2 The opportunities presented include giving the Council the prospect to secure accommodation over the longer term; fewer households experiencing bed and breakfast accommodation; if the properties were no longer required they could be disposed of and a capital receipt generated for the general fund; more tools to prevent homelessness occurring in the first place and the potential to secure more private rented accommodation.

11. Standard References

- 11.1 There are no particular references to community safety, publicity or health and safety implications.

Background Papers

[Report to the Portfolio Holder: Reducing the use of our of area bed and breakfast accommodation](#)

Available on the Council's website by following the pathway www.colchester.gov. / Your Council/ Committees, Agendas, Meetings and Recordings / Cabinet /31 January 2018, and scrolling to the bottom of the page.

Report of	Assistant Director – Policy and Corporate	Author	Sean Plummer ☎ 282347
Title	2018/19 General Fund Revenue Budget, Capital Programme and Medium Term Financial Forecast		
Wards affected	n/a		

This report requests Cabinet to recommend to Council:

- **The 2018/19 General Fund Revenue Budget**
- **Colchester's element of the Council Tax for 2018/19**
- **The Medium Term Financial Forecast**
- **The Capital Programme**
- **The Prudential Indicators and Treasury Management Strategy and Annual Investment Strategy**

1. Executive Summary

- 1.1. This report provides the Cabinet with the recommended 2018/19 revenue budget including all proposed savings and the Council's Council Tax Rate for 2018/19.
- 1.2. The report provides a summary of the local government finance settlement, which included a £645k reduction in Revenue Support Grant, and also Colchester's provisional New Homes Bonus grant for next year which is £1.34m less.
- 1.3. The report sets out the Council's Capital Programme and Treasury Management Strategy for the coming year.
- 1.4. Finally, the report sets out the updated Medium Term Financial Forecast (MTFF) for the period up to 2021/22. This includes an assessment of the Council's balances and reserves.
- 1.5. Specifically the report includes the following:-
 - A proposal that Council's Council Tax rate for 2018/19 should be set at £185.13 per Band D property, which represents an increase of £4.95 (2.75%) from the current rate.
 - Savings proposals totalling £2.8m including a reduction of £0.9m arising from the cut in New Homes Bonus.
 - A proposed allocation of just over £2.2m to support investment in line with the Council's Strategic Plan including funding previously agreed for the Northern Gateway sports scheme.
 - A continuing challenging financial position over the next three years showing a budget gap of £2.6m
 - The Council's general fund balances remain close to our recommended level.
 - Proposals for investment through the capital programme

2. Recommended Decisions

- 2.1. To note that for the purpose of assessing the impact on balances the outturn for the current financial year is assumed to be an overspend of £200k. (paragraph 6.4.).
- 2.2. To note the provisional Finance Settlement figures set out in Section 7 showing a cut to the Settlement Funding Assessment of £524k.
- 2.3. To note the figures for the business rates retention scheme and the arrangements for completion of the required return of estimated business rates income as set out at paragraph 7.8.
- 2.4. To note the reduction in the New Homes Bonus grant and that there further reductions in later years are expected as set out in section 7.
- 2.5. To approve the cost pressures, proposed use of New Homes Bonus, savings and increased income options identified during the budget forecast process as set out at in section 8 and detailed in Appendices C and D.
- 2.6. To consider and recommend to Council the 2018/19 Revenue Budget requirement of £19,695k (paragraph 8.13) and the underlying detailed budgets set out in summary at Appendix E and Background Papers subject to the final proposal to be made in respect of Council Tax.
- 2.7. To recommend to Council, Colchester's element of the Council Tax for 2018/19 at £185.13 per Band D property, which represents an increase of £4.95 (2.75%) from the current rate noting that the formal resolution to Council will include Parish, Police, Fire and County Council precepts and any changes arising from the formal Finance Settlement announcement and final completion of the business rates NNDR 1. This will be prepared in consultation with the Leader of the Council.
- 2.8. To agree the Revenue Balances for the financial year 2018/19 as set out at Appendix I and agree that the:-
 - the minimum level be set at a minimum of £1,900k
 - £136k of balances, including sums carried forward from 2017/18, be applied to finance items in the 2018/19 revenue budget
- 2.9. To note the updated position on earmarked reserves set out in section 11 and agree the following:-
 - Release of £300k use of capital expenditure reserve for ICT strategy
 - Release of £185k use of parking reserve
 - Contribution to the business rates reserve of £600k
- 2.10. To note the reinstatement of balances in respect of the pensions deficit payment made in 2017/18 as set out in section 8.12
- 2.11. To agree and recommend to Council that £100k of Revenue Balances be earmarked for potential unplanned expenditure within the guidelines set out at paragraph 12.3.
- 2.12. To note the Medium Term Financial Forecast for the financial years 2018/19 to 2021/22 set out in section 14.

2.13. To note the position on the Capital Programme, including forecast underspend shown at section 12 and agree to recommend to Council the inclusion in the Capital Programme of:-

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

2.14 To note the comments made on the robustness of budget estimates at section 13.

2.15. To approve and recommend to Council the 2018/19 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the background paper at Appendix M.

3. Reason for Recommended Decision

3.1. The Council is required to approve an annual budget.

3.2. This report sets out supporting information and also statutory commentary about the robustness of the budget and the level of balances.

4. Alternative Options

4.1 There are different options that could be considered as part of the budget within the constraints set out in this report

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. The Revenue Budget for 2018/19 has been prepared against a background of meeting the Council's Strategic Plan objectives whilst continuing to face significant financial pressures from the reductions in core Government funding. Every effort has been made to produce a balanced budget that includes a deliverable level of savings and income and provides for investment in key services. This has been achieved through a budget strategy that has resulted in:-

- the delivery of savings through the service review process including delivering channel shift
- making efficiencies through specific budget reviews and business plans
- maximising new and existing income streams
- recognising cost pressures and making decisions on budget changes where necessary

5.3. The budget includes savings or additional income of almost £2.8m. This compares to £3m included within the 17/18 budget. A large proportion of savings continue to be based on proposals to work more efficiently and to maximise opportunities to increase income. This also includes a reduction made to the level of funds available

for investment which is proposed to mitigate the reduction in the New Homes Bonus grant.

- 5.4. Core Government funding for 2018/19 is being reduced by £0.5m which follows a reduction in 2017/18 of £1m. Further reductions have also been confirmed as part of the 4 year settlement. However, these cuts alone are not the only pressures the Council has needed to address in the budget. Costs from general inflation and pay assumptions, reductions in some income targets and various other pressures have all added to the budget gap.
- 5.5. The methodology for the New Homes Bonus changed in 2017/18 and this continues to impact on the grant we receive. For example the change to only pay NHB above a 0.4% threshold has reduced the grant we received by £0.4m in respect of last year's housing growth. The Council has been taking steps to reduce the level of New Homes Bonus which is used to support the base budget. This means that there is still £2.2m available to support new investment. Some proposals are included in this report and further allocations will be made later in the year.
- 5.6. The financial outlook set out within the Medium Term Financial Forecast (MTFF) shows that further reductions in core Government funding and cost pressures faced by the Council show a cumulative budget gap of £3.9m over the next three years. Planned savings, including a reduction in funding for new projects from the New Homes Bonus mean that this gap has reduced to £2.6m.
- 5.7. The 4 year Settlement figures show that Revenue Support Grant will end by 2019/20. The Government's spending power figures also illustrate the importance of the Council's own income from Council Tax and business rates and that these are expected to increase to help to mitigate this cut.
- 5.8. The provisional settlement also included a formal consultation on a review of relative needs and resources with the aim of implementing a funding system in 2020/21. Alongside this, the latest phase of the business rates retention programme was announced, with an aim for councils to retain 75 per cent of business rates from 2020/21.
- 5.9. These changes mean that it is important for the Council to fully consider the budget and medium term plans in light of the new funding arrangements.
- 5.10. Further information on the budget is provided in the following paragraphs.
- 5.11. This report should be read and considered alongside the report in respect of the Housing Revenue Account and Housing Investment Programme to provide a full assessment of the Council's financial position and plans.

6. Current Year's Financial Position

- 6.1. In order to inform the 2018/19 budget process and forecast level of reserves it is useful to first review the current year's financial position. Revenue budgets are monitored on a monthly basis with regular reports to Senior Management Team and the Scrutiny Panel.
- 6.2. It was reported to Scrutiny Panel on 7 November that the current year's budget position showed a forecast net overspend £490k. This reflected some forecast

income shortfalls and cost pressures. A review at the end of December has identified some changes to this forecast and action has been taken to mitigate the overspend. Based on this, the forecast outturn is now expected to be closer to an 'on budget' position. However, it is prudent to assume that there remains a potential call on balances of c£0.2m

- 6.3 The position continues to be monitored, and the Governance and Audit Committee will receive a report setting out a detailed position in March. As is common, there are a number of budgeted costs that may not be fully spent in the financial year. The report to Governance and Audit Committee will include details of any such changes, and this will be used when considering the end of year position.

- 6.4 **Cabinet is asked to note that the forecast outturn position for the current year may result in a potential call on balances of £0.2m and that this is used as part of the assessment of balances. The position will continue to be monitored.**

7 Finance Settlement (Government Funding)

- 7.1. The provisional Local Government Finance Settlement was announced in Parliament on 19 December 2017. The Settlement includes a number of funding arrangements, concepts and terminology introduced in 2013/14. This section of the budget report provides a summary of the key issues including:-

- Settlement Funding Assessment (SFA) including Revenue Support Grant (RSG)
- Business Rates Baseline and tariffs and top-ups, levies and safety net
- New Homes Bonus
- Core Spending Power

- 7.2. The SFA which comprises our RSG and business rate baseline figure has been cut by **£0.524million (11%)**. This reduction is in line with the 4 year funding settlement which the Council applied for and which was agreed by Government.

	2017/18	2018/19	Change	
	£'000	£'000	£'000	%
Revenue Support Grant (RSG)	920	275	645	70%
Business Rates Baseline	4,041	4,162	-121	-3%
<i>Settlement Funding Assessment (SFA)</i>	<i>4,961</i>	<i>4,437</i>	<i>524</i>	<i>11%</i>

- 7.3. The split of the settlement funding is important. The RSG element is a non ring-fenced fixed grant. The baseline funding level is used as part of the retention of business rates scheme as explained below.

Business Rates Baseline and tariffs and top-ups

- 7.4. The SFA includes the Council's baseline funding level for the Business Rates Retention scheme. This is based on our historic business rates collection, adjusted by a 'tariff' payment. A local authority must pay a tariff if its individual authority business rates baseline is greater than its baseline funding level. Conversely, a local authority will receive a top-up if its baseline funding level is greater than its individual authority business rates baseline.

- 7.5. The following table sets out a summary of the baseline position for Colchester for 2018/19 showing the *indicative* required tariff payment of £19m.

	£'000
Billing Authority Baseline	28,925
CBC Individual Baseline (80%)	23,140
Less Tariff	(18,978)
Baseline funding	4,162
Safety Net threshold (92.5%)	3,850

- 7.6. It should be noted that the above tariff figure has been reduced by £320k. This is an 'adjustment' representing the difference between the tariff that was set out in the 2017/18 local government finance settlement, and a revised 2017/18 tariff that reflects the impact of the 2017 revaluation exercise on the Business Rates Retention scheme.
- 7.7. The business rate retention scheme includes a degree of protection against reduction in business rates collected (the Safety Net), which means that 92.5% of the baseline funding in year is guaranteed. It also includes a method for ensuring that any growth above the baseline is shared with Central Government, the County Council and Fire Authority (the Levy). The Council keeps 40% of any additional income.
- 7.8. The arrangements for business rate retention require the Council to agree an estimate of business rates income for the coming year (the NNDR 1) by 31 January. This return includes a number of key assumptions in respect of collection rates, growth and an allowance for the impact of revaluation appeals. Based on initial projections it is anticipated that the NNDR 1 will show additional income above the baseline funding level, of which the Council's share is forecast to be in the region of £1.1m. This takes into account of the tariff changes referred to earlier and the estimated Section 31 grant due to the Council in relation to business rates relief provided to small businesses and retailers, which forms part of the Levy and Safety Net calculation. This will remain a risk and one which will be considered in the final paper for Full Council and within updates to the MTFF.

Business Rates Pooling

- 7.9. Under the business rates retention scheme local authorities are able to come together, on a voluntary basis to pool their business rates receipts and then agree collectively how these will be distributed between pool members. Pooling provides the opportunity to keep a greater share of business rates within Essex that would otherwise be paid to Government as a 'Levy', providing that districts experience growth above their baselines. However the protection each authority receives under the safety net arrangements in the event of a shortfall is removed, with the 7.5% safety net only applying to the overall pool. In 2017/18 Colchester is one of nine District Councils together with the County Council and Fire Authority in a pooling agreement.
- 7.10. It was reported to Cabinet last year that on 1st September the Government published an invitation to local authorities to pilot 100% business rate retention in 2018/19. 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. It was reported that if the bid

was not accepted then the same authorities had agreed to form a revised Essex business rates pool.

- 7.11. Alongside, the Settlement it was reported that the Essex bid to be a pilot had not been accepted. As reported, it is therefore proposed that the existing pool is disbanded at the end of 2017/18, and replaced by a new pool to include all Essex Authorities (with the exception of Thurrock). The new pool will be based on the existing methodology, and is forecast to generate additional income for Colchester based on current business rates forecasts.
- 7.12. It should be noted that the information set out in this report in respect of business rates reflects the arrangements for business rate retention as an individual authority and not in a pool. However, based on indicative forecasts it is projected that pooling in 2018/19 would be beneficial to the Council.
- 7.13. In October, Cabinet considered how to use the gains from business rates pooling to try to support the base budget. It was agreed to allocate £200k from the gain received to support the 18/19 budget. Given that a gain of at least £200k is currently expected in this financial year it is proposed that a similar arrangement can be made to support the 19/20 budget. This proposed approach will need to be reviewed based on any future pooling arrangements.
- 7.14. The Settlement is provisional and subject to consultation which ended on 16 January 2017. Traditionally, there has been very little change between the provisional and actual Settlement. Any marginal change to the Council's entitlement will be reflected in the final budget recommendation to Council. In addition to the Settlement funding figures other grants have been announced. The key grant for Colchester is the New Homes Bonus.

New Homes Bonus (NHB)

- 7.15 The 2018/19 grant has been announced and reflects the continuation of the changes to the methodology of the scheme introduced in 2017/18. These included:-
- From 17/18 the scheme has introduced a national baseline of 0.4%. NHB is only paid above this level.
 - From 17/18 payments were made over 5 years rather than 6 and now, from 18/19, payments are only made over 4 years.
- 7.16 The final figure is a total grant for 2018/19 of £3.443m, a reduction of £1.34m. The detailed breakdown of the grant is set out at Appendix B and is summarised below:-

	2017/18	2018/19	Change
	£'000	£'000	£'000
<i>Basic NHB</i>	4,506	3,296	(1,210)
<i>Affordable homes bonus</i>	277	147	(130)
Total New Homes Bonus	4,783	3,443	(1,340)

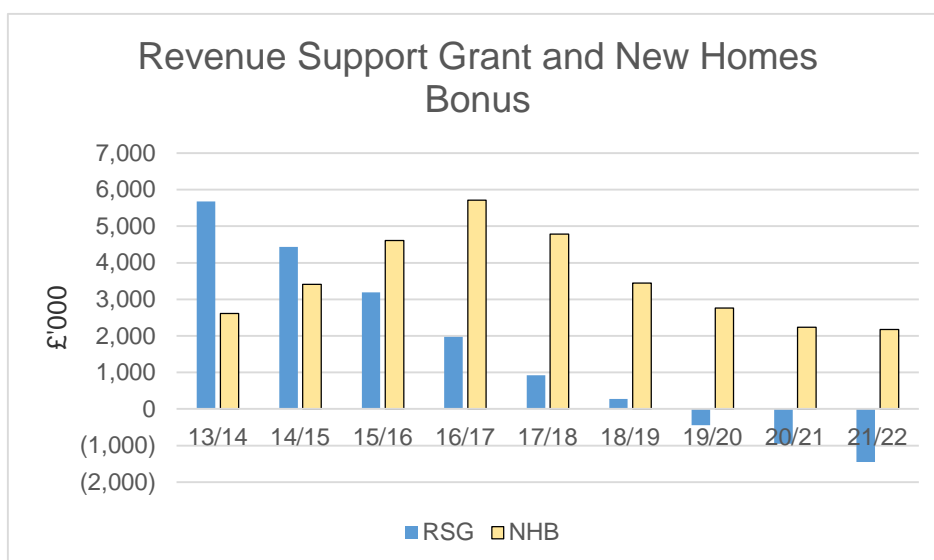
- 7.17. Changes to the NHB scheme have reduced the grant that this Council would otherwise have received in 18/19. The following table sets out the forecasts for the New Homes Bonus for the next four years following the changes showing the current year's grant will have been halved by 2020/21 :-

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Growth re 11/12	986	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
Growth re 12/13	757	<i>nil</i>	<i>nil</i>	<i>nil</i>	<i>nil</i>
Growth re 13/14	1,185	1,185	<i>nil</i>	<i>nil</i>	<i>nil</i>
Growth re 14/15	1,025	1,025	1,025	<i>nil</i>	<i>nil</i>
Growth re 15/16	553	553	553	553	<i>nil</i>
Growth re 16/17		533	533	533	533
Growth re 17/18 (est)			500	500	500
Growth re 18/19 (est)				500	500
Growth re 19/20 (est)					500
Total basic NHB	4,506	3,296	2,611	2,086	2,033
Affordable Homes Bonus	277	147	147	147	147
Estimated NHB	4,783	3,443	2,758	2,233	2,180

- 7.18. 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. 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.
- 7.19. Cabinet has already agreed to allocate £750k from next year's New Homes Bonus towards the Northern Gateway Sports Project and it is proposed 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 a further c£1m available to support new 2018/19 budget decisions.

	£'000	
Contribution to RIF	250	7%
Affordable housing allocation	147	4%
Allocation to CNG Sports Project	750	22%
Support for one-off schemes	1,063	31%
Base Budget	1,233	36%
Total Grant	3,443	100%

- 7.20. The changes to the New Homes Bonus and the 4 year funding settlement have provided a degree of certainty over the extent of cuts to our future Government grant funding. The following graph sets out the changes to Revenue Support Grant and New Homes Bonus since 2013/14 including projections up to 2021/22.



Core Spending Power

- 7.21 This term relates to the Government's assessment of the "expected" available revenue for local government spending through to 2019/20. It includes the announced SFA and New Homes Bonus and an assumed level of income from Council Tax. This takes account of an *assumed* increase in the taxbase and a Council Tax rate increase.
- 7.22. For 2018/19 the change in the spending power as per Government figures is shown as a reduction of £1.3m or 6% as shown below.
- 7.23. It is important to stress that spending power figures include the Government's assumption in respect of an increase in Council Tax income and the taxbase. The following sets out the Government's spending power assessment along with the Council's actual Council Tax income, showing a reduction in spending power of 7%.

	2017/18	2018/19	Change	
	£'000	£'000	£'000	%
SFA	4,961	4,437	(524)	-11%
NHB	4,783	3,443	(1,340)	-28%
Other grants	149	87	(63)	-42%
<i>Government grants</i>	<i>9,893</i>	<i>7,967</i>	<i>(1,926)</i>	<i>-19%</i>
Council Tax (Gov't assessed figure)	11,015	11,635	620	6%
Core Spending Power	20,908	19,602	(1,306)	-6%

Government Grants (as above)	9,893	7,967	(1,926)	-19%
Council Tax (based on actual taxbase and rate)	11,015	11,471	456	4%
Core Spending Power (actual)	20,908	19,438	(1,470)	-7%

8 2018/19 Budget Changes

Revenue Cost Pressures

- 8.1. Appendix C sets out revenue cost pressures of £1.9m, over the 2017/18 base, which have been identified during the budget process. This includes an inflation allowance and some specific service cost pressures.
- 8.2. Many of the cost pressures have been considered by Cabinet. However there are a number of changes to assumptions and details are set out.
- 8.3. Also shown at Appendix C the budget includes proposals in respect of carry forward items. The main items relates to costs of the ICT strategy and some other smaller cost of resources and project funding carried forward between years. This is reflected in the use of balances and reserves set out later in this report.

- 8.4. **Cabinet is asked to approve inclusion within the 2018/19 Revenue Budget of the cost pressures set out at Appendix C.**

Growth Items

- 8.5. The budget includes no new revenue growth items. However, the approach taken to reduce the level of New Homes Bonus grant supporting the base budget has helped to preserve a level of funding to support new projects. Of the total grant of £3.443m, £1.233m is used to support the base budget, leaving £2.21m for projects.

	£'000
Contribution to RIF	250
Affordable housing allocation	147
Allocation to CNG Sports Project	750
Support for one-off schemes	1,063
Total Grant	2,210

- 8.6. As shown in the MTFF in this report income from the New Homes Bonus is expected to reduce in future years. It is therefore essential that the Council carefully considers how this grant might be used in the coming year as well as future years including whether the opportunity exists to consider using some of the New Homes Bonus to support future borrowing costs. It is therefore proposed to allocate £1.063m in the 2018/19 budget to help deliver projects which support strategic plan priorities and also those which can deliver income to assist with managing future budget pressures. This will include:-

- reviewing resources required to deliver a number of strategic projects such as garden communities
- borrowing costs for RIF schemes (it should be noted that in the last RIF update there are *potential* borrowing costs of £91k next year).
- consideration of how funding might be used to invest in assets
- an assessment of opportunities to provide one-off investment in services to help deliver cost reductions or new income
- continuing to consider projects that support communities.

- 8.7. **Cabinet is asked to approve inclusion within the 2018/19 Revenue Budget of the use of the New Homes Bonus for new projects as set out at paragraph 8.5 and 8.6.**

Revenue Saving / Increased Income / Technical Items

- 8.8. Appendix D sets out budget reductions, savings and increased income totalling £2.761m.
- 8.9. All proposals are set out within the appendix, the majority of which were reported and in some specific cases agreed at the last Cabinet meeting. The savings include the reduced one-off investment arising from the cut in the New Homes Bonus.

- 8.10. **Cabinet is asked to approve inclusion of the savings / increased income items set out at Appendix D within the 2018/19 Revenue Budget.**

Pension Fund Contributions

- 8.11. As part of the 2017/18 budget it was agreed to make the required pensions deficit contribution in respect of the period 2017/18 to 2019/20 in a one-off payment. We were required to show this full payment in the 2017/18 budget.
- 8.12. To facilitate this arrangement, and to reflect the equivalent annual costs in the budget, required a use of balances / reserves in 2017/18 of £3.2m. Given this change in approach the 2018/19 budget shows a reduction in the base budget of £1.6m which is replaced by a contribution to balances of £1.6m. This is reflected in the summary budget requirement and the contribution to balances.

Summary Total Expenditure Requirement

- 8.13. Should Cabinet approve the items detailed above, the total expenditure requirement for 2018/19 is as follows:

	2018/19	Note
	£'000	
Base Budget	25,911	
One-off items	(3,789)	(includes one-off pension cost)
Cost Pressures	1,920	Para 8.4.
Savings	(1,821)	Para 8.10
Change in use of NHB for one off investment	(940)	Para 8.10
Pensions Contribution	(1,586)	Para 8.12
Forecast Base Budget	19,695	

Notes:-

A summary of the 2018/19 budget is set out at Appendix E.

A more detailed summary of service group expenditure is attached at Appendix F with a graph showing net expenditure by service at Appendix G.

Further detailed service group expenditure is available.

- 8.14. **Cabinet is asked to agree and recommend to Council the net revenue expenditure requirement for 2018/19 and the underlying detailed budgets set out in Appendix E.**

9. Council Tax, Collection Fund and Business Rates

Council Tax Rate.

- 9.1. The Localism Act introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered as excessive Council Tax, including proposed limits. From 2013 onwards, any council that wishes to raise its Council Tax above the limits that apply to them will have to hold a referendum. The result of the referendum will be binding.
- 9.2. In 2018/19 the Secretary of State has proposed that district councils such as Colchester can increase their Council Tax by the higher of £5 or 3%. This is an increase on the previous limit of 2% (or £5) and means that the Council can increase Council Tax by up to 3%.
- 9.3. The 2018/19 budget forecast and MTFF has reflected the planning assumption of an increase in Band D Council Tax and the proposal within this report is for a Band D Council Tax Rate of £185.13, an increase of £4.95 (2.75%). Based on the taxbase for next year this results in estimated Council Tax income for the Council of £11.471m, an increase of £461k on the current year.
- 9.4. The Local Government Act 2003 gave local billing authorities the ability to vary the discounts on second and empty homes. More recently local authorities were also given the opportunity to use new powers within the Finance Bill to reduce the level of discounts currently granted in respect of second homes and some classes for empty properties. No changes are proposed to the existing arrangements and it is recommended to Council that the Council Tax setting report includes these discounts.

Collection Fund

- 9.5. As part of the formal budget setting process, the Council is required to estimate each year the estimated surplus or deficit arising from Council Tax and Business Rates collection. These Collection Fund calculations include an assessment of the forecast surplus / deficit position for the current year, together with the variance between the 2016/17 forecast and actual outturn position.
- 9.6. The budgeted Council Tax surplus of £9k has arisen as a result of the combined impact of higher growth in the number of properties in the borough than had been forecast in 2016/17, together with further expected growth during the current year.
- 9.7. The Business Rates retention arrangements have brought a number of new risks, with perhaps the most significant of these arising from changes to the rateable value of properties following appeals. In addition to this, there are complex accounting arrangements, which mean that many of the outturn figures reflect the NNDR1 estimates that are made prior to the financial year commencing.
- 9.8. The budgeted surplus of £600k has occurred largely as a result of the requirement to make a significant increase to the Business Rates appeals provision at the end of 2015/16, and reflects the difference between the NNDR1 estimate and actual outturn. This is mitigated by surpluses in 2014/15 and 2015/16 resulting from differences between the outturn and the baseline position, which have been added to the Council's Business Rates earmarked reserve.

- 9.9. The movement on the Business Rates reserve as a result of the net 2017/18 budget pressure is summarised in the following table and reflected in budget proposals within this report:

Collection Fund - Business Rates Reserve	£'000
NNDR reserve – @ 1st April 17	1,753
Forecast 17/18 movement (estimate)	-900
Forecast balance on reserve @ 31 March 18	853
Contribution to reserve in 18/19	600
Forecast balance on reserve	1,453

10 Revenue Balances

- 10.1 The Local Government Act 2003 places a specific duty on the Chief Financial Officer to report on the adequacy of the proposed financial reserves of an Authority when the budget is being considered. This section and section 16 address this requirement.

Minimum level of balances

- 10.2. Each year the assessment of the recommended level of balances is reviewed. The assessment for 2018/19 is summarised at Appendix I and shows that the recommended level continues to be set at £1.9m. Whilst the risk assessment remains unchanged there are two issues that should be highlighted.

- *Commercial company arrangements*

The Council has agreed to transfer certain services and functions to new commercial companies owned by the Council. Whilst this transfers some of the budget risk to the company no changes have been made to the Council's recommended balances level. This should be reviewed as part of the 2019/20 budget.

- *VAT Partial exemption*

The assessment includes the risk that the VAT exemption limit will be exceeded with a consequent loss of recoverable VAT. Regular monitoring and active management of new schemes minimises this risk. However, potential changes to VAT treatment, such as those relating to sport and leisure services, means this is an increasing area of concern. Whilst no increase in balances is proposed this should be kept under review in the current year.

- 10.3. In considering the level at which Revenue Balances should be set for 2018/19, Cabinet should note the financial position the Council is likely to face in the medium term.
- 10.4. The analysis of the business rates retention scheme and specifically the operation of a safety net shows that there is a risk to the Council's budget. The Council is including forecast additional income from the retention of business rates which means that the budget risk is not only limited to the level of the safety net arrangement in place. This remains an area of budget risk considered in the assessment of balances. A separate reserve is also maintained to mitigate any pressures.

- 10.5. Based on the assumptions built into the budget, it is proposed to hold balances at a minimum of £1.9m. The ongoing impact of the various local government reforms will be assessed as part of the budget strategy for 2019/20 and the level of balances can be reviewed at that time.

Level and use of balances

- 10.6. The use of balances to support the budget can be considered where there is scope and it is prudent to do so. Our normal approach is to consider the use of balances to fund one-off items.
- 10.7. There are a number of proposals to use balances to support the 2018/19 budget as follows:-

	£'000
Use of balances for c/f items	93
Use of balances for one-off items	43
Total use of balances	136

- 10.8. The forecast position in respect of Revenue Balances is set out at Appendix I and shows balances at c£2.15m, £0.25m above the recommended minimum balance as set out in the risk analysis. The level at which balances are held above the recommended minimum level is a matter for Cabinet and Council to consider. It should be noted that the Council will continue to face significant budget pressures over the coming years and that it may be necessary to use balances to support future budgets especially to fund any one-off costs. With future budget gaps, increasing risk and uncertainty and a requirement to deliver already stretching savings targets maintaining uncommitted or allocated balances at c£2.14m is considered appropriate.
- 10.9. Following the 2017/18 accounts closure it will be necessary to review all balances and the risk assessment to ensure allocations remain appropriate. This will be done as part of the 19/209 budget strategy and updated MTFF.
- 10.10. **Cabinet is recommended to approve Revenue Balances for the financial year 2018/19 be set at a *minimum* of £1.9m and to approve the use of £136k support the revenue budget.**

11 Reserves and Provisions

- 11.1. In addition to General Fund balances, the Council holds a number of earmarked reserves. These are held for specific purposes or against specific risks and may be held to:-
- manage costs that do not fall evenly across financial years (such as renewal and repair costs)
 - where the timing of any payments is not certain. (such as insurance reserve)
 - as a result of statutory accounting arrangements / changes (such as the revenue grants and right to buy reserves.)
- 11.2. Cabinet considered the Council's earmarked reserves at its meeting on 22 November 2017. As part of the budget process a review was undertaken into the level and appropriateness of earmarked reserves and provisions for 2018/19. The review concluded that the reserves and provisions detailed were broadly appropriate

and at an adequate level, however, it was stated that a further review would be done as part of this final report.

- 11.3. Appendix J sets out an updated position on these earmarked reserves and provisions. The table below summarises the total position showing the forecast level of the reserves at the end of March 2018, the split between General Fund and HRA and how much is 'committed'.

	Committed / allocated		Uncommitted / unallocated		Total
	£'000	(%)	£'000	(%)	£'000
<i>Reserves:-</i>					
General Fund	8,921	85%	1,547	15%	10,468
HRA	10,515	100%	-	0%	10,515
Total Reserves	19,436	93%	1,547	7%	20,983
Provision	3,109		-		3,109

- 11.4. The earmarked reserves figures uncommitted / unallocated simply means that whilst the reserve is required there are no specific spending plans for the coming year. The main item uncommitted relates to the business rates reserve. This is required to be held and may be required to be used to fund pressures relating to the business rates retention scheme.

- 11.5. The proposed budget includes some changes to releases from reserves from those reported previously.

Renewals and Repairs (R&R) Fund / Building Mtce. Programme

- 11.6. The building maintenance programme has been based on in-depth condition surveys of all Council building assets. The 2018/19 budget includes the proposal to continue to add £150k to support the cost of future repairs. New releases are possible for next year and will be reported to Cabinet as required.

NNDR Reserve – contribution of reserve of £600k

- 11.7. As set out in section 9.9. there is an estimated surplus on the collection fund for business rates. It is recommended that this is transferred to the business rate reserve to reinstate the sum held. Business rates remains an area which is subject to risk and variability and as such maintaining the reserve provides some protection against a number of changes.

Capital Expenditure Reserve – release of £300k for ICT Strategy

- 11.8. The ICT strategy was agreed by Cabinet and was funded through the capital programme and New Homes Bonus. As the detailed project costs became clearer it was considered that the majority of costs should be charged to the revenue budget. The proposal to use the revenue backed capital expenditure reserve provides a mechanism to ensure that the ICT costs can be funded from revenue reserves whilst not impacting on the capital programme. This is the last year of this arrangement.

Parking Reserve – release of £185k

- 11.9. As ECC no longer provide a contribution towards TRO work, the NEPP (North Essex Parking Partnership) agreed to use earmarked parking reserves to mitigate this pressure. This is the second year of this arrangement and it is proposed that £185k be used for this purpose.

11.20 **Cabinet is recommended to agree the:**

- **Release of £300k from the Capital Expenditure Reserve in respect of the ICT strategy**
- **Release of £185k from the parking reserve.**
- **£600k be transferred to reinstate the business rates reserve.**

Funding one-off pensions payment

- 11.21 As part of the 2017/18 budget it was agreed to make the required pensions deficit contribution in respect of the period 2017/18 to 2019/20 in a one-off payment in 2017/18. We were required to show this full payment in the 2017/18 budget.

- 11.22 To facilitate this arrangement and to reflect the equivalent annual costs in the budget required a use of balances / reserves in 2017/18 of £3.2m. It was agreed that this would then be paid back over each of the next two years. As such the use of balances / reserves is only temporary and required to manage the accounting requirements for this transaction.

- 11.23 **Cabinet is recommended to agree to reinstate balances and earmarked reserves of £1.6m in 2018/19 and to include the same sum in 19/20 budget strategy to reinstate balances.**

12. Contingency Provision

- 12.1 The Council's Constitution requires that any spending from Revenue Balances not specifically approved at the time the annual budget is set, must be considered and approved by full Council. This procedure could prove restrictive particularly if additional spending is urgent.

- 12.2 It is recommended that £100k of Revenue Balances be specifically earmarked for potential items of unplanned expenditure. It should be noted that based on current estimates if this sum was used during the year it would not take revenue balances below the recommended level of £1,900k, although if this were to be the case the Council would need to consider steps to reinstate balances at a later date.

- 12.3 **Cabinet is asked to agree and recommend to Council that £100k of Revenue Balances be specifically earmarked for potential items of unplanned expenditure which are:**

- **The result of new statutory requirements or**
- **An opportunity purchase which meets an objective of the Strategic Plan or**
- **Is considered urgent, cannot await the next budget cycle and cannot be funded from existing budgets**

Authorisation being delegated to the Leader of the Council.

13. Summary of Position

13.1 Summary of the Revenue Budget position is as follows:

	£'000	Note / para
Revenue expenditure requirement for 2018/19	19,695	Para. 8.13
Collection fund surplus	(609)	Section 9
New Homes Bonus	(3,443)	Para 7.16.
<i>Contribution to balances / Reserves:-</i>		
Contribution to balances / reserves for pensions payment	1,586	Para. 8.13
Contribution to reserves	600	Para 9.9.
<i>Use of Balances / reserves</i>		
Use of Business Rates Pooling gain	(200)	Para 7.13
Use of balances	(136)	Para. 10.7.
Release of earmarked reserves	(485)	Para. 11.8 and 11.9
Budget Requirement	17,008	
<i>Funded by:</i>		
Revenue Support Grant	(275)	Para 7.2.
Business Rates Baseline Funding	(4,162)	Para 7.2.
Business Rates Improvement	(1,100)	Para 7.8.
Council Tax Payers requirement (before Parish element) see below*	(11,471)	Para 9.3 and table below
Total Funding	(17,008)	

Council Tax*	
Council Tax Payers requirement (before Parish element)	11,471,000
Council Tax Base – Band D Properties	61,960
Council Tax at Band D	£185.13

13.2 **Cabinet is asked to agree and recommend to Council Colchester's element of the Council Tax for 2018/19 at £185.13 per Band D property, which represents an increase of £4.95 (2.75%) from the current rate noting that the formal resolution to Council will include Parish, Police, Fire and County Council precepts and any changes arising from the formal Finance Settlement announcement and final completion of the NNDR 1.**

14. Medium Term Financial Forecast – 2018/19 to 2021/22

14.1. This Council, in common with most other local authorities, faces an ongoing difficult position in the medium term due to a range of pressures including providing statutory services, ongoing pressures caused by maintaining several sources of fees and charges and potential revenue implications of strategic priorities. However, the most significant factor that will impact on the budget will be the level of

Government funding support including the ongoing uncertainty in respect of changes to financing arrangements

- 14.2. The Medium Term Financial Forecast (MTFF) is attached at Appendix K showing that the Council faces a continuing budget gap over the next three years from April 2019. The following table summarises the position showing a cumulative gap over the period from 2019/20 to 2021/22 of c£2.6m.

	2018/19	2019/20	2020/21	2021/22	See para
	£'000	£'000	£'000	£'000	
Net Budget	19,695	19,655	19,647	20,412	
SFA	(4,437)	(3,844)	(3,344)	(2,844)	14.4
NNDR Growth (incl. pooling gain)	(1,300)	(1,300)	(1,300)	(1,300)	14.11
New Homes Bonus	(3,443)	(2,758)	(2,233)	(2,180)	14.7
Council Tax	(11,471)	(11,929)	(12,407)	(12,907)	14.19
Reserves / Collection Fund	956	1,401	1,401	1,401	14.13
Cumulative Gap	0	1,225	1,764	2,582	
Annual increase		1,225	539	818	

- 14.3. To formulate the MTFF it is necessary to make a number of assumptions. Generally, these do not represent decisions but are designed to show the impact of a set of options for planning purposes. The key assumptions and savings required are set out in the Appendix and summarised below:-

Government Funding and Business Rates

- 14.4. The SFA which comprises our RSG and baseline NNDR figure has been cut by **£0.5million (11%) in 18/19**. 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. A planning assumption of a further reduction of £0.5m is shown for 2020/21 and 2021/22.

	4 year settlement					Assumption	
	Actual		Provisional				
	16/17	17/18	18/19	19/20		20/21	21/22
	£'000	£'000	£'000	£'000		£'000	£'000
Revenue Support Grant	1,978	920	275	-446		-946	-1,446
Business Rates Baseline	3,960	4,041	4,162	4,290		4,290	4,290
<i>Settlement Funding Assessment (SFA)</i>	<i>5,938</i>	<i>4,961</i>	<i>4,437</i>	<i>3,844</i>		<i>3,344</i>	<i>2,844</i>
Reduction (£'000)		-977	-524	-593	-2,094	-500	-500
Reduction (%)		-16.5%	-10.6%	-13.4%	-35.3%	-13.0%	-15.0%

- 14.5. As has been previously reported the Government proposes to allocate funding on the basis of the core resources available to local authorities, taking into account councils' business rates and council tax, as well as their Revenue Support Grant. It follows that some councils with less Revenue Support Grant in later years will need to **contribute** funding from the other elements of their settlement core funding in order to meet the overall reductions to local government funding set in the Spending Review. Where this is the case, the Government proposes to adjust the relevant councils' tariff or top up under the business rates retention scheme. The table shows that by 2019/20 there will be no more RSG and that a contribution of almost £446k will be required to be made.
- 14.6. As set out within this report the New Homes Bonus is a key element of the financial support for local authorities and the Government announced changes to the scheme that reduced the grant in 2017/18 with a further reduction in 2018/19 and later years
- 14.7. The MTFF includes projections based on the changes proposed for the New Homes Bonus and is based on an 'average' level of growth for future years. The MTFF assumes that the New Homes Bonus will continue to be used to support the base budget, however, this will be reduced year on year by £400k to limit the risk of future changes to this grant. It is also assumed that the annual contribution of £250k to the RIF will continue and that the bonus paid for affordable housing will continue to be earmarked for housing. These assumptions are set out in the following table.

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
New Homes Bonus	3,443	2,758	2,233	2,180
<i>Allocated to:-</i>				
Contribution to RIF	250	250	250	250
Affordable housing allocation	147	147	147	147
Base Budget	1,233	833	433	33
Allocation to CNG Sports Project	750	500		
Support for one-off schemes	1,063	1,028	1,403	1,750
Total allocation	3,443	2,758	2,233	2,180

- 14.8. The table shows that the level of NHB grant the Council receives is expected to continue to be cut over the life of the MTFF. The Government has said it will consult on further possible changes to the NHB which could result in further reductions in grants.
- 14.9. As has been reported earlier the Essex bid to be a pilot for 100% business rates retention was not successful. Ten further retention pilots were agreed which it is intended will enable aspects of the retention system to be tested. At the same time, discussions are expected to continue between Government officials, the LGA and councils on the introduction of further business rates retention for all in 2020/21. The Government has also confirmed that the Fair Funding Review will be completed in time for implementation in April 2020.

14.10. The issue of further business rates retention and the Fair Funding Review, including assessing the impact of business rates appeals on local authorities in time for the implementation of further business rates retention in 2020/21 will continue to be an area of uncertainty for the Council's future funding assumptions.

14.11. At this stage the MTFF assumes a steady level of income from business rates. Assumptions for 2019/20 and beyond will be reviewed in the current year as part of the budget strategy. The MTFF assumes that £200k of the gain through pooling will be used to support the base budget in the way set out at para 7.13.

Pay, Inflation and costs

14.12. The 2018/19 budget includes an allowance for a pay award. For 2018/19 and beyond a sum is included for planning purposes to cover this and other inflationary pressures.

14.13. The next actuarial review of the pension fund will take place in 2019. No allowance has been included for any impact from this review, however, this will be considered in future updates. On the assumption that the Council again pays the 3 year deficit in one payment it will be necessary to show the use of reserves in that year with the subsequent repayment over the next two years. For ease and planning purposes the MTFF simply shows an annual cost / contribution to reserve as a 'marker'. An allowance for the full year impact of pensions 'auto enrolment' has been included in the 2018/19 budget.

Forecast savings

14.14. The MTFF includes forecast savings for 2019/20 and beyond. These include:-

- The anticipated savings and income from the ongoing sport and leisure review
- The second year savings from the agreed Customers Futures 2 review.
- The revised projections for the Council commercial business plans, mostly relating to events.
- The forecast income arising from assets included within the RIF.
- The agreed second year savings from reduced arts grants.

14.15. It will be necessary to closely track the delivery of these projects during the life of the MTFF and to account for any changes.

Fees and charges income

14.16. It is evident that there has been a fluctuation in some income budgets over recent years and a number of budgets have been changed to reflect these revised assumptions. On this basis the MTFF assumes a broadly neutral position over the next three years, other than additional income assumed within business cases, and this will need to be reviewed annually to ensure income targets are reasonable.

Specific Cost Pressures

14.17. The MTFF reflects that the government grant being used to support the costs of food waste collection will run out in 19/20. In addition an allowance is included for the potential full year impact of a change in the stadium rent and the inclusion of the revenue implication of the ICT strategy.

14.18. There remain a number of potential risks and pressures for which no allowance is currently made. These include:-

- an increase in interest costs which are currently being minimised through internal borrowing
- borrowing costs for projects within the RIF
- demands on services including those arising from growth in the Borough.
- an assessment of the potential revenue and capital impact of major projects such as Garden Communities and Northern Gateway.

Council Tax

- 14.19. In 2018/19 the Secretary of State has proposed that district councils such as Colchester can increase their Council Tax by the higher of £5 or 3% (for Colchester the higher figure is 3%) The MTFF has been updated to reflect this assumption, however, this does not represent a proposal. An allowance for an increase in Council Tax income through growth in the tax base of 1% pa is also included.

Summary

- 14.20. A realistic approach has been taken to the MTFF and it is evident that it will be necessary to review and revise a number of the assumptions set out. The funding changes to local government will continue with further grant reductions, the changes to business rates retention arrangements and any impact of the Government's wider review of local government funding.
- 14.21. In the 2018/19 budget savings and reductions of £2.8m have been identified which, when looked at alongside almost £15m identified in the budgets since 2011/12, represents a significant level of budget savings found. The MTFF shows that whilst anticipated savings from the current plans will make a contribution to reducing future budget gaps, further budget changes will be necessary.
- 14.22. The budget group has considered some savings area beyond 2018/19 and a programme of service reviews are planned to help to identify savings to close the budget gap for 2019/20 and beyond. Whilst we will continue to look for other areas of savings and efficiencies it will be increasingly hard to balance budgets without considering variations to current services.

- 14.23 **Cabinet is asked to note the medium term financial forecast for the Council.**

15 Capital Programme

- 15.1 The current capital programme is detailed in Appendix L. It should be noted that this shows only those schemes that are currently in the approved capital programme, and as such excludes the proposals within this report and potential future schemes that have been included in the medium term capital forecast.
- 15.2 The latest monitoring report highlights that there is a small net underspend on the Capital Programme of £0.255m against completed schemes and it is proposed that these funds are reallocated.

Scheme	Over/ (Under) £'000	
General Fund position		
Waste Collection Strategy	(268)	The primary reason for the under-spend was that the cost of the wheeled bins came in under expectations due to the price obtained from the winning contractor. It was also possible to swap two vehicles on the fleet through our contractor for wheeled bin collections rather than modify others which resulted in a saving.
Oak Tree Community Centre Roof	13	Tenders have been returned and some unforeseen works will potentially exceed funding available, so project may overspend budget by £13k.
Subtotal	(255)	

- 15.3. A review of resources available to support the Capital Programme in the medium term has been carried out, and the following table provides a summary of the projected position for 2017/18. This shows a surplus that is available to support potential schemes in subsequent years.

Detail	£'000
Deficit brought forward	230
Capital receipts projection for 2017/18	(1,000)
New schemes	0
Balance available	(770)

- 15.4. There are a number of items to report for inclusion in the capital programme:

CCHL Business Plan

- 15.5 The Colchester Commercial Holdings Ltd (CCHL) Business Plan is subject to a separate item on this agenda. This shows a total estimated borrowing requirement of £28.8m for Colchester Amphora Homes Ltd (CAHL), to be drawn down between 2018 and 2024. This will be financed by prudential borrowing by the Council and charged to CAHL at a commercial rate in accordance with State Aid requirements. It is proposed that this cost is added to the CBC Capital Programme. The Council's Prudential Indicators from 2018/19 to 2020/21 reflects this proposed drawdown of funds. The borrowing requirement of £2.5m for Colchester Amphora Energy Ltd (CAEL) is already reflected in the Capital programme.

Purchase of properties for use as temporary accommodation – £2.9m.

- 15.6 The separate report on this agenda details the proposal to purchase up to 16 homes to be used as temporary accommodation for homeless households up to a value of £2.9 m. If agreed, this will be added to the capital programme and funded as set out within the separate report.

Waste Fleet - £4m

- 15.6 The Council intends to purchase a new waste fleet once the current leasing arrangements expire from the beginning of 2019/20. An options appraisal exercise found that external borrowing from the Public Works Loan Board was the most competitive funding option. It is likely that part-payment for the first tranche of vehicles will be required by the end of 2018/19, so it is proposed that an indicative figure of £4m is added to the Capital Programme, subject to approval of the officer report and completion of a competitive tender exercise.

Discretionary Financial Assistance Program and Disabled Facilities Grant

- 15.7. The Better Care Fund Allocation, which funds the Disabled Facilities Grant (DFG) program, has doubled in the last two years. This increased allocation is sufficient to meet the demand for DFGs without the need for CBC to make any contribution to the allocation. This means that capital resources previously allocated by CBC to support the DFG program will no longer be required.
- 15.8. The discretionary financial assistance program has received no funding for at least 5 years. The provision of discretionary grants and loans to home owners plays an important role in improving serious defects to the homes of vulnerable households who would otherwise be unable to afford essential works. No government grant is received to support this work, and the current budget allocation is fully committed with a number of other cases already in the pipeline. It is anticipated that the demand for discretionary assistance will increase with more targeted activity. Funding is also required to pay for the housing stock modelling project and health impact assessment currently being commissioned, which will provide us with the information required to target our activity.
- 15.9. It is therefore proposed that a capital virement of £250,000 be made from the DFG budget to the discretionary program budget, which will allow the discretionary program to continue for a further 2 years. The majority of the discretionary assistance paid is in the form of a repayable loan. These loans are recovered when the property is sold.
- 15.10 The medium term forecast of projected capital receipts and spending plans is shown in the table below reflecting the proposals within this report. This separately identifies the forecast position for the General Fund Capital Programme as well as the Revolving Investment Fund (RIF) Committee. It can be seen that the overall programme is in balance.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
GENERAL FUND					
Shortfall / (Surplus) B/Fwd	230	(770)	(970)	(1,170)	(1,370)
New schemes	0	0	0	0	0
Capital receipts	(1,000)	(200)	(200)	(200)	(200)
Shortfall / (Surplus) C/Fwd	(770)	(970)	(1,170)	(1,370)	(1,570)
REVOLVING INVESTMENT FUND					
Shortfall / (Surplus) B/Fwd	2,010	(491)	6,320	2,033	764
New schemes	6,541	17,348	17,456	0	0
Capital receipts	(9,043)	(10,537)	(21,743)	(1,269)	(269)
Shortfall / (Surplus) C/Fwd	(491)	6,320	2,033	764	495
Overall Shortfall / (Surplus) C/Fwd	(1,261)	5,350	863	(606)	(1,075)

16. Robustness of Estimates

- 16.1 The Local Government Act 2003 placed a specific duty on the Chief Financial Officer to report on the robustness of estimates in the budget proposals of an Authority when the budget is being considered. This section addresses this requirement.
- 16.2 As set out in this paper a rigorous process and timetable has been followed throughout the budget setting activity this year involving the Cabinet, Leadership Team, Scrutiny Panel, Senior Management Team, the Budget Group and budget holders. All key assumptions used have been reviewed and scrutinised as part of this process. The result of this process has been a budget which is, in my view, challenging but deliverable.
- 16.3. This latest review of the budget for this financial year, 2017/18, has shown that there are a number of budget pressures across the Council. Outturn reviews in previous years have been undertaken to ensure that budgets reflect best estimates and do not contain “contingencies”. This has meant that services have less scope to absorb unforeseen budget pressures and any requests for new spending that may arise in-year.
- 16.4. Through the 2018/19 budget process steps have been taken to revise certain income targets. These include reductions in budgeted income:-
- Planning income – reduced by £90k
 - Helpline income – reduced by £100k
 - Broadband income – reduced by £75k
- 16.5. The budget includes significant new or increased savings and income targets across the Council totalling £1.8m. Most of these items have been identified through budget reviews and assumptions have been checked to ensure that there are reasonable and achievable. They comprise a mix of spending reductions and additional income.
- 16.6. All Assistant Directors have reviewed their detailed budgets and various changes have been incorporated into their individual budgets.
- 16.7. Whilst I consider that reasonable assumptions have been made to account for the pressures being faced there remains a degree of risk with the key areas being:-
- Meeting ongoing, income levels in particular in respect of sport and leisure, planning, car parks and trading services.
 - Delivery in the year of certain agreed savings such as the Customers Futures 2 review.
 - Collection rates of Council Tax and changes in demand levels following the implementation of the LCTS scheme and other Council Tax changes
 - Collection rates and level of business rates (including the impact of appeals)
 - Impact on budgets relating to homelessness and other demand pressures.
 - Asset rental income assumptions.
 - Assumptions within the Council’s commercial company arrangements, including borrowing levels.
 - Impact of Council borrowing on interest costs / income.

- 16.8. The budget risks will be managed during 2018/19 by regular targeted monitoring and review at Senior Management Team and Scrutiny Panel. The Revenue Balance Risk Analysis considered these areas in establishing a minimum level of required balance of £1.9m.
- 16.9. The External Auditor has commented that *“the Council has a strong history of delivering savings targets.....and taking effective steps to address future budget gaps”*. As part of the in year budget monitoring action has been taken to mitigate pressures and as commented earlier, adjustments have been made in respect of the 2018/19 budget proposals.
- 16.10. Delivery of the budget will continue to require financial discipline led by SMT in terms of a number of budget reviews and by budget holders, ensuring expenditure is not incurred without adequate available budget and that income targets are achieved. Budget managers will continue to be supported through training and advice to enable them to do this.
- 16.11. Regular updates on forecast expenditure will also be important to ensure the budget is managed within the expenditure constraints set out and the Council continues to develop systems to provide better financial information through greater use of our commitments system and focused monitoring of key risk areas.
- 16.12. **Cabinet is asked to note the comments on the robustness of budget estimates.**

17. Treasury Management and Prudential Code Indicators

- 17.1. The proposed Treasury Management Strategy Statement (TMSS) for 2018/19, including the Minimum Revenue Provision Policy Statement and Annual Investment Strategy, is included at **Appendix M**. The following paragraphs contain a summary of the strategy for 2018/19, which covers the following issues:
- the capital plans and the prudential indicators;
 - the Minimum Revenue Provision (MRP) Policy;
 - the current treasury position;
 - treasury indicators which limit the treasury risk and activities of the Council;
 - the economic background and prospects for interest rates;
 - the borrowing strategy;
 - the policy of borrowing in advance of need;
 - debt rescheduling;
 - the investment policy and strategy, and credit worthiness policy;
 - the policy on use of external service providers.
- 17.2. The Council's Prudential and Treasury Indicators for 2018/19 through to 2020/21 have been produced to support capital expenditure and treasury management decision making, and are designed to inform whether planned borrowing and the resultant revenue costs are affordable and within sustainable limits. The indicators take into account all the economic forecasts and proposed borrowing and investment activity detailed in the report, as well as the latest medium term revenue and capital forecasts.
- 17.3. The Minimum Revenue Provision (MRP) Policy Statement for 2018/19 states that the historic debt liability will continue to be repaid on an equal instalment basis over a period of 50 years, with the charge for more recent capital expenditure being

based on the useful life of the asset and charged using the equal annual instalment method.

- 17.4. The UK bank rate was increased from 0.25% to 0.50% in November 2017. This reversed the emergency cut in August 2016 after the EU referendum. The current view from the Council's treasury advisers, Link Asset Services, is that the Bank Rate is now expected to remain unchanged until quarter 4 of 2018, and not to rise above 1.25% by quarter 1 of 2021. *Appendix A to the TMSS* draws together a number of current forecasts for short term and longer term interest rates.
- 17.5. The Council is currently maintaining an under-borrowed position. The borrowing strategy is to reduce the difference between gross and net debt by continuing to 'borrow internally', which is primarily due to investment rates on offer being lower than long term borrowing rates. This has the advantages of maximising short-term savings and reducing the Council's exposure to interest rate and credit risk. However, against this, the long term saving resulting from borrowing at very low rates should be considered. Consequently this approach will be kept under review during the year.
- 17.6. The TMSS and Prudential and Treasury Indicators take into account the requirements for new borrowing summarised in the table below. The decision regarding when to borrow will be taken in view of the borrowing strategy, the interest rates forecast, and the target rates for borrowing advised by Link Asset Services.

New Borrowing £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
CNGN Sports Hub	0	0	1,380	0
Sheepen Road Phase 2	0	1,500	0	0
Waste Fleet	0	4,340	1,275	205
Tackling Homelessness	0	916	0	0
HRA - Housing Investment Programme	2,251	0	0	0
Energy Company	282	0	2,300	0
Housing Company	0	3,507	7,707	11,301
Total	2,533	10,263	12,662	11,506

- 17.7. Investment instruments identified for use in 2018/19 are detailed in **Appendix B to the TMSS**. It should be noted that whilst this table includes a wide range of investment instruments, it is likely that a number of these will not be used. However, their inclusion enables the required credit controls to be stated if their use is to be considered. The monetary limits for Banks and Building Societies have each been increased by £2.5m to take into account possible fluctuations in the Council's cash flow arising from the new borrowing requirements detailed above as well as the creation of the new commercial companies.
- 17.8. The investment policy reflects the Council's low appetite for risk, emphasising the priorities of security and liquidity over that of yield. The main features of the policy are as follows:
- The Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties, which also enables diversification and avoidance of concentration risk.

- The Council applies the creditworthiness service provided by Link Asset Services, which combines ratings and other data from credit rating agencies with credit default swaps and sovereign ratings.
- The Council will only use approved counterparties from countries with a minimum credit rating of 'AA-', based on the lowest available rating (**Appendix C to the TMSS**). However, this policy excludes UK counterparties.
- The suggested budgeted return on investments placed for periods up to 100 days during the year is 0.60%.

17.9 **Cabinet is asked to agree and recommend to Council the 2018/19 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as set out in the paper at Appendix M**

18. Strategic Plan References

- 18.1. The 2018/19 budget and the Medium Term Financial Forecast is underpinned by the Strategic Plan priorities and will seek to preserve and shift resources where needed to these priorities.
- 18.2. Appendix N provides an assessment of the links between the Strategic Plan and budget strategy.

19. Financial Implications

- 19.1 As set out in the report.

20. Publicity Considerations

- 20.1 Arrangements will be made to publish the approved tax levels in the local press in accordance with the legal requirements.

21 Human Rights Implications

- 21.1. None

22. Equality and Diversity

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

23. Community Safety Implications

- 23.1 None

24. Health and Safety Implications

- 24.1 There are possible implications with removal of resources and some of the proposed savings, but each case has been reviewed and dealt with individually to mitigate or ensure risk is minimised.

25. Risk Management Implications

- 25.1 Risk management has been used throughout the budget process and specific consideration has been given to the Council's current risk profile when allocating resources. This is reflected in the corporate risk register.

26. Consultation

- 26.1. The budget will be scrutinised by Scrutiny Panel on 30th January 2018. The statutory consultation with NNDR ratepayers takes place in early February 2018 and notes of the meeting will be provided in due course.

Background Papers

Budget reports to Cabinet – 22 November 2017

2018/19 Budget Timetable	
Budget Strategy	
March – June (SMT and Budget Group)	Budget Group Meetings Agreed Update MTFF /Budget Strategy Review potential cost pressures, growth and risks Consider approach to budget Initial budget reviews started
Cabinet – 12 July 17	<ul style="list-style-type: none"> • Review 16/17 outturn • Report on updated budget strategy / MTFF • Timetable approved
Scrutiny Panel – 18 July 17	Review Cabinet report
Detailed Budget preparation and Budget Setting Consultation	
Budget Group / Leadership Team regular sessions on progress / budget options now - December	Review budget tasks Consider delivery of existing budget savings Complete outturn review
Cabinet – 6 September 17 and /or 11 October 17	<ul style="list-style-type: none"> • Budget Update • Review of capital resources / programme
Cabinet – 22 November 17	<ul style="list-style-type: none"> • Budget update • Reserves and balances • Agree fees and charges / budget changes • Government Finance settlement (if available) • Review in year budget position
Scrutiny Panel – 30 January 18	Budget position (Detailed proposals)
Cabinet – 31 January 18	Revenue and Capital budgets recommended to Council
Council – 21 February 18	Budget agreed / capital programme agreed / Council Tax set

2018/19 New Homes Bonus

	Actual							Provisional
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Basic NHB								
Growth re 09/10	724	724	724	724	724	724	nil	nil
Growth re 10/11		749	749	749	749	749	nil	nil
Growth re 11/12			986	986	986	986	986	nil
Growth re 12/13				757	757	757	757	nil
Growth re 13/14					1,185	1,185	1,185	1,185
Growth re 14/15						1,025	1,025	1,025
Growth re 15/16							553	553
Growth re 16/17								533
Total basic NHB	724	1,473	2,459	3,216	4,401	5,426	4,506	3,296
Affordable Housing element								
re 10/11 delivery		52	52	52	52	52	nil	nil
re 11/12 delivery			105	105	105	105	105	nil
re 12/13 delivery				37	37	37	37	nil
re 13/14 delivery					20	20	20	20
re 14/15 delivery						74	74	74
re 15/16 delivery							41	41
re 16/17 delivery								12
<i>Total affordable homes bonus</i>	<i>0</i>	<i>52</i>	<i>157</i>	<i>194</i>	<i>214</i>	<i>288</i>	<i>277</i>	<i>147</i>
Total New Homes Bonus	724	1,525	2,616	3,410	4,615	5,714	4,783	3,443

APPENDIX C**2018/19 Revenue Cost pressures**

Assistant Director / Portfolio Holders have been asked to contain cost pressures within existing budget allocations wherever possible. The following are specific areas where budget allocations have been increased. Changes since the report to Cabinet on 22nd November 2017 are highlighted in the updated allowance column.

	Current allowance	Updated Allowance	
	£'000	£'000	Comment
Cost Pressures			
General Inflation	540	533	Allowance includes pay assumptions, energy increases, business rate increase and some specific contract prices changes.
Food Waste (net impact of loss of grant)	304	304	The Council has used the Government grant over a number of years and will be all used during next year leaving a cost pressure
Elections	105	177	There were no Borough elections in 2017/18 and therefore it is necessary to reinstate the budget for these for 2018/19. Increased costs relate to the administration and staffing of an election across all wards for the first time since the boundary review. There hasn't been a 'stand alone' Borough election since 2012, where cost are meet solely by the Council. Staff costs have increased to meet the Living Wage, and whilst action has been taken to reduce print and post costs as far as practicable within the parameters of legislation these remain high for the election service.

	Current allowance	Updated Allowance	Comment
	£'000	£'000	
Pensions - auto enrolment	150	65	This allowance is for the recurring costs of increased pension costs as a result of auto enrolment. The number of staff deciding to join the pension scheme has been lower than expected and therefore the cost pressure is less.
Stadium rent	128	128	The Community Stadium fixed rent period ends during 2018/19 and an allowance is made in the budget for a potential reduction.
Various Service pressures	43	43	There were a number of service budget pressures included in the 17/18 budget, such as additional accommodation service charges, and this allowance is for the full year impact of these items
Planning income		90	The number of applications received has levelled off in recent times and the resulting fee income is unlikely to meet the increased target set for 17/18. The reduction for 2018/19 reflects this position.
Broadband income reduction		75	The income anticipated from this project has not met targets. It is now felt prudent to revise the target to a more realistic level.
Local Development Framework		30	The new Local Plan will be subject to examination in 2018/19 and the additional funds will pay for the Planning Inspector and consultants to represent the Council. It is a one off cost.
Procurement hub rebates		27	We have been a member of the Essex Procurement Hub for a number of years. The cost of membership has been offset over this period by a rebate we received from Framework Agreements let by the Hub. We have been notified by the Hub that due to a drop in the number of Frameworks Agreement let and competition from others in the market, the projected rebate probably will not cover the annual

	Current allowance	Updated Allowance	Comment
	£'000	£'000	
			contribution and we are being requested (along with all other Hub members) to make a contribution of £52,375 for 2018/19. It has been agreed that we can pay this over two financial years with £25,000 being paid in 2017/18 and £27,375 in 2018/19.
NEPP - extra use of reserve		35	Essex County Council stopped providing an annual contribution of £150k towards TRO (Traffic Regulation Order) work. In 2017/18 £150k from the earmarked parking reserves was used and it is now proposed to increase this by a further £35k.
Misc. items		20	There are various net pressures across mostly corporate or technical budgets.
<i>Items c/f in balances:-</i>			
ICT strategy	300	300	This relates to use the incremental costs of the ICT strategy.
PSU post	18	18	This relates to the last year of funding set aside to cover additional systems staff resources.
Startwell Post		30	£30k to be used to match fund the Public Health Improvement Coordinator post. The Council receives £20k from ECC to match fund the post and £26k in Public Health Grant funding aligned to the role to improve health and wellbeing at a local level and to optimise CBCs public health capabilities.
Additional communications and marketing post		45	It is proposed that part of the agreed budget for the setup and initial cost of the Council's commercial company arrangements is carried forward and used to provide additional marketing support to services within or managed by the Council's companies.
Total cost pressures	1,588	1,920	

Savings and Income – 2018/19

Opportunity		Comments
	£'000	
<i>Efficiencies, Income and Service Reviews</i>		
Sport & Leisure	148	Savings and additional income from sport and leisure business case.
Assets	264	Estimated increased income from commercial asset strategy including full year impact of Amphora Place (Phase 1).
Senior Management Restructuring & Commercial Company assumptions	139	Figures have been updated to reflect revised income projections for next year and other issues reflected in the proposed management fee for CCHL.
Digital Challenge - Service Savings	70	Various savings across service in line with digital challenge programme. These have been reduced to remove assumed additional income growth.
Service savings	30	Full year impact of service savings identified in 17/18 budget.
Digital Challenge / ICT strategy - implementation	70	End of funding for implementation.
Customer Futures 2	292	Review agreed by Cabinet in November.
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 online information and introduce an assumed vacancy saving in line with historic average staff turnover.

Opportunity		Comments
	£'000	
ICT Review	50	These are savings following a major review of the ICT service earlier in the year.
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 support the corporate marketing budget.
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.
Waste Service	240	The waste service has been subject to massive change this year and it was identified that once the service settled down it would be possible to make savings. All the routes have been re-balanced as part of the changes. Additional capacity was retained in the service to support the higher works loads as the changes were implemented. Savings have been identified through waste rounds being reduced from 23 to 21. Savings will be a result of having two fewer vehicles and the associated crews and fuel costs. There are also two Yard Staff vacancies. These savings are in addition to the assumptions made for the second year of the new waste service. Combined, these savings have helped to mitigate a budget pressure resulting from lower income from the sale of recyclables.

Opportunity		Comments
	£'000	
Environment - various	39	Includes various savings across service including:- <ul style="list-style-type: none"> • £18k in respect of environmental health services. • £15k within licensing.
Policy and Corporate - various	65	This includes various net savings across the service in particular:- <ul style="list-style-type: none"> • Some changes to assumed costs and income relating to the commercial investment portfolio. • Small saving on cleaning costs
Welfare Reform – use of Government grants	42	Cabinet agreed to the formation of a cross service team in order to support residents and preserve operational services within a challenging framework of welfare reform. It was reported to Cabinet a number of Government grants provided to support local authorities with welfare reforms and other related issues were available and therefore these are now be used to fund the cross service team instead of the previous CBC funding.
Total income & efficiencies	1,803	
Budget Reductions		
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.
Parish Grants re: LCTS scheme	7	Reduction in grants as approved by Cabinet.
Total reductions	57	

Opportunity		Comments
	£'000	
Budget Savings and income	1,821	
Change in Use of NHB for one off investment		
Reduction in investment funded from New Homes Bonus	810	
Reduction in affordable homes investment funded from New Homes Bonus	130	
Total change	940	
Total Savings, Income and Budget Reductions	2,761	

Summary Budget 2018/19

	<i>Adjusted Base Budget</i>	<i>One-Off Items</i>	<i>Cost Pressures</i>	<i>Technical Items</i>	<i>Total Savings</i>	<i>Detailed 18/19 Budgets</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Corporate & Democratic Core	(496)	0	0		(7)	(503)
Executive Management Team	623	0	9		54	686
Community	5,595	(33)	205		(249)	5,519
Customers	3,440	(127)	111		(323)	3,100
Environmental (excl NEPP)	2,526	(20)	725		(535)	2,696
Policy & Corporate	8,009	(325)	932		(715)	7,901
Total General Fund Services	19,697	(505)	1,982	0	(1,775)	19,399
Technical Items						
<i>Corporate Items / sums to be allocated to services</i>						
Procurement Savings	(15)		15		0	0
Investment Allowance funded by NHB	2,872	0	0	0	(810)	2,062
NNDR Revaluation / Inflation Index	15		(25)		0	(10)
Apprenticeship Levy	30		(30)		0	0
Waste Review	72	(72)	0		0	0
Comms / Marketing post for CCHL	0		45		0	45
Strategic Plan 17/18	100	(100)	0		0	0
Digital Challenge	70		0		(70)	0
Grounds Maintenance Savings	11		(11)		0	0
Digital Challenge - Post & Print	(5)		5		0	0

	<i>Adjusted Base Budget</i>	<i>One-Off Items</i>	<i>Cost Pressures</i>	<i>Technical Items</i>	<i>Total Savings</i>	<i>Detailed 18/19 Budgets</i>
		£'000	£'000	£'000	£'000	£'000
PV Panels / LACM (Carbon Management)	(20)		0		0	(20)
<i>Non-Service Budgets</i>						
CLIA (net interest)	538		1		(106)	433
R&R Contribution	150		0			150
Min Revenue Provision	560		0		0	560
Pensions	5,108	(3,112)	(44)	(1,586)		366
Heritage Reserve & Gosbecks Reserve	3		(3)			0
GF/HRA/NEPP Adjustment	(3,275)		(15)		0	(3,290)
Total Below the Line	6,214	(3,284)	(62)	(1,586)	(986)	296
Total incl Below the line	25,911	(3,789)	1,920	(1,586)	(2,761)	19,695
<i>Funded by:-</i>						
Use of balances: re carry forwards	(77)	77	0	(63)		(63)
Use of balances	(422)	422	0	(73)		(73)
Contribution to balances	0	0	0	2,186		2,186
Use of balances for one-off Pension costs funding	(3,173)	3,173	0	0		0
Use of other Earmarked Reserves	(475)	475	0	(485)		(485)
Use of NNDR reserve	(489)	489	0	0		0
use of S.106 reserve	(20)	20	0			0
Revenue Support Grant	(920)		645			(275)
Business Rates Baseline	(4,038)		(124)			(4,162)
Transition Grant	(88)	88	0			0
NNDR Growth above Baseline	(900)		0	(200)		(1,100)

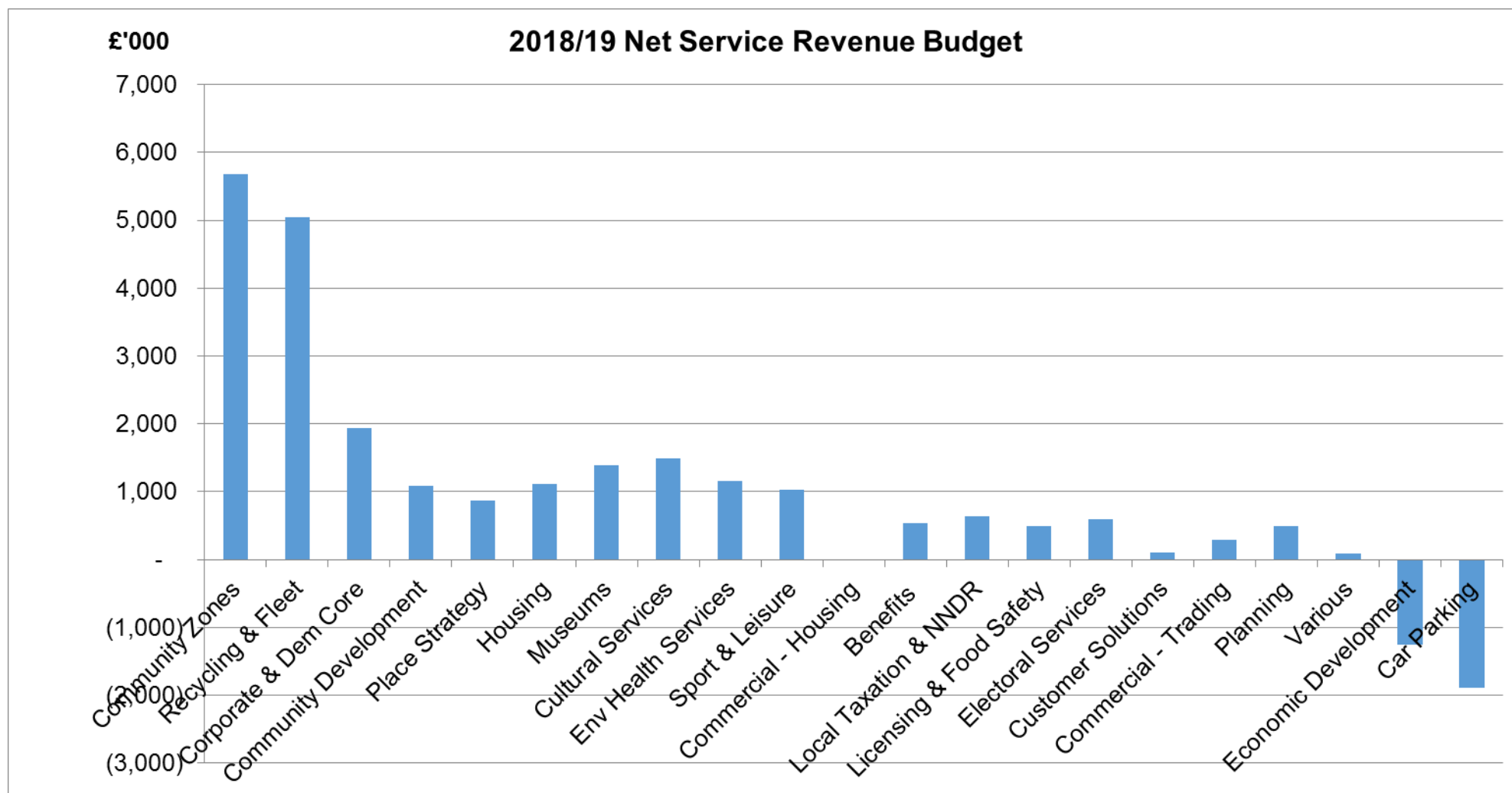
	<i>Adjusted Base Budget</i>	<i>One-Off Items</i>	<i>Cost Pressures</i>	<i>Technical Items</i>	<i>Total Savings</i>	<i>Detailed 18/19 Budgets</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Business Rates Pooling	0		0	(200)		(200)
Council Tax	(11,015)		0	(456)		(11,471)
Collection fund Transfer	(48)	48	0	(609)		(609)
New Homes Bonus	(4,783)		0	1,340		(3,443)
NNDR Deficit / (Surplus)	537	(537)	0	0		0
Total	(25,911)	4,255	521	1,441	0	(19,695)

Detailed General Fund Service Budgets 2018/19

	Direct Budgets			Non-Direct Budgets	
Area	Spend	Income	Net	Net	Total
	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core	297	(800)	(503)	2,441	1,938
Total	297	(800)	(503)	2,441	1,938
Executive Management Team					
EMT	686	-	686	(686)	-
Total	686	-	686	(686)	-
Community					
Assistant Director	138	-	138	(138)	-
Cultural Services	646	(116)	530	957	1,487
Community Zones	5,786	(2,284)	3,502	2,183	5,685
Community Development	787	(51)	736	348	1,084
Colchester Museums	66	(479)	(413)	5	(408)
Subtotal	7,423	(2,930)	4,493	3,355	7,848
Colchester & Ipswich Museums	2,081	(1,055)	1,026	775	1,801
Total	9,504	(3,985)	5,519	4,130	9,649
Customer					
Assistant Director	145	-	145	(145)	-
Customer Operations	1,753	(9)	1,744	(1,744)	-
Prof Support Units	833	(82)	751	(751)	-
Customer Demand & Research	856	(24)	832	(832)	-
Customer Solutions	1,125	(612)	513	(414)	99
Local Taxation & NNDR	477	(635)	(158)	792	634
Subtotal	5,189	(1,362)	3,827	(3,094)	733
Benefits - Payments & Subsidy	52,256	(52,983)	(727)	1,261	534
Total	57,445	(54,345)	3,100	(1,833)	1,267
Environment					
Assistant Director	140	-	140	(140)	-
Recycling & Fleet	6,694	(2,436)	4,258	782	5,040
Car Parking	1,046	(3,968)	(2,922)	1,026	(1,896)
Licensing & Food Safety	544	(475)	69	421	490
Environmental Health Services	844	(102)	742	414	1,156
Electoral Services	431	-	431	169	600
Land Charges	137	(344)	(207)	87	(120)
Building Control	395	(395)	-	164	164
Subtotal	10,231	(7,720)	2,511	2,923	5,434

	Direct Budgets			Non-Direct Budgets	
Area	Spend	Income	Net	Net	Total
	£'000	£'000	£'000	£'000	£'000
Parking Partnership (NEPP)	3,166	(3,051)	115	119	234
Total	13,397	(10,771)	2,626	3,042	5,668
Policy & Corporate					
Assistant Director	123	-	123	(158)	(35)
Finance	835	(100)	735	(735)	-
ICT and Communications	2,507	(382)	2,125	(2,125)	-
People and Performance	781	(183)	598	(653)	(55)
Governance	2,951	(334)	2,617	(2,570)	47
Place Strategy	925	(37)	888	(17)	871
Economic Development	233	-	233	885	1,118
Planning	1,145	(1,167)	(22)	519	497
Housing	2,037	(747)	1,290	(169)	1,121
Subtotal	11,537	(2,950)	8,587	(5,023)	3,564
<i>Company Related:-</i>					
Client - CCHL	1,535	-	1,535	(1,535)	-
Commercial - Trading	-	-	-	296	296
Corporate Asset Management	2,133	(216)	1,917	(1,835)	82
Commercial & Investment Properties	239	(3,726)	(3,487)	1,115	(2,372)
Sport & Leisure	4,471	(5,122)	(651)	1,672	1,021
Total	19,915	(12,014)	7,901	(5,310)	2,591
Adjustment for NEPP use of balances	-	185	185	-	185
Total (excl. NEPP)	98,078	(78,679)	19,399	1,665	21,064

*Non-direct budgets reflect recharges between service areas and technical accounting charges. These are shown to present the full cost of services.



General Fund Balances – Risk Assessment

A risk assessment has been undertaken to determine the prudent level of general fund balances as part of the 2018/19 budget process. This has been carried out with reference to specific risk allocation sums held within balances

Historically we have maintained a strong level of balances and these have been used to:-

- Support the annual budget - particularly to fund one off items.
- Fund new initiatives identified during the year.
- Provide cover for cashflow and emergency situations.
- Provide flexibility and a resource for change management.

Risk Assessment

The results of the current assessment are summarised below.

Factor	Assessed Risk			Comment
	High	Med	Low	
	£'000	£'000	£'000	
Cash Flow	1,000			No change to current level
Inflation		100		
Investment Income	75			
Trading Activities and fees and charges		200		No change made for new company arrangements.
Benefits		200		Separate allocation also held in balances
New legal commitments			100	
Litigation		150		
Partnerships			100	
VAT Exemption Limit			450	Increased to £450k in 16/17 representing current impact.
Budget Process		150		Increased in 16/17 by £50k to reflect removal of contingency sums
Revenue impact of capital schemes			150	
Impact of Local Government Finance reforms	300			Maintained, given funds held in earmarked reserve and balances
	1,375	800	800	

	Risk	%	Minimum provision
High Risks	1,375	100	1,375
Medium Risks	800	50	400
Low risks	800	10	80
Sub total			1,855
Unforeseen factors			45
Recommended level			1,900

This shows the minimum level of balances be maintained at £1.9 million. It is then a matter of judgement whether it would be desirable to hold any further level of balances beyond this, or to seek to rebuild balances above this level to provide for future flexibility.

The main issues to mention concerning the assessment are: -

- The key reason for proposing to increase balances in 2013/14 was the new risks associated with major Local Government reforms such as the creation of a Local Council Tax Support Scheme and the local retention of business rates. This remains a key risk area.
- While the possible requirement to meet capital spending from revenue resources a potential risk it is no longer shown in the assessment as it is classed as "nil" because of the current level of funds held in the capital expenditure reserve and the introduction of the Prudential Code.
- Net investment income has been identified as a risk area. In last year's risk assessment this was classified as a "high risk" and due to the continuing uncertainty in the world economy this has been maintained.
- The assessment includes the risk that the VAT exemption limit will be exceeded with a consequent loss of recoverable VAT. Regular monitoring and active management of new schemes minimises this risk.

Implications

The risk assessment will be carried out at least annually as part of the budget process. While the current assessment indicates a minimum level it is important to recognise that there are implications of operating at this level. As noted above we have traditionally had a level of balances that have provided flexibility and enabled new initiatives to be considered outside the annual budget process. Operating at the minimum level requires an approach and a discipline to: -

- Ensure all spending aspirations for the coming year are assessed as part of the annual budget process. The continued development of the Medium Term Financial Forecast will assist in this.
- Recognise that it will not be possible to draw on balances to fund new discretionary initiatives identified in the year, however desirable they may be; an alternative source of funding would need to be identified.
- Realise future assessments could identify a need to rebuild balances
- Accept that the potential for interest earnings on balances will change depending on the level of balances held. (This will be reflected in the budget accordingly).
- Acknowledge that any balances desired for future flexibility/change management will need to be built up over and above the prudent level identified.

In addition it is acknowledged that it may be necessary for balances to fall below the recommended level. Balances are provided to mitigate unbudgeted cost pressures and as such at times they may be used to provide temporary support to the Council's budget.

General Fund Balances Position

	Allocated	Risk allocations	Unallocated	Total	Note
	£'000	£'000	£'000	£'000	
Opening balance 1/4/17	(6,203)	(844)	(2,334)	(9,381)	per 16/17 accounts
Reallocations	7	(200)	193	0	
Revised opening position	(6,196)	(1,044)	(2,141)	(9,381)	
<i>Budget Carry Forwards and sums held in balances:-</i>					
16/17 Service Budget (inc NHB) c/f	2,074			2,074	As reported to Scrutiny Panel June 17
16/17 Business rates pooling c/f	716			716	As reported to Scrutiny Panel June 17
Carry forwards held in balances	640			640	Agreed budget sums, such as New Homes Bonus and BIFA which have not yet been moved to service budgets.
Allocations in previous years c/f	400			400	Allocations against specific projects.
Colchester & Ipswich Museum Service (CIMS)	84			84	Use of balances subject to decisions made by joint Committees.
North Essex Parking Partnership (NEPP)	242			242	
Redundancy costs	603			603	Some costs will be incurred in 2017/18 with the balance c/f.
Council Tax Sharing agreement	271			271	Includes carry forward sum from previous years
Right to challenge - Gov't funding	46			46	

	Allocated	Risk allocations	Unallocated	Total	Note
	£'000	£'000	£'000	£'000	
Startwell	180			180	Agreed by Cabinet 12 October 2016. £20k of this assumed to be used to support staff resource in 17/18 budget and a further £30k in 18/19.
Total carry forwards and allocations	5,256	0	0	5,256	
Agreed use in 17/18 budget					
Support for digital challenge in 17/18	150			150	
Use for waste review	72			72	
General budget support	98			98	
Carry forwards (from 16/17)	77			77	
Total agreed use in 17/18	397	0	0	397	
In year changes					
Carry forwards proposed in budget setting	(93)			(93)	
Potential in year overspend		200		200	See para 6.4.
	(93)	200	0	107	
Forecast position at March 18	5,560	200	0	5,760	
Proposed Use in 18/19					
Funding LDF	43			43	
Funding c/f	93			93	See above
Community Stadium - rent adjustment	500			500	Provision for one-off reduction in rent
	636	0	0	636	

	Allocated	Risk allocations	Unallocated	Total	Note
	£'000	£'000	£'000	£'000	
<i>Use of balances in later years or risk allocations</i>					
NNDR / Welfare reform		172		172	Provision for impact arising from reforms.
Planning appeals, legal, HR etc- risk allocation		222		222	Some of this will be spent in 17/18/
Housing benefit - risk allocation		300		300	Agreed in 15/16 budget and increased by £170k to reflect increased risk relating to benefits.
Collection Fund - risk allocation		150		150	Agreed in 15/16 budget
Total later years allocations	0	844	0	844	
Uncommitted / unallocated Balance	0	0	(2,141)	(2,141)	
Recommended level			(1,900)	(1,900)	Proposed level
Surplus above recommended level	0	0	(241)	(241)	

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
Renewals and Repairs (incl Building Maintenance Programme): Maintained for the replacement of plant and equipment and the maintenance of premises.	1,907	550	(410)	2,047	2,047	-
Insurance: To cover the self-insurance of selected properties.	429	110	(5)	534	-	534
Capital Expenditure: 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	-
Asset Replacement Reserve: 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
Gosbecks Reserve: 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	-

Reserve	Amount at 31/03/17	Transfers - In	Transfers - Out	Estimate at 31/03/18	Allocated / Committed	Unallocated
	£'000	£'000	£'000	£'000	£'000	£'000
Heritage Reserve: 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
Section 106 Monitoring: Required for future monitoring of Section 106 agreements.	15	10	(20)	5	5	-
Revenue Grants Unapplied: 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
Parking Reserve: 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	-
Building Control: 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.	-	-	-	-	-	-
Heritage Mersea Mount: Funding received from English Heritage towards costs relating to Mersea Mount.	11	-	-	11	11	-

Reserve	Amount at 31/03/17	Transfers - In	Transfers - Out	Estimate at 31/03/18	Allocated / Committed	Unallocated
	£'000	£'000	£'000	£'000	£'000	£'000
Mercury Theatre: 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	-
Business Rates Reserve: Maintained to cover the risk of any residual issues resulting from the introduction of the Local Business rates Retention scheme.	1,753		(900)	853		853
Revolving Investment Fund Reserve: 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	-
Total General Fund	12,356	2,844	(4,732)	10,468	8,921	1,547

Reserve	Amount at 31/03/17	Transfers - In	Transfers - Out	Estimate at 31/03/18	Allocated / Committed	Unallocated
	£'000	£'000	£'000	£'000	£'000	£'000
HRA Retained Right To Buy (RTB) Receipts - Debt: 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	-
HRA Retained Right To Buy (RTB) Receipts - Replacement: 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	-
Total HRA	7,865	3,650	(1,000)	10,515	10,515	-
Total	20,221	6,494	(5,732)	20,983	19,436	1,547

Provision	Amount at 31/03/17	Transfers - In	Transfers - Out	Estimate at 31/03/18	Allocated / Committed	Unallocated
	£'000	£'000	£'000	£'000	£'000	£'000
Insurance: 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	-
NNDR Appeals: 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	-
Total	2,195	1,000	(86)	3,109	3,109	-

APPENDIX K

Medium Term Financial Forecast 2018/19 to 2021/22				
	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Base Budget	25,911	19,690	19,655	19,647
One-off items	(3,789)	(500)	0	0
Cost Pressures	1,915	1,266	640	640
Growth Items	0	0	0	0
Savings	(1,821)	(516)	(523)	(222)
Change in use of NHB for one off investment	(940)	(285)	(125)	347
Pensions contribution	(1,586)			
Forecast Base Budget	19,690	19,655	19,647	20,412
<i>Funded By:</i>				
Revenue Support Grant	(275)	446	946	1,446
Business Rates Baseline	(4,157)	(4,290)	(4,290)	(4,290)
<i>SFA</i>	<i>(4,432)</i>	<i>(3,844)</i>	<i>(3,344)</i>	<i>(2,844)</i>
Increase in NNDR / taxbase above baseline	(1,100)	(1,100)	(1,100)	(1,100)
Business Rates Pooling	(200)	(200)	(200)	(200)
New Homes Bonus	(3,443)	(2,758)	(2,233)	(2,180)
Transition Grant				
Total Gov't grants & business rates	(9,175)	(7,902)	(6,877)	(6,324)
Council Tax	(11,471)	(11,929)	(12,407)	(12,907)
Collection Fund Deficit / (Surplus)	(9)	0	0	0
Business Rates Deficit / (surplus)	(960)	0	0	0
Contribution to / (Use of Reserves)	1,925	1,401	1,401	1,401
Total Funding	(19,690)	(18,430)	(17,883)	(17,830)
Budget (surplus) / gap before changes (cumulative)	0	1,225	1,764	2,582
Annual increase	0	1,225	539	818

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Cost Pressures				
<i>Inflation and specific cost pressures:-</i>				
General Inflation	533	640	640	640
Food Waste (net impact of loss of grant)	304	204		
Elections	177			
Pensions - auto enrolment	65			
Stadium rent	128	22		
Council office costs (full year effect)	43			
LDF	30			
Misc	15			
<i>Reduced Income:-</i>				
Planning income	90			
Broadband income reduction	75			
Procurement hub rebates	27			
NEPP - extra use of reserve	35			
<i>Items c/f in balances:-</i>				
ICT strategy	300			
PSU post	18			
Startwell Post	30			
Additional comms and marketing	45			
IT costs		150		
Council Tax Sharing Agreement		250		
Total cost pressures	1,915	1,266	640	640
<i>One-off adjustments:-</i>				
Pensions actuarial review - impact of one off payment	(3,112)			
Budget Carry forwards	(403)	(392)		
Strategic Plan growth	(100)			
NEPP - reduction in income from ECC for TROs				
Waste Review -one-off	(72)			
Welfare reform	(102)			
LDF		(30)		
CBH Inflation (for General Fund costs)		(13)		
Wiring costs		(20)		
Additional comms and marketing		(45)		
One-off adjustments	(3,789)	(500)	0	0
Total	(1,874)	766	640	640

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000

Savings (incl. one off adjustments)				
<i>Efficiencies, income and service reviews</i>				
Sport & leisure	(148)	(50)	(58)	
Assets	(264)		(150)	(92)
Senior Management Restructuring & Commercial Company assumptions	(139)	(107)	(135)	(130)
Digital challenge - service savings	(70)			
Ongoing service savings agreed in 17/18	(30)			
Digital Challenge / ICT strategy - implementation	(70)			
Customer Futures 2	(292)	(228)		
Zones	(90)			
Museums	(100)			
ICT Review	(50)			
Roundabout income	(20)			
Cost of NEPP 'off street' parking	(100)			
Waste Review (net savings)	(240)			
Various savings within Environment service	(39)			
Various savings / income within Policy and Corporate	(70)			
Welfare Reform - use of Gov't grants	(42)			
Assumed incremental lending to CCHL margin		(74)	(180)	
<i>Budget reductions</i>				
Arts Grant	(50)	(50)		
LCTS grant to parishes	(7)	(7)		
Total	(1,821)	(516)	(523)	(222)

Change in use of New Homes Bonus for one off investment				
Reduction due to falling grant	(1,210)	(718)	(525)	0
Increase due to change in use for base budget	400	400	400	400
Total saving	(810)	(318)	(125)	400
Reduced investment from NHB - affordable homes	(130)			
Total reduced one off investment funded by NHB	(940)	(318)	(125)	400

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000

Use of / contribution to Reserves				
One offs	43			
Use of balances - pensions	(1,586)	(1,586)	(1,586)	(1,586)
Use of NEPP reserve	185	185	185	185
Funding budget carry forwards (incl use of CER)	393			
Business Rates Reserve	(960)			
Total	(1,925)	(1,401)	(1,401)	(1,401)

New Homes Bonus Grant				
Basic NHB	(3,296)	(2,611)	(2,086)	(2,033)
Affordable Homes Bonus	(147)	(147)	(147)	(147)
Total Grant	(3,443)	(2,758)	(2,233)	(2,180)

Addressing the Budget Gap

The MTFF shows a budget gap of circa £2.6m over the three years from 2019/20. This should also be seen in the context of the risks and variables set out below and also in terms of reduced budgets and more efficient services resulting in savings that will be increasingly hard to deliver.

Risk Areas / Comments

The key risk areas to the forecast are:-

Risk / Area of uncertainty	
Impact of EU referendum 'leave' result.	<p>At this early stage any impact from the "leave" decision is unclear. However, the uncertainty and risks include:-</p> <ul style="list-style-type: none"> • Any changes to the announced public sector funding levels including NHB • Any impact on the Council's business rates 'taxbase' • Any impact on the Council's treasury management costs arising from interest rate changes. • Any impact of economic climate on Public Sector funding
<i>Government Funding / Business Rate Retention Scheme</i>	<p>The MTFF includes the reduction in the 'SFA' for 2018/19 with a further reduction for the year after in line with figures included in the 4 year settlement.</p> <p>For the remaining two years a reduction of £500k pa has been assumed for planning purposes.</p> <p>From 2013/14 a proportion of the Council's core income that used to be provided by Government grant is now funded by the Council keeping a share of business rates income. This poses a new risk as well as a potential reward.</p> <p>The budget includes an assumption that in 2018/19 we will retain an extra £1,100k of NNDR income above our baseline figure. The business rates revaluation took effect in 2017/18 and the risk and impact of business rate appeals remains an area of concern. With the planned changes to business rates retention still uncertain this remains a risk area for the Council's budget.</p>
<i>Welfare Reform (including Local Council Tax Support - LCTS)</i>	<p>Budget papers have previously set out some of the key risks associated with the implications of the Council having approved the LCTS scheme. The combined impact of the Government's welfare reforms and demands on Council services will need to be considered during the period of the MTFF.</p>
<i>Government grants and partnership funding</i>	<p>The Council's budget has changed over recent years with a greater emphasis on funding from both partner organisations and Government bodies. These funding streams can rarely be guaranteed and can therefore add to our cost pressures.</p> <p>Provision has been made in the 2018/19 budget for the New Homes Bonus based on the notified grant. Thereafter the MTFF assumes the grant will reduce based on proposals made by the Government. These grant reductions will reduce the funds available for one-off investment and this is assumed within the MTFF.</p>
<i>Pensions</i>	<p>In the 17/18 budget an allowance was built in for an increase in pensions costs based on the results of the actuarial review. In</p>

Risk / Area of uncertainty	
	<p>addition the budget allowed for the payment of the deficit for the next three years in one payment. This was partly funded from reserves which are being repaid in 18/19 and 19/20.</p> <p>In 20/21 it will be necessary to reflect the deficit costs resulting from the next actuarial review. The assumption in the MTFF is that this is again funded in the same way as it has been in 17/18. An allowance was made for the impact of 'auto enrolment' in 17/18 and the 18/19 budget reflects the cost pressure arising from this.</p>
<i>Fees and charges and other income</i>	<p>As has been seen in the past few years we have experienced a number of pressures arising from changes in income levels. Looking ahead to 2018/19 and beyond it is difficult to estimate how income levels may continue to be affected. Some targets have been reduced in 2018/19 to reflect lower current income levels.</p> <p>The MTFF does include some additional income forecast from agreed business plans.</p>
<i>Inflation</i>	<p>An allowance for general inflation including pay has been built into the 18/19 forecast and MTFF.</p> <p>Council's cost inflation is in general not directly linked to RPI and therefore we will continue to monitor the impact of inflation on all Council costs. Some of the main risk areas include energy, fuel costs and pay assumptions.</p>
<i>Use of reserves</i>	<p>The budget position for 2018/19 includes proposals to use certain reserves mostly for one off items. The MTFF includes some proposals to use reserves in future years.</p>
<i>Legislation</i>	<p>There are likely to be several items of new legislation over the life of the MTFF for which any available funding may not cover costs or which may impact significantly on the Council e.g. Universal Credit.</p>
<i>Property review</i>	<p>A review of our assets was carried out and a 5-year Building Repairs and Maintenance Plan produced. There will continue to be financial implications arising from this for both the revenue budget and capital programme and these will be considered in detail and included in the on-going updates of the MTFF. The 2018/19 budget forecast maintains the additional allocation of £150k in respect of planned repairs.</p>
<i>Impact of growth in the Borough and demand for services</i>	<p>A number of Local Authority services are directly impacted by the increase of population in the Borough, such as waste services, planning, benefits etc. As part of future budgets it will be necessary to consider whether there is a need for additional resources in these or other areas in order to maintain levels of service. A financial assumption has been made that the Council's programme of service reviews will assist in identifying efficiencies to cope with changes in demand, however, it will be necessary to ensure that future budgets allow for any cost pressures.</p>
<i>Delivery of budget savings</i>	<p>The 2018/19 budget includes c£2.8m of savings, increased income or budget reductions. The savings and income forecasts have been risk assessed and all are considered deliverable, however, the budget report considers the risk to delivering some of the income targets and if these cannot be achieved there is the</p>

Risk / Area of uncertainty	
	risk in the MTFF of the ongoing impact. The MTFF includes further savings from the ongoing budget and service reviews and whilst these are currently considered to be on track to be delivered these will be reviewed as part of the 19/20 budget.
<i>Net Interest earnings and investments</i>	<p>The budget is influenced by a number of factors including interest rates and cashflow movements. The treasury management strategy for 2018/19 highlights that the current view from the Council's treasury advisers is that the Bank Rate is now expected to remain unchanged until quarter 4 of 2018, and not to rise above 1.25% by quarter 1 of 2021</p> <p>The Council's strategy of internal borrowing has helped minimise our interest cost, however, it is recognised that this is not a long term approach and therefore there may be future cost pressures from any need to borrow externally. This is currently not reflected in the MTFF but will be considered as part of future budget updates.</p>

All these issues will remain as risks to be managed over the course of the MTFF.

Capital Programme

Service / Scheme	Projected Expenditure				
	Total Programme £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	(Surplus) / Shortfall £'000
SUMMARY					
Communities	3,487.9	2,601.0	900.0	0.0	13.1
Environment	4,089.0	2,320.0	800.0	701.0	(268.0)
Policy & Corporate	740.4	704.4	36.0	0.0	0.0
Commercial	1,631.6	1,631.6	0.0	0.0	0.0
Revolving Investment Fund (RIF)	40,802.0	6,393.0	16,953.0	17,456.0	0.0
Completed Schemes	724.4	724.4	0.0	0.0	0.0
Capitalised Maintenance Schemes	85.0	85.0	0.0	0.0	0.0
Total (General Fund)	51,560.3	14,459.4	18,689.0	18,157.0	(254.9)
Housing Revenue Account	12,603.5	12,603.5	0.0	0.0	0.0
Total Capital Programme	64,163.8	27,062.9	18,689.0	18,157.0	(254.9)
COMMUNITIES					
Oak Tree Community Centre Roof	50.0	63.1	0.0	0.0	13.1
Lion Walk Activity Centre	40.0	40.0	0.0	0.0	0.0
Garrison Gym Rebuild	609.7	609.7	0.0	0.0	0.0
Cook's Shipyard Playsite Wivenhoe S106	9.2	9.2	0.0	0.0	0.0
Old Heath Recreation Ground Improvements	37.1	37.1	0.0	0.0	0.0
Wivenhoe Adult Gym	6.0	6.0	0.0	0.0	0.0
Castle Park Cricket Pavilion Extension S106	125.0	125.0	0.0	0.0	0.0

Service / Scheme	Projected Expenditure				
	Total Programme £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	(Surplus) / Shortfall £'000
Castle Park Improvements	200.0	200.0	0.0	0.0	0.0
Tiptree P C - Store & WCs S106	83.0	83.0	0.0	0.0	0.0
King George V Play Area S106	10.0	10.0	0.0	0.0	0.0
St Luke's Church Hall Tiptree	52.9	52.9	0.0	0.0	0.0
Walls - new merged scheme	299.6	299.6	0.0	0.0	0.0
Mercury Theatre Redevelopment Phase 1	207.8	207.8	0.0	0.0	0.0
Mercury Theatre Redevelopment Phase 2	1,000.0	100.0	900.0	0.0	0.0
Relocation of Museum Resource Centre	683.6	683.6	0.0	0.0	0.0
Cemetery Extension	38.6	38.6	0.0	0.0	0.0
Cemetery Exterior Lighting	30.6	30.6	0.0	0.0	0.0
Replacement of Cremators	4.8	4.8	0.0	0.0	0.0
TOTAL - Communities	3,487.9	2,601.0	900.0	0.0	13.1
ENVIRONMENT					
Shrub End Depot	840.5	840.5	0.0	0.0	0.0
Waste Collection Strategy	856.5	588.5	0.0	0.0	(268.0)
St Johns Car Park	8.6	8.6	0.0	0.0	0.0
Mandatory Disabled Facilities Grants	2,301.0	800.0	800.0	701.0	0.0
Private Sector Renewals - Loans and Grants	82.4	82.4	0.0	0.0	0.0
TOTAL - Environment	4,089.0	2,320.0	800.0	701.0	(268.0)

Service / Scheme	Projected Expenditure				
	Total Programme £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	(Surplus) / Shortfall £'000
POLICY & CORPORATE					
Assistance to Registered Housing Providers	36.0	0.0	36.0	0.0	0.0
Use of 1-4-1 Right to Buy Receipts	555.9	555.9	0.0	0.0	0.0
Purchase of properties for temporary accommodation	0.0	0.0	0.0	0.0	0.0
High Street Alleyways	0.0	0.0	0.0	0.0	0.0
Local Authority Carbon Management (LACM)	148.5	148.5	0.0	0.0	0.0
TOTAL - Policy & Corporate	740.4	704.4	36.0	0.0	0.0
COMMERCIAL					
CCTV Monitoring	111.1	111.1	0.0	0.0	0.0
Open Space Provision	100.0	100.0	0.0	0.0	0.0
Events - chairs	33.0	33.0	0.0	0.0	0.0
Charter Hall - improvements	115.0	115.0	0.0	0.0	0.0
LWC - Health & Fitness Extension	953.7	953.7	0.0	0.0	0.0
LWC - Aqua Springs Refurbishment	95.1	95.1	0.0	0.0	0.0
LWC - Leisure Pool Refurbishment	2.8	2.8	0.0	0.0	0.0
LWC - Coffee Shop Extension	30.9	30.9	0.0	0.0	0.0
Tiptree Sports Centre - new pitch	190.0	190.0	0.0	0.0	0.0
TOTAL - Commercial	1,631.6	1,631.6	0.0	0.0	0.0

Service / Scheme	Projected Expenditure				
	Total Programme £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	(Surplus) / Shortfall £'000
REVOLVING INVESTMENT FUND					
Northern Gateway North	141.3	141.3	0.0	0.0	0.0
CNGN - Mile End Cricket	200.0	200.0	0.0	0.0	0.0
CNGN - Sports Hub	24,100.0	1,182.0	7,762.0	15,156.0	0.0
Northern Gateway South	1,094.9	1,094.9	0.0	0.0	0.0
Town Centre	5,262.7	471.7	4,791.0	0.0	0.0
Jacks - St Nicholas St	445.1	445.1	0.0	0.0	0.0
Amphora Place	490.9	490.9	0.0	0.0	0.0
Amphora Place - Phase 2	2,200.0	200.0	2,000.0	0.0	0.0
District Heating Project North	208.2	208.2	0.0	0.0	0.0
District Heating Project East	0.0	0.0	0.0	0.0	0.0
Colchester Northern Gateway Heat Network	5,900.0	1,200.0	2,400.0	2,300.0	0.0
East Colchester Enabling Fund	220.0	220.0	0.0	0.0	0.0
Breakers Park	69.0	69.0	0.0	0.0	0.0
Surface Water Flooding - Distillery Lane/Haven Road	73.4	73.4	0.0	0.0	0.0
Site Disposal Costs	4.8	4.8	0.0	0.0	0.0
Moler Works Site	40.7	40.7	0.0	0.0	0.0
CMP Phase 3 - PV Systems	95.4	95.4	0.0	0.0	0.0
Business Broadband	20.6	20.6	0.0	0.0	0.0
Land Acquisition	0.0	0.0	0.0	0.0	0.0
New Feasibility / Enabling Schemes	235.0	235.0	0.0	0.0	0.0
TOTAL - RIF	40,802.0	6,393.0	16,953.0	17,456.0	0.0

Service / Scheme	Projected Expenditure				
	Total Programme £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	(Surplus) / Shortfall £'000
COMPLETED SCHEMES (OR WHERE RETENTION ONLY OUTSTANDING)					
Abberton Community Fund S106	100.0	100.0	0.0	0.0	0.0
Colchester Leisure World - Dryside Changing Rooms	3.2	3.2	0.0	0.0	0.0
Tiptree Memorial Garden S106	42.0	42.0	0.0	0.0	0.0
Stanway Village Hall	539.1	539.1	0.0	0.0	0.0
Castle Park Sensory Garden S106	17.6	17.6	0.0	0.0	0.0
Industrial Vacuum Cleaner	17.9	17.9	0.0	0.0	0.0
Creative Business Centre	4.6	4.6	0.0	0.0	0.0
TOTAL - Completed Schemes	724.4	724.4	0.0	0.0	0.0
CAPITALISED MAINTENANCE					
Colchester Business Centre	40.0	40.0	0.0	0.0	0.0
St John's Car Park Surface Repairs	45.0	45.0	0.0	0.0	0.0
TOTAL - CAPITALISED MAINTENANCE	85.0	85.0	0.0	0.0	0.0
HOUSING REVENUE ACCOUNT					
Housing Improvement Programme	9,338.0	9,338.0	0.0	0.0	0.0
Adaptations to Housing Stock	600.0	600.0	0.0	0.0	0.0
Sheltered Accommodation Review	1,112.0	1,112.0	0.0	0.0	0.0
Housing ICT Development	413.5	413.5	0.0	0.0	0.0
Higher Value Assets Levy	1,140.0	1,140.0	0.0	0.0	0.0
TOTAL - Housing Revenue Account	12,603.5	12,603.5	0.0	0.0	0.0

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2018/19

1 Introduction

Background

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 CIPFA defines treasury management as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Reporting requirements

- 1.4 The Council is currently required to produce three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are all required to be scrutinised and reviewed. This role is undertaken by the Council's Scrutiny Panel and Governance and Audit Committee.
- 1.5 **Prudential and Treasury Indicators and Treasury Strategy** (This report) – The first, and most important report is recommended to Full Council following consideration by the Scrutiny Panel. It covers:
 - the capital plans (including prudential indicators);
 - a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);
 - the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
 - an investment strategy (the parameters on how investments are to be managed).
- 1.6 **Mid-Year Treasury Management Report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

1.7 **Annual Treasury Report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.8 Members will also be kept informed of any other significant matters that may occur as part of the quarterly Capital Monitoring reports to Scrutiny Panel and Governance and Audit Committee.

Capital Strategy

1.9 In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability.

1.10 The aim of this report is to ensure that all elected members on the Full Council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

1.11 The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

Training

1.12 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management or scrutiny receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training has previously been undertaken by members and further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

Treasury Management Strategy for 2018/19

1.13 The strategy for 2018/19 covers the following Capital and Treasury Management issues:

- the capital plans and the prudential indicators;
- the Minimum Revenue Provision (MRP) Policy;
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- the economic background and prospects for interest rates;
- the borrowing strategy;
- the policy of borrowing in advance of need;
- debt rescheduling;
- the investment policy and strategy, and credit worthiness policy;
- the policy on use of external service providers.

- 1.14 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

Treasury management consultants

- 1.15 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 1.16 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 **The Capital Prudential Indicators 2018/19 – 2020/21**

- 2.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

Capital expenditure

- 2.2 This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
General Fund	11,390	14,674	29,416	27,139	11,506
HRA	10,705	11,630	9,188	8,934	9,131
Total	22,095	26,304	38,604	36,073	20,637

- 2.3 The table below summarises how the above capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

Capital Expenditure £'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Total Expenditure	22,095	26,304	38,604	36,073	20,637
Financed by:					
Capital receipts	4,947	7,326	15,818	9,508	250
Capital grants	2,278	1,728	3,436	3,401	0
Reserves	8,542	6,898	3,634	7,096	6,403
Revenue	3,970	7,585	5,454	3,406	2,478
Finance leases	848	234	0	0	0
Net financing need	1,510	2,533	10,263	12,662	11,506

The Council's borrowing need

- 2.4 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 2.5 The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 2.6 The CFR includes any other long-term liabilities (e.g. finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider, and so the Council is not required to separately borrow for these schemes. The Council had £3.3m of such schemes within the CFR as at 31 March 2017. The Council is asked to approve the CFR projections below:

£'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
CFR – general fund	26,664	25,250	33,768	44,440	53,953
CFR - housing	127,933	130,184	130,184	130,184	130,184
Total CFR	154,597	155,434	163,952	174,624	184,137
Movement in CFR	1,034	837	8,518	10,672	9,513
Movement in CFR represented by:					
Net financing need	1,510	2,533	10,263	12,662	11,506
Assets acquired under finance leases	848	234	0	0	0
Less MRP	1,325	1,930	1,745	1,990	1,993
Movement in CFR	1,034	837	8,518	10,672	9,513

Minimum Revenue Provision (MRP) Policy Statement

- 2.7 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments (VRP) if required.
- 2.8 Government regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
- 2.9 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will allow for the borrowing need (CFR) to be repaid on an equal instalment basis over a period of 50 years with effect from the 2016/17 financial year. This has the benefits of reducing the amount payable for the first 17 years, introducing a consistent level of charge, and ensuring that this element of MRP is eventually completely repaid.
- 2.10 From 1 April 2008 for all unsupported borrowing (including finance leases) the MRP policy will be the Asset Life Method (option 3) – MRP will be based on the estimated life of the assets, in accordance with the regulations. This provides for a reduction in the borrowing need over approximately the asset's life. Repayments included in finance leases are applied as MRP.
- 2.11 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.
- 2.12 The Accountancy team will keep the Council's MRP Policy under review to ensure that it remains fit for purpose in relation to its borrowing requirements.

Affordability Prudential Indicators

- 2.13 The previous paragraphs cover the overall capital, and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicator:

- 2.14 **Ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

%	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
General Fund	8.02%	11.12%	12.26%	15.48%	16.98%
HRA	18.19%	18.86%	19.32%	19.35%	19.26%

- 2.15 The estimates of financing costs include current commitments and the proposals in this report.

3 **Economic Outlook**

- 3.1 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. **Appendix A** draws together current City forecasts for short-term (Bank Rate) and longer fixed interest rates. The following table gives the Link Asset Services central view:

	Bank Rate	PWL B Borrowing Rates			
		5 year	10 year	25 year	50 year
Dec-17	0.50%	1.50%	2.10%	2.80%	2.50%
Mar-18	0.50%	1.60%	2.20%	2.90%	2.60%
Jun-18	0.50%	1.60%	2.30%	3.00%	2.70%
Sep-18	0.50%	1.70%	2.40%	3.00%	2.80%
Dec-18	0.75%	1.80%	2.40%	3.10%	2.90%
Mar-19	0.75%	1.80%	2.50%	3.10%	2.90%
Jun-19	0.75%	1.90%	2.60%	3.20%	3.00%
Sep-19	0.75%	1.90%	2.60%	3.20%	3.00%
Dec-19	1.00%	2.00%	2.70%	3.30%	3.10%
Mar-20	1.00%	2.10%	2.70%	3.40%	3.20%
Jun-20	1.00%	2.10%	2.80%	3.50%	3.30%
Sep-20	1.25%	2.20%	2.90%	3.50%	3.30%
Dec-20	1.25%	2.30%	2.90%	3.60%	3.40%
Mar-21	1.25%	2.30%	3.00%	3.60%	3.40%

- 3.2 As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its November meeting. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%.
- 3.3 The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. From time to time, gilt yields - and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.
- 3.4 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.
- 3.5 The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

Investment and borrowing rates

- 3.6 Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.
- 3.7 Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases.

Since then, borrowing rates have eased back again. Apart from that, there has been little general trend in rates during the current financial year.

- 3.8 The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 3.9 There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost - the difference between borrowing costs and investment returns.

4 Borrowing

- 4.1 The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current portfolio position

- 4.2 The Council's treasury portfolio position at 31 March 2017, with forward projections are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
External debt at 1 Apr	136,094	136,094	143,627	153,890	166,552
New borrowing	0	7,533	10,263	12,662	11,506
Other long-term liabilities	2,700	2,074	1,383	770	447
Gross debt at 31 Mar	138,794	145,701	155,273	167,322	178,505
CFR	154,597	155,434	163,952	174,624	184,137
Under / (over) borrowing	15,803	9,733	8,679	7,302	5,632
Investments at 31 Mar	45,184	42,651	32,388	19,726	8,220
Net Debt	93,610	103,050	122,885	147,596	170,285

- 4.3 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.
- 4.4 The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

Treasury Indicators: Limits to Borrowing Activity

- 4.5 The **Operational Boundary** is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Debt	148,494	158,230	170,203	180,874
Other long term liabilities	2,074	1,383	770	447
Total	150,568	159,613	170,973	181,321

- 4.6 The **Authorised Limit** for external debt represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer term.
- 4.7 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. The Council is asked to approve the following Authorised Limit:

Authorised limit £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Debt	168,660	178,869	191,254	202,090
Other long term liabilities	2,074	1,383	770	447
Total	170,734	180,252	192,024	202,537

- 4.8 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £'000	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
HRA debt cap	140,275	140,275	140,275	140,275
HRA CFR	130,184	130,184	130,184	130,184
HRA headroom	10,091	10,091	10,091	10,091

Borrowing Strategy

- 4.9 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 4.10 At 31 March 2017 the Council's Capital Financing Requirement was £154.6m and, net of finance lease liabilities, the underlying borrowing requirement was £151.3m. The Council's external borrowing totalled £136.1m, which meant under-borrowing totalled £15.2m.
- 4.11 There would be a cost of carry to any new long-term borrowing that causes an increase in cash balances, as this position will incur a revenue loss between borrowing costs and investment returns. However, against this, the long-term saving resulting from borrowing at very low rates should be considered. Assuming current rates increase in accordance with the above forecast, if borrowing were delayed for two years it would lead to the cost of borrowing being significantly higher over the life of a 50 year loan.
- 4.12 Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- if it was felt that there was a significant risk of a sharp FALL in long and short-term rates, (e.g. due to a marked increase of risks around relapse into recession

or of risks of deflation), then long-term borrowing will be postponed, and potential rescheduling from fixed rate funding into short-term borrowing will be considered.

- if it was felt that there was a significant risk of a much sharper RISE in long and short-term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

- 4.13 Any decisions will be reported to the Scrutiny Panel or Governance and Audit Committee at the next available opportunity.

Treasury Management Limits on Activity

- 4.14 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
 - Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
 - Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- 4.15 The Council is asked to approve the following treasury indicators and limits:

Interest rate Exposures £'000	2018/19	2019/20	2020/21
Upper limit on fixed interest rates based on net debt	122,900	147,600	170,300
Upper limit on variable interest rates based on net debt	61,400	73,800	85,100

Maturity Structure of fixed interest rate borrowing	Lower	Upper
Under 12 months	0%	15%
12 months to 2 years	0%	15%
2 years to 5 years	0%	15%
5 years to 10 years	0%	15%
10 years to 20 years	0%	30%
20 years to 30 years	0%	30%
30 years to 40 years	0%	40%
40 years to 50 years	0%	40%
Over 50 years	0%	10%

Policy on Borrowing in Advance of Need

- 4.16 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be

demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt Rescheduling

- 4.17 As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 4.18 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short-term rates on investments are likely to be lower than rates paid on current debt.
- 4.19 Any rescheduling will be reported to the Scrutiny Panel or the Governance and Audit Committee at the earliest meeting following its action.

Municipal Bond Agency

- 4.20 It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The Council will consider making use of this new source of borrowing as and when appropriate.

HRA borrowing

- 4.21 As part of the HRA reform arrangements in April 2012, the Council decided to follow the 'two pool' approach to allocating existing debt, taking into account those loans that were originally raised for a specific purpose. This assumed that the HRA would be 'fully borrowed', however the HRA is now in a position where it may need to borrow to fund the Housing Investment Programme.
- 4.22 As the Council is maintaining an under-borrowed position, the HRA will be recharged for the cost of any new borrowing requirement based on the average balance of unfinanced HRA borrowing during the year, using the PWLB variable rate as at 31 March of the previous year. In an environment of low investment returns and relatively stable borrowing rates, this provides a recharge that is beneficial to both the HRA and General Fund, and can be reasonably forecast from early on in the financial year. This approach will be reviewed annually in conjunction with the TMSS and projected investment returns.

5 Annual Investment Strategy

Investment Policy

- 5.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017("the CIPFA TM Code"). The Council's investment priorities will be security first, portfolio liquidity second and then return.
- 5.2 In accordance with the above guidance, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short-term and Long-term ratings.
- 5.3 Ratings will not be the sole determinant of the quality of an institution, and it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this the Council will engage with its advisors to maintain a monitor on market pricing such as 'Credit Default Swaps' (CDS) and overlay that information on top of the credit ratings.
- 5.4 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 5.5 Investment instruments identified for use in the financial year are listed in **Appendix B**, which includes Counterparty, time and monetary limits. These will cover both 'Specified' and 'Non-Specified' Investments.
- 5.6 Specified Investments are sterling denominated investments of not more than one-year maturity, meeting the minimum 'high' criteria where applicable. These are considered low risk assets where the possibility of loss of principal or investment income is small. Non-Specified Investments are those that do not meet the specified investment criteria. A limit of £20m will be applied to the use of Non-Specified Investments (this will partially be driven by the long-term investment limits).

Creditworthiness policy

- 5.7 The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies;
 - CDS spreads to give early warning of likely changes in credit ratings;
 - sovereign ratings to select counterparties from only the most creditworthy countries.
- 5.8 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system, which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands that indicate the relative creditworthiness of counterparties. These colour codes are used by the

Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years (UK Government debt or its equivalent, and money market funds)
- Dark Pink 5 years Ultra-short Dated Bond Funds (1.25 credit score)
- Light Pink 5 years Ultra-short Dated Bond Funds (1.5 credit score)
- Purple 2 years
- Blue 1 year (nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No Colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

- 5.9 The creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.
- 5.10 Typically the minimum credit ratings criteria the Council uses will be a Short-term rating (Fitch or equivalents) of F1, and a Long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 5.11 All credit ratings will be monitored on a monthly basis. The Council is alerted to changes to ratings of all three agencies through its use of the creditworthiness service. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.
- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 5.12 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, and information on any external support for banks to help support its decision making process.

Country limits

- 5.13 The Council will only use approved counterparties from countries with a minimum sovereign credit rating of AA-, based on the lowest available rating. However this policy excludes UK counterparties. The list of countries that qualify using this credit

criteria as at the date of this report are shown in **Appendix C**. This list will be amended by officers should ratings change in accordance with this policy.

5.14 In addition:

- no more than £15m will be placed with any non-UK country at any time;
- the limits will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

Investment strategy

5.15 The Council will manage all of its investments in-house. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

5.16 The Bank Rate is forecast to remain at 0.50% until quarter 4 of 2018, and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%

5.17 Investment rates are likely to remain low during this period. The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows:

- 2017/18 0.40%
- 2018/19 0.60%
- 2019/20 0.90%
- 2020/21 1.25%
- 2021/22 1.50%
- 2022/23 1.75%
- 2023/24 2.00%
- Later years 2.75%

5.18 The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

5.19 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

Investment treasury indicator and limit

5.20 The limit for the total principal funds invested for greater than 365 days is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. The Council is asked to approve the treasury indicator and limit.

£'000	2018/19	2019/20	2020/21
Max. principal sums invested > 365 days	5,000	5,000	5,000

End of year investment report

- 5.21 At the end of the financial year, the Council will report on its investment activity to the Governance & Audit Committee as part of its Annual Treasury Report.

Interest rate forecasts 2017 - 2021

APPENDIX A

PWLB rates and forecast shown below take into account the 20 basis point certainty rate reduction effective as of 1 November 2012.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Link Asset Services Interest Rate View														
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
3 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.60%	0.60%	0.60%	0.70%	0.90%	0.90%	1.00%	1.20%	1.20%	1.20%
6 Month LIBID	0.50%	0.50%	0.50%	0.60%	0.80%	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%
12 Month LIBID	0.70%	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.10%	1.30%	1.30%	1.40%	1.50%	1.50%	1.60%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB Rate	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
Bank Rate														
Link Asset Services	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
Capital Economics	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	2.00%	-	-	-	-
5yr PWLB Rate														
Link Asset Services	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
Capital Economics	1.50%	1.70%	1.90%	2.10%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	-	-	-	-
10yr PWLB Rate														
Link Asset Services	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
Capital Economics	2.00%	2.20%	2.40%	2.60%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	-	-	-	-
25yr PWLB Rate														
Link Asset Services	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.50%	2.60%	2.90%	3.10%	3.30%	3.30%	3.30%	3.33%	3.33%	3.33%	-	-	-	-
50yr PWLB Rate														
Link Asset Services	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	2.30%	2.50%	2.70%	2.90%	2.90%	2.90%	3.03%	3.03%	3.15%	3.15%	-	-	-	-

Specified Investments – All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

Non-Specified Investments – These are investments that do not meet the specified investment criteria. A limit of the lesser of £20m or 50% of the portfolio will be held in aggregate in non-specified investments.

A variety of investment instruments may be used that will fall into one of the above categories, subject to the credit quality of the institution. The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Organisation	Min. Credit Criteria	Money Limit	Maturity Limit
Banks and Building Societies (including term deposits, CDs or corporate bonds)	Yellow	£10m	5 years
	Purple	£10m	2 years
	Orange	£10m	1 year
	Blue	£10m	1 year
	Red	£7.5m	6 months
	Green	£5.0m	100 days
	No colour	Not to be used	
UK Government Gilts	UK sovereign rating	£10m	1 year
UK Government Treasury Bills	UK sovereign rating	£10m	1 year
UK Local & Police Authorities	N/A	Unlimited	1 year
Debt Management Agency Deposit Facility	AAA	Unlimited	6 months
Money Market Funds	AAA	£10m	Liquid
Ultra-Short Dated Bond Funds	Dark Pink / Light Pink / AAA	£10m	Liquid
Bonds issued by Multilateral Development Banks	AAA	£3m	6 months
Property Funds	AAA	£5m	

Notes:

- Non U.K. country limit of £15m
- Limit in all Building Societies of £10m

The use of property funds can be deemed capital expenditure, and as such will be an application of capital resources. The Council will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

The criteria in this appendix are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and / or restricted time limits.

This list is based on those countries that have sovereign ratings of AA- or higher and also have banks operating in sterling markets, which have credit ratings of green or above in the Link Asset Services credit worthiness service.

AAA	Australia
	Canada
	Denmark
	Germany
	Luxembourg
	Netherlands
	Norway
	Singapore
	Sweden
	Switzerland
AA+	Finland
	Hong Kong
	U.S.A.
AA	Abu Dhabi (UAE)
	France
	U.K.
AA-	Belgium
	Qatar

Impact of Budget Strategy 2018/19

The budget for 2018/19 has been prepared in continuing difficult financial conditions. This is alongside the bedding in of changing local government financial arrangements.

There continue to be reductions in the amount of money we receive with a cut in combined Revenue Support Grant and New Homes Bonus of £2m.

The New Homes Bonus remains one of the main ways in which the Council is able to identify funds for investment to support the delivery of the Strategic Plan. In the 2018/19 budget the amount of New Homes Bonus being used to support the 'base budget' has been reduced to £1.2m and is around a third of the total grant being received next year. There is £2.21m being invested in projects or programmes. These include:-

- Allocating the affordable housing part of NHB to support housing projects.
- An allocation of £250k to support the RIF
- A contribution of £750k towards the cost of the ambitious Northern Gateway Sports Project.
- £1.2m to invest in projects that support Strategic Plan objectives and / or help deliver income to close future budget gaps.

The capital programme proposals include up to £2.9m to purchase properties to use as temporary accommodation. The programme also includes proposed lending to support the Council's commercial company arrangements, specifically, in respect of housing development and energy.

The Revolving Investment Fund (RIF) continues to set out a number of funding allocations to support major projects such as Northern Gateway as well as funding within the Town Centre and East Colchester.

Savings continue to be made where possible through service reviews which focus on how the service is delivered and not just how savings can be made.

Report of	Assistant Director of Policy and Corporate	Author	Darren Brown ☎ 282891
Title	Housing Revenue Account Estimates 2018/19		
Wards affected	All		

This report presents the Housing Revenue Account (HRA) estimates for 2018/19, the Medium Term Financial Forecast (MTFF) for 2018/19 to 2022/23, and the 30 Year HRA financial model

1. Executive Summary

- 1.1 This report sets out the Housing Revenue Account budget for 2018/19, including proposals for changes to tenants rents for the coming financial year, and the management fee payable to Colchester Borough Homes. It includes at Appendix C a forecast of the potential expenditure requirements and income projections for the HRA for the next 5 years, and the updated 30 year HRA financial model at Appendix E.

2. Recommended Decision

- 2.1 To approve the 2018/19 HRA revenue estimates as set out in Appendix A.
- 2.2 To approve dwelling rents as calculated in accordance with central Governments rent policy (set out in paragraph 5.7).
- 2.3 To approve the HRA revenue funded element of £6,658,200 included within the total management fee for Colchester Borough Homes (CBH) (set out in paragraph 5.13).
- 2.4 To note a revenue contribution of £3,453,600 to the Housing Investment Programme is included in the budget (paragraph 5.27).
- 2.5 To note the HRA balances position in Appendix B.
- 2.6 To note the Medium Term Financial Forecast (MTFF) set out at Appendix C and the 30 Year HRA financial position set out at Appendix E.

3. Reasons for Decision

- 3.1 Financial Procedures require the Assistant Director of Policy and Corporate to prepare detailed HRA estimates for approval by the Cabinet, setting the new rent levels for the new financial year.

4. Supporting Information

Key Issues for 2018/19

4.1 There are a number of key issues relating to the HRA budget for 2018/19, with further details being included within the main body of the report. However, in summary they are as follows;

- This is the third year of the Government's imposed rent reduction of 1%.
- To mitigate the impact of the Government's rent reduction, members will recall that officers from CBC and CBH have worked together on the Housing Futures Programme, which established a set of principles to ensure the investment required within the stock maintained lettable properties, whilst working to a reduced budget over the next 5 years.
- A revised Asset Management Strategy has been produced as a result of the Housing Futures Programme, and the outputs have been included in this report and the Housing Investment Programme report elsewhere on the agenda.
- This is the fifth HRA budget to be set under the terms of the new management agreement with CBH. The management fee consequently contains a larger range of budgets, and the budget is set with an emphasis on the medium term, to provide more stability and meet the governance arrangements within the new management agreement.
- This is the fifth HRA budget to be set in the context of the new 30 year HRA Business Plan, which was approved by Cabinet at its meeting on the 27th November 2013. The budget therefore reflects the strategic priorities identified within the HRA business plan.
- This is the seventh year of HRA Self-Financing, which radically altered the funding of Council Housing, and the investment in the housing stock and other projects is reflected in this report and the Housing Investment Programme report included elsewhere on the agenda.

4.2 The Government made some key announcements in The Housing and Planning Act, which will continue to have a significant impact on our HRA budget for 2018/19, as well as our Medium Term Financial Forecast (MTFF) and 30 year Business Plan. Further information is contained within the following paragraphs;

Housing Rents

4.2.1 Members will be aware that the Chancellor of the Exchequer announced in the budget on 8th July 2015, that there will be an annual decrease of 1% in social housing rents from 2016/17 for four years. The budget for 2018/19 therefore reflects the third year of this change. The Government recently announced that when the 4 year period of rent reductions ends, rents will revert to the previous formulaic increase for a period of 5 years. Therefore, rents will increase by Consumer Price Index (CPI) + 1% from 2020/21 to 2024/25.

4.2.2 There is no information to suggest what will happen to rents after 2024/25, but the assumption within the MTFF and 30 year Business Plan is that rents will continue to increase in line with the Consumer Price Index (CPI) + 1%. Rents will still be able to be moved to target rent when a property becomes empty, although the target rent will also be reduced annually by 1% over the next two years.

Sale of “Higher Value voids”

- 4.2.3 This is the forced sale of Local Authority Higher Value assets to fund the voluntary Right To Buy scheme for housing associations. It was the Government’s original intention that this would come into effect from 1st April 2016. However, in the November 2016 Autumn Statement, the Government stated that they will fund the expanded pilot and that they will not be requiring Higher Value Asset payments from local authorities in 2017/18. But given there is no indication of how much the levy that we will have to pay will be, capital work programmes for 2018/19 have been reviewed and a small provision has been made which has been ring-fenced within the Housing Investment Programme for payment of the levy if it is implemented.
- 4.3 As part of the process for setting the 2018/19 HRA budget, it is necessary to revisit the 2017/18 position to forecast the predicted level of HRA balances along with identifying any risk areas or cost pressures which could have an impact in future years.

2017/18 Revised Housing Revenue Account

- 4.4 Appendix A shows the Revised Housing Revenue Account (HRA) estimates for 2017/18. There have been some amendments to the original budget for 2017/18 during the course of the current financial year. A reconciliation is therefore provided in the following table between the Original and Revised budget for 2017/18:-

Reconciliation between Original and Revised 2017/18 HRA Budget

	<i>Budget 17/18</i>	<i>Commentary</i>
	<i>£’000</i>	
Original Budget Deficit	-	Agreed 1 st February 2017
2016/17 Budgets c/fwd	46	Agreed by Assistant Director of Policy and Corporate
Revised Budget Deficit	46	

2016/17 Forecast Outturn Position

- 4.5 When considering the financial position of the HRA, in addition to the adjustments to the 2017/18 original budget shown in the above table, it is important to note the 2017/18 forecast outturn position. It is currently predicted that the HRA will be on budget at the year-end. The table below provides a breakdown of this net position. In addition, commentary is provided on the major variations;

	<i>Outturn 17/18</i>
	<i>£’000</i>
Premises Costs	(148)
Rental & Tenants Service Charge Income	(250)
<i>One-off/Technical Items</i>	
Revenue Contribution to Capital (RCCO)	398
Forecast 2017/18 Outturn Variance	-

- Colchester Borough Homes, who manage HRA Grounds Maintenance budgets on behalf of the Council, have undertaken a review and are forecasting that we will spend £148k less than the budget this year. This reflects the savings delivered from the retendered contract, and a reduction in the provision for project work.
- It is forecast that we will receive more rental and tenants service charge income of £250k. This primarily reflects the net impact of less rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the number/timing of Right To Buy sales this year.
- As a direct result of the additional income forecast this financial year, there will be additional revenue resources available for an increased Revenue Contribution to Capital of £398k to fund the Housing Capital Programme in 2017/18.

4.6 To provide a further explanation of the forecast outturn position, the funding of the Housing Investment Programme considered elsewhere on the agenda is derived from a number of sources. After firstly taking into account depreciation, grants and capital receipts etc, the remaining sources of funding are revenue resources from the HRA as detailed in this report, then finally borrowing in the form of new loans. Any opportunity to forego new borrowing so that interest costs can be minimised and our HRA headroom can be maximised to deliver our strategic priorities should be taken. To this extent it is planned to use the forecast net underspend in 2017/18 to fund more of our Housing Capital Programme through an increased RCCO and minimise new borrowing, enabling us to meet our significant asset management priorities.

HRA Reform

4.7 Members will be aware of the implementation of the national reform of the Housing Revenue Account from April 2012. The 2018/19 budget therefore reflects the seventh year of the new financial regime for the HRA, with commentary included on the medium and long-term outlook in this report.

4.8 Appendix E summarises the 30 year financial modelling for Colchester's HRA. This is set out using the standard approach, which is to show each of the first 5 years individually, then group the remainder of the model in 5-year bands. Further information is provided at paragraph 7, including some of the underlying principles and assumptions that are included. Given the long time-span this modelling covers, it will clearly change as time progresses as both internal and external influences have an impact. However, what it does provide is an indication of the long-term viability of the Council's HRA, given the assumptions made and the plans the Council has already identified and committed to.

5. 2018/19 Housing Revenue Account Budget

5.1 Appendix A shows the Housing Revenue Account (HRA) estimates for 2018/19. This shows a break-even budget for the year, meaning there is no planned contribution to or use of uncommitted HRA balances.

5.2 It should be noted that the MTFE included within the 2017/18 HRA budget cycle and considered by Cabinet on 1st February 2017 estimated a break-even budget for 2018/19. Following the work undertaken by the Housing Futures Programme, we are able to make an RCCO to the capital programme broadly at the levels originally planned. This means there are sufficient HRA revenue resources available to fund the 2018/19 Housing Capital Programme, and therefore we are not having to use any of our borrowing headroom.

Balances

- 5.3 The prudent level of uncommitted balances for the HRA is currently £1,600k. This recognises the transfer of risk from Central to Local Government resulting from HRA Reform, as well as providing for any adverse effects of inflation, interest rates, or Right To Buy sales on the HRA. Whilst there is now some certainty around interest rates given we have secured long-term fixed rates on our HRA Reform settlement debt, the risk surrounding welfare reform continues to be recognised in our assessment of HRA balances, as does provision for a change to our assumptions on the high value voids levy should they require funding in 2018/19.
- 5.4 A risk assessment has been undertaken to review the minimum prudent level of HRA uncommitted balance the Council should maintain. The results of this review are set out at Appendix D and show that it would be reasonable to retain the uncommitted balance at £1,600k. This will continue to be reviewed annually.
- 5.5 The estimated balances for the HRA are set out in Appendix B. The anticipated level of the uncommitted HRA balance as at 31st March 2018 is £1,600k, which is equal to the recommended prudent level. This means we are now running the HRA at the minimum prudent level of revenue balances, and any additional cost or saving that might arise will directly impact on the use of our borrowing headroom.
- 5.6 The budget at Appendix A shows that we are using as much of our revenue balances as possible to make a Revenue Contribution to fund the Housing Investment Programme. This is because it is deemed to be a more economical use of resources, rather than fund the capital programme by undertaking additional borrowing, thus incurring additional borrowing costs and using available borrowing headroom. This fits with the prioritising of resources indicated in this report and in the Housing Investment Programme elsewhere on the agenda. From 2018/19 thereafter, the assumption is that where required, revenue contributions to the capital programme will be made up to the point that the minimum recommended level of balance is reached.

Income

Housing Rents

- 5.7 By following the rent reduction announcement, we are continuing to set **dwelling rents within Communities and Local Government (CLG) guidelines and so the annual changes in rents paid by tenants are set by reference to national Government policy**. The average rent proposed for 2018/19 is £85.73 per week compared to a current average of £86.60, a decrease of £0.87 (1.0%) per week. It is difficult to anticipate future rent increases after 2019/20, given the potential for the rate of inflation to vary in the short to medium term and also for any further changes in Government rent policy. However, modelling within the MTFF and 30 year financial modelling has been undertaken using reasonable estimates of inflation rates.
- 5.8 Sales of council houses under the Right to Buy (RTB) scheme could reach 50 in 2017/18 (51 sold in 2016/17 and 34 sold in 2015/16), which is in line with the number included in the 2017/18 HRA budget. The level of sales has increased in recent years, presumably due to the Governments changes to the RTB scheme (which primarily focused around increasing RTB discounts to tenants). The 2018/19 budget has been set assuming the sale of 50 properties, being broadly in line with recent levels. The MTFF and longer term modelling does not assume a reduction in the number of sales until 2022/23. However, these assumptions will be reviewed annually as part of our future budget setting.
- 5.9 The budget for 2018/19 has been set using the assumption that there will be a loss of rental income of 1.50% resulting from empty properties. This is consistent with the 2017/18 budget and is intended to provide for any additional void loss that may arise as a result of the various changes being undertaken within the housing stock.

Other Income

- 5.10 The rents for garages are included in the fees and charges report agreed by the Portfolio Holder for Housing and Communities. The policy has been altered to reflect a pricing strategy based on market forces.
- 5.11 There are a range of other fees and charges for services which are made to Tenants and Leaseholders, which are agreed by the Portfolio Holder. The budget for 2018/19 assumes that the demand for these services will remain the same as the current financial year, unless mentioned otherwise.
- 5.12 The de-pooling of service charges to individual tenants was implemented in 2008/09. There have been some new service charges introduced for 2018/19, relating to the annual maintenance of door entry systems; communal Wi-Fi facilities, television and media licences; and security patrols. There has also been the annual update of existing charges to reflect the actual cost of the services provided.

Expenditure

Colchester Borough Homes Management Fee

- 5.13 As part of the new management agreement which commenced in August 2013 between the Council and CBH, the management fee has been expanded to reflect the wider range of services CBH now provides on behalf of the Council. The fee incorporates the day to day repairs and maintenance budgets and associated overheads, along with the fee for managing the capital programme, as a result of the new housing arrangements. The management fee is funded from several sources within the Council's accounts, namely the Housing Revenue Account, the Housing Investment Programme, as well as the Council's General Fund. The following table analyses the total CBH management fee, and provides details of where the funding is shown in the Council's overall budget:

Breakdown of 2018/19 CBH Management Fee

	<i>Budget 18/19</i>	<i>Funding Source</i>
	<i>£</i>	
CBH Management costs	3,453,300	CBH Ltd Management Fee at Appendix A
R&M Management Fee	511,700	Included in Repairs & Maintenance at Appendix A
R&M Works	2,693,200	Included in Repairs & Maintenance at Appendix A
Sub-Total: HRA	6,658,200	
Capital Fee	1,325,000	Included within the 2018/19 Housing Investment Programme
Sub-Total: HIP	1,325,000	
Anti-Social Behaviour Team	48,000	Included within the 2018/19 General Fund Budget
Professional Support Unit	122,300	Included within the 2018/19 General Fund Budget
Housing Options Team	628,200	Included within the 2018/19 General Fund Budget
Facilities Management/ Engineering Team	502,600	Included within the 2018/19 General Fund Budget
Sub-Total: General Fund	1,301,100	
Total Management Fee	9,284,300	

- 5.14 The base management fee for 2018/19 includes an allowance for pay inflation, and transfer of an HRA delegated budget into the CBH management fee. Furthermore, a one-off allowance has been made for the increased employer pension contributions CBH now have to pay following the schemes actuarial review. From 2019/20, this allowance will fall-out and CBH will need to deliver efficiency savings to meet the on-going cost.
- 5.15 Members will be aware that at its meeting on the 27th November 2013, Cabinet approved the Council's 30 year HRA Business Plan. The 2018/19 budget and management fee include the continuation of a number of service enhancements, which reflect the strategic priorities identified by Cabinet and which are included within the business plan. The majority of these are incorporated within the existing CBH Management Fee and Council budgets, with additional resources being directed in particular to supporting tenants.

Management Costs

- 5.16 The 2018/19 HRA budget includes £5,490,600 for management costs, a decrease from 2017/18 (£6,642,300). Management costs form a substantial part of the HRA annual expenditure, and they consist of budgets managed directly by the Council, as well as those which are managed on behalf of the Council by CBH. Further information along with an explanation for any material changes from the 2017/18 budget is given in the following paragraphs;
- 5.17 The budget for Premises costs has decreased by £172,700 for 2018/19. The majority of this relates to Grounds Maintenance budgets, which have been reduced to reflect the saving delivered from the retendered contract, and a reduction in the provision for project work. There has also been a reduction in the budgets for utilities, reflecting an update on usage and pricing.
- 5.18 The budget for Supplies and Service costs has decreased by £13,200. This primarily relates to the transfer of an HRA delegated budget into the CBH Management Fee, as referred to in paragraph 5.14.
- 5.19 The budget for Removal and Disturbance payments has been decreased by £60,000 as the budget for costs associated with tenants moving home in 2017/18 as a result of the sheltered housing accommodation project will not be required in 2018/19. In addition, the budget for Transfer Incentive Payments has been reduced by £20,000 to reflect recent years expenditure levels.
- 5.20 The HRA receives a significant level of recharges from other Council services, along with a proportion of central support costs, such as Corporate and Democratic Core and Pension costs associated with the back-funding of the scheme. The total budget for 2018/19 has decreased by £890,300 from 2017/18. As indicated in the 2017/18 HRA Budget report, we took the approach of paying 3 years pension deficit funding contributions "up-front", which resulted in an overall saving over 3 years. This was the same as the approach adopted within the Councils General Fund budget for 2017/18. The budget for 2018/19 has therefore reduced given this "one-off up-front" cost has fallen out, and the saving is being achieved.

Repairs and Maintenance

- 5.21 The 2018/19 Housing Investment Programme has been drafted and is included elsewhere on the agenda for approval. In respect of revenue works £4,913,400 has been included in the budget for repairs and maintenance (compared to £4,983,400 in 2017/18), of which £3,204,900 is specifically for works and associated overheads included within the CBH Management Fee. A provision of £1,399,100 is included in the budget for those works which are managed by CBH on behalf of CBC, such as external decorating and gas servicing, but where CBC still hold the contract. The balance of the budget is for works to sewage pumping stations, temporary accommodation and other CBH delegated areas. The revenue budget provides for repairs that are undertaken on a

responsive basis, as well as works to void properties, and maintenance which is carried out under a planned programme such as external decorating and gas servicing.

Capital Financing Costs

- 5.22 The budget includes the statutory charges to the HRA for the interest costs of the Councils borrowing in respect of the housing stock. This represents a significant proportion of the Councils HRA expenditure each year. It is worth noting that any new borrowing to fund the overall Housing Investment Programme next year would be borrowed internally from the Councils General Fund, which is at a lower rate than would be payable were we to borrow externally. This also delivers a benefit to the General Fund, as it would be receiving more interest than it would attract were it to invest externally. This approach has been considered and agreed as part of the Council's treasury management strategy.
- 5.23 No provision has been made at this point in time for the annual repayment of any HRA debt, as there is no statutory duty to provide for it. However, the Council now has circa £130million of housing debt, and it would be prudent to start to consider providing for some repayment in the future. The Treasury Management Strategy Statement approved by Cabinet on 25th January 2012 stated "That the Council plans to make Voluntary Revenue Provisions (VRP) for the repayment of HRA debt to enable maturing debt to be repaid, whilst ensuring that this does not create an adverse impact on the business case". However, this also needs to be considered alongside the Government's rent reduction policy and the investment requirements of the housing stock.
- 5.24 Members will be aware that the Government's announcement of the rent reduction for four years has had a considerable impact on the HRA Business Plan model. The financial modelling undertaken as part of this year's budget setting cycle currently indicates that there will be no surplus resources generated over the next 30 years which could be used to provide for the repayment of debt, and in fact after 2026/27 (Year 9), there is a deficit in resources meaning that we are unable to generate the resources required to meet the existing spending plans within the current financial model. However, it should be noted that the extent of this is based upon assumptions around inflation etc, which could increase/decrease the amount of resources available by the time this point is reached.
- 5.25 Although it is predicted that there will not be a need to undertake additional HRA borrowing to support the Housing Investment Programme over the next 5 years, it would seem impractical to set-aside revenue resources for debt redemption over this period of time, which as a result would leave a funding gap which would need to be met by further borrowing (and hence incur additional revenue interest costs). However, this should be considered each year as part of the Councils annual budget setting process and review of the 30 year HRA financial model. Given the medium term investment needs currently identified and priorities agreed by Cabinet, it is proposed that no voluntary provision for the annual repayment of debt is included in the 2018/19 budget or MTFF at this point in time.

Revenue Contributions to Capital Outlay (RCCO)

- 5.26 The Council has continuously made revenue contributions to capital spending recognising the significance of targeting resources to invest in our Housing Investment Programme. Given the regime of HRA self-financing and the additional revenue resources subsequently generated, the Council is able to make significant revenue contributions to support the capital investment included within the Housing Investment Programme.

- 5.27 The revenue contribution included in the estimates is £3,453,600. The majority of this budget is to support the capital work programmes to the housing stock in 2018/19, which are included within the Housing Investment Programme report elsewhere on the agenda. However a provision of £140,000 has been included for ICT, which is intended to support various projects.

Risk areas and budget review process

- 5.28 Some of the key variables that may impact during the year are shown in the table below:-

Area	Comment
Rental Income	The budget makes assumptions on the future level of Right To Buy sales and void levels. These are to a certain extent demand led and due to the significance of Rental Income within the HRA, can have a significant effect on the level of the HRA balance. Furthermore, the risk exists that the Government could change rent policy unexpectedly, as demonstrated by the rent reduction announcement in 2015.
Governments Welfare Reform	The budget includes an estimate of the impact of Welfare Reform. As well as providing for transaction costs etc, the budget also includes an estimate of the potential impact upon rent arrears and consequently the level of bad debts provision we would need to maintain.
Revenue Contributions to Capital (RCCO) / Prudential Borrowing	Capital Resources have been provisionally allocated for 2018/19 within the Housing Investment Programme report contained elsewhere on the agenda. If these resources prove insufficient, then options exist to either finance capital expenditure from revenue, or undertake HRA borrowing subject to the HRA debt cap. Clearly, if one of these options was pursued, then there will be a requirement to find additional resources from the HRA.
Repairs and Maintenance	Historically, this is an area where pressure has existed on budgets such as Responsive and Void repairs, given that they are demand-led. However, in recent years this has become less of a risk. These budgets now form part of the CBH Management Fee, and the terms of the management agreement specify that CBH will be liable for any overspend up to a maximum of £200k per year, but also that they may retain any underspend up to £100k per year. Therefore, there could be a reduced impact on the HRA of variations in expenditure.
Utility costs	The budget makes assumptions on future prices for Gas and Electricity that are consumed within the Council's housing stock, such as Sheltered Schemes, Temporary Accommodation and Communal entrances in blocks of flats. Given the volatility of utility prices in recent years, there is a risk that prices could rise, the cost of which would have to be funded from existing resources or HRA balances.
2017/18 Outturn	An underspend of £398k is currently predicted for this year, which is planned to be used to fund a greater proportion of our Housing Capital Programme instead of new borrowing. Any variance on the forecast will result in a higher or lower RCCO, which will have a knock-on impact on the use of our borrowing headroom.

- 5.29 As shown in paragraph 5.28 above several key variables have been identified. It is therefore essential that a programme of formal reviews of the HRA be set out to provide an opportunity to make changes to resource allocations during the year. The following schedule therefore sets out a suggested framework for these reviews.

Review	Comment
March 2018	Updated outturn forecast.
July 2018	Provisional pre-audit outturn / current year issues etc.
September 2018/ October 2018	Mid-year review.
December 2018 / January 2019	Outturn review / Budget 2019/20.

6. **Supporting Information - Medium Term Financial Forecast (MTFF)**

- 6.1 As part of the budget process for 2018/19 a MTFF has been produced for the HRA. This sets out the indicative budget position for the period 2018/19 to 2022/23. Although we are operating under the new HRA Finance regime, and more certainty is now in place, assumptions still have to be made around inflation rates, void levels, bad debts and increases in costs etc, which can of course change. To that extent, the MTFF should still be viewed as indicative.
- 6.2 Appendix C sets out the MTFF for the period analysed by the main areas of expenditure and income. This shows that the level of uncommitted HRA balance is able to be maintained at prudent levels throughout the MTFF. This is after meeting all the running costs of managing & maintaining the housing stock, along with servicing the borrowing costs on all HRA debt. It is also after substantial revenue contributions have been made to support the Housing Investment Programme. Planning to run the HRA balance at the minimum prudent level fits with the principle that it is more cost effective to minimise/reduce borrowing costs where possible, rather than hold a higher revenue balance than is prudently required, whilst also providing reassurance to tenants and residents that the Council is wisely managing its finances and its housing stock. This approach fits with the principle referred to in paragraph 5.6 above. The recommended level of uncommitted balance on a risk based approach is £1,600k. There are several factors which can affect the forecast position, namely:-

➤ **Capital financing**

Given the treasury management strategy relating to our HRA Reform debt settlement was to borrow at fixed interest rates, this means we are able to plan with certainty into the long-term surrounding the financing costs of this debt. The MTFF includes assumptions on the interest rate we will have to pay on the further HRA borrowing that would need to be undertaken to support the Housing Investment Programme, included elsewhere on the agenda. Given that any future additional borrowing would be undertaken at the prevailing interest rates at the time, for the purposes of the MTFF a reasonable assumption has been made on what those rates might be. This will be reviewed as part of the annual budget setting process.

➤ **Debt Repayment**

As a result of the Governments "Re-invigorating the Right To Buy" policy in 2012, Councils are selling more properties than Government assumed as part of the original HRA Reform debt settlement in April 2012. The Government therefore introduced a system which shares capital receipts. Part of this sharing enables Councils to re-invest capital receipts in the replacement of these additional sales (namely 1-4-1 RTB receipts). It also allows Councils to retain a proportion of capital receipts to reduce HRA debt, which are held in a separate reserve. The logic being that each property in the HRA supports the overall level of HRA debt through its net rental income (excess of rental income over running costs). Therefore, if we didn't reduce debt, it would mean our HRA

Business Plan would have debt but without the necessary number of dwellings to service that debt as a result of their sale. Therefore by reducing debt, we would reduce our interest costs payable and be able to maintain existing levels of services to tenants and leaseholders. Put another way, if we did not reduce our debt, an increasing proportion of tenants rental income would be spent on interest costs, with a decreasing proportion being spent on existing services.

The next opportunity to repay debt is in May 2020, when a £17.6million loan matures. It is prudently assumed that there will be £5million in the debt repayment reserve at that point in time. Therefore, at the time of maturity, it is assumed that we will re-finance and use the resources in the reserve so we can borrow a lower figure. Using these figures, it would mean we would take out a new loan of £12.6million. Hence our overall level of debt would reduce by £5million, and this is demonstrated in the graph in paragraph 7.18 and Year 3 in Appendix E. This also means there would be a saving to the HRA as interest costs payable would be lower, due to the lower level of debt and the projected borrowing rate being considerably lower than that of the current loan.

➤ ***Rental income***

Rent forecasts reflect the Governments rent reduction for the remaining two years. Prior to the announcement, rental income forecasts were particularly dependent upon assumptions on future inflation levels. However, whilst causing a significant reduction on our rental income, the announcement brings some degree of certainty for the next two years. From 2020/21, the MTFF reflects the Governments recent announcement that rent increases will return to the previous formula of CPI + 1% up until 2024/25. There has been no indication from Government what rent policy would be after that year. The assumptions on the number of Right To Buy sales and the level of anticipated rent lost through void properties have been updated to reflect recent activity, but once again these are areas which can significantly alter the forecast of Rental Income and are to a certain extent demand led.

➤ ***Welfare Reform***

Continued provision has been made within the MTFF for the estimated potential effect on levels of rent arrears and bad debts, resulting from the introduction of Welfare Reform by the Government. The contribution to the provision for bad debts has been broadly maintained at the level for 2017/18 going forwards, with the level of provision being reviewed annually as part of the budget setting process.

➤ ***Higher Value Voids***

As previously stated, the Government have not given any indication of how much the levy that we will have to pay will be. However, in anticipation the capital work programmes for 2018/19 to 2022/23 have been reviewed and a small provision has been made which has been ring-fenced within the Housing Investment Programme for payment of the levy if it is implemented. Potentially the HRA will need to manage the impact of any loss of future rental income (net of marginal cost savings), and any difference between payments we have to make to the Government and capital receipts actually realised, should we dispose of dwellings to fund the levy. No assumptions for these are currently reflected in the budget and MTFF, but will be considered in future budget setting cycles as and where appropriate.

- 6.3 The MTFF therefore provides a baseline position against which to make decisions as to the allocation of HRA resources and to determine the budget strategy over the next 5 years. The MTFF will be updated on a regular basis.

7. Supporting Information – 30 Year Financial Modelling

- 7.1 The implementation of HRA Reform in 2012 brought the expectation that Councils will take a greater business planning role when managing their Housing Revenue Account. Cabinet approved the Councils 30 year HRA Business Plan at its meeting on 27th November 2013. This included a 30 year financial model which set out the long-term position of the Councils HRA, using 2013/14 as the base year. As part of the 2018/19 budget setting process, this model has been refreshed and updated. This is summarised at Appendix E. This is set out using a standard approach, which is to show each of the first 5 years individually, then group the remainder of the model in 5-year bands. It incorporates expenditure & income for both revenue and capital, along with the HRA balances and debt position.
- 7.2 The information provided by the model for future years should be viewed as indicative. This is because a number of assumptions have to be made when projecting into the future, and the following paragraphs give some further details on these. Given the potential for these to vary, the impact upon the modelling could result in an improvement or decline in the position shown, dependant on the size of change and the degree of impact upon the plan. However, prudent assumptions are made wherever possible to protect the Councils financial position and to ensure the ongoing viability of the HRA.
- 7.3 Officers have undertaken sensitivity analysis on the 30 year model to evaluate the impact any change or combination of changes in the assumptions could have. Further information on the work undertaken is provided at paragraph 7.25.

Income Assumptions

- 7.4 One of the key drivers within the financial model is inflation. This is the factor which determines future annual rent increases for tenants, and it is this income which we are able to retain in the future to meet the increased stock investment and additional borrowing costs resulting from our increased debt arising from HRA Reform.
- 7.5 The Government recently announced that when the 4 year period of rent reductions ends, rents will revert to the previous formulaic increase for a period of 5 years. Therefore, rents will increase by Consumer Price Index (CPI) + 1% from 2020/21 to 2024/25. For the purposes of Business Planning, it has been assumed this formulaic increase will continue from 2024/25 for the remaining duration of the 30 year model. There is currently no indication to suggest that this is going to alter. As a reminder to members, a change in rent policy is the example the Government at the time quoted within the HRA Reform debt settlement that would possibly re-open the original debt settlement. However, this has not occurred. Therefore, Colchester along with all other housing authorities nationally, entered into the new self-financing HRA arrangements at the time on the basis that the Government was providing certainty on national rent policy, which has now clearly changed.
- 7.6 Assumptions have been made within the model for loss of stock, primarily from Right to Buy sales. These are consistent with those made in the budget and MTFF. The Council has entered into agreement with DCLG to retain additional RTB receipts to deliver new affordable housing. However, given the impact the Governments rent reduction has had on our available borrowing headroom and subsequent potential to undertake further new build within the HRA, there is the possibility we will have to repay to Government retained RTB receipts during the current financial year, and in 2018/19 and subsequent years. Officers are constantly exploring alternative delivery options which could minimise the amount that has to be repaid.
- 7.7 Assumptions have been made regarding rent lost from void properties and bad debts. An allowance has been made for ongoing operational voids, as well as an ongoing increase to the level of bad debts provision we may need to hold following the introduction of the Governments welfare reforms.

- 7.8 It has been assumed that income from garages will increase in line with CPI. There is the potential for this to increase, with the improvement to the financial model coming through a combination of reduced void levels as well as an increase in annual charges.
- 7.9 All other income budgets are assumed to increase in line with inflation.

Expenditure Assumptions

- 7.10 Similarly to income, inflation can have a significant impact upon expenditure levels within the 30 year financial model. It has been assumed that the Retail Price Index (RPI) will be 1% higher than the Consumer Price Index (CPI), although the assumption that rents will increase by CPI + 1% means inflation on expenditure will be at the same rate as assumed for income.
- 7.11 Management costs have been assumed to remain at the current base level throughout the life of the 30 year model, subject to inflationary increases. The exception to this is where it is known they will alter, for example tri-annual reviews of the pension scheme by Essex County Council, or where one-off sums have been included within the base budget.
- 7.12 Maintenance costs have been extracted from the Councils 30 year Asset Management Strategy. Assumptions have been made around future increases in line with general inflation, but these costs are also subject to changes to the BCIS (Building Cost Inflation) and market conditions that impact as contracts are re-tendered.

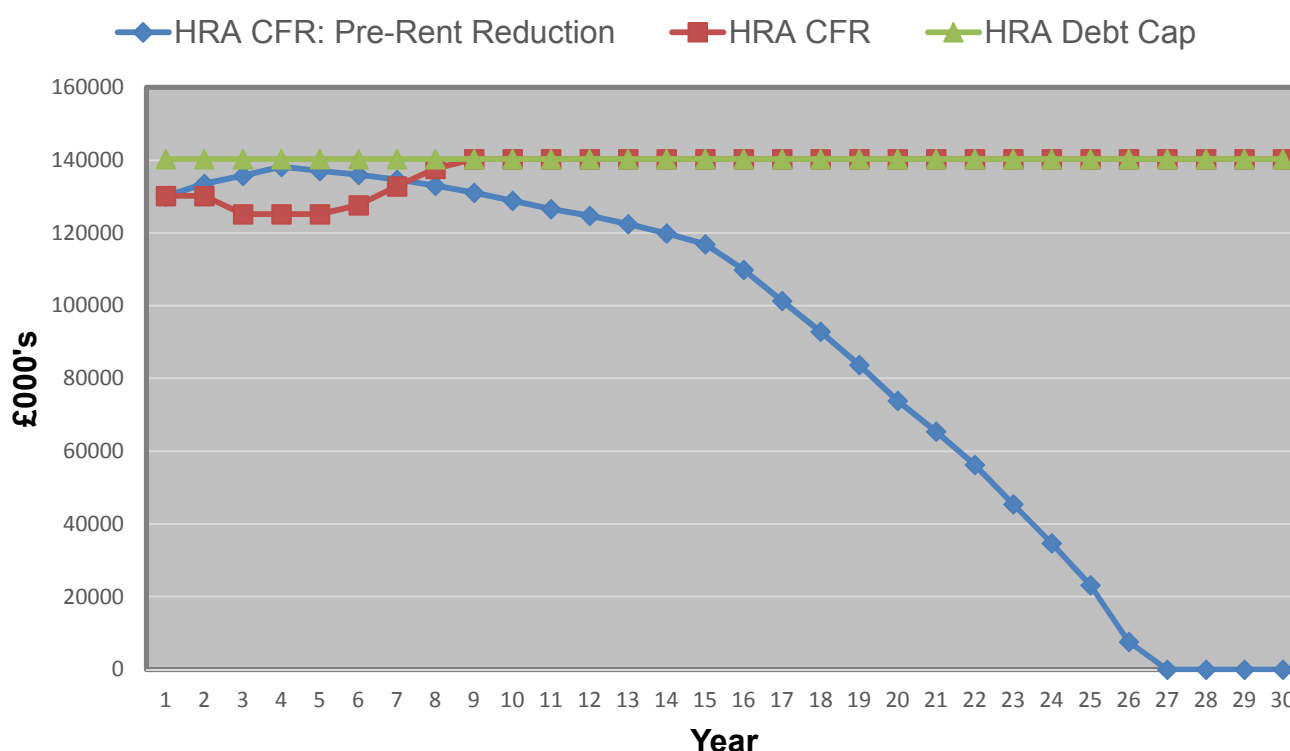
Funding & Financing Assumptions

- 7.13 The Council's Asset Management Strategy includes the expenditure requirements of our housing stock over the next 30 years. This has been reflected in the 30 year financial model. The day to day repairs and maintenance costs are funded from the revenue account, whilst the capital expenditure requirements are funded from a variety of sources which is considered within the Housing Investment Programme (HIP) report elsewhere on the agenda
- 7.14 The priority of how resources are used to fund the HIP is contained within that report for 2018/19, which in summary is aimed at using specific grants and capital receipts first, then reserves, with the intention of preserving revenue resources as far as possible as they offer the greatest funding flexibility. Should there be no or insufficient revenue resources available, then additional borrowing utilising any available headroom would be the final approach. This is because borrowing carries a cost of doing so; therefore it is treated as the last option to gain the maximum use of revenue resources available.
- 7.15 Under HRA Reform, the primary source of funding the Housing Capital Programme, especially in the early years, is a charge to the HRA which reflects the cost of depreciation to the housing stock. This is calculated locally, with reference to our actual stock condition and asset management strategy.
- 7.16 We are able to plan with certainty for the borrowing costs relating to the HRA Reform debt settlement, given that we entered into a number of long-term fixed rate loans. We are currently assuming a rate of 4.5% on any future borrowing undertaken to support the Housing Capital Programme, which will be reviewed annually as part of the budget cycle. However, it should be noted that the impact of interest rates can be significant, given any 1% change in interest rates would result in an annual cost of £100k (based on the maximum amount of borrowing headroom currently unused).

Debt

- 7.17 The measure of an authority's debt under self-financing is the HRA Capital Financing Requirement (HRA CFR). Our opening HRA debt on 1st April 2018 is expected to be £130.184million. We have a debt cap of £140.275million, which is the limit the Government have imposed to control public sector borrowing under HRA Reform.
- 7.18 The following graph shows our current debt profile that is being generated by the 30 year financial model. This works on the principle that once all of the costs of managing & maintaining our housing stock have been met, and the interest costs of our HRA borrowing have been paid, any residual income can be used to repay debt. It is important to state that this is an indication of the ability to repay debt, as what actually dictates whether debt is reduced is where the Council actually repay loans as they mature. For comparison purposes, the graph also shows the debt curve prior to the Governments announcement of the 4 year rent reduction that was reported to Cabinet as part of the 2015/16 HRA Budget report. At the time, this showed debt being repaid in year 27.

Debt Profiles



- 7.19 The above debt curve shows that as a result of the work undertaken by the Housing Futures group, we are currently not predicting to use any of our borrowing headroom to deliver the capital investment requirements of the housing stock as set out in the current Asset Management Strategy over the next 5 years. The debt curve also reflects the intended debt repayment referred to in paragraph 6.2. It is currently projected that we will have used all our available headroom by Year 9, and will reach our debt cap. The current modelling also shows that our debt will remain at the level of the debt cap for the remainder of the 30 years based on current assumptions and investment plans, meaning there is no borrowing headroom available for further investment. In fact, Appendix E shows a shortfall in resources on the Capital Account when compared to the investment requirements in all years after year 2026/27.

- 7.20 The difference between the HRA Debt Cap and the HRA CFR is known as the “borrowing headroom”, and represents the amount of additional resources the Council can generate through further borrowing. This is set to decrease as time progresses (and we will eventually hit the debt cap), as given the rent reduction has reduced our rental income over the life of the plan, there are no surplus resources being generated within the model which we can use to repay debt (or set aside to repay debt if it is not able to be repaid at that point in time). However, the outcomes from the Housing Futures Programme has meant that the point at which we reach our debt cap has been pushed back several years. The following table shows the predicted level of available headroom over the first 10 years of the current financial model, after taking into account the potential borrowing that may be undertaken to fund the Housing Investment Programme and any provision for the repayment of debt;

Year	Available Borrowing “Headroom” £000’s
2018/19	10,091
2019/20	10,091
2020/21	15,091
2021/22	15,092
2022/23	15,092
2023/24	12,604
2024/25	7,468
2025/26	2,584
2026/27	-
2027/28	-

- 7.21 The above table shows that there is available headroom in each of the next 8 years, after which it is **projected** we will reach our debt cap. This projection is derived from a number of assumptions in the financial model, many of which are out of our direct control, for example inflation, Right To Buy numbers etc. Therefore the headroom figures in the table above should be viewed entirely as indicative.
- 7.22 If, as projected, the headroom figures reduce to the point that they reach zero, or in other words we reach our debt cap and no longer have any headroom available, then to accommodate any further cost pressures/reductions in income that could occur, we would need to reduce our expenditure plans on either our Housing Capital Programme or revenue budgets, or a combination of both. Consideration needs to be given to this possibility when setting this and future years’ budgets, and when considering any further plans for the use of borrowing headroom.

Outlook Summary

- 7.23 The Government’s rent reduction for four years has had a major impact on the HRA financial model. As members will be aware, this change in policy has resulted in a reduction in forecast rental income of circa £143million. This means we are predicting that we will reach our debt cap in 2026/27 (9 years’ time), and not be able to reduce our debt over the remaining 21 years of the plan, meaning we will not be able to undertake any further borrowing to fund capital investment. In fact, Appendix E is showing that there is a shortfall in capital funding from year 9 onwards, based on existing investment plans and our current Asset Management Strategy.

- 7.24 Given the current projected 30 year position, officers will continue to look for opportunities where income can be maximised, and expenditure savings can be achieved. This will include any changes in Government Policy which could arise over the short to medium term.

Sensitivity Analysis

- 7.25 A key part of business planning is understanding the factors that can influence the outputs, and their potential impact. Therefore, a number of sensitivities can be modelled, to see how they affect the base position. The following table sets out some examples of the sensitivity analysis undertaken and their resultant impact upon the 30 year HRA model, compared to the base position shown at Appendix E;

		Variation to Base Position			
		Scenario 1	Scenario 2	Scenario 3	Scenario 4
	Base Position	Reduction in Inflation of 1% over 30 Years	Increase in Inflation of 1% over 30 Years	Decrease in Inflation of 1%, Increase in RTB's by 10, Decrease in Mgt Costs by £200k in every Year	Increase in Inflation of 1%, Increase in RTB's by 10, Increase in Mgt Costs by £200k in every Year
Peak Debt Year	Year 9-30	Year 9-30	Year 9-30	Year 9-30	Year 8-30
Year Debt Repaid	-	-	-	-	-
Capital Investment affordable over 30 Years	£372.7million	£312.0million	£446.9million	£309.1million	£408.9million
Surplus HRA Balance at Year 30	£3.3million	£1.0million	£4.3million	(£14.4million)	(£9.0million)

- 7.26 The sensitivity analysis in Scenarios 1 & 2 above demonstrates the impact that inflation can have on the long-term HRA model. If inflation increases, rental income (following the Governments rent policy) increases at a higher rate than expenditure. Also, a large proportion of our costs are not affected by inflation, such as the fixed rate interest costs on our borrowing. Consequently, rising inflation results in a net gain to the HRA. Conversely though, lower inflation results in a net loss to the HRA, as we receive less rental income than we save in lower costs.
- 7.27 The sensitivity analysis also demonstrates how a combination of variables can influence the modelling, such as changes in inflation rates, numbers of Right To Buy sales and variations in costs for example. Depending on the scale of these changes, they could either bring a significant benefit to/put pressure on the viability of the current plan, or could actually be broadly neutral. Finally, the analysis above assumes any change would exist for each of the 30 years in the HRA, which is highly unlikely given the long time-scale involved, and also assumes no corrective action would be taken if there were a negative impact, which clearly would not be the case. However, it aims to give an understanding of how changes could impact upon the current base 30 year HRA model.

8. Strategic Plan References

- 8.1 The revenue estimates presented here link to the following areas of the Councils strategic plan:
- **Welcoming** - a place where people can grow and be proud to live.
 - **Vibrant** - Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life.
 - **Prosperous** - Provide opportunities to increase the number of homes available including those that are affordable for local people and to build and refurbish our own Council houses for people in significant need

9. Consultation and Publicity

- 9.1 With the potential consideration of service improvements that would lead to new service charges for tenants, it is anticipated that an appropriate amount of consultation will be undertaken during the course of the financial year.
- 9.2 The Council conducted the bi-annual STAR survey through ARP Research in April 2016 with the specific aim of obtaining customer feedback through a sample survey of general needs tenants (1600), and all sheltered tenants and leaseholders. Questions were centred on Colchester Borough Homes' performance, tenant satisfaction with their homes, neighbourhood and services. The survey also attempted to identify tenants' priorities on where we focus the provision of non-statutory services. It is planned to repeat the STAR survey during 2018 and the report of the results will be made available to Cabinet and Members.
- 9.3 Consultation has been undertaken as part of the process to review spending plans given the impact of the Governments rent reduction announcement referred to within this report. A task and finish group was held with a number of tenants and leaseholders on the Asset Management investment plans of the Housing Futures Programme. One of the outcomes of this was that the views of tenants and leaseholders were generally in line with the proposed investment programme.

10. Financial Implications

- 10.1 Are set out in this report.

11. Equality, Diversity and Human Rights Implications

- 11.1 This report has no specific human rights implications. Consideration has been given to equality and diversity issues in respect of any budget changes proposed as part of the budget process. This has been done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

12. Community Safety Implications

- 12.1 This report has no significant community safety implications

13. Health and Safety Implications

- 13.1 This report has no significant Health and Safety implications

14. Risk Management Implications

- 14.1 These have been taken into account in the body of the report.

Appendices

- Appendix A - Housing Revenue Account Estimates 2018/19
- Appendix B - HRA Balances Statement
- Appendix C - Medium Term Financial Forecast
- Appendix D - HRA Balances Risk Management Assessment
- Appendix E - 30 Year Financial Model

Background Papers

- None

COLCHESTER BOROUGH COUNCIL			
Revenue Estimates 2018/19			
Housing Revenue Account			
Summary			
2016/17		2017/18	2018/19
Actuals	Expenditure & Income Analysis	Revised	Original
£000's		Budget	Budget
		£000's	£000's
	INCOME		
(26,927)	Dwelling Rents (Gross)	(26,264)	(25,736)
(939)	Non-Dwelling Rents (Gross)	(899)	(1,002)
(2,669)	Charges for Services and Facilities	(2,553)	(2,639)
(73)	Contributions towards Expenditure	(91)	(76)
(30,608)	Total Income	(29,807)	(29,453)
	EXPENDITURE		
4,927	Repairs and Maintenance	4,999	4,914
3,382	CB Homes Ltd Management Fee	3,463	3,453
5,728	Management Costs	6,673	5,491
136	Rents, Rates and Other Charges	202	193
76	Increased provision for Bad or Doubtful Debts	250	250
5,605	Interest Payable	5,616	5,667
1,663	Depreciation and Impairments of Fixed Assets	5,000	6,000
66	Amortisation of Deferred Charges	66	57
69	Debt Management Costs	68	63
21,652	Gross Expenditure	26,337	26,088
(8,956)	Net Cost of Services	(3,470)	(3,365)
4,459	Net HRA Income from the Asset Management Account	(66)	(57)
(31)	HRA Investment Income (including mortgage interest and interest on Notional Cash Balances	(32)	(32)
(4,528)	Net Operating Expenditure	(3,568)	(3,454)
3,970	Revenue Contribution to Capital Expenditure	3,614	3,454
(558)	Deficit/(Surplus) for the Year	46	-
(2,388)	Deficit/(Surplus) at the Beginning of the Year	(2,946)	(2,900)
(558)	Deficit/(Surplus) for the Year	46	-
(2,946)	Deficit/(Surplus) at the End of the Year	(2,900)	(2,900)

Housing Revenue Account - Estimated Balances

	£'000
Balance as at 1 April 2017	(2,946)
Committed - Capital Spending in 2017/18 and onwards	1,300
Less budgeted deficit/use of balances in 2017/18	46
Plus Forecast underspend in 2017/18	-
<i>Unallocated balance at 31st March 2018</i>	(1,600)
Less Proposed Use of balances in 18/19 Budget	-
Estimated uncommitted balance at 31st March 2019	(1,600)
Recommended level of Balances	(1,600)
Forecast balances above prudent level at 31st March 2019	-

Note:

This forecast is on the basis that there are no further calls on balances during the remainder of the year.

Housing Revenue Account – Medium Term Financial Forecast

Area	Revised Budget 17/18	Budget 18/19	Budget 19/20	Budget 20/21	Budget 21/22	Budget 22/23
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Housing Rents	(26,273)	(25,724)	(25,665)	(25,708)	(26,248)	(26,820)
Other Income	(3,534)	(3,729)	(3,742)	(3,833)	(3,950)	(4,070)
	(29,807)	(29,453)	(29,407)	(29,541)	(30,198)	(30,890)
Expenditure						
Repairs & Maintenance	4,999	4,913	5,318	5,478	5,643	5,812
Running Costs	10,588	9,387	9,634	10,226	10,493	10,769
Interest Payable	5,616	5,667	5,667	5,011	4,913	4,913
Depreciation	5,000	6,000	6,180	6,365	6,556	6,753
Other Capital Financing	36	32	20	(17)	(14)	(9)
RCCO	3,614	3,454	2,588	2,478	2,607	2,652
Contribution to Balances	0	0	0	0	0	0
Other	0	0	0	0	0	0
	29,853	29,453	29,407	29,541	30,198	30,890
Budgeted (Surplus)/Deficit	0	0	0	0	0	0
Forecast 2017/18 underspend	0	0	0	0	0	0
Revised (Surplus)/Deficit	46	0	0	0	0	0

Opening Balance	(2,946)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)
Committed Balance	1,300	-	-	-	-	-
(Surplus)/Deficit	46	-	-	-	-	-
Uncommitted Closing Balance	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)

* It should be noted that it is currently forecast the HRA will be underspent by £398k in 2017/18, which will be used to increase the RCCO in the year. Clearly, if this level of underspend is not achieved, then there will be a resultant impact upon the level of RCCO we are able to make, and thus a knock-on impact on the use of our borrowing headroom.

Review of Housing Revenue Account Balances 2018/19

Risk Management Assessment

Factor	Assessed Risk		
	High £'000	Medium £'000	Low £'000
Cash flow (1% of £53m)	530		
Interest Rate (3% on £16m)		480	
Inflation (Decrease of 1%)		250	
Emergencies		100	
Right To Buy Sales		100	
Litigation			50
Welfare Reform	200		
High Value Voids Levy	400		
	1,130	930	50

	Minimum Provision £'000
High Risk – 100%	1,130
Medium – 50%	465
Low – 10%	5
Sub Total	1,600
Other - say	0
Recommended Prudent Level	1,600

Housing Revenue Account – 30 Year Financial Model

Appendix E

	<u>Year 1</u> <u>2018/19</u> <u>£000's</u>	<u>Year 2</u> <u>2019/20</u> <u>£000's</u>	<u>Year 3</u> <u>2020/21</u> <u>£000's</u>	<u>Year 4</u> <u>2021/22</u> <u>£000's</u>	<u>Year 5</u> <u>2022/23</u> <u>£000's</u>	<u>Year 1-5</u> <u>Total</u> <u>£000's</u>	<u>Year 6-10</u> <u>Total</u> <u>£000's</u>	<u>Year 11-15</u> <u>Total</u> <u>£000's</u>	<u>Year 16-20</u> <u>Total</u> <u>£000's</u>	<u>Year 21-25</u> <u>Total</u> <u>£000's</u>	<u>Year 26-30</u> <u>Total</u> <u>£000's</u>
Revenue Account											
Income	(29,453)	(29,407)	(29,541)	(30,198)	(30,890)		(166,180)	(186,710)	(210,465)	(237,008)	(268,501)
Expenditure	29,453	29,407	29,541	30,198	30,890		165,924	186,415	210,122	236,611	268,041
(Surplus)/Deficit	0	0	0	0	0		(256)	(295)	(343)	(397)	(460)
Opening HRA Balance (Surplus)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)		(1,600)	(1,856)	(2,151)	(2,494)	(2,891)
Closing HRA Balance (Surplus)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)		(1,856)	(2,151)	(2,494)	(2,891)	(3,351)
Capital Account											
<i>Investment:</i>											
Stock Investment Programme	8,688	8,934	9,131	9,400	9,677	45,830	75,465	79,441	97,243	98,149	156,603
Property Acquisitions (RTBB)	500	0	0	0	0	500	0	0	0	0	0
New Build	0	0	0	0	0	0	0	0	0	0	0
Total	9,188	8,934	9,131	9,400	9,677	46,330	75,465	79,441	97,243	98,149	156,603
<i>Funded By (Resources):</i>											
Depreciation	(3,484)	(6,096)	(6,403)	(6,543)	(7,025)	(29,551)	(41,078)	(47,091)	(55,400)	(63,826)	(73,405)
Revenue Contribution	(3,454)	(2,588)	(2,478)	(2,607)	(2,652)	(13,779)	(10,033)	(6,682)	(5,501)	(4,357)	(3,950)
Capital Receipts	(1,900)	(250)	(250)	(250)	0	(2,650)	0	0	0	0	0
Grant	(350)	0	0	0	0	(350)	0	0	0	0	0
HRA Reserves	0	0	0	0	0	0	0	0	0	0	0
New Borrowing	0	0	0	0	0	0	(15,092)	0	0	0	0
Total	(9,188)	(8,934)	(9,131)	(9,400)	(9,677)	(46,330)	(66,203)	(53,774)	(60,901)	(68,182)	(77,355)
Debt:											
HRA Debt at Year End	130,184	130,184	125,184	125,183	125,183		140,275	140,275	140,275	140,275	140,275
Debt Cap	140,275	140,275	140,275	140,275	140,275		140,275	140,275	140,275	140,275	140,275
Available Headroom	10,091	10,091	15,091	15,092	15,092		0	0	0	0	0

Report of	Assistant Director of Policy and Corporate	Authors	Darren Brown ☎ 282891 Lynn Thomas ☎ 505863
Title	Housing Investment Programme (HIP) 2018/19		
Wards affected	All		

This report concerns the Housing Investment Programme for 2018/19

1. Executive Summary

- 1.1 This report sets out a summary of the proposed allocation of **£9.188million** of new resources to the Housing Investment Programme for 2018/19, along with the sources of funding. It also includes at Appendix A an indication of the potential expenditure requirements and funding sources for the years 2019/20 to 2022/23.

2. Recommended Decision

- 2.1 To approve the Housing Investment Programme for 2018/19.
- 2.2 To note the Capital Medium Term Financial Forecast (CMTFF) set out at Appendix A.

3. Reasons for Decision

- 3.1 Each year as part of the process to agree the Council's revenue and capital estimates the Cabinet is required to agree the allocations to the Housing Stock Investment Programme. These allow for work to be undertaken to maintain, improve, and refurbish the housing stock and its environment.
- 3.2 Members annually agree to accept a proposed 5 year Housing Investment Programme (HIP) in principle as the framework for procuring housing related planned works, improvements, responsive and void works and cyclical maintenance.
- 3.3 The proposed investment programme is linked to the Asset Management Strategy (AMS) and reviewed annually in the light of available resources and for each annual allocation to be brought to Cabinet for approval as part of the overall HIP report.
- 3.4 The Colchester Borough Homes (CBH) Board have considered the content of the Cabinet report submitted and is now seeking approval for the 2018/19 Capital programme.
- 3.5 This report seeks the release of funds under grouped headings as described in the AMS and supported by the Management Agreement dated 9th August 2013, which governs the contractual relationship between Colchester Borough Council (CBC) and CBH.

4. Supporting Information

Key Issues for 2018/19

- 4.1 The main issue relating to the HIP budget for 2018/19 is the continued impact of the Housing & Planning Act and the 1% rent reduction from 2016/17, which undermined the viability of the HRA Business Plan. The rent reduction resulted in removing £143million of assumed rental income over the life of the 30 year business plan, significantly impacting our capacity to deliver on the original AMS's objectives. As a consequence, officers from CBC and CBH worked together on a "Housing Futures Programme", which established a set of principles to ensure the investment required within the stock maintained lettable properties, whilst working to a reduced budget over the next 5 years. It should be noted that further work will be required to prevent us reaching our debt cap in the years following this period.
- 4.2 Although this is the seventh year of HRA Self-Financing, the level of investment in the housing stock and other projects has been reduced and is reflected in this report. As already stated, it has been necessary to review the Housing Revenue Account (HRA) current budgets and investment plans to ensure that these can operate within the limits of the HRA Business Plan and do not exceed the debt cap.
- 4.3 Members will be aware of the proposed forced sale of Local Authority High Value assets to fund the voluntary Right To Buy for housing association tenants, which was announced in the Housing and Planning Act 2016. This requires local housing authorities to make a payment to the Government equivalent to the market value of a proportion of high value vacant housing owned by the authority (165 stock retaining local authorities who maintain a housing revenue account). Government are yet to announce any further information since it delayed implementation during this year. Given there is no indication of how much the levy that we will have to pay will be, work programmes for 2018/19 have been reviewed to allow a small provision to be made which has been ring-fenced for payment of the levy if it is implemented.
- 4.4 This report is considered as part of agreeing the Housing Revenue Account (HRA) estimates as the funding for the HIP, which covers capital investment in the housing stock, is very much linked to the overall level of resources for housing.

5. Funding the Housing Investment Programme

- 5.1 2018/19 is the seventh year of the HRA self-financing regime. This fundamentally changed the way in which Council Housing is financed, and as a consequence a financial model for the HRA has been developed, which forecasts the HRA and HIP for each of the next 30 years, using a range of assumptions on areas such as inflation, stock numbers, future expenditure & income levels etc. This is considered further in the 2018/19 HRA Estimates report elsewhere on the agenda. The source of resources, and the priority order in which it is assumed they will be used to fund capital expenditure in the 2018/19 HIP budget and financial forecasts are as follows;
- Specific Areas of Finance (e.g. Grants),
 - Capital Receipts,
 - Major Repairs Reserve (Depreciation),
 - Revenue contributions to capital (RCCO),
 - New Additional Borrowing

- 5.2 The assumption made when prioritising resources to fund the HIP is that resources specifically designated to the programme will be used first, followed by capital receipts. This is so the receipts can be re-invested in affordable housing, and be retained locally and not be clawed back by Central Government under the capital receipts pooling arrangements. The next form of resource to be used is the Major Repairs Reserve, which is the reserve that is built up from the depreciation charge to the HRA. This is the resource that is set aside to maintain the housing stock in its current form & condition. If there are insufficient resources within the Major Repairs Reserve to fund all of the capital works in the year, then the next call on funding is revenue. The amount of this resource will depend on the level of balances within the HRA and the extent to which they are directed to the HIP, as opposed to other budget priorities.
- 5.3 Finally, should there be insufficient revenue resources to fund the overall programme the assumption is that the Council will undertake HRA borrowing to fully fund the HIP. This is assumed to be the lowest priority source of funding, to minimise the resultant additional interest costs that would be incurred by the HRA. Further borrowing will be subject to the debt cap which applies under the self-financing regime. Should this be breached, or should the Council decide it does not want to undertake additional HRA borrowing or use revenue resources etc, then the Council would need to re-consider the programme of works proposed and the corresponding budget provision. This could include foregoing works, or re-profiling the year in which they are undertaken.

6. 2018/19 Programme of Works

- 6.1 The requested budget allocation for the 2018/19 programme is £9.188million. It should be noted that the CMTEFF included within the 2017/18 HIP report considered by Cabinet on 1st February 2017 indicated a budget of £11.860million for 2018/19. The reduced budget allocation for 2018/19 now included in this report primarily reflects the work undertaken by the Housing Futures Programme, to deliver savings to start to mitigate the impact of the Government's rent reduction. A further breakdown of the areas of work that are planned to be undertaken is shown at paragraph 9.
- 6.2 As part of the new management agreement which commenced in August 2013 between the Council and CBH, the management fee has been expanded to reflect the wider range of services CBH now provides on behalf of the Council, so it now incorporates the fee for managing the capital programme. Members are therefore asked to note that the requested budget allocation in paragraph 6.1, and the budget sums included in paragraph 9 and Appendix A all include the fee for managing the capital programme, which for 2018/19 totals £1,325,000. A further breakdown of the management fee is included in the HRA Revenue Estimates report elsewhere on the agenda.

7. HRA Capital Medium Term Financial Forecast - 2018/19 to 2022/23

- 7.1 As previously stated, on the 30th November 2011 Cabinet agreed in principle to accept a proposed 5 year HIP subject to overall budget considerations. As a result, expenditure proposals have been included in the capital medium term financial forecast at Appendix A and updated to take account of previous years being completed and new updated year's being introduced.

- 7.2 Due to the impact of the Housing & Planning Act and the 1% rent reduction from 2016/17 which led to the revision of the business plan, there has been a reduction in capital investment in the housing stock compared to previous years. Our on-going investment reflects what is required to ensure our housing stock continues to meet the decent homes standard as a minimum. It should be noted that the figures for 2019/20 onwards are indicative at this stage, and will be subject to confirmation and agreement by Cabinet in their appropriate year's budget setting cycle. This is primarily because the main source of increased resources under HRA Self-Financing is the retention of 100% of tenant's rental income locally. As previously stated, the Government announced a decrease in social rents over four years from 2016/17 to 2019/20, rather than the anticipated inflationary increase. However, Government have recently announced that social rents will return to the formulaic increase of Consumer Price Index (CPI) + 1% from 2020/21 for a period of 5 years. It should also be noted that the assumed level of resources available to fund the HIP is not only influenced by future inflation levels, but also by other income and expenditure requirements within the HRA.
- 7.3 The estimated RCCO in 2018/19 is £3.454million, which is broadly in-line with the assumptions in the business plan. In the years prior to HRA Self-Financing, the RCCO has been used to fund non-works programmes, such as Housing ICT and the capitalisation of costs associated with the Housing Client team. However, as indicated in the HIP report agreed by Cabinet on 25th January 2012, RCCO's have been required to support the works element of the capital programme for 2013/14 onwards. These increased contributions have been affordable as under HRA Self-Financing the Council retains all rental income. However, following the rent reduction announcement by the Government in July 2015, these resources have been much lower than indicated in previous year's budget reports, which has impacted on the level of capital investment in the housing stock that we are able to afford in the medium to long-term.
- 7.4 Members will be aware that the Council entered into agreement with DCLG in 2012 to retain additional RTB receipts to deliver new affordable housing. The Capital Medium Term Financial Forecast considered by Cabinet at its meeting on 28th January 2015 assumed that we would be able to use retained RTB receipts to contribute to the funding of the next phase of new build. However, the impact the rent reduction announcement had on our available borrowing headroom resulted in phase 2 of our new build programme being suspended. There is the likelihood that we will not be able to use our retained receipts as a source of funding via this method of delivery, and we would be required to repay any unused receipts to the Government plus interest, unless alternative delivery options can be found which utilise them. The latest projection is that this will occur in 2017/18 onwards, however officers are currently exploring alternative schemes to minimise repayment where possible. As a reminder, retained receipts can only be used on delivering new additional units of accommodation, not on refurbishing existing schemes.
- 7.5 As a result of the work undertaken by the Housing Futures group, the Medium Term financial forecast is projecting that there is no requirement to undertake additional borrowing in the next 5 years. As demonstrated in the HRA Revenue Estimates report elsewhere on the agenda, further borrowing will be required in Year 6 onwards to meet the requirements of the Asset Management Strategy in those years.

8. Priorities for the Council

- 8.1 To implement the Colchester Housing AMS, that has been updated to reflect the revised investment plan, as the basis for long term planning, provision and sustainability of Colchester Borough Council's housing assets.
- 8.2 To allocate appropriate funding to CBH within the resources that are available to enable stock investment to proceed, improving housing conditions for our tenants.
- 8.3 To ensure that having achieved delivery of the decent homes' targets in December 2011 that the overall level of decency is maintained at the end of any one financial year but ensure compliance on a five yearly basis.
- 8.4 To build upon current monitoring arrangements and ensure programme delivery and the effective targeting of resources particularly in respect of maintaining the value of the asset and providing Adaptations for our customers with disabilities.

9. Proposals

- 9.1 The report sets out below a summary of the proposed allocation of new resources for 2018/19 as defined by the AMS with the following comments setting out the basis of the allocation.
- 9.2 **Capital Investment Programme - £3.784million –** This allocation supports the AMS and acknowledges the work required to allow the decency standard to be maintained, therefore this substantial proportion of the overall allocation is recommended.
- 9.3 **Aids & Adaptations - £0.618million -** This continues to support the budget at historic levels. The proposed allocation achieves the requirement to adapt Council dwellings to meet the special needs of our customers and also meet the high priority that Members place on this service.
- 9.4 **Emergency Failures (statutory obligation) and Voids - £0.909million –** This allocation supports the AMS and the experience gained through the management controls being exercised. It reflects the necessity to recognise capital works in the voids process along with emergency failures.
- 9.5 **Emergency failures structural works - £0.570million –** As with the previous allocation this reflects the AMS and the experience gained through the management controls being exercised. The work is generally associated with premature failure of structural elements.
- 9.6 **Environmental Works - £1.030million -** This allocation supports the AMS by continuing to address the improvements to the overall estate living environment. It will include door entry systems, boundary works and PVC installations to continue to reduce the revenue reliance on painting programmes.
- 9.7 **Asbestos, Legionella, Fire Safety and Overall Contingency - £0.703million –** This allocation recognises the need to continue to proactively manage our statutory obligations in the defined areas and provides a general contingency to cover the whole of the programme together with survey work
- 9.8 **Garages - £0.364million –** This investment in the garage stock is intended to secure additional revenue income that will support the business plan in future years. We have seen a return on the investment made in previous financial years by increased garage tenancies and fewer empty garages on the sites that have been refurbished.

- 9.9 **Non-Works Programmes - £0.710million** – This allocation is for the further development of the Capita Housing system, various other one off projects, High Value Voids levy and a provision for costs linked to the return of any Right To Buy receipts to Government.
- 9.10 **Acquisitions - £0.500million** – This allocation supports the potential to Buy Back properties offered back to the Council through the Right to Buy legislation. This also provides the opportunity to use funding through retained 1-4-1 Right To Buy receipts (up to 30% of total cost), with the balance of 70% coming from S106 commuted sums for affordable housing.

10. Strategic Plan References

- 10.1 The HIP links to the following areas of the Councils strategic plan:
- **Welcoming** - a place where people can grow and be proud to live.
 - **Vibrant** - Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life.
 - **Prosperous** - Provide opportunities to increase the number of homes available including those that are affordable for local people and to build and refurbish our own Council houses for people in significant need

11. Consultation

- 11.1 The Council conducted the bi-annual STAR survey through ARP Research in April 2016 with the specific aim of obtaining customer feedback through a sample survey of general needs tenants (1600), and all sheltered tenants and leaseholders. Questions were centred on Colchester Borough Homes performance, tenant satisfaction with their homes, neighbourhood and services. The survey also attempted to identify tenants' priorities on where we focus the provision of non-statutory services.
- 11.3 Consultation has been undertaken as part of the process to review spending plans given the impact of the Governments rent reduction announcement referred to in paragraph 4.1.
- 11.4 It should also be noted that thorough consultation will be carried out with tenants and leaseholders affected by any works to properties or areas as a result of the works programmes proposed within this report.

12. Publicity Considerations

- 12.1 Any housing investment has a significant impact on the quality of life for local people. As a consequence the targeting and effectiveness of the programme has huge interest for members and the public as a whole. It is recognised that ongoing publicity will need to be conducted particularly as existing programmes continue and new capital programmes are introduced. Updates will be publicised to the customers in the areas to receive work during the year.

13. Financial implications

- 13.1 As set out in the report.

14. Equality, Diversity and Human Rights implications

- 14.1 An impact assessment has been prepared and can be viewed through the following link

<http://www.colchester.gov.uk/article/12743/Commercial-Services>

15. Community Safety Implications

15.1 These are taken into consideration in delivery of the HIP programme.

16. Health and Safety Implications

16.1 CBH will be responsible for implementing the delivery of this programme in a manner that reflects Health and Safety legislation, although the Council does retain the responsibility to ensure that all procedures are in place and being implemented.

17. Risk Management Implications

17.1 Risk management will be considered as the programme is developed, particularly the issues around the introduction of new programmes of work.

HRA Capital Medium Term Financial Forecast – 2018/19 to 2022/23

Appendix A

Expenditure	Notes	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Stock Investment Programme etc		7930	8,149	8,321	8,557	8,815
Adaptations		618	641	661	690	704
Stock Investment Sub - Total		8,548	8,790	8,982	9,247	9,519
Acquisitions		500	-	-	-	-
ICT		140	144	149	153	158
Other Works Sub - Total		640	144	149	153	158
Total Programme		9,188	8,934	9,131	9,400	9,677

Resources	Notes	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Major Repairs Reserve		3,484	6,096	6,403	6,543	7,025
Revenue Contribution to Capital		3,454	2,588	2,478	2,607	2,652
Capital Grant		350	-	-	-	-
Capital Receipts	Disposal of Assets/Stock Rationalisation	1,750	250	250	250	-
Retained RTB Receipts Reserve		150	-	-	-	-
New Borrowing		-	-	-	-	219
Total Funding		9,188	8,934	9,131	9,400	9,677

Report of	Chief Operating Officer	Author	Ann Hedges ☎ 282202
Title	Review of Waste Collection Strategy		
Wards affected	All		

1. Executive Summary

- 1.1 The new Waste Collection Strategy went live in June 2017 and the intention was to review progress after six months and consider any changes to the service based on the learning from the first six months.
- 1.2 A paper was taken to Scrutiny Panel on 12 December 2017 which outlined how the changes were implemented and what the impact has been. This paper is attached at Appendix B. There was a full discussion at the Scrutiny Panel and the minutes are attached at Appendix C.
- 1.3 The aims of the changes were twofold:
 - i) To improve our performance, in particular reducing residual waste and increasing recycling
 - ii) To provide a waste and recycling collection service requested by residents
- 1.4 The performance has improved very significantly and a further 2 months data is available since the Scrutiny Panel which shows an improvement in all the individual items:
 - Overall recycling rate – up to 55%
 - Reduction in residual waste – 33% reduction
 - Individual items have all seen an increase in percentages since the first 3 months:
 - Plastic – up by 48%, tonnage up from 706 to 1048 (342 increase)
 - Paper – up by 18%, tonnage up from 2700 to 3191 (491 increase)
 - Cans – up by 37%, tonnage up from 262 to 361 (99 increase)
 - Green waste – up by 20%, tonnage up from 4271 to 5137 (866 increase)
 - Glass – up by 1%, tonnage up from 1543 to 1559 (16 increase)
 - Food waste – up by 87%, tonnage up from 1262 to 2367 (1105 increase)
- 1.5 In the large part implementation has been successful. This report sets out some further changes to continue the improvement to the service. Most of these changes are relatively minor.

2. Recommended Decisions

- 2.1 Amend the Exemption Policy to simplify the process and make renewal an annual process
- 2.2 A full review of the collections service from flats to begin in January 2018
- 2.3 Introduction for autumn 2018 of a “leaf champion” scheme similar to the current “litter warrior” scheme to allow residents who want to collect leaves outside their property to have these removed
- 2.4 Full analysis of the impact of wheelie bins on recycling and residual waste rates to be undertaken in June 2018 following a full year of operation

3. Reason for Recommended Decision

- 3.1 It was agreed that there would be a review of the changes to the waste collection strategy six months after implementation and a number of changes and additional actions are now felt to be required.

4. Alternative Options

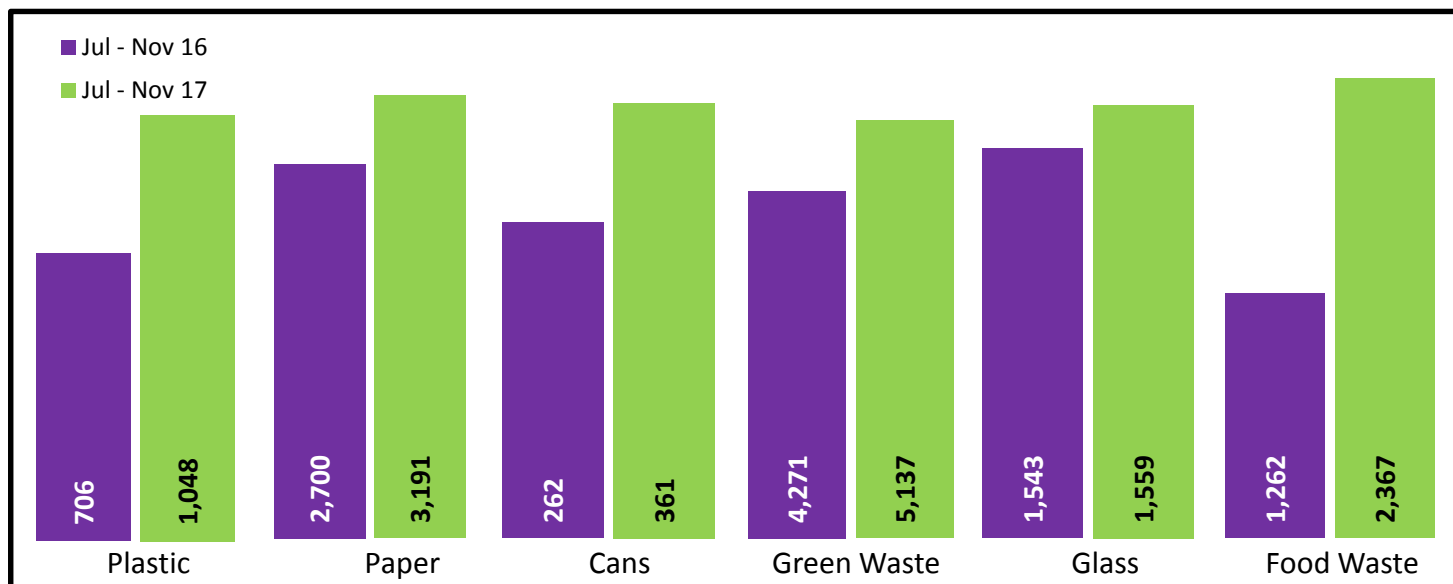
- 4.1 To not make any further changes to the Waste Collection Strategy.
- 4.2 There are a range of other changes that could be made. Two were specifically included in the Scrutiny report for discussion. Feedback from Scrutiny was that neither of the items below should be introduced at this point but they will be reviewed again after a full twelve months of implementation.
 - Introduction of Section 46 powers. These powers would enable us to issue fines for people that are putting the wrong items in their recycling and rubbish. For example if residents are putting recycling in their residual waste. It is not felt that this is necessary at this stage. We have powers around fly tipping that enable us to deal with most issues including residents that fail to take rubbish back onto their property. At the moment this feels sufficient but the opportunity to introduce Section 46 powers should be kept under review.
 - Introduction of a voucher system for other recycling items. This proposal was included in the paper that went to Scrutiny in December. We currently ask residents to obtain a voucher for white garden sacks (either by downloading for the internet or contacting our Customer Service Centre). This is because we know that they are useful for lots of purposes that there have been examples of residents using them for all sorts of things other than the disposal of garden waste. The voucher system provides an element of control. The extension of this process for other recycling containers was discussed at Scrutiny and was not felt to be useful as it could be a deterrent to people recycling. This does need to be kept under review to ensure that the costs of the service are managed.

5. Background Information

- 5.1 Major changes to the Waste Collection Strategy were agreed by Cabinet on 20 December 2016 and implemented in June 2017. Attached at appendix A
- 5.2 It was agreed in that paper that a review would be undertaken after six months. This review was started with a paper to the Scrutiny Panel on 12 December 2017. That paper outlined how the implementation was managed, the current challenges and the improvement of performance. The paper is attached at appendix B.
- 5.3 Since the Scrutiny Panel in December additional performance information is now available and overall shows further improvement. This data covers the period from July to November, a full five months and information is compared to the same period last year:
- Overall recycling rate – up to 55%
 - Reduction in residual waste – 33% reduction

Individual items have all seen an increase in percentages since the first 3 months:

Item	% increase	Tonnage 2016	Tonnage 2017	Increase in tonnage
Plastic	48%	706	1048	342
Paper	18%	2700	3191	491
Cans	37%	262	361	99
Green waste	20%	4271	5137	866
Glass	1%	1543	1559	16
Food waste	87%	1262	2367	1105



Reduction in residual waste has a financial benefit to Essex residents as there is a charge of £86 per tonne of waste sent to landfill.

Moving to alternate weekly residual waste collections restricted to three bags has had a major impact on our recycling rates. For example, the very large increase in food waste collected is a result of people removing this from their residual waste as food waste is

still collected weekly and both reduces the amount of residual waste and makes it less smelly.

5.4 The amendments being proposed are intended to support the changes in a variety of ways based on the learning from the first six months of operation. The amendments are shown below:

5.4.1 Amend the Exemption Policy to simplify the process and make renewal an annual process. As the Scrutiny Panel report highlights we have agreed just under 1,000 exemptions for households who are unable to reduce their residual waste to the new limits for a range of reasons. While it is important that if circumstances change then exemptions can be removed, we want to make it as simple as possible for the customer and to keep our processes straightforward. In the original policy we suggested that we would reserve the right to review every six months. The changes to policy propose that we undertake a simple check once a year, by email wherever possible, to check that the households circumstances have not changed. Exemptions will last for as long as the household needs them. The updated policy is attached at Appendix D

5.4.2 A full review of the collections service from flats is to begin in January 2018. Blocks of flats were not moved to fortnightly collections during the implementation of the new waste collection strategy last year. This was due to a number of challenges that are unique to collecting refuse and recycling from flats. This means that residents of flats generally receive a weekly refuse collection service but cannot currently recycle the range of material that residents living in other types of property can.

Moving flats to the same collection system as other properties will present challenges in terms of storage of recycling and refuse which means each block will need to be reviewed.

It was agreed at scrutiny that we would take an initial report in March that would outline the current situation, an analysis of the number and location of flat development to identify the scale of the challenge and the Scrutiny Panel would provide a view on what the priorities should be. Following this meeting options will be considered including full financial implications. We have begun discussions with Colchester Borough Homes who will be one of the key stakeholders in this work.

5.4.3 Introduction for autumn 2018 of a “leaf champion” scheme similar to the current “litter warriors” scheme to allow residents who want to collect leaves outside their property to have these collected. With the litter warrior scheme we give residents equipment to enable them to collect litter in their communities, agree when they will undertake collection and then arrange to pick up the litter they collect. A similar scheme would be put in place for next autumn to allow residents who wish to collect leaves in their neighbourhoods to do so.

5.4.4 Full analysis of the impact of wheelie bins on recycling rates to be undertaken in June 2018 to allow a full year of operation. We need to look at whether there is a difference in performance between wheelie bin and non-wheelie bin areas. This is not straightforward as the routes are not the same size and have completely changed since the implementation of the new service so comparisons will be difficult. The proposal is that we wait for a full year so that performance across the Borough has settled so that data is more reliable. There are no plans to extend the use of wheelie bins for waste collection.

5.5 In addition to the specific decisions proposed in this paper a number of actions continue:

- Work to reduce missed bins. How we are doing this is described in the Scrutiny paper. Numbers of missed bins continue to reduce. This is still slightly above the target figure of 95 a week but is continuing to reduce and work will continue to ensure as few missed bins as possible.
- Education and cautious enforcement. The Zones teams continue with education visits. This is a task they have always undertaken and continue to do so, prioritising household who put out residual waste over the limit. There is also some enforcement being undertaken where we identify households who for example do not take back into their property excess residual waste. This is done using existing powers.

5.6 One of the main concerns raised at Scrutiny was the garden waste service through the winter which is now restricted to 4 white sacks or one wheelie bin. This was to ensure equity of capacity across the borough whether residents have wheelie bins or retained the garden sacks. An additional service has been offered on a limited basis this year. Residents have the option to buy an additional 4 sacks or an additional wheelie bin to provide additional capacity. Only 98 (79 for garden sacks, 19 for wheelie bins) properties have taken up this offer.

Many authorities stop garden waste collection completely in the winter months as few residents have a requirement once the growing season has finished.

The new service was scoped on the assumption that we would only collect quantities as described above and capacity of the routes was planned on that basis. Reintroducing free additional capacity would now incur additional cost. This would include:

- The cost of bags and wheelie bins
- Potentially the cost of additional vehicles and crews if analysis showed there was not sufficient capacity in the service as it has been established. The re-introduction could potentially mean an additional vehicle and crew – each vehicle, crew and fuel has an annual revenue cost of approximately £100k

The other issue raised by Scrutiny in relation to garden waste was the inability of residents to dispose of leaves they collect outside their property on pavements etc without subscribing to the additional garden waste collection. In order to overcome this it is proposed that a “leaf champion” scheme is introduced from next autumn as described at 5.4.3 above

6. Equality, Diversity and Human Rights implications

6.1 A full Equality Impact Assessment was undertaken for the implementation of the changes and it is not considered that any of the amendments being proposed significantly change that assessment. The Equality Impact Assessment can be found [here](#) or by following the pathway www.colchester.gov.uk / Your Council / How the Council Works / Equality and Diversity / Equality Impact Assessments / Environment / Recycling and Fleet.

7. Strategic Plan References

7.1 The proposals specifically support the Strategic Plan

- Welcoming – improve the sustainability, cleanliness and health to make the borough a place where people can grow to be proud to live

- Vibrant – work hard to shape our future, develop a strong sense of community across the borough by enabling people and groups to take more ownership and responsibility for the quality of life

8. Consultation

8.1 Full consultation was undertaken prior to the changes. A meeting of the Scrutiny Panel discussed the implementation process, the impact of the waste collection strategy and the next steps. Minutes of the meeting are included at Appendix C.

8.2 Recent consultation for the development of the new Strategic Plan has provided some feedback from residents on the waste and recycling service. Questions were not specifically asked about the service so this feedback was unprompted:

- There was general support for encouraging greater recycling.
- Generally, most residents were very positive about the recycling scheme managed by the council.

“But to be fair when I lived in London I didn’t used to recycle, so it was a big change coming to Colchester, ‘Oh I’ve got to wash up yoghurt pots!’ But I’m proud to do it now, I’m really pleased, and I think that by reducing everybody’s allowance so harshly it has made people like me wash up their yoghurt pots because you’ve got no other choice.” (ABC1 Parents NW)

“I think it forced us into recycling – we had no choice and we’ve got used to it.” (ABC1 Parents NW)

“It [recycling] did drive us insane, but I’m glad they [council] forced us to do it because I’m probably naturally lazy especially with having children” (ABC1 Parents NW)

9. Publicity Considerations

9.1 There continues to be interest in the impact of the changes in the waste collection strategy.

10. Financial implications

10.1 A charge for replacement wheelie bins would be designed to cover the cost of the wheelie bin.

10.2 The capital and revenue costs of changes to the collection service for flats will be worked up as part of the review and brought back to Cabinet for further decisions.

11. Community Safety Implications

11.1 N/A

12. Health and Safety Implications

12.1 N/A

13. Risk Management Implications

13.1 N/A

Appendices



Appendix A – Cabinet paper 20 December 2016 Colchester Waste Collection Strategy

Appendix B – Scrutiny Panel paper 12 December 2017 Review of Waste Collection Strategy

Appendix C – Minutes of Scrutiny Panel meeting 12 December 2017

Appendix D – Exemptions Policy version 2

Appendix A

 Colchester			Cabinet	Item
			20 December 2016	
Report of	Chief Operating Officer	Author	Ann Hedges	
Title	Colchester Waste Collection Strategy		 282202	
Wards affected	All			

This report concerns the implementation of changes to the way we collect waste and recycling

1. Decision(s) Required

- 1.1 To agree a series of changes to the way in which the Borough collects waste and recycling:
 - 1.1.1 End the provision of free black sacks
 - 1.1.2 Residual waste to be collected fortnightly
 - 1.1.3 A limit of three black sacks for residual waste for areas that don't have wheeled bins
 - 1.1.4 Introduction of a second green box so that glass and cans are separated
 - 1.1.5 Provision of free white garden sacks in areas that will not have wheeled bins from the date of the introduction of the changes
 - 1.1.6 Introduction of wheeled bin collections for specific areas of the Borough; one for residual waste and a second optional bin for garden waste
 - 1.1.7 The continued provision of free clear sacks for recycling materials as at present
- 1.2 To agree the exemptions policy that will allow households who are unable to reduce their residual waste for example because of the size of the household, to put out additional residual waste and provision of a weekly collection of medical waste
- 1.3 To agree to include the revenue implications set out in this report in the 2017/18 budget and Medium Term Financial Forecast.
- 1.4 To agree that as part of the final budget report to recommend to Council the inclusion in the capital programme of the capital budget requirements set out in this report.
- 1.5 To agree that subject to appropriate budget provisions being agreed to delegate to the Chief Operating Officer in consultation with the Portfolio Holder the procurement of the appropriate number of wheeled bins, green boxes and other capital expenditure as outlined in section 12 to be funded from the capital programme

2. Reasons for Decision(s)

- 2.1 A waste vision was adopted by the Council in 2015 which sets out how decisions relating to waste management will be reviewed:
 - Waste is managed in accordance with the waste hierarchy, so that waste is prevented and minimised where possible
 - Reuse activity is encouraged in households and businesses

- Recycling activity increases the quantity of recyclable material and produces high quality materials that are required by re-processors
- The environmental impacts of the whole system of waste management are minimised
- The recycling and waste collection service provided by the Council provides value for money for its customers

2.2 The key aims of the proposals are

- To improve our performance, in particular reducing residual waste and increasing recycling
- To provide a waste and recycling collection service requested by residents

3. Alternative Options

3.1 To retain the current collection methods and to accept inability to improve recycling or further reduce residual waste.

3.2 To introduce wheeled bins across the whole Borough

3.3 There are a variety of other options around some of the detail, but the decisions proposed, following careful consideration and analysis, are believed to be those that

- most closely meet the views of the public
- deliver the most benefit in terms of improving performance
- provide the best value for money
- meet the priorities set out in the Waste Vision

4. Supporting Information

4.1 Currently the service carries out over 16,000,000 individual collections per year from around 78,000 properties, a mixture of residual waste, food waste, garden waste, paper, glass, cans and textiles from households. It also provides a network of bring sites across the Borough for residents to place recyclable materials into.

4.2 The service that is currently provided has evolved over time. The collection of residual waste has been a constant service and the first material collected for recycling, many years ago, was paper. The separate collection of glass and cans followed in 1999 with the introduction of the still used green boxes along with a fleet of new collection vehicles. A garden waste collection service was introduced in 2004, following a successful bid for funding to DEFRA and the collection of plastics followed shortly thereafter.

4.3 In July 2011 the service moved from a five day to a four day week operation to improve the service to customers around Bank Holidays and in October 2013 food waste collections, following a successful funding bid to DCLG, were introduced to all households in the Borough. All of these additions bring us to where the service is today.

4.4 As a result of the service seeing different materials added over a period of time, there are a range of different containers which customers are asked to separate recycling into over a fortnightly schedule (blue and green weeks).

4.5 In order to assist with the collection of waste and recycling, the Council provides the following equipment to residents:

- 52 black sacks annually (for residual waste)
- Unlimited numbers of clear sacks (for paper and plastic collections)
- Unlimited green boxes (for glass and cans collections)
- Unlimited Food waste internal and external caddies
- 52 Food waste caddy liners - free with first kit then purchased
- White hessian sacks (for garden waste) – at a cost of £3.70 per sack

4.6 The frequency of collections with these containers is shown in the diagram below:

Current Service



5. Proposals

5.1 The proposed changes to the recycling and waste service will create two methods of collection.

5.1.1 Introduction of wheeled bin collections for specific areas of the Borough; one for residual waste (180 litre) collected fortnightly and a second optional bin for garden waste (240 litre) also collected fortnightly. Residents will be able to opt out of having the second bin for garden waste if they have no requirement for garden waste to be collected.

5.1.2 Residual waste in all other areas will be collected in black sacks, 3 sacks fortnightly. We will limit the size of black sacks to 60 litres, so that three equates to 180 litres. Garden waste will be collected in white sacks, on alternate weeks. White sacks for garden waste will be provided free of charge with a limit of 4 sacks throughout the year to match the capacity of a 240 litre wheeled bin

5.2 Recycling collections will be the same as they are now for all households with the addition of a second green box for the separate collection of glass and cans across the whole of the Borough.

5.3 Food waste – the food waste collection will remain unchanged ie a weekly collection for all households

5.4 Flats and communal bin stores – at this point there will be no changes to the collection methods for properties with communal bin stores. There are a set of opportunities to look at how to improve participation in recycling and reduce residual waste collected from flats and communal bin stores. This work will be looked at following the implementation of the changes and a settling down period. We envisage that this work could be undertaken in early 2018.

5.5 The two methods of collection are shown in the diagrams below.

New Service - sacks



New Service - Wheeled bins



6. Exemptions Policy

6.1 An Exemptions Policy has been developed to try and deal individually with those who will be unable to meet the requirements of the new system, for example because of:

- 6.1.1 The size of the household
- 6.1.2 Medical waste
- 6.1.3 Assisted collections

6.2 The other issue is the storage of medical waste, nappies and sanitary products (defined as “offensive waste” in the exemption policy) for alternate weekly collections. An additional collection will be available to houses where this is identified as an issue. Applications for the additional service would be made in the same way as for other exemptions

6.3 Assisted collections will remain and we recognise that there will be different households that will require assistance.

6.4 We are undertaking a profiling exercise to help identify the approximate number of households that might apply

The policy is attached as Appendix 1.

7. Routing and areas for wheeled bins

7.1 One of the key elements of the new proposals has been the decisions around where wheeled bins would be implemented. Following the formal consultation and the first discussion at Scrutiny it was agreed that Ward Councillors would be asked for their input as representatives of their respective wards. All Ward Councillors were individually asked to comment on the implementation of wheeled bins in their wards. A summary of the responses and comments are attached at Appendix 2.

7.2 The other factor that had to be taken into account was that, to be economically viable, four rounds which make up one week of work for a waste vehicle had to be identified. A round for wheeled bins needs to contain approximately 1,800 properties in relatively close proximity. Rounds are not co-terminus with ward boundaries, presenting a further complication.

7.3 The outcome is a number of wards where there was both majority Ward Councillor support and are operationally suitable. These wards are:

- Mile End
- Greenstead
- Old Heath & The Hythe (excluding The Hythe and Rowhedge)
- Shrub End – particularly the Garrison areas. There was a question at the last Scrutiny meeting about any security issues for the Garrison in having wheeled bins. We have been in touch with the Garrison Commander about any security concerns and he has confirmed that he does not consider there to be an increased risk
- Stanway
- Berechurch

7.4 Based on the number of properties in these wards we will be able to implement 8 rounds, 2 routes

- 7.5 Even where a ward has been included in the list, it is recognised that not all properties or areas will be suitable. More detailed work will now be undertaken to clarify exactly where wheeled bins will be implemented. Ward Councillors will be fully involved in discussions, in recognition of their role as community representatives as well as consideration of criteria set out in the exemptions policy:
- Properties situated on a steep slope
 - Properties accessed by several steps
 - Properties where storage of wheeled bins prevent access to the boundary or safe presentation for bin collections (for example terraced houses directly fronting the street)

8. Implementation and time scales

- 8.1 The aim is to implement from June 2017 as this is felt to give the service enough time to put in place the new routes and to undertake the actions needed. There are a number of factors that will impact on this timescale including the speed at which procurement of the wheeled bins can be achieved in.
- 8.2 Prior to implementation a comprehensive communications strategy (Appendix 3) will be put in place and additional resources allocated in both the Customer Service Centre and in the Zone team. Additional staff and existing staff will receive training in the new system to ensure they can support customers with the changes.
- 8.3 Work in areas that will have wheeled bins will identify properties that will not be suitable and will retain black sack collections. The details of how these properties will be identified are outlined in the exemption policy. During this time work will also support households that apply for exemptions where they believe they will be unable to limit their residual waste to the maximum allowed. Before implementation we will continue visits to households who put out lots of black sacks and advise of the changes.
- 8.4 For at least the first six months following implementation the service will identify properties who are not able to limit their residual waste to three black sacks (or contained in a wheeled bin). The emphasis during the first six months of implementation will be education, support and help to households to move to the new system. This will include the promotion of home composting to help reduce the amount of garden waste collected.
- 8.5 This approach is similar to that adopted by other Councils that have recently implemented changes in their waste collection and has proved successful.
- 8.6 A review will be undertaken at six months to consider the introduction of enforcement action to ensure full implementation. The principles of enforcement will be about households that are choosing not to recycle, not against those that are unable to. Further work and decision making will be required on exactly what this will look like. There are a range of powers available to Local Authorities. However the priority for at least the first six months will be education and support. The introduction of enforcement action will be subject to further decisions but is likely to include the option of fixed penalties or similar.

9. Strategic Plan References

- 9.1 The proposals specifically support the Strategic Plan:

- Welcoming – improve the sustainability, cleanliness and health to make the borough a place where people can grow and be proud to live
- Vibrant – work hard to shape our future, develop a strong sense of community across the borough by enabling people and groups to take more ownership and responsibility for their quality of life

10. Consultation

- 10.1 A comprehensive external consultation was undertaken between March and June and has informed the proposals. This consultation was reported to Scrutiny on 21 September 2016
- 10.2 Following the Scrutiny meeting on 21 September 2016 all Ward Councillors were asked if they felt their Wards would support the introduction of wheeled bins. This information has been one of the fundamental elements of deciding where wheeled bins would be implemented.
- 10.3 Only wards where all or a majority of ward Councillors indicated they would support the implementation of wheeled bins have been considered.

11. Publicity Considerations

- 11.1 The waste and recycling service touches every household every week and changes will need to be clearly communicated. Given the level of change we need to use many different communication mechanisms to make sure every household understands the changes. A full communications plan is in place. This is not a static document and will continue to develop over time.
- 11.2 For two months prior to implementation and for six months following it is planned to have additional resource to support the change. This will include:
- Additional resource in the Customer Service Centre to respond to specific enquiries
 - Additional Zone wardens to work with households who need help in reducing residual waste and increasing their recycling so that they do not exceed the three bag limit for residual waste. This resource will also support households who need to make applications for exemptions
- 11.3 These changes will require a change of behaviour for many of our residents and the principle for at least six months following implementation will be education and support
- 11.4 Previous changes in the waste service give a set of lessons learned about which methods of communication are most effective and these are reflected in the communications plan

12. Financial Implications

- 12.1 This strategy carries a range of financial implications, including one-off and ongoing costs, recurring savings and a requirement for capital investment

Revenue Implications

- 12.2 The ongoing revenue implications of the Waste Collection Strategy primarily revolve around recycling income, supplies and services costs.
- 12.3 To deliver the changes to waste services there will be a number of one off revenue costs incurred. These will include:

- a project manager
- communications and print costs
- additional customer service centre support
- dedicated Zone wardens who will be required as additional temporary resources to accommodate the project requirements.

- 12.4 Any one-off costs incurred in 2016/17 will be met from existing budgets, however, there is a forecast one-off in 2017/18 of £159k. The 2016/17 Government Finance Settlement included the announcement of a grant paid to those authorities affected most by the reductions announced. Cabinet has already allocated the grant in 2016/17 and a further one off grant of £87k will be received in 2017/18. It is proposed that this is used to part fund the one-off costs arising from this review.
- 12.5 We currently receive £1.1m of recycling and composting credits. It is anticipated that with the increase in recycling levels referred to in the report, income will increase by £46k in the first year (5% for the part year) and by £110k ongoing (10%).
- 12.6 White Garden Sacks are currently chargeable but will now be provided free of charge which will result in a loss of income of £46k per year, with an increase in cost of £30k to purchase the sacks.

Table of Revenue Implications

	2016/17	2017/18	2018/19	2019/20
Revenue Implications	£000's	£000's	£000's	£000's
<i>Expenditure:-</i>				
Black Sacks		-100	-100	-100
White Sacks	0	30	30	30
Routing Software Licence Costs	0	7	7	7
Medical Waste Collection		25	30	30
Total Expenditure	0	-38	-33	-33
<i>Income:-</i>				
Recycling/Composting credits	0	-46	-110	-110
Sales of White Garden Sacks	0	46	46	46
Total Income	0	0	-64	-64
Net Recurring Saving		-38	-97	-97
One-Off Costs	87	159	0	0
Less: Transition Grant		-87	0	0
Overall Net Revenue Impact	87	34	-97	-97

- 12.7 The capital expenditure requirements of the Strategy will include the costs of vehicle adaptation, the purchase of bins and green boxes and routing software. It is estimated that based on eight rounds these will require capital expenditure of circa £860k as set out in the following table:-

Capital Implications

Item	Homes	Rounds	Unit Cost (£)	Total (£)
Wheeled bins	1,800	8	20	288,000
Wheeled bins for Garden Waste (75% take up)	1,350	8	20	216,000
Green boxes	60,000		5	300,000
Vehicle conversion (x 2)			18,000	36,000
Routing software licence (x 1)			16,500	16,500
Total				856,500

- 12.8 Based on the current forecast of resources there is sufficient unallocated funding in the capital programme to meet these estimated costs.

Summary

- 12.9 Based on the assumptions within this report it is estimated that there is a net recurring revenue saving from 2017/18. It is proposed that the revenue implications, costs and income, arising from this review are reflected in the final budget proposals for 2017/18 and the medium term financial forecast. As part of this consideration will be given to funding the net one off costs from balances.
- 12.10 Unallocated funding remains in the capital programme to meet the estimated costs of this strategy.

13. Equality, Diversity and Human Rights implications

- 13.1 An Equality Impact Assessment is attached in Appendix 4.

14. Community Safety Implications

- 14.1 There are no community safety implications.

15. Health and Safety Implications

- 15.1 A full review of Health and Safety requirements as a result of any changes to the waste service will be undertaken to ensure compliance with all relevant legislation. This will include specific training for waste staff in new equipment required specifically bin lifting equipment.

16. Risk Management Implications

- 16.1 The Waste Service is the only service that impacts on all households every week and there is a significant reputation risk if changes are not communicated clearly and implementation is not effective.

16.2 A full risk assessment of all the service changes taking place will be carried out.

Appendices

Appendix 1 - Exemptions Policy

Appendix 2 - Summary of Ward position on wheeled bins and comments made

Appendix 3 - Communications Plan

Appendix 4 - Equality Impact Assessment

Background Papers

QA consultation report.

Appendix B



Scrutiny Panel

Tuesday 12 December 2017

Item

Report of	Chief Operating Officer	Author	Ann Hedges 282202
Title	Review of Waste Collection Strategy		
Wards affected	All Wards		

1. Executive Summary

- 1.1 In December 2016 Cabinet agreed a series of very significant changes to the waste collection strategy. This report is attached at Appendix 1.
- 1.2 This report sets out how these changes have been implemented and what the impact has been.
- 1.3 Prior to the changes our performance based on key indicators around the amount of residual waste and recycling, was one of the worst in Essex. We have seen immediate and very dramatic improvements in our performance. For the first full quarter since the changes our performance is:
 - Recycling rate for the quarter is 55% compared to 48% at the same point last year and a year-end performance of 44%
 - Reduction in residual rate for the quarter is 34%. This is a reduction of 2757 tonnes
 - Kilograms of waste per household for the quarter is 87.08 against an annual target of 395kg. A pro rata target would be 98.75kg. This means performance is nearly 12% better than target
- 1.4 Implementation of the changes was supported in a number of ways:
 - Communication of the changes in as many different ways as possible
 - Additional resources in our Zone teams to support education and ensure residents understood the changes
 - A new exemptions policy recognising that not all households would be able to meet the new requirements
 - New technology for the collection crews with in-cab tablets providing much better communication and information
- 1.5 Wheelie bins were introduced to around 12,000 properties and feedback generally has been positive.
- 1.6 There continue to be some challenges as the service settles down with missed bins still higher than we would like. Most residents are receiving the service as planned. A few further changes are now being considered to make sure the service is working for both residents and operationally.

2. Action Required

- 2.1 To consider and comment on the information in the report which outlines the implementation process, the impact of the waste collection strategy and the next steps

3. Reason for Scrutiny

- 3.1 The waste service is one of the few services that affects all residents every week and therefore it is important that we get it right. The changes implemented in June 2017 were very significant and this paper provides the Scrutiny Panel an opportunity to review the way in which it was implemented after six months as was agreed in the Cabinet report in December 2016

4. Detailed information

4.1 Introduction

We knew that making the scale of changes agreed to the waste collection service would be challenging. This is a service that impacts every household and makes 240,000 collections a week.

Before the new service:

- Recycling rate of 44% for the year ending 2016/17, one of the worst in the County
- A target of 400 kilograms (kg) of residual waste per household which we were failing to achieve with an outturn figure of 422kg for the year ending 2016/17

Having been one of the best performers on recycling in Essex a few years ago we had become one of the worst. The only way to improve was to make a change to the way we collected.

The key aims of the new collection methodology, as stated in the Cabinet report 20 December 2016 were:

1. To improve our performance, in particular reducing residual waste and increasing our recycling
2. To provide a waste and recycling collection service requested by residents

4.2 Performance information

We have seen some very dramatic and immediate improvements in our performance. We have a full quarter of verified performance information since the changes have been made (July, August, and September). The figures below reflect this information:

1. Recycling rate for the quarter is 55% compared to 48% at the same point last year and a year-end performance of 44%

2. Reduction in residual rate for the quarter is 34%. This is a reduction of 2757 tonnes. We have some information about the numbers from the tip which are shown below but do not have the full 2nd quarter statistics. The information we do have shows that the increase at the tip is small in relation to the reduction we have seen. As an estimate (based on the figures we have been given by Essex County Council) 330 tonnes of additional residual waste has been taken to the tip. This is still a reduction of nearly 2,500 tonnes across the quarter, or 200 tonnes a week
3. Kg of waste per household for the quarter is 87.08 against an annual target of 395kg. A pro rata target would be 98.75kg. This means performance is nearly 12% better than target. Last year the target was 400kg per household that was not met with a year-end figure of 422kg

Individual recycling materials compared to the same period (quarter 2) last year are also largely much improved:

- Plastic – up by 46%, tonnage up from 438 to 640 (202 increase)
- Paper – up by 13%, tonnage up from 1640 to 1857 (217 increase)
- Cans – up by 35%, tonnage up from 156 to 211 (55 increase)
- Green waste – up by 14%, tonnage up from 2926 to 3322 (396 increase)
- Food waste – up by 81%, tonnage up from 750 to 1361 (610 increase)
- Glass – the only material where tonnage has decreased – 9% reduction, tonnage down from 1015 to 924 (91 difference). There might be some seasonal/weather related impacts. July and August the tonnage was down compared to last year but September saw a rise on last year of 16%. We probably still need to see a longer time period to get a true picture. We are one of only a few authorities that still collect glass direct from households

There have been questions about additional residual waste going to the civic amenity site at Shrub End. Essex County Council have provided some information (only up to the end of August) that shows the change with last year.

Month	2017 (tonnes)	2016 (tonnes)	Difference (tonnes)
May	442	475	(33)
June	485	462	23
July	586	482	104
August	605	481	124

While this does show an increase in the tonnage of residual waste being taken to the tip this is small in comparison to the reduction in the amount of residual waste collected directly from households.

Essex have also said that these figures need to be treated with caution as they made changes to their service in November 2016.

Compared to other Essex Authorities, if our performance is sustained, we would be third for the total amount recycled and second for the kg per household in the “league table”. This is based on the most recent verified

figures which are 2015/16. We are still waiting for the figures for last year. The data for 2015/16 is attached at Appendix 2.

4.3 Essex and the Essex Waste Partnership

We have been talking to Essex about how they might support the changes we have made. One of the main benefits to the Essex community is the reduction in the amount of residual waste being collected and therefore a reduction in the amount going to landfill and therefore less paid in landfill tax. Every tonne of waste sent to landfill costs the Essex tax payer £86.

The changes support the Essex Waste Strategy. Their visioning and guiding principles document, agreed in October 2015 had a number of statements including:

- To provide waste management services that incentivise waste reduction and encourage higher levels of recycling
- Introduce alternate week collection of residual waste

We have been in correspondence with Essex County Council to share the early improvement in the performance figures and to see if they are able to support ongoing developments such as our planned work to look at how we improve our service to flats. The response from Essex County Council is included in the background papers.

4.4 Education and Enforcement

The Cabinet decision in December 2016 was very clear that the focus of the first six months would be on education to ensure residents understood the new collection service. We put in place 3 additional zone wardens who started this work before we went live, using information from the waste crews where they saw households who put out large quantities of residual waste. The zone wardens were selected to have the right skills to have difficult conversations and generally got a positive response from residents they visited. Their role was centred on getting out and talking to people to give them guidance and make sure residents had the equipment they required.

We targeted these education visits on properties where there were:

- Too many bags out on their collection day
- Bags were out on the wrong day
- The wrong items were put out eg black bag on a green week
- Properties piling their waste in one central place

We have undertaken over 1400 Education visits and in the majority of cases these have been positively received. Many people did not understand how easy it would be to recycle, and we were able to provide containers to them during the visit. Follow up visits were put in place for anyone who needed additional advice. Many of the residents who were visited prior to the start date actually started recycling immediately.

An unanticipated outcome of these visits were the number of people we came across that needed additional support. These included families where English

is a second language, to disabled people struggling to remain independent in their home. All of which we were able to signpost to services that could help them.

In terms of enforcement we have used our existing powers to deal with fly tipping. These powers have been used to enforce against residents who have deliberately moved their waste and dumped it away from their property and where we can identify who the waste belongs to. 70 fixed penalty notices have been issued for black bag waste.

We have also started to look at households where they consistently put out too many black bags and do not take these back into their property. A cautious process has been put in place that starts with an Education visit and is followed up with two warnings before a fixed penalty notice is issued. So far 38 properties have received an Education Visit, with only 2 of those properties having progressed to a 1st Warning visit. We are taking care to use this only where it's clear that the household is just choosing to ignore the new system.

We do not have section 46 powers that would mean we could enforce for the wrong items being put in the wrong containers. So, for example if these powers were in place we could enforce where we found recycling in black bag waste. This could be considered as a next stage but we would anticipate only using it rarely.

4.5 Exemptions and Assisted Collections

It was recognised that there would be some households that would not be able to reduce the volume of their waste to meet the requirements for residual waste. A new policy was implemented to allow these households some exemptions. The aim was to ensure that where people were recycling as much as they could but were still unable to reduce their residual waste that this would be accommodated.

In total we have had:

- 1812 requests
- 969 have been agreed
- 704 contacted us but then said they would try to contain their waste within the new limits

The majority of requests have been from 2 types of households:

- Those with children or disabled people using nappies/incontinence. These households have been offered either an additional black bag, a larger wheelie bin, or a weekly collection of an additional bag
- Large households

When the policy went live we started by visiting all households requesting an exemption. It quickly became apparent that this was not needed and the majority of cases were agreed over the phone.

The policy currently requires renewal every six months. One of the proposals is that this is extended to an annual renewal and we will simply ask households if their circumstances have changed.

Assisted Collections continue using the same criteria as previously. We have had some new requests, but not any great volume.

4.6 Missed Bins

Our performance on missed bins over the last few years has been extremely good, with fewer than 90 misses a week. The target for this year was left at 95 misses per week and in retrospect it should have been amended as it was recognised that with such a significant change this was unlikely to be achieved.

In the first few weeks of the service, not unexpectedly we saw an increase. The highest level of missed bins was around 600 in the first two weeks. This dropped off over the following weeks and was at an average of 250 by week 12 and is now under 200.

We are reporting a half year result of an average of 218 misses per week. This covers the period from April to the end of September.

There are a range of reasons that collections are missed and these have been exaggerated by the changes:

- Crews getting used to new routes. We had to redesign all the routes to accommodate the changes and while we tried to match crews with routes that they would at least know in part, nearly every crew had some change to their route. In the first few weeks, while crews got to know their routes there was a rise in the number of bins missed
- Human error – we make 240,000 collections a week and inevitably there is an element of human error. Even with the higher rates of missed collections we have seen, the proportion is small
- Delayed collections – we do sometimes have to delay collections if for example we have a vehicle breakdown and are unable to get a replacement. Road closures also create difficulties for us. The priority is always given to residual waste and if collections are delayed we make every effort to return the following day for recycling
- Customer error – our customers also occasionally make mistakes or do not have the information to allow them to present their recycling and waste correctly

Given the frustration that missed bins cause our customers this has been a focus of our work and has been a high priority for the service. A number of additional actions, over and above the “normal” processes have been put in place to reduce the numbers:

- More detailed conversations with crews to show them where collections were being missed
- Duty managers reviewing collection routes
- Zone staff monitoring areas where there were higher levels of missed bins
- Use of the technology to ensure that the locations of unusual properties were clearer
- Trying to identify trends and then address them

- Continuing review of feedback from customers including site visits by operational managers where we seem to continue to get it wrong

4.7 Complaints

From 20 June to 31 October we received 261 formal complaints compared to 48 for the same period last year. 115 of these were received in the first 4 weeks. In October the number had dropped to just 14 compared with 5 for October last year.

In terms of the issues that customers complained about the highest volumes are for:

- Waste policy changes – 83 with 75% of these received in the first 4 weeks
- Missed bins – 131 formal complaints

4.8 Recycling Kit

We have given out an enormous amount of recycling containers which demonstrates that many households did not recycle. We are incredibly grateful to all the stockists who, for the first few weeks of implementation, were at times inundated with residents collecting containers and we tried hard to keep them with stock but this was challenging.

At the beginning we were taken by surprise by the volumes of containers that we were giving out. One of the communication tools we used was to run a series of roadshows to tell people about the changes and to give out recycling containers. Many of these were run in supermarket car parks and at the first ones we were overwhelmed with the number of people. Maybe we should have anticipated this with such low recycling rates

How many of each piece of kit we gave out:

1. Green boxes; just over 25,000
2. Garden sacks; nearly 45,000
3. Clear recycling sack rolls; just over 18,000
4. Food waste kitchen caddies; just over 11,000
5. Food waste external caddies; just under 10,000

A voucher system was introduced for white sacks as we knew that once these were free that demand would be high and we did want to put some control into the system. When these sacks had previously been free we knew a few people took advantage of this and we had the infamous picture of the donkey in Spain with a Colchester garden waste sack on its back.

We do need to consider if we need a similar system for other recycling containers.

4.9 New technology

Our general way of working across all services is to encourage people to use online communication and to try and make information as accessible as

possible. While this was our aim with the changes to the waste service, because it was such a big change and impacted every household, we did take a slightly different approach and whenever we gave the web address we also gave the phone number to ensure people could access information.

At the same time we wanted to move the service on in terms of technology. The major change to our use of technology was to introduce an in-cab system. Previously much of the operation was based around paper and we knew that we needed to reduce that and also that in-cab technology would provide us with valuable management information. This technology, known as RouteSmart, does a number of things.

With the new technology we've undertaken a full re-routing exercise for the collection routes which has resulted in better, balanced routes and incorporates both sack and wheelie bin collections, as well as recycling and food waste. New features include:

- In-cab tablets which link to the software – a sat-nav system guides the driver round the route and alerts the crew to addresses with Assisted collections, Exemptions and HMOs.
- Drivers can report instantly (via the tablet) issues such as road closures, parked cars, contaminated bins/recycling and bins not out. Reports appear in real-time on the software which allows Customer Service Advisors to see any issues online and find out collection day information for customers. This enables quicker responses to customer queries
- The technology allows Duty Managers to track the collection vehicles in real-time, giving an estimated finish time and flagging up where extra resource may be needed on a route.
- For service planning: The software can calculate how adding additional properties to a route (e.g. new builds) will affect the service time and tonnage on that route.

The new technology has enabled the most efficient use of collection vehicles resulting in more balanced service times for each route and collection day. It has enabled the move from paper routes to digital routes so there is no need for drivers to work from paper lists or write issues down.

The web pages to support the new service were completely redesigned. This allows customers to access personalised information about their collection days, report issues and apply online. The aim has been to keep the pages simple and to use plain English.

When comments were received these were reviewed quickly and we made over 200 changes to the new site within the first month, responding directly to feedback from customers.

Our online offering has been well received. We have had over half a million page views, the proportion of missed bins reported online has increased by 10% and over 24,000 customers have downloaded their recycling calendars.

4.10 Call volumes

We knew that in the first few weeks we would see high call volumes and put in place 2 additional advisors in the Customer Service Centre (CSC). The CSC did experience very high call volumes and at times the call wait times were longer than we would have liked. However, the high volumes fell off relatively quickly. Prior to the changes we received around 200 calls a week about recycling and waste. At the moment the call volumes are around the 350 level. For context the call centre receives around 2,000 calls a week in total across all the Council services.

We are doing further work to assess why volumes are still high compared to pre-change levels, capturing the type of enquiry. The two highest categories are advice on recycling and missed bins. We expect these to continue to fall as people continue to get used to the new system.

4.11 Communications

Communication was always going to be a critical piece of the implementation and that there would never be enough whatever was done.

A comprehensive communications strategy was put in place that ran prior to implementation, throughout and for the months after the new collection method were introduced. It was regularly reviewed throughout the project to ensure maximum engagement.

Given the level of change we used a wide mix of communication mechanisms to try and ensure every household had information on the changes. These included:

- Recycling Calendars

A three-month recycling calendar was issued with the Council Tax main billing in March 2017, which gave customers information on the planned changes to collections, alongside their calendar. A ten-month recycling calendar was then posted to every household in June 2017. This gave residents personalised information on their collection day, the changes to blue/green weeks, their calendar and general recycling information.

Both recycling calendars were available as a digital download on the website at www.colchester.gov.uk/recycling, alongside an audio version if required and a braille version could be requested.

- Talking Directly to Residents

Throughout the build up to the collection changes and afterwards we were consistently talking to customers face to face and on the telephone.

One of the most successful methods was roadshows. We held 20 roadshows across the Borough. These offered support ahead of the collection changes, giving residents the opportunity to speak to staff, learn more about recycling and collect any of the recycling containers they needed.

The Customer Service Centre had 2 additional dedicated recycling and waste advisors for a fixed term. The waste telephone number was issued on print

materials and press releases as it was known that a small number of residents do not have access to online facilities. The automated Interactive Voice Response (that interacts with callers and routes calls) was updated throughout the process to reflect relevant messaging.

- Interacting with Residents on Digital Platforms

With today's technology we can get in contact with a great number of residents online. We used several effective ways to interact and engage with residents to supply information and answer their questions. These included:

The Council's www.colchester.gov.uk/recycling pages were kept up to date and a new, easy to navigate, page format was launched. A main focus on the website was an area on frequently asked questions on the collection changes.

Social Media was an integral part of our digital communications. A well-placed and phased post can make all the difference to perceptions. We promoted messages across Twitter and Facebook. This is a two way conversation with residents as we answered questions and concerns about the collection changes.

In May 2017 we launched a recycling themed blog called Reece Cyler www.reececyler.blog. The blog follows the fictional Recycling Zone Warden Reece Cyler, who offers followers friendly, personal and informative posts aimed at encouraging residents of the Borough to recycle more. The blog engages with residents and drives traffic to our website for further information. It's also a two way conversation as we answered questions and concerns about the collection changes.

Our Greener Living e-newsletters was a very useful tool, enabling us to share key messages to subscribers. Key messages on the collection changes were also issued in the Borough News e-newsletter.

An important myth we wanted to tackle was that the recycling we collect goes direct to landfill and 'is a waste of time'. Four videos were created, explaining what happens to food waste, glass and tins, plastic and paper recycling. These were launched on our YouTube channel and shared on the website, blog and social media. They will continue to be useful moving forward.

- Explaining Wheelie Bins

As this was the first time we have had wheelie bins in Colchester it was important to let residents, who were on a wheelie bin route, know what to do with their bin and when their first collection would be. We arranged for an A5 leaflet to be distributed with the wheelie bins.

- Supporting Our Staff with Key Messages

Our collection crews work hard and it was known that they would not have time to answer customer enquiries as they completed their routes. At key moments of the campaign, postcards were printed enabling them to give these to residents who had questions. This gave an outline of the changes and asked the resident to either go online or call the Customer Service Centre for more information.

- Media Engagement

We wanted to offer journalists and other media opportunities to understand the changes and talk to the Leader and Portfolio Holder directly. Two of these were held.

Regular press releases were issued on the run-up and after the collection changes were implemented.

Reactive media enquiries were responded to, as needed.

- Exposure of Messages

A large banner, supporting the 'collection changes are coming' was installed at the Shrub End Depot.

The recycling and waste fleet livery was updated after the changes had been implemented. This has a 'recycle as much as you can' message encouraging residents to recycle.

We accept we didn't get it right all the time and we have learned some valuable lessons and will take these forward for future projects.

4.12 Wheelie bins

It was agreed that wheelie bins would go into a number of wards and in total 12,000 households now have their waste residual and garden waste collected from wheelie bins. The final decision on which wards would operate using wheelie bins was made following consultation with ward Councillors and no wards where a majority of Councillors objected to the introduction of wheelie bins have had these introduced.

In those areas where the majority of ward Councillors felt their residents would want wheelie bins, we worked with them to identify properties that were suitable.

We have not yet tried to do any analysis between wheelie bin areas and those that retained black sacks. This is not straightforward as the routes have all changed so a like for like before and after is not possible, and the routes are of different sizes (wheelie bin areas collect from slightly fewer households) so route to route comparisons are not possible. What will be possible (but complicated) will be to look at kg of waste collected per household. This work will be undertaken in the near future.

Generally areas that have had wheelie bins seem to have had fewer problems than those that stayed on black bags for residual waste and white sacks for garden waste. This may be that because the change was very clear residents understood the changes more easily.

Inevitably there are residents who have wheelie bins who would rather not and some who don't have wheelie bins that would prefer to have them.

There are no plans to extend the areas that have wheelie bins other than for new properties that are added to areas that already have them.

4.13 Operational impact

All of this has had a very significant impact on the operations teams. We have asked a lot of our crews and are as ever, grateful for their hard work and commitment. They have been asked to learn new routes, understand and use new technology, implement restrictions on the amount of residual waste they collect.

In the first few weeks they worked longer hours as they got used to the new routes, however, this has settled down and they are now working normal hours.

The routes are now balanced and this will mean more equal workloads for all crews although they also support each other, so if there are issues, for whatever reason, they will support a crew that is not getting round their route in the expected time.

Overall less tonnage is being collected. This is a phenomena that other authorities have seen when they make changes to waste collections; residual waste falls and recycling increases but not to the total weight prior to changes.

4.14 Some unexpected benefits:

There have been a couple of unexpected, but really helpful benefits:

1. Houses of Multiple Occupation (HMOs) – as the changes went live we realised that we would need a different approach where there were HMOs. We have worked with landlords to find appropriate solutions for these houses. What we have also discovered is about 50 HMOs that were not registered. These are now being actioned which means that residents will have a safer environment to live in
2. Safeguarding – as the Zone Wardens have undertaken education visits they have had contact with households we did not previously know. This has raised a number of safeguarding issues which have been noted and actioned as appropriate. We have got to know some of our communities much better

4.15 Next steps

We are starting to identify a number of actions that we need to take next in terms of consolidating the service and making sure it is workable going forward for both customers and the operational teams.

1. Tweaking and checking the last few issues of missed bins.
2. Starting to see more comprehensively the management information available from the new technology.
3. Continuing with education visits and starting some enforcement (with care).
4. Consider the introduction of section 46 powers.
5. Look at simplifying the exemption process and make it an annual renewal.

6. In the new calendar year we will also start a project to look at how we can improve the service to flats which have remained unchanged.
7. Consider voucher system for all recycling containers.

4.16 Conclusions

In most places the new collection service has settled down and the performance around reducing residual waste and increasing recycling is being delivered. We continue to address the final issues

5. Equality, Diversity and Human Rights implications

- 5.1 A full Equality Impact Assessment was undertaken for the implementation of the changes. This is available in the background papers

6. Strategic Plan References

- 6.1 The proposals specifically support the Strategic Plan:
 - Welcoming – improve the sustainability, cleanliness and health to make the borough a place where people can grow to be proud to live.
 - Vibrant – work hard to shape our future, develop a strong sense of community across the borough by enabling people and groups to take more ownership and responsibility for their quality of life.

7. Consultation

- 7.1 Consultation was undertaken prior to implementation. Details are in the original Cabinet decision report available at Appendix 1.

8. Publicity Considerations

- 8.1 This service touches every household every week and the section on communications explains how we worked to get the information to everybody.
- 8.2 There have been numerous press releases since the changes both proactive and reactive.
- 8.3 It is expected that there will be public interest in this report as it is the first opportunity to review how effective the implementation has been.

9. Financial implications

The project costs are all within the agreed budget.

The capital spend has been lower than originally planned with the cost of wheelie bins significantly lower than anticipated. We also negotiated with our vehicle provider and they swapped vehicles over so that there was no additional cost to convert vehicles for the wheelie bin collections. A saving of £268k against a predicted £856k capital budget has been made, meaning the capital cost is £570k.

We expect to be able to make some savings in the next financial year in the service. This will largely be because the routes are more balanced. In addition, overall we are collecting less tonnage. It is a strange phenomenon that other authorities have also seen, that when collection methods are changed some waste “disappears”. While some tonnage transfers from residual waste to recycling, the overall tonnage has reduced even when we include the increase of waste going to the tip which is comparatively small.

10. Community Safety Implications

N/A

11. Health and Safety Implications

N/A

12. Risk Management Implications

12.1 N/A

Appendices

1. Cabinet report 20 December 2016
2. Recycling and composting performance – Essex Waste Partnership 2015/16

Background Papers

1. Letter from ECC
2. Exemptions policy [Link](#)
3. Assisted Collections policy [Link](#)
4. Equality Impact Assessment

DRAFT SCRUTINY PANEL MINUTE EXTRACT 12 DECEMBER 2017

143. Review of Waste Collection Strategy

Councillor Jessica Scott-Boutell, Portfolio Holder for Waste and Sustainability, and Ann Hedges, Chief Operating Officer presented the Review of Waste Collection Strategy Report. The report requests that the Panel consider and comment on the information in the report which outlines the implementation process, the impact of the waste collection strategy and the next steps.

Councillor Jessica Scott-Boutell informed the Panel that the review is taking place following six months of operation. The Waste service required changes to improve the recycling rates and reduce the levels of residual waste collected. Improvements as a result of the change have been significant and immediate.

Councillor Scott-Boutell praised the hard work of the Crews, Zones Teams and Customer Services in delivering the changes and also thanked the residents for their cooperation.

Ann Hedges provided the Panel with a presentation containing figures and information on the first six months of operation. Ann Hedges confirmed that the performance of the service has improved dramatically and that the vast majority of residents are receiving the service as planned. Ann Hedges highlighted the success of the roadshows and the use of social media in communicating the changes and the support from the zones teams in implementing the new exemptions policy.

The Panel received further information about the IT developments, including in-cab technology, which have been put in place under the new system. This has removed the dependency on paper and allowed for immediate capture of information which can be shared between the customer service centre and the Crews.

The level of missed bins so far is currently higher than the target for the service, with 143 reported in a previous week, which equates to 0.2% of total collections. Ann Hedges commented that the reason behind the slightly higher missed bin rate could be as a result of the move from weekly to fortnightly collections, which is likely to have led to an increase in reporting given the time before the next collection date.

Ann Hedges highlighted that whilst it was necessary to get a full years data, particularly given seasonal variances, the performance so far has been pleasing. The level of residual waste has reduced by 34% and kilograms per household has reduced a further 12% from the target set. The level of recyclate collected compared to residual waste has increased to 55% from last year's total of 44%. If the current collection levels are sustained, this would result in Colchester Borough Council moving from twelfth to third in the Essex authorities benchmarking table. In terms of recyclates, the amount of paper, plastic cans and garden waste collected has increased. The amount of food waste collected has increased by a total of 81% compared to the previous year. Glass collection however, has reduced by 91 tonnes.

The next steps for the strategy are to use the new technology available to reduce the number of missed bin collections to only 100 per week and improve the management information available. Education visits will also continue, as well as the potential for starting some form of enforcement as well as simplifying the exemptions process and making it a yearly review. With regard to recycling in flats, conversations have commenced with Colchester Borough Homes to collect intelligence prior to doing a full review. Fixed Penalty Notice powers are also being used to fine who are fly tipping.

Ann Hedges highlighted that the Panel may wish to consider whether the implementation of a voucher system for containers is appropriate, as a method to ensure unnecessary containers are not provided.

Cllr Feltham

Councillor Feltham attended the meeting and confirmed that as a Cabinet member, she supported the policy change, design and implementation of the strategy. Councillor Feltham informed the Panel that whilst it had taken time to adjust to the changes the hard work between the Waste and Zones teams had assisted greatly. Councillor Feltham highlighted that those properties occupied by multiple tenants or students were not the best at recycling and that a full year of the service would provide further detail and ensure that people are used to how it operates. Councillor Feltham expressed thanks for the work done to date, especially given the complicated issues in her ward.

Cllr Lissimore

Councillor Lissimore congratulated the Council for the recycling figures achieved to date and for the hard work from officers from the waste team through the year.

Councillor Lissimore raised a number of questions and concerns about the new waste collection service and the contents of the report. With regard to the introduction of wheelie bins, Councillor Lissimore questioned whether the reduction

in residual waste collections was a result of wheelie bins or a result of the restriction on amount of waste that can be collected under the new system. Councillor Lissimore also stressed that until statistics show the benefit of wheelie bins, no further roll outs should take place.

With regard to the issue of garden waste, Councillor Lissimore felt that the eight bag limit on garden waste should be reintroduced. This would ensure that many residents were not deterred from collecting leaves and other elements of garden waste outside their boundary. Charging for collection could deter residents and increase the number of requests for street cleaning. Councillor Lissimore also questioned whether the strategy should be changed in light of the Portfolio Holder using their locality budget to pay for a collection in their ward.

Councillor Lissimore requested further information on the impact of the waste changes for both Essex County Council Household Waste Recycling Centres and on the level of fly tipping, and questioned whether fixed penalty notices have been used. Councillor Lissimore also expressed concern that there might be future reductions in funding for street wardens, which could reduce the education and support provided to residents. With regard to policy exemptions, Councillor Lissimore requested information on the number of households that had been refused an exemption.

Councillor Lissimore welcomed the move to improve the technology used by the service and the reduction in paper, however stressed that this should not detriment the service. Councillor Lissimore also questioned how the system connected to the internet, and requested confirmation that the operatives would not be using the system when driving.

Councillor Lissimore raised concerns that the roadshows were not stocked adequately with containers and requested that further assistance be provided to those who do not have an internet connection.

Councillor Lissimore also questioned whether there would be a satisfaction survey undertaken in future, how long crews had spent in overtime as a result of the changes and whether letting agents had been informed of the changes to waste collection.

With regard to the next steps for the service, Councillor Lissimore expressed concern about the introduction of a voucher system, as this could deter recycling. In addition, Councillor Lissimore felt that there should be a clear five year plan to increase the recycling rates as well as an annual renewal of exemptions that takes into account those who do not have access to the internet. Furthermore there should be an annual review of the service.

Councillor Scott-Boutell

Councillor Scott-Boutell thanked those who attended to have their say. In response to the points raised by Councillor Lissimore, Councillor Scott-Boutell confirmed that wheelie bins were only introduced in wards where agreement was provided from the local Councillors. No further roll out is intended, unless there are statistics that warrant their introduction. Information on the performance of wheelie bins so far would need to be looked at following a longer period of operation.

Responding to points raised about garden waste, there is only capacity in the system for collection of four garden waste bags during the year. Councillor Scott-Boutell stated that the locality budget was used at her own discretion.

With regard to the impact on Essex County Council's Household Waste Recycling Centres (HWRCs), Councillor Scott-Boutell confirmed that there had only been a small increase in the tonnage received at the Shrub End site. Ann Hedges stated that in terms of fly tipping, this has increased, however it is difficult to ascertain what the cause of this is due to changes in waste collected at HWRC's at a similar time. Over a period of three months last year there were around 400 incidences of fly tipping, under 100 of which were black bags. During the same three months this year, this increased to over 900, of which 600 were bulky items and the remainder were black bags, however the tonnage was very similar. Ann Hedges confirmed that the Council is issuing fixed penalty notices for fly tipping infringements.

In terms of the waste that had been removed from the system, there was no current evidence to suggest that it had been diverted elsewhere. Other authorities, such as Chelmsford City Council had experienced the same issues when changing their waste systems.

In response to the issues raised regarding the zones teams and education, Councillor Young, Portfolio Holder for Business and Culture, with responsibility for the zones teams addressed the Panel. Councillor Young confirmed that the budget for this service is protected and that the role of the zones teams is likely to be expanded and not reduced. Ann Hedges also provided assurance that the zone wardens would continue with the education visits, of which they were doing around 500 per year even before the changes.

With regard to the exemptions policy, 700 households out of 1800 had said that they would try to deal with the three bag limit. A total of a 100 applications were declined and in these situations zone wardens visited to try and provide education and support.

Ann Hedges acknowledged that there were slightly longer hours for crews during the first few weeks as the new routes began and the new technology was being implemented. The majority of crews are back by 4pm, and the overtime budget had

not been significant. Satisfaction rates would also be looked at in the future once the system has been fully embedded.

Councillor Scott-Boutell also confirmed that comments received regarding the voucher schemes for containers would be considered prior to the completion of the Cabinet report due next year.

The Panel thanked the Portfolio Holder and Officers for attending, and were pleased with the increase in recycling rates and the introduction of technology. The Panel also expressed their thanks for the hard work by all Officers involved in the new waste collection strategy and that it came in under budget.

Concerns were raised by the Panel regarding the charge for the extra four garden waste sacks, particularly considering that the resident may be assisting the Council in clearing the leaves from the footway and carriageway. In addition, Panel members highlighted that some residents will have already purchased the sacks and would now have to pay an additional fee for them to be collected. There was a further suggestion, made by a member of the Panel, of whether there could be an incentive for those communities that do clear up the leaves.

In response, Councillor Scott-Boutell stated that garden waste would be reviewed next year. The current limit was set for the new waste collection strategy as it was linked to the capacity available.

Responding to a question regarding recycling participation, Ann Hedges stated that experience from zone wardens suggests that the majority of households have changed their behaviours. Additional recycling kit has been provided to households and crews can feedback information to zones on which houses are recycling and those who are not.

Gary Cole, Zone Warden, informed the Panel that he was overwhelmed when asked to be part of the project and had not fully appreciated the enormity of the project until it began. Gary Cole explained that the Zone Wardens visited those households putting more than three bin bags out to provide them with communication material and teach them about recycling. A significant amount of work was done prior to the June launch date. Gary Cole highlighted that whilst it has been difficult to get some households to recycle the majority are not putting out more than three bags. Gary Cole stated that he takes pride in the high recycling figures recorded and that the project has given him a good level of job satisfaction.

Panel members raised concerns that there could be extra tonnage going to the HWRC rather than through the waste collection service. It was requested that this be investigated. With regard to the coupon scheme, Panel members were concerned

about how this would be implemented and how it would work if recycling containers were damaged.

In response to a query of whether the technological advances could lead to an increase in missed bin reporting, Ann Hedges stated that the new technology had made it easier for the resident to report missed bins. Crew members, if still in the area, can respond immediately to the report and collect the missed bin.

Some Panel members highlighted that in their ward where wheelie bins had been rolled out, residents were pleased as it helps to improve tidiness.

Panel members also suggested further work in those student areas of Colchester to help increase the level of recycling. Ann Hedges confirmed that the Council works closely with the University and attends fresher's fairs. However, the student populations are more difficult due to the temporary basis of the accommodation. Further conversations can be held with the students, by zones teams, to assist with this.

With regards to food waste, a Panel member highlighted that they were pleased with the 81% increase in the amount collected, but questioned why this had failed before. In response, Ann Hedges stated the increase in food collection followed on from the distribution of 10,000 food caddies as well as from residents adapting to the change in collection of waste.

In response to a query regarding savings on landfill tax, Ann Hedges stated that it currently costs the County Council £86 a tonne for waste to go to landfill. The total reduction would not be available until the end of the full year, but it is likely to be high.

In terms of the next steps, Panel members stressed the importance of looking at recycling provision for flats. Ann Hedges confirmed that this is included in the plan, and that work would commence in the new year. The Panel requested that this come back to a future meeting for review and Ann Hedges confirmed that this could be brought to the March meeting highlighting the Council's current position. The Panel then discussed the different interested parties that could feed into the review, such as Colchester Borough Homes and other housing organisations. Panel members also highlighted the need to speak to private lenders and gather experience from residents. Comments were also received about the current planning process for new flats and the need to include waste and recycling areas. Councillor Scott-Boutell stated that she shared the frustration in the lack of recycling in flats. Ann Hedges confirmed that the zones and waste teams will be aware of many of the locations where recycling facilities in flats is required.

In providing feedback on the new Waste service the Panel agreed that they would not be keen to see the introduction of a voucher system, that the garden waste situation should be reviewed and that there should be a continuing education programme with cautious enforcement. The Panel would also be interested to see a longer term plan for waste and recycling and further statistics on participation rates.

Ann Hedges also highlighted that, whilst the next steps may not be overly ambitious the service is still settling down from the significant change that had previously occurred.

RESOLVED that the Scrutiny Panel considered and commented on the Waste Collection strategy.

Recycling and Waste Collections

Exemptions Policy

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Background – Waste Vision

A Waste Vision was adopted by the Council in 2016 in which the future of waste management in the Borough is one where:

- Waste is managed in accordance with the waste hierarchy, so that waste is prevented and minimised where possible
- Reuse activity is encouraged in households and businesses
- Recycling activity increases the quantity of recyclable material and produces high quality materials that are required by reprocessors
- The environmental impacts of the whole system of waste management are minimised
- The recycling and waste collection service provided by the Council provides value for money for its customers.

The full [Waste Vision is available on our website](#).

Aims of the Exemptions Policy

The Colchester Waste Collection Strategy was approved at Cabinet in December 2016. The [full report is available on our website](#). The key aim of the Strategy is to focus on recycling more and cut down what goes to landfill. Details of the [new Waste Strategy](#) and [Frequently Asked Questions](#) relating to this are on our website.

The Exemptions Policy has been developed to help those who are unable to meet the requirements of the waste collections, for example because of the size of the household, or due to large quantities of offensive waste. This policy sets out the alternative measures to be put in place to ensure waste and recycling collections meet the needs of affected residents. The Council reserves the right to review households on exempt collections, and if deemed no longer appropriate, to withdraw this service.

Definitions of Waste

Definitions of 'household', 'clinical' and 'offensive waste' are key to establishing what should be collected and by who. For clarity, the legal definitions have been interpreted and simplified as follows.

Household Waste

Waste generated by a property used for domestic purposes will be collected through normal domestic waste collections.

Offensive Waste

Household waste containing bodily fluids, secretions, or excretions, which are not infectious and does not require treatment for disposal. Examples include: dressings, gloves, nappies, incontinence pads and sanitary products.

This waste can be collected through the normal domestic waste collection as long as it is appropriately bagged and sealed.

Clinical Waste (including sharps/needles)

Waste containing infectious material, such as something for which antibiotics may be prescribed, produced by a healthcare activity in the home is the responsibility of the authority giving the treatment to remove from the property.

This material **must not be placed in with household waste collections.**

Sharps boxes are available on prescription (FP10) and can be returned to the healthcare trust free of charge. Local Authorities currently have a duty to collect and dispose of clinical waste and make a charge to cover the cost of collection. This will continue to be the case going forward.

Collection of offensive waste from the home

Colchester Borough Council will continue to collect offensive waste as part of normal residual waste collections either in black bags or wheeled bins.

Residents that qualify for an exemption as a result of large quantities of offensive waste will be provided with a collection of this additional waste **only**. Stickers will be provided to residents by the Council which will need to be placed on the bags containing offensive waste placed out for collection. **Only** bags with the appropriate stickers will be collected.

Numbers of bags being collected will be monitored and qualifying circumstances will be reviewed at least yearly to ensure the service is still required.

Collection Methods and Limits of Waste

This policy is specific to those properties receiving a kerbside collection for recycling and waste. It is not applicable to properties with communal storage areas.

Collection methods

The implementation of the new Waste Collection Strategy means that wheeled bins will be introduced to some areas of the Borough. From June 2017 there will be two methods of collection in the Borough:

- Black bag collections
- Wheeled bins for residual (non-recyclable) waste and garden waste

The collection methods for other recycling and food waste will remain unchanged.

Frequency of residual waste collections and limits

From June 2017, residual (non-recyclable) rubbish will be collected fortnightly, either from black bags or a wheeled bin. The limits for residual waste will be as follows:

- In black bag areas: A maximum of 3 black bags per household per fortnight (totaling no more than 180L)
- In wheeled bin areas: A maximum of one standard 180L wheeled bin per household per fortnight

Extra black bags, or other material that has been left out of the wheeled bin, will not be collected.

Flats and Communal Bin Stores

Some properties within the Borough have communal wheeled bin storage areas. These areas will not be affected by the changes to collection methods.

Assisted Collections

Assisted Collections do not form part of this policy, however, an [Assisted Collection](#) service is available for residents who have mobility issues and need assistance with presenting their waste at the kerbside or collection point, whichever collection method the resident has.

Residents who are currently entitled to receive the Assisted Collection service will continue to receive this, subject to usual reviews of the service. For residents for whom the changes represent a potential issue, an [application form for Assisted Collections](#) is available on our website or by phoning our Customer Service Centre on 01206 282700. Assisted Collection service users may also qualify for further exemptions as detailed in this policy.

Criteria for Exemptions

The Council recognises that some households may find the capacity and frequency of the new waste collections challenging. The purpose of this Exemptions Policy is to put measures in place to ensure recycling and waste collections meet the needs of affected residents. It is expected that residents will recycle all recyclable materials before considering applying for an exemption.

You may qualify for an exemption if:

- You already recycle everything you can, and

In black bag areas

- You have a large quantity of non-recyclable rubbish which means you are unable to meet the fortnightly limit of three black bags per household (totalling no more than 180 litres). For example, you need to dispose of large amounts of 'offensive waste' or you have a large family.

In wheelie bin areas

- You have a large quantity of non-recyclable rubbish which means you are unable to fit it into the standard 180 litre wheelie bin per fortnight. For example, you need to dispose of large amounts of 'offensive waste' or you have a large family.

Residents who qualify for an Exemption will be provided with the following:

In black bag areas:

- Stickers to identify the additional black bag(s) to be collected fortnightly alongside normal residual waste, or a weekly collection for offensive waste

In wheeled bin areas:

- A 240L wheeled bin to be collected fortnightly

The kind of exemption you get will be based specifically on your households need. At the time of applying advice will be given to help you recycle everything you can and guidance on any items of waste you are unsure of.

Once your exemption has been granted, we will get in touch once a year to ask if

you have had any changes in circumstances such as a new baby, moving home, or changing name. You can contact us at any point on 01206 282700 if you need to update your information. Please do also let us know if your waste situation changes and we can take another look at the best exemption for you.

Exemptions will last for as long as the household needs them based on their individual circumstances. The Council reserves the right to review households on exempt collections, and, if deemed no longer appropriate, to withdraw this service.

How to apply

Applications for an Exemption can be made online at: www.colchester.gov.uk/recycling or by phoning our Customer Service Centre on 01206 282700.

The Customer Services Advisor will make a decision based on the individual circumstances of the household. It is expected that residents will recycle all recyclable materials before considering applying for an exemption.

You may need to be visited by a Community Zone Warden if you have a very large household or complex needs to make sure we get the right solution for you.

Appeals

Applications for Exemptions are reviewed on an individual basis. Applicants are permitted to **one** appeal, to a Recycling and Waste Manager.

Appeals can be made [online](#) or by phoning our Customer Service Centre on 01206 282700.

A decision will be made within 14 days. If you are refused an exemption, you may not re-apply for 6 months unless you have had a significant change in your household circumstances.

Equality and Diversity

A full [Equality Impact Assessment](#) for the Recycling and Waste Service is available on our website.

Policy Review

The Council reserves the right to review households on exempt collections, and, if deemed no longer appropriate, to withdraw this service.

This policy is subject to review and the latest version can be found on our website www.colchester.gov.uk/recycling

Report of	Assistant Director Colchester Commercial Holdings	Author	Graham Lewis ☎ 288960
Title	Colchester Commercial Holdings Limited Business Plan		
Wards affected	All Wards		

1. Executive Summary

- 1.1. This reports sets out the business plan for Colchester Commercial (Holdings) Limited (CCHL) which combines all high level goals, financial targets and personnel functions from the subsidiary companies.
- 1.2. The report recommends that Cabinet approves the CCHL business plan including the revenue and capital assumptions and implications for the Council's budget.

2. Recommended Decision

- 2.1 To approve the CCHL business plan including the revenue and capital assumptions and implications for the Council's budget.
 - To include the borrowing forecast in the capital programme on the assumption of the £31m borrowing requirement shown within this report.
 - To approve the Direct Trading Income Targets and Council Asset Income Targets with the Council for the next three years of the business plan.
 - To approve that any Direct Trading Income surpluses above the Income Target will be retained by CCHL either for reinvestment or holding as future reserves.

3. Reason for Recommended Decision

- 3.1. Cabinet agreed to create CCHL to enable Colchester Borough Council to operate its direct trading services and development functions within a more commercial culture and environment to address the challenges of ongoing Council wide budget reductions. The business plan sets out the projected financial position for CCHL and the borrowing requirement from the Council over the next three years.

4. Alternative Options

- 4.1 The Council could decide not to approve the business plan but this would limit its ability to meet financial, economic and environmental targets within the Corporate Plan.

5. Supporting Information

- 5.1. In June 2017 Cabinet approved the creation of Colchester Commercial (Holdings) Limited (CCHL) on 14 June 2017 as a holding company solely owned by Colchester

Borough Council (the Council) with three separate trading businesses offering distinct products, services and opportunities;

- Colchester Amphora Energy Ltd (CAEL)
- Colchester Amphora Homes Ltd (CAHL)
- Colchester Amphora Trading Ltd (CATL)

The CCHL and subsidiary remit can be broken down into four distinct areas;

Build Houses

CCHL via its subsidiary Colchester Amphora Homes Limited (CAHL) will provide 300 high quality new homes within the Borough, delivering 30% affordable dwellings together with market homes for rent and sale. The first phase within this business plan period will build new homes on 4 sites transferred from the Council to CAHL at market value. The development will be funded by Colchester Borough Council by way of a loan at market rate. Interest on the loan will be rolled up and repaid to the Council as soon as the first housing sales are made.

The peak borrowing requirement for the development is £29.7m. It is anticipated that all borrowing will be repaid to the Council by 2030/31 or earlier if sales performance stronger than projected. The Company pays a minimum annual dividend to the Council of £0.7million per annum from 2030/31, or once all borrowing costs from this initial phase are repaid.

Provision of Energy services

CCHL via its subsidiary Colchester Amphora Energy Limited (CAEL) will deliver within this business plan period, new localised heat networks and subsequent energy service provision to the north of Colchester. The company will also take forward new initiatives for the generation of energy in the Borough which provide a commercial return for the Council. The total cost of the project is estimated to be £5.8m .CAEL has secured grant funding of £3.3m plus an additional £200k for commercialisation from BEIS and intends to take a loan direct form the Council for the remainder.

Trading

CCHL via its Colchester Amphora Trading Limited (CATL) will offer a range of commercial trading businesses and services to customers which will generate new levels of income for the Council. CATL business offering can be split into two key functions;

Firstly, it will deliver a range of direct commercial trading services, including Helpline, Monitoring and CCTV and Events.

Secondly, the company will offer a range of professional property and business services initially to the Council and to external clients as the company grows. These services include estates management of the Council's assets, economic development and business support services and commercial development and regeneration project management.

Senior Management

CCHL will provide the Senior Management service and strategic direction to the Council's Sport and Leisure function and across the other subsidiary companies. This ensures that the Sport and Leisure service takes advantage of the growing commercial culture and skills within CCHL and ensures the subsidiaries are managed and monitored in accordance with the target budgets and other KPI's agreed with the Council under its Management Agreement.

6. Financial Implications and Funding

6.1. Capital Borrowing

Financial models currently imply peak capital borrowing of £28.8m for CAHL and £2.5m for CAEL from the Council. The peak funding requirement is £31.3m. The quantum and timing of the funding is dependent on the phasing of the developments. The table below shows the anticipated drawdown of funds:

Financial Year	CAHL	CAEL	Total Borrowing
	£000's	£000's	£000's
2017/18	836	-	836
2018/19	2,671	-	2,671
2019/20	7,707	2,554	10,261
2020/21	11,301	-	11,301
2021/22	6,120	-	6,120
2022/23	-	-	-
2023/24	125	-	125
Total	28,760	2,554	31,314

The first housing sales receipts are anticipated towards the end of financial year 2021 and will be used to reduce the borrowing with the Council. However all debt is not paid off until 2030 as the affordable housing units are retained within CAHL and rented out once completed. If site sales perform better than expected then debt can be paid off sooner which means dividends also will be payable sooner to CCHL.

Capital expenditure in CAEL will be part financed by a grant originally from the government's Heat Network Unit, resulting in a borrowing requirement of £2.5m from the Council. The Council will loan the required capital to CAEL at market rates and It is anticipated that this will generate a return to the Council for its capital invested of approximately 7.34%.

6.2. Revenue Income and Expenditure Summary

The table below summarises the projected revenue income and expenditure for CCHL over the next three years:

Financial Year	2018/19 £000's	2019/20 £000's	2020/21 £000's
	£000's	£000's	£000's
Income	(1,583)	(1,592)	(1,595)
Expenditure	1,583	1,485	1,380
(Surplus) /Deficit	-	(107)	(242)

Any Direct Trading Income surpluses over and above the targets outlined will be retained by CCHL either for reinvestment or, in agreement with the Council, holding as future reserves.

6.3. **Asset Income Targets**

Asset income targets for the company to meet on behalf of the Council are £3.4m in 2018/19, £3.4m in 2019/20 and £3.6m in 2020/21. The income generated by these assets, which remain in Council ownership, will be paid direct to the Council with the company acting as a managing agent. This management agent role, alongside a range of other core professional services including programme and project management, strategic asset management and economic and business support will be “bought” by the Council from the company by way of a management fee.

7. **Governance**

- 7.1 The CCHL Business Plan will be delivered in full compliance with the governance requirements set out by Colchester Borough Council.

The Board will establish and maintain an effective service and financial performance management reporting system which will include effective reports to the CCHL Board and the Cabinet.

This business plan provides for sufficient support and leadership from Non-Executive Directors, a Managing Director and an Independent Chairman.

The CCHL Board of Directors shall comprise:

- The Chairperson
- 3 Elected Member
- 4 Senior Officers; Chief Executive, Assistant Director, Commercial Services Manager and Finance Manager.

Board meetings will be held every 6 weeks.

8. **Strategic Plan References**

- 8.1. The proposal contributes to the Council's aim to be more financially sustainable and also delivers against the following areas in the Strategic Plan of Regenerating our borough

through buildings, employment, leisure and infrastructure and bringing investment to the borough.

9. Consultation and Publicity Considerations

- 9.1 No specific issues in respect of this report, however, publicity and consultation will be considered for specific projects as appropriate.

10. Equality, Diversity and Human Rights, Community Safety and Health and Safety implications

- 10.1 None identified at this stage.

11. Risk Management Implications

- 11.1 The key financial risks associated with CCHL concerns the financial risk attached to the delivery of income targets (capital and revenue) and management of costs. This will be managed through regular monitoring and reporting on the company's financial position.

Appendices

Appendix A – Colchester Commercial Holdings Ltd Business Plan 2018-21

Appendix B – Report to Cabinet 15 March 2017 – Colchester Northern gateway Heat Network

Appendix C - Report to Cabinet 14 June 2017 - Colchester Housing Development Company



Colchester Commercial Holdings

Colchester
Commercial
Holdings Limited
Business Plan
2018-2021



Colchester Commercial Holdings Limited

Business Plan 2018-2021

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Colchester Commercial Holdings

Colchester Commercial Holdings Limited Business Plan 2018-2021

1. Executive Summary

Colchester Commercial (Holdings) Limited (CCHL) is a holding company solely owned by Colchester Borough Council (the Council) with three separate trading businesses offering distinct products, services and opportunities. This CCHL business plan consolidates the subsidiary company activities into a high-quality commercial offer which maintains the strong public sector ethos of its shareholder.

CCHL will ensure that the three trading companies Colchester Amphora Homes Limited (CAHL); Colchester Amphora Energy Limited (CAEL) and Colchester Amphora Trading Limited (CATL) deliver against their individual business plan targets, projected financial performance and key performance measures over the next three years. The Holding Company will at all times demonstrate a commitment to sustainability, providing senior management direction into the subsidiary companies to enable them to deliver new homes for local people, develop key infrastructure and provide low-carbon energy solutions to Colchester communities. In addition, we will monitor the direct trading activities and commercial income generation of Colchester Amphora Trading Limited (CATL)

The Board of CCHL is made up of four Councillors from the Council and the Managing Director of CCHL. This representation allows the parent company to offer direction to the holding company and its subsidiaries whilst providing it with the freedom to operate in a fully commercial marketplace, enabling swift decision making processes to capitalise on revenue generating opportunities as they arise and driving forward delivery as outlined in the agreed business plans.

To minimise costs and ensure maximum returns, all subsidiary companies will be co-located and will “buy” services from the parent organisation, Colchester Borough Council, through a service-level agreement.

The Company will provide a range of services to the Council through a management agreement which will comply with TECKAL regulations but will also, over time, develop and offer a range of services and activities to new markets, which may include other public sector bodies and private businesses.

2. Outline Mission and Strategic Approach to Delivery

CCHL provides the strategic direction, financial performance monitoring and senior management capacity for the three subsidiary trading companies. This approach ensures a strong blend of private and public ethos, with a consistent culture which suffuses the subsidiaries; and it allows the core skills of financial management, commercialism and leadership to be provided within the senior management of CCHL.

The diagram below outlines the CCHL and subsidiary structure.



Colchester Commercial Holdings

CCHL will ensure that its subsidiary companies develop and offer only the highest-quality products and services to the Council and other external customers. It aims to stimulate growth of its subsidiaries year on year, offering a growing source of income to its shareholder and meeting other key targets such as the provision of new homes and jobs in Colchester, new ways of supporting the care sector and improving the quality of life for local residents.

We believe we can achieve success over the next three years by building upon:

1. Strong leadership skills and senior management capability
2. Focused and achievable income targets – CCHL will monitor income and wider performance across all three subsidiaries
3. Strong project management and development management skills – we will continue to manage projects for the local authority whilst developing new packages of services to be offered externally
4. Clear marketing and business development goals – we will ensure business development and marketing expertise is appropriately resourced across all three companies
5. Low setup costs by using many existing council services through a service-level agreement (an SLA)
6. Existing partnerships and relationships within the business community

The holding company structure also allows for all three subsidiary trading company finances to be brought together into one consolidated account. The holding company also acts as a single point of reference to which the parent company (the Council) can present proposals in relation to funding and borrowing decisions, further commercial opportunities and scrutiny against plans, performance and delivery.

Although CCHL is a holding company, it does undertake some trading activities as it will provide the senior management service and strategic direction to the Council's Sport and Leisure function. This ensures that the Sport and Leisure service takes advantage of the growing commercial culture and skills within CCHL. The Council will pay a management fee to CCHL for performing this role alongside the other services provided by the subsidiary companies to the Council.

This consolidated CCHL Business plan combines all high-level goals, financial targets and personnel functions from the subsidiary companies. However, each subsidiary also has its own business plan outlining detailed goals, financial targets and operating processes and strategies.



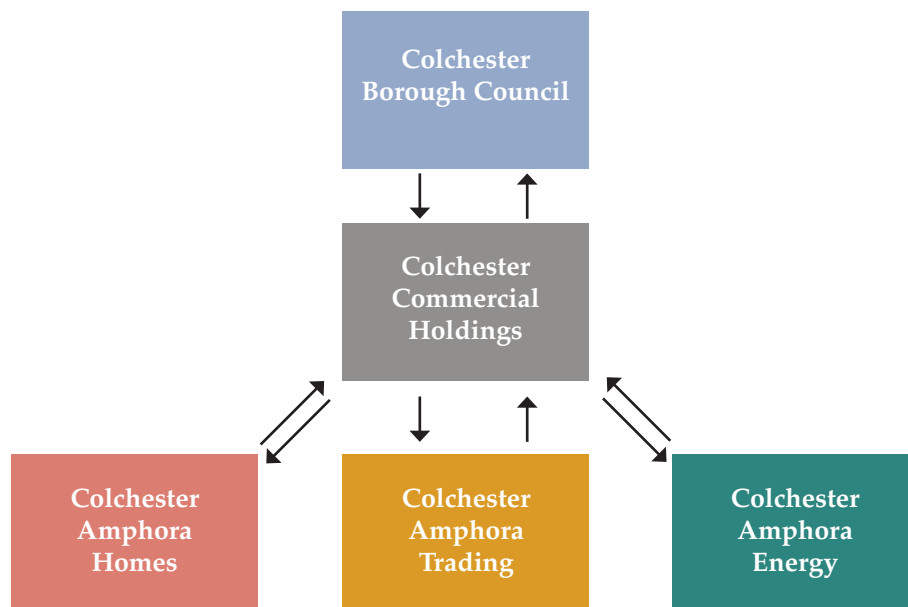
Colchester Commercial Holdings

3. Our business and governance structure

As a holding company providing monitoring, strategic direction and senior management support to the operational activities and services within the subsidiary companies, we have kept our staffing structure to a minimal level to keep costs low.

CCHL will have the following staff: a Managing Director (part time), Assistant Director, Finance Manager and Company Secretary, Senior Commercial Manager and Personal Assistant.

The diagram below outlines the CCHL and subsidiary structure.



Each of its trading subsidiaries - Colchester Amphora Energy Ltd, Colchester Amphora Homes Ltd, Colchester Amphora Trading Ltd, have their own business plan and Board of Directors. They will be responsible for the specific delivery of their targets.

CCHL, however, will look at the more strategic delivery of outcomes: the financial position including borrowing, repayments, cash flow and return; the professional services which CBC is asking it to provide; and the profit / loss position of its income-generating services.

4. Products and Services

As a Holding Company, CCHL has limited trading activities, instead providing a strategic and monitoring overview to its subsidiaries.

However, the company will provide senior management services to the trading subsidiaries through the Assistant Director and the Senior Commercial Manager.



Colchester Commercial Holdings

In addition, the Senior Commercial Manager will provide leadership and senior management, performance management and strategic direction to the Council's Sport and Leisure Service through a Management Agreement entered into with the local authority. Managing this Council-owned service through the Holding company will provide a strong level of performance scrutiny, increased commercial culture and high levels of customer service.

The Holding company will also monitor performance against both financial and non-financial targets of the following subsidiary companies and carry out a Company Secretary role for all:

Colchester Amphora Energy Ltd (CAEL)

This company will look to provide a range of energy services, projects and initiatives, including heat networks, within the Borough. Its initial major project is to create a District Heat Network at Northern Gateway in Colchester. As North Colchester is developed by CBC, the owners and tenants will take their heating requirements from CAEL. The infrastructure for the project will be funded from a government grant and by loan finance from the Council, who will be investing in the project to generate a commercial return. CAEL will then operate the heat network, either directly or via a third-party operating contract and generate a commercial return from heat sales.

Colchester Amphora Homes Ltd (CAHL)

CAHL is a housing development company which will initially purchase four sites, currently in Council ownership, to deliver 300 new dwellings within this business plan period. The company will ensure that 30% of all homes are delivered as offered on an affordable rent basis for local people in Colchester – this means 90 new affordable homes in this Plan period.

CAHL will pay market value to the Council for its sites. It will also take loan finance from CBC to fund the development phases and, once all borrowing has been repaid, CAEL will pay dividends back to the Council via CCHL.

During the business plan period, CAHL will be identifying further sites which can then be purchased to continue the pipeline of housing development. Further site purchase will require a business case to be presented to CCHL and to the Council if loan finance is required or Council assets have been identified.

Colchester Amphora Trading Ltd (CATL)

This company manages a range of trading businesses on a direct commercial basis to increase both income and improve profit which can then be returned to the parent company, CCHL. The company will also provide a range of core professional services to the Council and, in time, to other organisations and businesses in relation to property, estate management, economic regeneration and commercial development.

CATL will develop a unique commercial culture in order to maximise income generation and operate successfully with the diverse range of activities and services it provides. However, as a company wholly owned by the Council, it must counterbalance that commercial mindset with a public sector ethos.



Colchester Commercial Holdings

5. Relationship with the Parent Company

As a wholly owned local authority company, CCHL will be providing a large percentage of its services and that of its subsidiaries direct to the Council. These services include commercial development feasibility work, business sector developments, inward investment, estates and asset management, together with senior management support provided to the Council's Sport and Leisure service. The company and its subsidiaries will also be managing a range of direct trading businesses, delivering a pipeline of new homes in the borough and creating new commercial opportunities from energy projects. CCHL will also be paying CBC to provide a range of support services to the Company.

Services provided to the Council from CCHL and its subsidiaries will be set out in a management agreement. This agreement will outline a schedule of core services to be provided, together with a management fee which will be paid to CCHL for this plan period. The Agreement will also include a fee schedule for non-core services provided by CCHL, which the Council may wish to take up. The range of services may also be offered to external customers.

Services delivered to the Council in return for the management fee are outlined below:

CORE SERVICE DELIVERED	DESCRIPTION	INCLUDED IN MANAGEMENT FEE?	NON CORE ACTIVITY
Estates and Asset Management within CATL	Provision of a range of estates services including portfolio and valuation management, asset reviews, disposals and acquisitions, Right-to-Buys, investment and development advice, provision of GIS service to agreed internal CBC customer	Yes	GIS services provided to wider CBC and non-CBC customers
Commercial and Economic Development within CATL	Provision of business liaison, business sector support and development, inward investment activity, project feasibility and initiation and project management advice	Yes	Full development management service for new projects with approved business cases
Housing Development	Development of 300 new homes across 4 sites in Colchester with 30% affordable units delivered. Service delivered by Colchester Amphora Homes Limited.	Yes for senior management support and strategic direction, financial and performance monitoring by CCHL Board	Development management support for CBC's own council house development under Housing Revenue Account
Energy Company developments and services	Development of new district heat network at Northern Gateway, together with other new income-producing low carbon energy initiatives. Service to be delivered by Colchester Amphora Energy Limited	Yes for Senior Management support and strategic direction, financial and performance monitoring by CCHL Board	
Senior management and finance support of direct commercial trading companies	A range of direct trading activities will sit within CATL with senior management and finance management provided by CCHL	Yes for senior management support to direct trading activities	
Senior leadership and strategic direction, financial and performance management of the Council's Sport and Leisure service	CCHL Senior Commercial will provide ongoing leadership and senior management input into the running of the service, including Leisure World and the new Northern Gateway Sports hub		

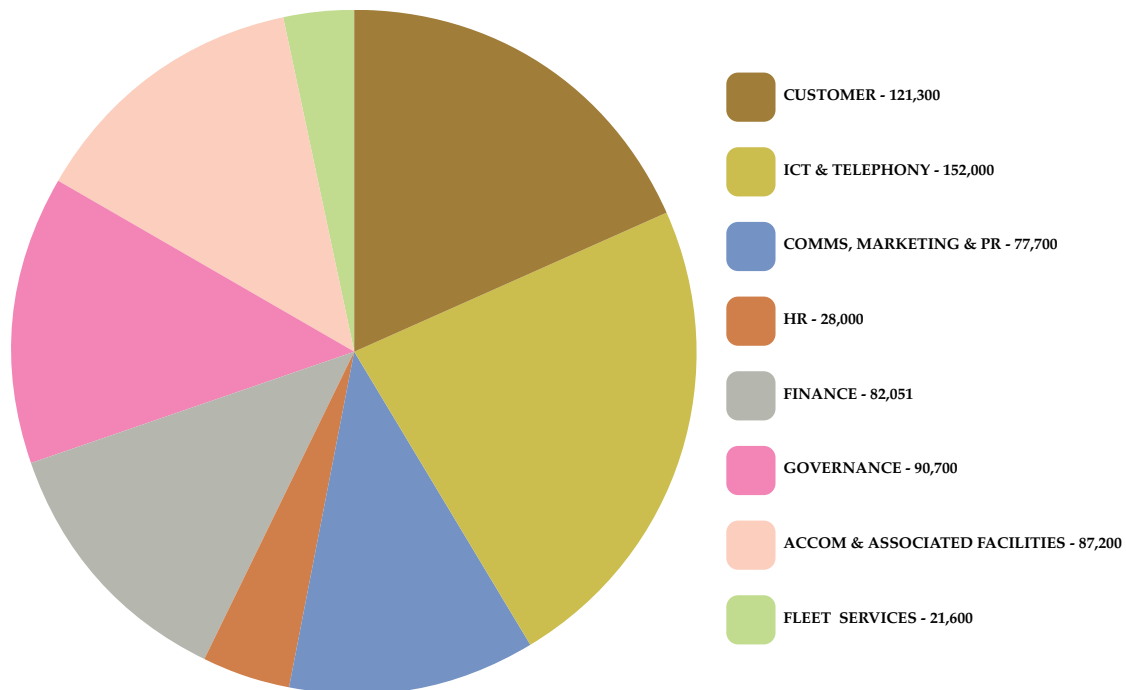


Colchester Commercial Holdings

CCHL will also “buy” a range of services from the Council during this plan period.

These services are outlined below together with the agreed fee to be paid to the Council:

Services provided by the Council to CCHL



6. CCHL Business Goals

As a holding company, our goals will relate to the financial targets and performance monitoring of the three trading subsidiaries. We will also strive to provide high levels of service provision back to the Council under the Management Agreement

Our goals are:

- To monitor performance of the subsidiaries against the financial, programme and delivery targets outlined in this Plan and within the individual business plans
- To generate new levels of commercial income for our parent company to support existing Council service delivery
- To promote and maintain a new company culture which is strongly commercial but retains the public sector ethos of our parent organisation
- To deliver sustainable services and activities through the development of more high-quality homes, commercial floorspace and infrastructure, low-carbon energy opportunities and new products and initiatives within our direct trading companies
- To provide leadership and strategic direction to the Council’s Sport and Leisure service
- To deliver high levels of service provision under the Management Agreement with the Council



Colchester Commercial Holdings

7. Financial Summary

Income Targets

CCHL will produce annually a set of consolidated accounts which take into account profit and loss, borrowing requirements and any assets and liabilities from each subsidiary.

We have agreed the following direct trading and service income targets with the Council for the three years of this business plan:

DIRECT TRADING INCOME TARGETS	2018-19	2019-20	2020-21
	£'000	£'000	£'000
Monitoring and Response			
Income	989	1,003	1,015
Expenditure	(885)	(899)	(913)
Profit / (Loss)	104	104	102
Events			
Income	660	785	980
Expenditure	(488)	(515)	(581)
Profit / (Loss)	172	270	399
Estates/Commercial and Economic Development			
Income	70	70	70
Expenditure	(887)	(905)	(922)
Profit / (Loss)**	(817)	(835)	(852)
Total Trading			
Income	1,719	1,858	2,065
Expenditure	(2,260)	(2,319)	(2,416)
Profit / (Loss)	(541)	(461)	(351)

** Estates income will be received in a number of ways. The largest portion will be by way of core services provided to the Council in return for a management fee. A small amount of income (£70k) will be generated by providing non-core services to the council and by providing services to third parties.

In addition, as part of the estate management and commercial development service we are providing to the Council, we will deliver against asset income targets set by the Council's Revolving Investment Fund committee.

COUNCIL ASSET INCOME TARGETS	2018/19	2019/20	2020/21
	£'000	£'000	£'000
Commercial Estates and Investment Properties	3,462	3,462	3,577
Broadband Project	25	25	25
Sport and Leisure	651	701	768



Colchester Commercial Holdings

Capital Borrowing

CCHL will also monitor financial expenditure and performance targets for Colchester Amphora Homes and Colchester Amphora Energy. Each of these subsidiaries will have its own set of trading accounts and both companies will require some loan finance, although CAEL also benefits from a grant from the Council (secured as part of a funding bid from the government Heat Network Unit)

Within this Business Plan period, a transfer of land assets is required between the Council and CAHL to facilitate the new developments. This transfer of the four Council-owned sites identified in the CAHL Business Plan will be at market value and these are currently valued at £6.8 million. It is anticipated that the transfer of sites will occur early in the Business Plan period:

Phase 1

£676,048 on 1 April 2018 –Military Road and Creffield Road sites

Phase 2

£6,142,569 on 1 Oct 2019 – Mill Road and Runwald Street sites

We will continue to monitor progress against CAHL Business Plan targets, particularly expenditure, capital borrowing and sales income from completed developments.

All capital borrowing required by the subsidiary companies will be from Colchester Borough Council during this Plan period. This will necessitate each company independently entering into loan agreements directly with the Council and all receipts or dividends from within these companies will be paid back to the Council in accordance with an agreed cashflow or until all loans have been repaid. Any dividends or sales receipts received after the loan finance has been paid off will be paid to CCHL and distributed to the parent shareholder as part of wider income targets agreed.

Financial models currently imply capital borrowing of £28.8m for CAHL and £2.5m for CAEL from the Council. The peak funding requirement is £31.3m. The quantity and timing of the funding is dependent on the phasing of the developments. The table below shows the anticipated drawdown of funds:

FINANCIAL YEAR	CAHL	CAEL	TOTAL BORROWING
	£000's	£000's	£000's
2017/18	836	-	836
2018/19	2,671	-	2,671
2019/20	7,707	2,554	10,261
2020/21	11,301	-	11,301
2021/22	6,120	-	6,120
2022/23	-	-	-
2023/24	125	-	125
Total	28,760	2,554	31,314



Colchester Commercial Holdings

The first housing sales receipts are anticipated towards the end of financial year 2021 and will be used to reduce the borrowing within CAHL. However, the entire debt will not be paid off until 2030, as the affordable housing units are retained within CAHL and rented out once completed. If site sales perform better than expected then debt can be paid off sooner, which means dividends will also be payable sooner to CCHL.

Capital expenditure in CAEL will be part-financed by a grant originally from the government's Heat Network Unit, resulting in a borrowing requirement of £2.5m from the Council.

Business Plan revenue and income expenditure summary

During this Business Plan period CCHL will have the following ongoing revenue cost areas:

- Salary costs
- Other company running costs
- Service-level agreement costs (to buy back services from the Council)

and the following income lines:

- Management fee (for providing services to the Council)
- Income from direct trading companies
- External income from external professional services

The management fee and the SLA costs will be divided between CCHL and each of the subsidiary companies as follows:

SLA Costs

COMPANY	SLA 2018-19 £	SLA 2019-20 £	SLA 2020-21 £
CCHL	48,036	46,400	46,400
CATL	588,441	568,400	568,400
- Estates			
- Commercial and economic growth			
- Monitoring and response			
- Events			
CAEL	12,009	11,600	11,600
CAHL	12,009	11,600	11,600
Total	660,495	638,000	638,000



Colchester Commercial Holdings

Management Fee income from the Council

COMPANY	2018-19 £	2019-20 £	2020-21 £
CCHL	204,000	210,000	186,000
CATL	1,221,000	1,230,000	1,253,000
CAEL	76,000	76,000	78,000
CAHL	76,000	76,000	78,000
Total	1,577,000	1,592,000	1,595,000

Note 1 –CAHL and CAEL will not carry out direct services for the Council

Note 2 – CATL management fee relates to costs of staff for estates and economic growth and core commercial development activities (outlined in activities section of Management Agreement)

Business Plan Financial Summary

	2018-19 £000'S	2019-20 £000'S	2020-21 £000'S
CATL Net Costs	541	461	349
Holding Company Costs			
Staff Costs	325	330	337
Other Costs	56	56	56
	381	386	393
Service Level Agreements	661	638	638
	661	638	638
Total	1,583	1,485	1,380
Income:			
CBC Mgt Fee	(1,557)	(1,566)	(1,595)
Additional finance manager contribution from CAHL	(26)	(26)	(27)
	(1,583)	(1,592)	(1,622)
(Surplus) / Deficit	-	(107)	(242)

Company Financial Assumptions

- All subsidiary company accounts will be consolidated into CCHL accounts with the exception of any assets or capital loans and loan repayments.
- Expenditure forecast includes 2% pa salary increase for staff
- It is assumed that the management fee from the Council will have an inflationary 2% increase applied annually
- For this business plan period, it is assumed that any additional income from trading businesses or services over and above the agreed net income targets will be retained by the company for further investment



Colchester Commercial Holdings

- It has been agreed with the Council that the Service Level Agreement fee for provision of support services to the Companies will remain static for the life of this plan, subject to review to ensure they meet actual service provision
- Reports on financial performance against targets will be reported to each CCHL Board meeting

General Financial Assumptions

- Current banking and national economic trends continue
- Current legislation regarding living wage, pensions and other factors affecting staff costs remains as current
- Demand for activities and services grows
- Overhead and operating costs grow as projected

In addition to the income targets outlined above, CCHL has also put in place a number of key financial indicators against which performance should be measured:

- Income targets for direct trading businesses rise after Year 1
- Expenditure is managed to ensure no rises of more than 1% (with the exception of Events as costs rise in accordance with number and type of activity)
- External estates and commercial development activity income is expected to remain stable until Year 4.
- CCHL net income targets of

	2018-19	2019-20	2020-21
		000	000
Income	0	(107)	(242)

It is assumed that any income surpluses over the above targets will be retained by CCHL, either for reinvestment or, in consultation and agreement with the Council, for holding as future reserves. If the reinvestment is for specific projects which will use Council assets, then a full business case will be provided for Council approval.

Non financial performance targets

In addition to the financial targets above, CCHL, as a company and subsidiaries wholly owned by Colchester Borough Council, has been tasked with delivering additional benefits, which enhance the lives of people in the Borough through the creation of new jobs, new high-quality affordable homes, leisure opportunities and activities and sustainable initiatives.

CCHL will be responsible for ensuring its own KPIs and those of its subsidiaries are met during the life of this business plan.



Colchester Commercial Holdings

A number of the KPIs below will also form part of the Management Agreement between the Council and CCHL:

- 300 new high-quality homes delivered in the Borough, of which 90 will be affordable
- 3 brownfield sites brought forward for housing
- 4 placemaking events delivered each year during the plan period (does not include capital cost, for which a separate business plan is required)
- Deliver £115,000 capital investment into Charter Hall to drive up the numbers of performances and visitors
- Increase business development activities to increase Helpline user base to over 4000
- Implement 5 of the 9 work packages within the Council's Digital Strategy
- Meet the regeneration and commercial development targets set out in the Management Agreement delivery programme
- Deliver the carbon savings identified in the CAEL Business Plan of 600t CO₂ per year in 2021
- Creation of a brand new sports and leisure facility at Northern Gateway, managed as part of the Leisure World brand with strategic management input from CCHL

8. Taxation implications

CCHL's financial advisors have reviewed the VAT, Stamp Duty and Corporation Tax implications arising from the setting up of CCHL and its subsidiaries.

VAT

Given the diversity of businesses, services and activities within CCHL and its subsidiary structure, it is appropriate that VAT will continue to be monitored and reviewed as the Plan period progresses. In respect of CAHL, VAT is unlikely to be a major concern for the development of new housing units for sale or the granting of long leases, as the sale of new dwellings is zero-rated for VAT purposes. This means that no VAT is charged on the selling price and any VAT incurred on the land or construction costs would be recoverable. However, where dwellings are to be retained for investment, the rental income will be exempt and this may adversely impact CATL's ability to recover its input tax.

For this business plan period it is assumed that the single project (Colchester Northern Gateway Heat Network) within CAEL will not incur any irrecoverable VAT. This position will be monitored as the project progresses.

Stamp Duty Land Tax (SDLT)

As a Company Limited by Shares wholly owned by the Council, group relief will apply, so no SDLT liability will fall on any of the subsidiaries in respect of any property purchases from the Council. However, SDLT would apply to any land or properties bought into any of the companies from external sources.

Corporation Tax

CCHL will be subject to Corporation Tax on profits made on its activities. CCHL intend to minimise any tax incurred and intend to carry out a financial modelling exercise to produce detailed tax analysis.



Colchester Commercial Holdings

9. Marketing Strategy

Each subsidiary company will have its own marketing strategy, bespoke to that individual business' need. CCHL will have a brand and logo, although, as a holding company, we do not expect to be offering public-facing services and activities, so direct marketing resource will be low-key.

CCHL may in time offer strategic and leadership services to organisations that sit outside of the Borough Council. At that point, any branding and marketing material will be reviewed to ensure it is fit for purpose.

The CCHL Board will review spend on marketing, communications and PR as part of the wider review of services offered by the Borough Council to the Company under the SLAs. This review is likely to be carried out annually alongside a review of the other activities provided.

10. Procurement Strategy

All procurement carried out either by CCHL or its subsidiaries will be subject to local authority procurement rules as it is a 100% Council-controlled company.

The Company will work with the Council's procurement team to ensure all formal processes are being carried out in a proper manner.

Where the Company is carrying out procurement in respect of land and property transactions, it will follow guidance set out in the Council's constitution.

11. Risk Management

CCHL will own and maintain a high-level risk register which will be reviewed quarterly.

Each subsidiary shall have its own detailed risk register which will be reviewed at the subsidiary board level and each project within the companies will also have their own risk registers, which will be owned and managed by programme and project managers.



Cabinet

15th March 2017

Item
7(i)

Report of	Director for Commercial and Place	Author	Jan Warren
			☎ 282107
Title	Colchester Northern Gateway Heat Network		
Wards affected	Mile End and Highwoods		

This report seeks approval for the recommended proposal to create a Heat Network and supporting infrastructure on a site at the Northern Gateway, to approve the detailed business case for the proposed development project including the capital and revenue assumptions and implications for the Council's budget and to approve the proposed delivery structure for the proposed Heat Network.

1. Decision(s) Required

- 1.1 To approve the recommended proposal to create a Heat Network and supporting infrastructure on sites at Northern Gateway, south of Axial Way subject to the approval of a full business case which is set out in Part B of this Report.
- 1.2 To note the recommendations in Part B being;
 - To approve the detailed business case set out in the for the proposed development project including the capital and revenue assumptions and implications for the Council's budget and Medium Term Financial Forecast.
 - To include the scheme in the capital programme on the assumption of the figures and funding shown within this report, noting that further commercialisation work would be required prior to appointment of a contractor.
 - To approve the proposed set up of a company for the development and management of the network noting that a further report to Revolving Investment Fund Committee with details on the governance arrangements of the company will be brought back prior to the creation of any structure.
 - To approve the use of New Homes Bonus monies for initial start-up of the company.

2. Reasons for Decision(s)

- 2.1 To enable the installation of an "infrastructure first" heat network scheme within the new Colchester Northern Gateway destination to provide a sustainable, affordable district heating system to businesses and homes.

- 2.2 To create a new commercial income stream for the Council and to ensure that the financial costs to the council of delivering the scheme over the programme period are clear and accounted for.
- 2.3 To provide the first phase of delivery in a strategy at the Northern Gateway to deliver the heat network infrastructure alongside proposals to create ultrafast broadband and other areas of environmental sustainability enabling delivery of a “best practice” case-study which can be applied to other new business locations and can be considered as an option for the new Garden Communities.
- 2.4 To create developments with a lower Carbon footprint in line with Council Strategic objectives.

3. Alternative Options

- 3.1 Do nothing. The population of the borough is set to grow from 180,420 to 193,806 residents by 2020. If the Council were to carry on with business as usual, without taking any mitigating action such as implementing low carbon projects such as this, Colchester could see a potential increase in carbon emissions of 11% by 2020 compared to current levels.
- 3.2 Deliver this at a later date – this would mean that the opportunity would have gone to deliver an infrastructure first scheme, as the wider development would have commenced and there would be no lever and incentive to get businesses and developers to sign up to this form of heat network. The ability to secure external match funding may also be less likely as this project is being viewed as a pilot scheme.

4. Supporting Information

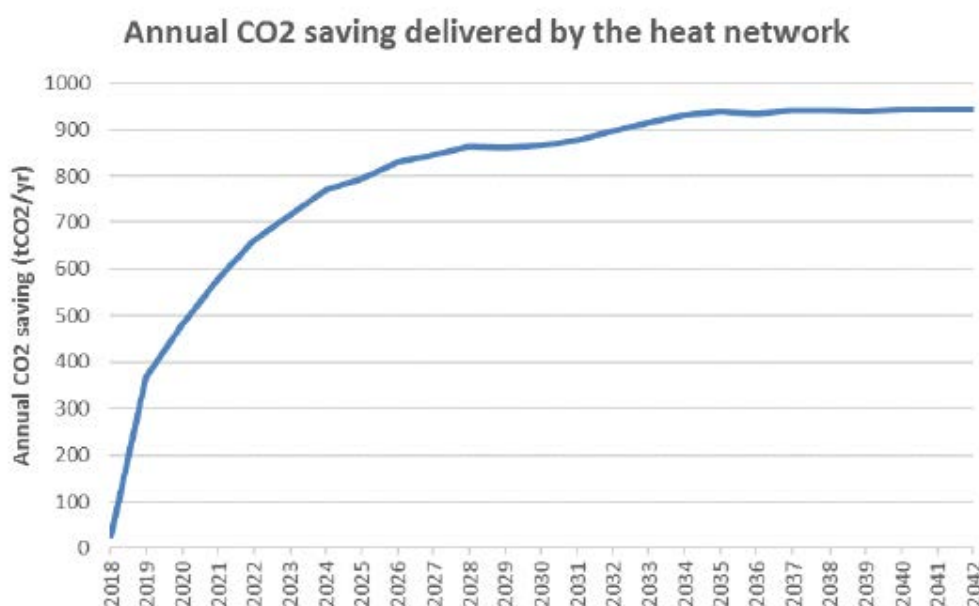
- 4.1 The Council has been working with the Heat Network Delivery Unit which is part of Department for Business Energy and Industrial Strategy (BEIS) for circa 18 months looking at feasibility options for bringing forward an “infrastructure first” model of heat network on land at Northern Gateway. As the Council currently owns the land at Northern Gateway and will be bringing forward development in due course, it is a unique opportunity to consider whether it is possible to deliver new highly sustainable infrastructure package which can be installed in advance of the main build development. This proposal meets with the wider Northern Gateway Masterplan vision which includes an exemplar approach to sustainability.
- 4.2 The feasibility studies have considered; the physical nature of the site, the range of heat plant options, costs of delivery and models of delivery and have led to the creation of a robust financial model which demonstrates that a low carbon scheme is viable on this site.
- 4.2 Please see Appendix 1 which shows a plan of the proposed site area.

5. Proposals

- 5.1 The proposal which is outlined in further detail in the confidential business case on Part B of this Agenda, is for the development of a heat network using a groundwater source heat pump, which will serve a core area and will supply heat to a range of businesses and new homes to be developed on the Northern Gateway site. The groundwater source option utilises innovative technology that has a significantly lower carbon footprint than other forms of heat.

The preferred option of an open loop water source heat pump system makes use of the naturally occurring groundwater (i.e. the aquifer layer) and initial high level investigations show that there should be no reason why the Northern Gateway should not be suitable for this system, but borehole testing will be required as part of the next stage of delivery.

- 5.2 In addition it is planned that the Energy Centre which will house the heat network boiler is also to be used as a visitor centre. This will offer educational opportunities to schools and colleges as well as providing a learning model for heat networks and low carbon practices, allowing excellent dissemination of low carbon practices.
- 5.3 These aims fit with those within the [Colchester Borough Council - Environmental Sustainability Strategy](#) and will enable savings to both domestic and commercial premises, while helping to reduce CO2 within the borough. Estimates show that 14% of UK heat demand could be met by heat networks by 2030, compared to 2% currently, making them a cost effective contributor to the UK's decarbonisation targets. See table below for projected CO2 savings from the heat network;



- 5.4 The scheme has also been developed to be financially sustainable once built. The total capital cost is £5.9m (including inflation costs). It is shown within the financial model that the project seeks to provide a return to the Council for its investment in the project but grant funding has also been applied for to help viability; and the Council through the creation of a wholly owned company for the development and management of the project, will ensure its future sustainability and ongoing benefits to participants in the heat network. The financial model and implications for the Council are outlined in more detail in Part B of this Agenda.
- 5.5 To ensure that the project satisfies state aid requirements with regards to being the only heating solution on offer to residents and businesses which are attached to the scheme, when the scheme is agreed the Council or its wholly owned company will ensure that it meets standards associated with Heat Customer obligations including but not limited too;
- Performance Standards;
 - Heat Customer service,
 - Reporting a fault or emergency, access and repair costs;
 - Joining and leaving procedures;

- Heat Meters and Heat Cost Allocators; Heat Interface Units, Contingency and maintenance plan
- Heat Bill and Heat Charge calculations;
- Paying the Heat Bill and payment difficulties; Registered Participant Complaint handling;
- Monitoring performance; and Privacy policy and data protection of Heat Customer's personal data.

6. Strategic Plan References

This project addresses the following targets from the [Strategic Plan 2015-18](#).

- 6.1 Vibrant – This project creates the right environment for people to develop and flourish
- 6.2 Prosperous - Promoting Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment opportunities.
- 6.3 Prosperous - Supporting people to develop skills, as this enables upskilling of staff.
- 6.4 Business –Become commercially focused and even more business-like in order to be free of government grant by 2017. This scheme creates a new income source and promotes innovative ways of thinking
- 6.5 The aims of this project fit with those within the [Colchester Borough Council - Environmental Sustainability Strategy](#)
- 6.6 District heating networks such as the proposed provide the following direct benefits:

Quantitative benefits

The following benefits indicate the range of economic additionality which the Project will deliver:

- Helping to efficiently manage supply and demand of energy and enable carbon emissions reduction (heat networks can deliver lower emissions than a conventional heating system)
- lowering costs of energy generation, reducing business costs, increasing inward investment and reducing fuel poverty
- dramatically increasing fuel efficiency through use of CHP
- reducing labour and maintenance cost as compared to individual systems
- Improving air quality and providing a means of securing significant reduction in CO2 emissions through the optimisation of heat supply in the Borough
- Creating opportunities for local labour in constructing the network, gaining additional skills

These in turn deliver a range of beneficial outcomes:

Qualitative benefits

- Extending the reach of renewables, by using renewable heat efficiently and providing opportunities for the deployment of renewable technologies that otherwise wouldn't be viable
- Improving security of supply
- Enabling the efficient transportation and use of heat for a wide variety of users

- Allowing a broad range of energy generation technologies to work together to meet demand for heat
- Economic and financial benefits such as
 - reduction in fuel poverty
 - reducing energy costs to customers
 - Reducing Local Authority costs (when the LA is a heat customer or a landlord, a well-designed, efficient heat network can offer lower long term costs than alternative heat supply options)
- Job creation and stimulation of the local economy (the establishment of a local heat network and a municipal energy company can help to retain spend on energy from residents and businesses to stay within the local economy)
- Revenue sources for LA (revenues may be from the heat network or from ancillary activities such as electricity sales)

Technical - such as

- Energy security and resilience (heat networks provide short-term resilience in the form of the heat stored within the system and can provide long-term resilience through the connection of local, multiple heat sources.
- Local renewable heat sources can provide price stability through reduced exposure to wider market changes in gas and electricity markets)
- Innovation opportunities include heat supply technologies. Innovation can also be pursued through procurement, governance structures and tariff policies.
- Enabling fuel flexibility, future-proofing energy generation towards use of renewables
- Local Authority capacity and skills development (e.g. developing a heat network can trigger upskilling of officers because operating of heat networks goes beyond the local authority's narrow statutory remit)
- Providing greater awareness by business, industrial and domestic users of the benefits of district heating schemes, encouraging extension of the network and the formation of additional local networks

However other benefits in the local area are;

Output	Description
Jobs	1.5 FTE To operate the energy centre and maintain the scheme through the Company
Construction jobs supported during development	20

Visitor and education centre	To provide educational support to visitors
Development of truly sustainable new buildings and spaces	Development land provided with early heat network infrastructure

7. Consultation

- 7.1 Whilst detailed consultation on the scheme has not yet be carried out, the Council has been in discussions with BEIS for over 18 months.
- 7.2 The scheme has already been taken to senior management for discussion on several occasions and should it progress to a planning application then it will be subject to the usual consultation process.
- 7.3 The scheme has also been subject to scrutiny at SELEP level as it is on a pipeline of projects across the SELEP area which have been reviewed in terms of deliverability, financial sustainability and economic benefits.

8. Publicity Considerations

- 8.1 A communications plan is to be developed as part of the next stage of the project.
- 8.2 The heat network is an exciting innovative project for Colchester and there are many opportunities to work with communities and businesses to showcase the proposals. The Energy Centre will be open to the public and will host information on the technology and its low carbon credentials.
- 8.3 The Council has bid to BEIS for capital funding for the scheme which, if successful, would be one of a handful of pilot schemes across the country. BEIS are likely to showcase these schemes at a national level which would enable Colchester to gain further publicity.

9. Financial implications

- 9.1 The feasibility work has confirmed that the scheme is viable as set out in the financial model (detailed in the confidential Appendix – Part B) This requires a mix of grant funding and Council investment and has the following assumptions:
 - The model assumes the Council is investing in the company for this project as follows:
 - 'Equity Investment'
 - Injection of Prudential Borrowing -
 - Leasing the land that the Energy Centre is being built on to the company.
 - The Council is receiving a return on the project as follows:
 - Any dividends that the project generates
 - Interest received from the borrowing at the rate at which this is lent into the Company to be state aid compliant (this is detailed further in the confidential part of this agenda
 - The lease rental which is being charged on the land to the Company.

10. Equality, Diversity and Human Rights implications

10.1 There are no implications.

10.2 Please see the link to the [North Colchester Equality Impact Assessment \(EIA\)](#)

Your Council • How the Council works • Equality and Diversity • Equality Impact Assessments • Commercial Services

11. Community Safety Implications

11.1 As a result of this decision being approved there will be no expected harm to members of the public.

12. Health and Safety

12.1 The design of the scheme and its delivery will comply with all relevant health and safety legislation.

13. Risk management Implications

A full risk register has been appended to the confidential business case however the high level risks in developing the scheme are outlined below;

Risk	Impact	Mitigation
Further technical work means the scheme is unviable	The scheme cannot proceed without a review of the plant options creating delays and potential cost increases	The feasibility work carried out to date suggests the technical proposals are viable but further borehole testing is required as part of the next phase of commercialisation work.
Occupiers do not sign up to the heat network	Would reduce scheme viability	The Council has all land ownership in this area. As it sells land or brings it forward for development, relevant clauses will be added into legal agreements to ensure take up of the heat network.
Construction costs rise	Would reduce viability	A contingency has been added into the financial model for cost rises in the project.
The programme of delivery cannot be met	Would add to delays and cost overruns	The programme will be reviewed at the start of the project and constantly managed to ensure the infrastructure delivery is carried out in accordance with the plans for wider site delivery.

Appendix 1

Map of Northern Gateway Heat Network Area



Cabinet

14th June 2017

Item

Report of	Director of Commercial and Place	Author	Holly Brett ☎ 508830
Title	Colchester Housing Development Company		
Wards affected	All		

This report seeks approval of a full business case for the creation of a new Housing Development Company which will be wholly owned by Colchester Borough Council

1. Decision(s) Required

- 1.1 To note the decisions required in the confidential Part B paper.

2. Reasons for Decision(s)

- 2.1 The Council has ambitious plans to bring house building to the forefront of its housing aspirations; to build homes year on year that meet the needs of local people and to lead the way in developing levels of affordable homes in line with the emerging Local Plan and that enhance local areas by building sustainable communities
- 2.2 The creation of the Housing Wholly Owned Company (HWOC) is the first step in developing a business plan that will see the company develop homes now and into the future. The business case contained within Part B of this report outlines the initial pipeline of schemes that will be the building block for future opportunities to be delivered
- 2.3 The model is flexible and adaptable and able to meet market demands and the needs of local people with the ability to bring more sites on stream as the company grows and homes are provided for the community
- 2.4 The objectives behind creating a (HWOC) to deliver new housing are:
- Increase the supply of homes including a high level of affordable homes and the Council maintain influence over the type of housing that is built and where it supports local community needs
 - The HWOC will look to make best use of Council assets
 - To set high standards for housebuilding and energy efficiency
 - To increase the number of construction apprentices
 - To generate local employment
 - To control the pace of delivery and the completion of units
 - The HWOC will generate a commercial return to the Council

3. Alternative Options

- 3.1 The Council could decide not to proceed with a Housing Company but this would limit the number of new homes that could be delivered over the programme period. 34 new homes were delivered previously within the HRA in 2015, but plans to carry out further development were halted by government changes to rents which removed borrowing headroom within the HRA.
- 3.2 The Council would also not benefit from the commercial income opportunity offered by the Company structure.
- 3.2 If the Council is committed to delivering new build homes the Company structure is currently the most effective way to bring forward development and to provide a commercial return on capital borrowed.

4. Supporting Information

- 4.1 In 2015 the Council completed the development of the first new Council homes in over twenty years. The Council delivered 34 highly sustainable homes on garage sites across the borough, these were delivered directly by the Council on time and on budget using a local building contractor. Colchester Borough Homes (CBH) were employed by CBC to act as intelligent client on the project; providing advice in areas such as the internal specification of the homes. CBH were responsible for letting the homes upon completion.
- 4.2 Following the successful completion of the first tranche of units, there were plans for a second phase of units using the HRA borrowing headroom to fund the development as well as some right to buy receipts. However due to the 1% rent reduction, the HRA headroom and therefore borrowing capacity was significantly reduced and therefore this phase was put on hold due to lack of sustainable funding
- 4.3 Officers were tasked with exploring alternative ways to deliver housing without relying on the HRA headroom. There are many examples of Councils setting up WOC's to deliver housing and there are many variations to the model depending on the individual Councils' objective. The Council appointed Ridge Property Consultants to produce a development strategy for Colchester spanning the next ten years. Ridge was appointed as they had recently completed the HRA Asset Management Strategy for the Council and Colchester Borough Homes and had a good understanding of Colchester stock profile. This strategy identified a number of asset opportunities which could be used to bring forward new homes.
- 4.2 The report that Ridge produced also highlighted that the development of new homes presents a commercial opportunity for the Council should it wish to develop the homes directly and explore future revenue sources e.g. private rented and or generate capital receipts. It also identified that in order to create more affordable homes, private homes would need to be developed in order to cross subsidise at a time when the HRA is under pressure and grants are diminishing.
- 4.3 As part of this initial feasibility process carried out by Ridge, research was carried out to explore the various delivery vehicles available to the Council should it wish to develop

mixed tenure housing. Experiences from other local authorities were reviewed alongside legal advice from Pinsent Mason and financial advice from the Chartered Institute of Housing.

4.4 In March 2016 an initial proposal was presented to Cabinet which led to the approval in principle for the creation of a wholly owned company for building new homes. At that time it was acknowledged that further detailed work was required to develop a business case and in late 2016 consultants, Grant Thornton, were engaged by the Council to give specialist legal and financial advice. The early stages in the development of the project sought to integrate:

- The Councils objectives for developing more housing
- Developing a sustainable income to the Council
- Building resilient communities
- Identifying suitable areas for development including underutilised CBC owned land
- Possible company structure and their impacts to the Council
- Legal and financial impacts of setting up a WOC to develop homes
- Best practice from other local authorities

4.5 Grant Thornton have set out the taxation advice, proposed company structures, the financial model for assessing the viability of the sites and advice on the sites themselves. This work has been reviewed and revised in order to generate a financial model that is viable and satisfies the councils housing objectives and formed the basis of the Business Case in Part B.

5. Proposals

5.1 To establish the HWOC as set out in the business case at Part B in order to deliver a pipeline of new homes in the borough

6. Strategic Plan References

6.1 This proposal contributes directly to the following Strategic Plan priority area:-

- Provide opportunities to increase the number of homes available including those that are affordable for local people and to build and refurbish our own Council houses for people in significant need

7. Consultation

7.1 The proposed Housing Company has not been subject to formal consultation at this stage but a report on the principle of such a company has been to Cabinet and been approved (see Background Paper). Once the programme of delivery and associated

sites have been agreed then work can commence bringing specific sites forward for planning applications. Each site brought forward will be consulted on as part of the planning process in the usual way. Some sites form part of the emerging Local Plan and have been subject to consultation through this process.

8. Publicity Considerations

- 8.1 It is anticipated that there will be significant public interest in the new Housing Company and a Communications Plan which relates to the company but also to specific sites within this first programme of delivery will be completed. It is anticipated that this Communications Plan will form part of the Business Plan of the HWOC which will be approved by the HoldCo.

9. Financial implications

- 9.1 The full financial implications are set in out in full in Part B of this report

10. Equality, Diversity and Human Rights implications

- 10.1 <http://www.colchester.gov.uk/CHttpHandler.ashx?id=20652&p=0>

11. Community Safety Implications

- 11.1 N/A

12. Health and Safety Implications

- 12.1 N/A

13. Risk Management Implications

- 13.1 There is a full risk register relating to this project and is managed to ensure risks are identified and mitigated where possible
- 13.2 The principle risks are outlined in the business case contained in the exempt Part B paper.

Report of	Executive Director for Policy and Place	Author	Holly Brett ☎ 01206 508830 Mark Leonard ☎ 0330 053 8009
Title	Refurbishment of 5-6 St Nicholas Street (Jacks)		
Wards affected	Castle		

1. Executive Summary

- 1.1 The building known as “Jacks” (5-6 St Nicholas Street) has suffered from significant under investment over the years.
- 1.2 Members previously approved a scheme that would see the building converted into residential flats and a commercial retail unit. However when tenders were returned for the scheme outlined above they were at a level which would have made the project unviable and members therefore asked the project team to review alternative options
- 1.3 These alternative options now include an exciting opportunity for the Council to retain ownership but lease the building to a local town centre company which will enable that business to expand and remain within the Borough for the long term bringing increased vibrancy to the area

2. Recommended Decision

- 2.1 To agree the recommended option to carry out limited refurbishment of the building and then lease the building to a prospective tenant
- 2.2 To note the decision required in the confidential section of this report to approve the draft Heads of Terms for the proposed letting
- 2.3 To delegate authority to the Executive Director for Policy and Place in consultation with the Portfolio Holder for Commercial Services to procure and appoint professional services and a contractor to carry out the necessary works to the building

3. Reason for Recommended Decision

- 3.1 Jacks has suffered from underinvestment for many years and as a result is dilapidated and requires significant repairs to bring the building back into use.
- 3.2 This scheme would bring a local landmark building back into economic use and provide an ongoing income stream to the Council.
- 3.3 It will allow an existing locally based business to expand within the town and provide important investment into this area.

4. Alternative Options

4.1 The alternative options would be to:

- Do nothing; this is not a viable option as leaving the building in its current state presents a real risk to the council, the opportunity to generate income would be lost and the building would continue to decline as would its value. The declining building would also have a negative impact on its immediate surrounds at a time when considerable investment is being made from the private sector to improve the area.
- Sell the building in its current state: it is unlikely that the building would sell in its current state. It would also mean that the Council would have lost a landmark building in the town centre along with control over its future and the loss of potential income over the longer term
- Let the building in its current state: it is highly unlikely that anyone would wish to take a lease on the building in its current state as it has considerable repair and maintenance issues that need addressing, if a tenant could be found it would likely be at a very low rent, if any. Meaning that the Council would again see no return from the building.

5. Background Information

- 5.1 In 2016 the Council approved a business case and development proposals which would see the property converted from a single retail unit to a mixed use scheme with 7 residential units.
- 5.2 The project moved forward and a contractor was sought for the proposed scheme however the level of tender returns meant that the original proposals were no longer viable and the project team were asked to explore alternative options for this important building in Colchester. These options included the sale of the building, demolish the building and re build, long term lease disposal or continue with the original scheme
- 5.3 As part of this review, an opportunity has been explored which would see the building leased to a local business but with ownership retained by the Council. This option would require some works to be carried out to the property to get it into a lettable state and discussions have been ongoing with the prospective tenant to understand the scale of such works together with the scope of improvements which would be carried out by the tenant as part of their fit out.
- 5.4 Should the essential repair works not be carried out now the building will continue to decline along with its value, it will also mean that there will be a larger backlog of repairs in the future, this will also mean that the options for the building become very limited
- 5.5 We now have a set of plans that have enabled us to establish a cost for the works that the Council would be required to undertake, this includes both repairs to the fabric of the building, including the roof and the external walls and the works that would be required to bring that building to a standard that it could be let. We also know the level of works the tenant will carry out and this forms part of the heads of terms which are in the confidential section of this agenda.
- 5.6 The proposed scheme brings a dilapidated building back into economic use and creates a viable long term income stream to the Council

6. Equality, Diversity and Human Rights implications

- 6.1 Please see EQIA report here - <http://www.colchester.gov.uk/article/12743/Commercial-Services>

7. Strategic Plan References

- 7.1 The scheme will “Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment” by investing in an area of the town centre which is currently benefiting from private sector investment.
- 7.2 The preferred development is expected to “Promote Colchester’s heritage and wide ranging tourism attractions to enhance our reputation as a destination” by giving a new lease of life to a well-loved historical building within the town centre.

8. Consultation

- 8.1 As part of the last planning application the application was formally publicised by a site notice and consultation letters to neighbouring properties. No public comments were received. The current proposed refurbishment will require a further planning consent and licencing and will therefore be subject to additional consultation.

9. Publicity Considerations

- 9.1 Although the redevelopment of this building will be a relatively small project there has been strong public interest in plans for its future. A press release was written when the planning application was submitted in 2016 which resulted in an article in the Colchester Gazette. Further opportunities will be taken all the way through the refurbishment process to engage with the public, local historical groups and ward councillors.

10. Financial implications

- 10.1 The financial implications and case for investment are addressed in detail in the Part B report. The financial terms from the letting form part of the draft heads of terms within the confidential agenda.

11. Community Safety Implications

- 11.1 None specifically identified at this stage, although this will be reviewed in the planning and licencing process.

12. Health and Safety Implications

- 12.1 None specifically identified at this stage, although this will be reviewed in the planning and licencing process. In addition, any building works will be carried out subject to appropriate health and safety provisions.

13. Risk Management Implications

- 13.1 A risk register has been prepared for the scheme. The key identified risks are reported in the Part B report.

Report of	Assistant Director Policy and Corporate	Author	Matthew Sterling 📞 282577
Title	Half yearly Performance Report including progress on Strategic Plan Action Plan		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report summarises performance for the first half of 2017-18 towards achieving the Council's key performance measures and the Strategic Plan Action Plan.

2. Recommended Decision

- 2.1 Cabinet is asked to consider and comment on the performance update for the Council's key performance measures for the period to the end of September 2017 and on the progress update of the Strategic Plan Action Plan to the end of September 2017.
- 2.2 The Scrutiny Panel reviewed the report on 12 December 2017, and Cabinet is also asked to consider any comments as shown in the minutes from that meeting.

3. Reason for Recommended Decision

- 3.1 The Council has agreed a number of key performance areas which it uses as part of its Performance Management Framework to help monitor progress and improvement. This report provides an update of our indicators along with a half-yearly review of progress against our Strategic Plan Action Plan.

4. Alternative Options

- 4.1 No alternative options are proposed.

5. Performance Summary

- The Council has adopted a Strategic Plan which describes its ambitions for making the borough a prosperous, thriving, vibrant and welcoming place.
- The actions within our Strategic Plan Action Plan show that there is a considerable amount of positive activity being undertaken across the Council and with our partners to achieve our Strategic Priorities.
- Progress towards achieving our overall set of organisational performance measures shows that 11 (84%) of our measures are on track to be achieved (or 'Green'), 1 (8%) is not meeting expectations to date but with improvement likely ('Amber'), and 1 (8%) is currently not meeting expectations and are unlikely to do so by the year-end ('Red').
- The Council has also received a number of awards and accreditations.

6. Strategic Plan references

This report provides an update of progress against the Strategic Plan Action Plan, developed to support the delivery of the Council's agreed Strategic Plan Priorities.

7. Consultation

The report's contents do not have any direct implications with regard to consultation. However, the Strategic Plan and priorities were agreed following public consultation.

8. Publicity considerations

The performance report contains key measures for our key performance indicators and our Strategic Plan Action Plan. Many of these are used to monitor the performance of our services, and as such these may be of public interest. The report and related information is published on the [Performance and Improvement](#) section of the Council's website.

9. Financial implications

The financial implications of the action plans to deliver the indicators form part of the budget setting process.

10. Equality, Diversity and Human Rights implications

Progress and improvement of these and many of the actions within the Strategic Plan Action Plan support our aims of improving both services and the lives of everyone in the borough. Where required, specific Equality Impact Assessments will exist for policies and activities rather than for individual performance indicators or actions.

11. Community Safety implications

There are performance measures and actions within the Strategic Plan Action Plan which aim to improve community safety and as such this report provides progress updates in this area.

12. Health and Safety implications

This report has no direct implications with regard to Health and Safety.

13. Risk Management implications

We aim to deliver against performance indicators and the Strategic Plan Action Plan Actions, as both form a key part of our performance framework and expectations around delivery of our priorities to the residents of Colchester borough.

Appendices

Appendix A – Strategic Plan Action Plan Update

Appendix B – Key Performance Indicators

Appendix C – Other Performance News

Appendix D – draft minutes of the Scrutiny Panel 12 December 2017

Background Papers

None.

Strategic Plan Action Plan – Half-Year Report 1 April – 30 September 2017

Vibrant

- Enhance the diverse retail and leisure mix supporting independent business opportunities valued by residents and visitors
- Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life
- Make more of the great culture and heritage in Colchester so that more visitors can enjoy the history and passion of Colchester
- Create the right environment for people to develop and flourish in all aspects of life both business and pleasure

Action	Half Year Report
Work with development partners to bring exciting new retail and leisure to the eastern part of Colchester town centre.	Work continues with Curzon cinemas who are nearing completion of the conversion of Roman House. The demolition of St James House on Queen Street is underway.
Support communities to develop their own Neighbourhood Plans.	Ongoing support is being provided to several Parish Councils. In particular, support is being provided to West Mersea and Stanway Parish Council to develop their Neighbourhood Plan resident surveys.
Work with our residents, the third sector and other service providers to implement the Community Enabling Strategy to enable communities to influence, own or co-design services.	Some great examples of Community Enabling have taken place. These range from small neighbourhood initiatives to improve the local environment through to health and wellbeing projects such as Goodgym which combines running with good deeds in the community. Assisting customers to self-serve and 'Go-Online' initiatives continue to help people do more for themselves and more volunteering opportunities have been created and taken up across the borough. £200k was invested into The Big Choice funding scheme that gave residents the say in who received significant amounts of money for local projects and that called for communities to demonstrate their commitment to enabling and doing more for themselves. Additional Digital Access Points are being introduced at Leisure World and Old Heath. In addition to securing new digital partnerships with HSBC, our Digital Community Access Support Officer has been advertising events across the borough and attending multiple group meetings throughout the community to help people access our online services.

Make more of our culture and heritage with initiatives such as the Friends of the Colchester Roman Wall and by attracting Heritage grants.	The Priory Street Car Park refurbishment has highlighted and lit the Roman Wall that runs alongside the car park. An interpretation board was installed for the wall in partnership with Friends of Roman Wall and an additional Panel is planned.
Ensure sufficient land is allocated in the right places to attract and retain businesses, supply homes and identify the infrastructure that is needed by developing a Local Plan for the borough.	The Local Plan has been published and subject to consultation. It is due to be submitted to the Planning Inspectorate in October with examination starting early 2018. The plan identifies sufficient land to provide homes, jobs and infrastructure for the period to 2033 and beyond.
Co-ordinate partners and funding streams in the Northern Gateway and the Hythe to generate a wide range of jobs and facilities.	The Turnstone application received a resolution to approve and has not been called in by the Secretary of State so negotiations on the S106 have commenced. A Masterplan for the land to the East of Via Urbis Romana has been completed. This aims to deliver comprehensive employment and housing development. Work on a detailed planning application for some sports facilities to the North of the A12 ongoing with the application due to be submitted in January 2018. Stakeholder meetings underway and funders meetings ongoing. Bids submitted to Highways England and DCLG and the Local Enterprise Partnership for infrastructure at Northern Gateway. Negotiations continue with the Legacy Foundation in respect of key sites at Breakers and Coldoc in the Hythe. Funding bid to DCLG under Housing and Infrastructure Fund submitted in September for Legacy development proposals.
Create more independent business opportunities by providing trading units in new large developments across the borough.	37 Queen Street redevelopment completed and opened in January 2017 – all 40 units let prior to occupation. Feasibility work ongoing with ECC to explore grow on space opportunities across the Borough.
Colchester & Ipswich Museums will work with Arts partners to improve the cultural offer.	CIMS is working in long-term partnership with Firstsite to mount a <i>Wunderkammer (Cabinet of Curiosities)</i> exhibition in Firstsite which will be periodically refreshed with fascinating items from the Borough collection. CIMS Manager meets regularly with arts partners in Colchester to discuss joint programming and develop future partnership projects.

Prosperous

- Promote Colchester to attract further inward investment and business relocation, providing greater and more diverse employment opportunities
- Support people to develop the skills needed by employers in the future to take advantage of higher paid jobs being created
- Provide opportunities to increase the number of homes available including those that are affordable for local people and to build (& renovate) our own Council houses for people in significant need
- Ensure transport infrastructure keeps pace with housing growth the keep the Borough moving

Action	Half Year Report
Deliver an inward investment campaign in key employment sectors.	The initial part of the Inward Investment campaign has been fully delivered. The setting up of a website, LinkedIn Page and re-branding of Twitter, allowed for more scope to deliver key messages about Colchester and its ambitions to business stakeholders. Each element has seen growth with almost 500 twitter followers, and over 1200 unique website visits per month. The most popular pages being our news pages, Commercial property and our Blogs which in addition get a lot of traction on LinkedIn. Blogs are written by both internal and external contributors, all of which are positively received. In Autumn a Colchester Supplement to Tech News UK will be published supporting over 50 tech and creative businesses within the Borough. This is a national publication which it is hoped will add positively to the suite of information already held to support the inward investment campaign.
Review the Better Colchester Town Centre website to promote Colchester.	The Better Town Centre website has now been replaced by the Ultra Ready Colchester Inward investment site
Secure increased funding and support for skills initiatives particularly in growth or emerging sectors.	We have supported the South East Creative Economy Network (SECEN) Local Enterprise Network group to obtain funding for business support. A final round application has now been submitted.
Provide local economic data to education providers to help ensure that the skills that Colchester businesses need are provided.	There are two active projects running currently: <ol style="list-style-type: none"> 1. Supporting the development and introduction of a fibre engineering module at Colchester Institute. This is a direct response to the provision of data, and direct experience about the lack of engineers trained nationally to undertake installation of fibre infrastructure. 2. This is working with Colchester Institute and the Construction Industry Training Board (CITB) to encourage and support more people to gain work in construction. An event is being held in October to promote the scheme.

Ensure there is an ongoing five-year supply of housing sites and the provision of sufficient numbers, types and tenure of housing to meet local need.	The Council continues to have a demonstrable supply of residential planning permissions and allocations to fulfil its requirement to maintain a five-year supply of housing. The publication of the Local Plan will ensure this continues over the longer term.								
Deliver 205 new affordable homes in the borough by 2018. Additional stretch target now 255 homes in total by 2018.	As at the end of September 2017, 88 new affordable homes had been delivered. Along with the 206 homes built in 2015/2016 and 2016/2017, this means Colchester is well on target to deliver 255 homes by 2018.								
Seek 20% of new homes on qualifying sites to be affordable homes.	<p>During April 2016 to September 2017, a total of 3 qualifying sites had legal agreements settled which specified the affordable housing contribution to be built. The total affordable housing contributions are set out below and show that all three sites will deliver 20% of the homes as affordable housing, in line with our policy.</p> <table><tr><th>Total number of homes due on the 3 qualifying sites</th><th>Number of affordable homes due if 20% affordable policy applied</th><th>Number of affordable homes actually secured</th></tr><tr><td>98</td><td>19</td><td>19</td></tr></table>			Total number of homes due on the 3 qualifying sites	Number of affordable homes due if 20% affordable policy applied	Number of affordable homes actually secured	98	19	19
Total number of homes due on the 3 qualifying sites	Number of affordable homes due if 20% affordable policy applied	Number of affordable homes actually secured							
98	19	19							
Work with Colchester Borough Homes to increase the quality of council housing by refurbishing these properties and using new technologies to ensure they are energy efficient.	We have successfully worked with Colchester Borough Homes on the delivery of the Enoch House refurbishment project that completed in July 2017. The Capital Investment Programme continues to make improvement to tenants' homes that includes energy efficient technologies where appropriate. We are currently exploring the use of a Ground Source Heat Pump at one of our sheltered schemes.								
Work with statutory and voluntary sector partners to prevent homelessness and rough sleeping in the borough.	<p>We have appointed two rough-sleeper co-ordinators (one for Colchester and one for Tendring) to provide a co-ordinated response to rough sleeping across both local authority areas to support and prevent homelessness for this group using Department of Communities and Local Government rough sleeper funding.</p> <p>Funded Colchester and Tendring Women's Refuge to support 67 households experiencing domestic abuse either in the community or in the Refuge, across Colchester, Tendring, Braintree and Maldon. Of these households, 58 were from hard to reach groups who would not normally seek or access support and nine were from Gypsy and Roma Traveller Communities. Funding was provided via our successful bid</p>								

	<p>to Government for funding to support domestic abuse victims from hard to reach groups.</p> <p>Colchester Borough Homes and voluntary sector partners have prevented homelessness for 572 households from April 2017 to September 2017.</p> <p>CHASUP (Colchester Homeless Service Users Panel) is currently working with 25 single homeless clients. The multi-agency panel uses a person-centred approach to support vulnerable homeless clients often with mental health and/or chaotic lifestyles into accommodation.</p>
Articulate Colchester's transport needs to influence the development of new infrastructure by the Highway Authority and developers.	<p>Transportation Policies have been drafted and were subject to consultation as part of the Local Plan Process in July and August. The information from the Local Plan modelling work has been incorporated into the Local Plan Infrastructure Delivery Plan which was published, along with the transport modelling report as Local Plan evidence base material. Local Plan Transport position paper presented to August Local Plan Committee. Continue to input and shape the Garden Community project to incorporate sustainable transport including walking cycling and rapid transit. Senior members have met with Essex County Council members to develop Colchester transport strategy and input on schemes.</p>
Support the delivery of improvements to the strategic road and rail network.	<p>Members and officers continue to attend fora on the development of the A120 and A12 schemes. Meetings held with Network Rail to understand their potential improvement programme and to understand the opportunities for, and impact on, the rail network of the Garden Communities. Liaison with Network Rail on closures of a number of level crossings.</p>
Allocate developer funding to sustainable transport projects in the borough which improve the balance between different modes of transport.	<p>Developed Heads of Terms for provision of a bus service to serve Colchester Northern Gateway to be included within a section 106 agreement for the Turnstone Cinema and Leisure development.</p>
Improve the walking and cycling links between Colchester North Station and the town centre through initiatives such as 'Fixing the Link' (FTL).	<p>Fixing the Link designers have reported ideas for consideration for inclusion in phase two. Developed Heritage Lottery Fund (HLF) expression of interest for Fixing the Link for improvements along North Station road. Meeting held with HLF and given further direction. All outstanding permission's have been sought to allow the "base camp" Middleborough improvements to be undertaken in October.</p>

Thriving

- Provide Colchester's heritage and wide ranging tourism attractions to enhance our reputation as a destination
- Be recognised as a centre of learning with excellent schools and educational opportunities for young people to make the most of their potential
- Be clear about the major opportunities to work in partnership with public, private and voluntary sectors to achieve more for Colchester than we could on our own
- Cultivate Colchester's green space and opportunities for health, wellbeing and the enjoyment of all

Action	Half Year Report
Provide positive experiences for visitors and residents by promoting Colchester's key leisure, visitor attractions and events venues.	Leisure World and Aqua Springs promoted within Colchester area and up to the North Norfolk coast. Annual ongoing promotions for the Leisure Pool, Aqua Springs spa and memberships (locally only). A wide communications mix including billboard/bus stop, back of bus campaigns, Sky Smart Ad (TV), direct mail, print/online advertising and social media.
Support and help market a range of cultural festivals for local people and visitors.	The Festival Support Fund 2017/18 has awarded grants totalling £25,350 to 20 diverse events taking place across the Borough including the Roman River Music Festival, The Colchester Comedy and Film Festivals, Wivenhoe ArtSeaMusic and the Tiptree Little Scarlett Music Festival. Support in marketing these provided by the VIC team through the Visit Colchester website, social media feeds and e-newsletter.
Enhance Colchester's heritage attractions with initiatives such as integrating attractions, identifying trails around the town, and lighting the Roman walls.	The popular Heritage Open Days in the Borough have involved 36 buildings and events. An upgraded Ancient Colchester App has been produced with additional content. New Historic Colchester Guide Book published and on sale through the VIC and Castle from August 2017. Town Centre Heritage Recording Project advanced with data collection as precursor to publication. Community Archaeology Project launched by GPR investigation at former bus station Queen St/St Botolphs as a precursor to involving public in wider site investigation.
Promote what Colchester has to offer to residents, visitors, and new businesses.	#IfOurWallsCouldTalk national tourism campaign launched in July 2017 engaging visitors and residents. Leisure World (Colchester, Highwoods, Tiptree and Tennis Centre) and Aqua Springs promote all facilities (including memberships) within the Borough for residents and promotional advertising for the spa and Leisure pool for further afield visitors to Colchester. A wide communications mix including billboard/bus stop, back of bus campaigns, Sky Smart Ad (TV), direct mail, print/online advertising and social media.

	<p>Council Car Parks promoted to residents and visitors so customers can choose the most suitable car park for their journey and the best value tariff. A communications mix including website, press releases, banner ad on Visit Colchester website, social media and cross marketing in other campaigns as appropriate, e.g. Christmas and tourism.</p> <p>Continued work with late night economy providers to ensure the town continues to offer varied experiences in a well-managed environment, working together to promote the town as a whole rather than individually.</p>
Colchester & Ipswich Museum is an award winning service.	<p>Recent Awards include Essex Mum's Best Museum in Essex to Colchester Castle. Colchester Castle Guide Book was awarded the UK's Best Guide Book award by The Association of Cultural Enterprise (ACE).</p> <p>Colchester Castle was shortlisted in the UK's Most Popular Castle competition.</p>
Establish an effective apprenticeship programme to provide career and learning opportunities for young people.	<p>The introduction of the government levy provided an opportunity for services to consider appointing apprentices. Apprentice positions were advertised on the National Government website and training providers selected. Assessment days took place in July and final selection interviews conducted and 13 apprentices were recruited in this cohort. In the last 12 months CBC has recruited 18 apprentices in total.</p> <p>A comprehensive programme has been developed for the apprentices' first 12 months, which will supplement their qualification and on the job training. This will involve bringing the apprentices together for regular workshops. Plans are also in place with VineHR to facilitate a Boost programme aimed at young people starting out in their career.</p> <p>Waste Services have decided to recruit 4 apprentices and Colchester Institute are identifying a relevant apprenticeship qualification. Early indications are that it will be a customer service qualification tailored specifically to waste services. A second apprenticeship programme for a new cohort starting in January 2018 is being planned.</p>
Prepare for an externally funded Trainee programme at Colchester & Ipswich Museums.	<p>CIMS has achieved a Stage One pass for the Heritage Lottery Fund Skills for the Future programme. This will see 12 Trainees over three years supported in CIMS' venues.</p>
Colchester & Ipswich Museum has applied to Arts Council England to become a National Portfolio Organisation (NPO) 2018-22.	<p>CIMS has been awarded National Portfolio Organisation (NPO) status from 2018-22. This will see approx. £200k pa awarded to CIMS from Arts Council England to enhance its programme.</p>

<p>Work with the third sector to deliver Colchester's Environmental Sustainability Strategy.</p>	<p>A new 'Reaching Communities' project started in September 2017 and has started work with 25 organisations delivering projects and services closely connected to environmental sustainability.</p> <p>The local organisations and groups are from third, public and commercial sectors including representatives from local hospitals, training and education providers, and grassroots volunteer led projects.</p> <p>The aim of the project is to achieve a more joined up way of working together, to achieve an accessible route to sharing experience, knowledge and resources including volunteers.</p>
<p>Make the most of our parks and open spaces by managing them well and offering a range of activities and events.</p>	<p>Green Flags have been awarded to High Woods Country Park and Castle Park.</p>

Welcoming

- Ensure Colchester is a welcoming and safe place for residents, visitors and businesses with a friendly feel that embraces tolerance and diversity
- Improve the cleanliness and health of the place by supporting events that promote fun and wellbeing
- Create a business-friendly environment, encouraging business start-ups, support to small and medium sized enterprise and offer development in the right locations
- Make Colchester confident about its own abilities, to compete with the best of the towns in the region to generate a sense of pride

Action	Half Year Report
Work with partners to fund and deliver streetscape improvements to support economic vitality.	Consultant brief provided for tendering design work for St Nicholas Square and Balcerne Square to deliver uplift in public realm. Funding streams under investigation.
Work with partners in the Safer Colchester Partnership to deliver support, promotion and regulation in order to make Colchester even safer and for it to feel safer.	The Safer Colchester Partnership continues to work effectively together to deliver campaigns such as Crucial Crew and Community Action Days across the borough. Ongoing support is provided for a range of safety related initiatives, alongside training and awareness raising for internal and external personnel on some of the key issues facing our residents. The Partnership has agreed new priorities for 2017 onwards to address current community safety priorities. The Licensing Enforcement Group continues to achieve multi agency partnership working to ensure compliance across licensed premises.
Improve the information available to new residents.	Communications campaigns are underway to promote new residents setting up direct debits for Council Tax, creating a CBC online account and accessing our online services as well as registering to vote. Leisure World is building relationships with housing developers to include information leaflets in the 'welcome to your new home' pack they provide, focussing on memberships at Leisure World. Waste and recycling included imagery on the Council Tax bill for new residents It encourages them to self-serve by downloading a recycling calendar and finding out about their collection service online.
Improve street cleansing and enforcement in Colchester town centre, and in Stanway, Tiptree, West Mersea, and Wivenhoe.	Another of our successful Nights of Action is planned for end of October 2017.
Work with health partners to contribute towards delivering effective outcomes for individuals and their families, with particular focus on prevention and	We have been successfully shortlisted by Sport England to be one of their national pilot areas. The application has been a collaboration with Active Essex, Essex County Council, Tendring and Basildon and may result in a multi-million pound investment

<p>intervention to improve health outcomes and to tackle health inequalities.</p>	<p>across the three localities to tackle inactivity amongst hard to reach groups in our most deprived areas.</p> <p>The Beat the Street project which encourages increased physical activity has been funded through the 'Startwell' programme (in addition to £80k + of secured external funding)/. The project launched on 20 Sept and will run until 8 Nov, with a further 'sustain phase' working with community groups, volunteers and individuals to maintain and embed as 'normal' increased levels of physical activity in the long term. In the first week over 10,000 people have participated travelling in excess of 25,000 miles.</p> <p>Making Every Contact (MECC) training has been incorporated into the induction for all new CBC staff.</p> <p>Pilot underway of a new social prescribing referral system. Teams working with vulnerable residents will use the system to link individuals/families to assets within their communities with the aim of increasing resilience and self-help.</p> <p>Development of the Livewell campaign with web site launch due in October. Livewell is a campaign funded through an ECC Public Health grant that promotes healthy messages and aims to support residents to improve their physical and mental wellbeing.</p> <p>Private Sector Housing Officers working with colleagues from social care, community nursing and the voluntary sector are undertaking joint visits and work shadowing to provide holistic support to vulnerable individuals and families particularly where their home environment is having a negative health impact.</p> <p>£20k funding secured from Carnegie UK to deliver a project within the Library and Community Hub in partnership with Signals, a local arts & education charity and First Site. The insight project will work with 8-13 year olds to generate learning and identify local health priorities for children.</p>
<p>Lead and develop the Active Colchester Network to co-ordinate programmes and activities to increase participation.</p>	<p>£5k funding secured from Active Essex to deliver activities aimed at older people.</p> <p>Active Network partners delivering activity are Colchester United Football in the Community, Disability4Sport, and CBC.</p> <p>Further funding available in the second half of the year aimed at increasing participation as shown by Sport England Active Lives survey.</p>
<p>Work with Colchester Borough Homes, housing providers, private landlords, residents and partners to create cleaner, greener and safer communities.</p>	<p>Officers worked with Community 360 and CBH to deliver dementia training to 51 staff and partners. Further session planned later in 2017.</p> <p>A Crisis Housing Project developed with CBH, and funded through the Startwell Programme is set to launch in November. The project aims to remove barriers and</p>

	<p>enable practical solutions to the challenges faced by families in emergency or temporary accommodation.</p> <p>Private Sector Housing officers have undertaken 300 visits to dwellings (to end Aug), improving 29 Houses in Multiple Occupation, removing 119 hazards through enforcement or partnership working and removing 21 families/individuals from fuel poverty.</p>
Enhance the offer from Colchester Business Enterprise Agency (COLBEA) to deliver a 'one-stop-shop' for business start-ups and survival.	Regular meetings are being set up with the new CEO from September 2017 with a view to understanding COLBEAs levels of support and partnership working going forward
Launch a new destination marketing campaign to raise Colchester's profile and to encourage pride in the borough.	<p>The new tourism campaign for 2017- 2018 launched in June 2017. Entitled <i>If Our Walls Could Talk</i> the campaign focuses on Colchester's rich and vibrant history and asks what would our walls say if they could talk? It will be showcasing the heritage and culture of Britain's Oldest Recorded Town through the story of its many walls, both old and new, permanent and temporary.</p> <p>Targeted at visitors (both new and existing), Group Travel organisers, local businesses and organisations involved in the tourism trade plus Visit Britain, Visit England and Visit Essex. The campaign will demonstrate a wide marketing mix to include print, digital, social media, outdoor advertising and TV.</p>

Corporate Indicator Set Half Year End Performance 1 April 2017 – 30 September 2017					
Indicator	Result 2016-2017	Target 2017 – 2018	RAG Half Year	Result Half Year	Supporting Narrative

Appendix B

Planning Key Indicators

KI P1 Processing of planning applications	Majors 95%	85%	G	88%	Performance is better than the target for all three indicators. There have been 812 applications decided within the first half of the year compared to 818 for the same period last year.
	Minors 95%	88%	G	94%	
	Others 97%	91%	G	97%	

Benefits Key Indicators

KI B1 Time to process housing benefit new claims and changes	8 days Housing Benefit (HB)	12 days HB	G	9 days HB	The days taken to process new claims for HB and LCTS and to process changes to date are well within the targets set for the year. The team is performing well and backlogs are being kept to a minimum.
	11 days Local Council Tax Support (LCTS)	16 days LCTS	G	10 Days LCTS	

Corporate Indicator Set Half Year End Performance 1 April 2017 – 30 September 2017					
Indicator	Result 2016-2017	Target 2017 – 2018	RAG Half Year	Result Half Year	Supporting Narrative

Housing Key Indicators

KI H1 Net additional homes provided	912	830	G	485	Housing delivery in the Borough remains buoyant and is on course to meet the annual corporate target.
KI H2 Affordable homes delivered (gross)	206 Delivered over two years	255 Delivered over three years 2015-18.	G	88	In 2015/2016 106 homes were delivered and in 2016/2017 100 affordable homes were delivered. Between April 2017 and September 2017 88 new affordable homes have been delivered. This is an excellent result and brings the total to date to 294 affordable homes.

Housing Key Indicators delivered by Colchester Borough Homes (CBH)

KI H3 Homelessness cases prevented	50.82%	45%	G	51.72%	During the first six months CBC and partners helped prevent homelessness for 572 households.
KI H4 Rent Collected	98.85%	98%	G	98.09%	Rent collection levels continue to remain on target.
KI H5 Average time to re-let council homes	21.22 days	25 days	G	24.52	Outcomes for re-letting empty Council properties remains on target for the end of year. There were 165 void properties during the first two quarters of 2017/2018.

Waste and Recycling Key Indicators

Corporate Indicator Set Half Year End Performance 1 April 2017 – 30 September 2017					
Indicator	Result 2016- 2017	Target 2017 – 2018	RAG Half Year	Result Half Year	Supporting Narrative
KI W1 Residual household waste per household	422 kg	395 kg	G	194.74kgs	<p>The new collection service went live in June, half way through the six month period so this figure is an amalgamation of 3 months of "old" service and 3 months of "new" service.</p> <p>Since the implementation of the changes to waste and recycling collections there has been significant improvements.</p> <p>In the second quarter the residual waste figure has fallen to 87.08kgs per household from 107.66kg per household in the first quarter</p>
KI W2 Household waste reused, recycled and composted	44.90%	49%	G	50.93%	<p>The new collection service went live in June, half way through the six month period so this figure is an amalgamation of 3 months of "old" service and 3 months of "new" service.</p> <p>Since the implementation of the changes to waste and recycling collections there has been significant improvements.</p> <p>In the second quarter the recycling percentage has risen to 55.48%</p>

Corporate Indicator Set Half Year End Performance 1 April 2017 – 30 September 2017					
Indicator	Result 2016- 2017	Target 2017 – 2018	RAG Half Year	Result Half Year	Supporting Narrative
KI W3 Number of weekly missed collections	81 missed bins a week	95 missed bins a week	R	218	<p>The new waste collection service went live in June and it was expected that Missed Bins would be high through the first few weeks of implementation. This is the average number of missed bins per week over the six month period.</p> <p>We are now seeing a steady reduction in the number of missed bins and expect this trend to continue. By the end of the year we anticipate missed bin levels will be back to pre-change numbers.</p> <p>While the numbers are higher than we would like, they are still low in comparison to the number of collections made which are 240,000 a week.</p> <p>Our performance on missed bins over the last few years has been extremely good, with fewer than 90 misses a week. The target for this year was left at 95 misses per week and in retrospect it should have been amended as it was recognised that with such a significant change this was unlikely to be achieved.</p> <p>In the first few weeks of the service, not unexpectedly we saw an increase. The highest level of missed bins was around 600 in the first two weeks. This dropped off over the following weeks and was at an average of 250 by week 12 and is now under 200.</p> <p>We are reporting a half year result of an average of 218 misses per week. This covers the period from April to the end of September.</p>

Corporate Indicator Set Half Year End Performance 1 April 2017 – 30 September 2017					
Indicator	Result 2016- 2017	Target 2017 – 2018	RAG Half Year	Result Half Year	Supporting Narrative

					<p>There are a range of reasons that collections are missed and these have been exaggerated by the changes:</p> <ul style="list-style-type: none"> • Crews getting used to new routes. We had to redesign all the routes to accommodate the changes and while we tried to match crews with routes that they would at least know in part, nearly every crew had some change to their route. In the first few weeks, while crews got to know their routes there was a rise in the number of bins missed. • Human error – we make 240,000 collections a week and inevitably there is an element of human error. Even with the higher rates of missed collections we have seen, the proportion is small. • Delayed collections – we do sometimes have to delay collections if for example we have a vehicle breakdown and are unable to get a replacement. Road closures also create difficulties for us. The priority is always given to residual waste and if collections are delayed we make every effort to return the following day for recycling. • Customer error – our customers also occasionally make mistakes or do not have the information to allow them to present their recycling and waste correctly. <p>Given the frustration that missed bins cause our customers this has been a focus of our work and has been a high priority for the service. A number of additional actions, over and above the “normal” processes have been put in place to reduce the numbers:</p>
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Corporate Indicator Set Half Year End Performance 1 April 2017 – 30 September 2017					
Indicator	Result 2016- 2017	Target 2017 – 2018	RAG Half Year	Result Half Year	Supporting Narrative

					<ul style="list-style-type: none"> • More detailed conversations with crews to show them where collections were being missed. • Duty managers reviewing collection routes. • Zone staff monitoring areas where there were higher levels of missed bins. • Use of the technology to ensure that the locations of unusual properties were clearer. • Trying to identify trends and then address them. • Continuing review of feedback from customers.
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Corporate Indicator Set Half Year End Performance 1 April 2017 – 30 September 2017					
Indicator	Result 2016- 2017	Target 2017 – 2018	RAG Half Year	Result Half Year	Supporting Narrative

Resources and Organisational Key Indicators

KI R1 Council Tax collected	97.85%	97.5%	G	56.82% collected to date	Council Tax collected to date is slightly down on the same period last year however we are still on target to meet the target by the year end.
KI R2 Business Rates (NNDR) collected	98.49%	97.8%	G	58.13% collected to date	Business Rates collected to date are slightly up on the same period last year and we are on target to meet the target at year end.
KI R3 Sickness rate in working days	8.94 days	7.5 days	A	8.96 (rolling 12 month figure)	We have changed the method of reporting sickness to a rolling 12 month figure. Sickness absence is over the target of 7.5 days. The sickness absence figure at the end of the first six months of the current year is 4.10 days per FTE with the short term sickness absence at 2.91 days per FTE. The mean average days lost per employees in local government in 2016 was 9.9 days (CIPD annual absence management report 2016). We continue to monitor closely and Business Partners are working closely with managers to advise. Sickness, and our approach to managing it is the focus of a Senior Management meeting on Monday 30 November.

Other performance news

- Awards and accreditations**

The highlights are summarised here and are also shown on www.colchester.gov.uk in the [achievements](#) section

Achieved April to September 2017 (half-year update):	
Essex Mums.com - Best Museum	Colchester Castle received the 'Best Museum' award in the Essex Mums online awards. Overcoming tough competition from around the county, the win highlighted the Castle's range of educational and interactive displays for all ages, plus star exhibits such as the Colchester Vase and Fenwick Treasure. The news release is shown here .
All Party Parliament Group for District Councils Inquiry: Collaboration and Devolution	Colchester Borough Council's successful collaboration with other agencies and organisations has been praised in a report by the All-Party Parliamentary Group for District Councils (APPG). 70 district councils submitted evidence, with Colchester Borough Council selected to take part as witnesses to the inquiry panel. The cross-party group of parliamentarians heard how Colchester Borough Council's work with Essex County Council and the voluntary sector had transformed the way some services are delivered, by significantly increasing the opportunities for residents and customers to interact online with the Council and via the Community Hub in the Central Library. The Inquiry also touched on the work of the Safer Colchester Partnership. The news release is shown here .
LEXCEL	Legal Services were re-accredited against this Law Society standard. Lexcel is the Law Society's legal practice quality mark for excellence in legal practice management and excellence in client care.
Green Flag Awards	Castle Park and High Woods Country Park have again both been awarded Green Flag Awards, recognising them as two of the best parks in the UK. Green Flags set a benchmark of standards for management and maintenance of publicly accessible urban and countryside parks, and promotes the community value of green spaces. The Castle Park also holds Green Heritage Site status . The news release is shown here .
2017 TripAdvisor Certificate of Excellence	This accolade from the public was given to Colchester Castle , Castle Park , Hollytrees Museum , the Natural History Museum and High Woods Country Park . The news release is shown here - Five Colchester attractions awarded TripAdvisor Certificate of Excellence

GeoPlace – national Exemplar Gold award	Gold Performance Award for Address Data - for consistently maintaining the highest level of data quality. The Exemplar Awards recognise excellence in local authority business-critical data creation of Address data, known as a Local Land and Property Gazetteer (LLPG) and Street data, known as a Local Street Gazetteer (LSG). Only 12 authorities in the east of England achieved this Gold standard.
Planning Awards , Planning Magazine	The Creative Centre was a finalist in the category promoting Economic Growth. It was one of just five projects to make it onto this country-wide shortlist.
MJ awards	The Council was shortlisted as one of the six finalists for the 'Commercialism in the Property Estate' category. This was for the Council's 'Ultrafast and Ultraready' innovative economic growth projects – these aim to enhance the lives and opportunities for residents, encourage greater inward investment, and seek to generate sustainable revenue streams for the local authority; enabling further investment and fostering a long-term vision for development and prosperity projects.
Essex Digital Awards	Leisure World, Colchester Events, and The Museum Service were all nominated as finalists in this year's Essex Digital Awards for their new websites. Colchester Leisure World earned the Bronze award in the 'Website: sports and entertainment' category. The news release is shown here - Leisure World's website wins Digital Award .
Royal Institute of Chartered Surveyors – east of England awards	CBC's Creative Business Centre at 37 Queen Street for arts and technology-related businesses won the 'regeneration' category at the RICS East of England awards. The Centre houses dozens of small firms in the creative centre – formerly used as a police station and a nightclub. The news release is shown here - Major award success for 37 Queen Street Update - we are now in the national final on 2 November 2017.
2017 UK Blog Awards	The innovative Colchester and Ipswich Museums' Training Museum blog was nominated for the nationwide 2017 UK Blog Awards in the Arts and Culture category. The Training Museum blog allows Trainees to share their experiences on the programme, writing regular updates about what they have been doing and promoting the variety of roles in museums.

Extract from the draft minutes of the Scrutiny Panel meeting of 12 December 2017

144. Half Year 2017-2018 Performance report including Strategic Plan Action Plan

Matthew Sterling, Assistant Director for Policy and Corporate, and Councillor Young, Portfolio Holder for Business and Culture introduced the report. The report requests that the Scrutiny Panel consider the performance described in the reports and the organisations ability to operate effectively and achieve its strategic goals. The report also requests that the Panel consider the progress of the key performance indicators ahead of the Cabinet meeting on 31 January 2018.

Matthew Sterling provided the Panel with a summary of the reports. This included highlighting that the Council has a total of thirteen key performance indicators, of which eleven are green, one is amber and one is categorised as red. Matthew Sterling drew the Panels attention to the green indicators of the collection of housing benefit and local council tax support as well as net additional homes provided. Matthew Sterling also provided details of the Strategic Plan Action Plan for the half year to date. This included highlighting the big choice award as well as the Creative Business Centre. In addition, Matthew Sterling informed the Panel that the Council has a total of eighteen apprentices this year.

A member of the Panel raised concerns that the information provided in the report relating to affordable homes was not presented in an easy to read format. Further information on the number of affordable homes through section 106 agreements, as well as a yearly split would have been helpful to provide a better picture of the current situation. In response Matthew Sterling confirmed that the Council has a policy of 20% of new homes on qualifying sites be affordable and that this had been achieved on the three qualifying sites so far during the year. There are a number of smaller developments, of under ten new houses, which fall beneath the criteria for having affordable homes. For those outside of the qualifying sites the report details, as part of a key performance indicator, the gross number of affordable homes delivered. Councillor Young informed the Panel that whilst this level of detail is not included in this report, more detail on this matter can be obtained from the Portfolio Holder for Housing.

A further question was asked regarding the improved street cleaning and why five areas had been singled out for extra cleaning. In response Matthew Sterling stated that

cleaning occurs across the Borough, however areas that have events and facilities that increased footfall, like the Town Centre, will have increased levels of cleaning. In terms of other areas for potential cleaning Matthew Sterling informed Councillors that these discussions should take place with the Portfolio Holder.

Councillor Young provided members of the Panel with confirmation that the night of action did take place in October alongside a number of different agencies.

Following a request for further detail about the Colchester transport scheme, Councillor Young confirmed that this is on going and that meetings have been held at a senior level. Particular points regarding bus services in Tiptree should be discussed with Councillor Bentley who is involved in these discussions from an Essex County Council viewpoint.

Responding to a question regarding rough sleeper coordinators, Matthew Sterling stated that it was too soon to judge the impact of these roles. The funding for the positions would last two years with a full evaluation taking place when it ends. More information on the roles can be provided to the Panel if requested.

RESOLVED that the Panel considered and commented on the Half Year 2017-18 Performance report including progress on Strategic Plan Action Plan.

Report of	Assistant Director of Policy and Corporate	Author	Richard Clifford ☎ 507832
Title	Mandatory Member Development, Member Role Profiles and Training Plan		
Wards affected	Not Applicable		

1. Executive Summary

1.1 This report covers a number of member development issues.

1.2 The report considers a recommendation from the Member Development Group in respect of mandatory member development. The Group has proposed that on Safeguarding, Equality and Diversity and Data Protection issues be mandatory for all Councillors from May 2018. The Group also has proposed that training in chairing skills should be mandatory for all Committee and Panel Chairs. It is also proposed that the views of the Independent Remuneration Panel be sought on the suggestion that if this training is not undertaken, then payment of the relevant members allowance be withheld until it is completed. Cabinet is invited to consider the recommendation and make a recommendation to Council.

1.3 The report also considers a further recommendation from the Member Development Group about Councillor Role Profiles. Councillor Role Profiles set out the key duties and responsibilities and skills required for of the main roles that Councillors hold. They are also part of the evidence base for the assessment for Member Charter Status and in view of the pending assessment, the roles had been reviewed and Cabinet is invited to approve the revised Role Profiles.

1.4 Cabinet is also invited to agree a new Training Plan. This sets out the priorities for member development, how these link to the new Strategic Plan priorities and sets out how they may be delivered.

2. Recommended Decision

2.1 To consider the recommendation from the Member Development Group in respect of mandatory member training and consider whether to make a recommendation to Council.

2.2 The views of the Independent Remuneration Panel be sought on the principle of withholding payment of relevant allowances should relevant mandatory training not be undertaken.

2.3 To approve the Councillor Role Profiles at Appendix B

2.4 To approve the Training Plan at Appendix C

3. Reason for Recommended Decision

3.1 As part of the Review of Meetings and Ways of Working, the Governance and Audit Committee asked the Member Development Group to look at the issue of mandatory member training and report to Cabinet.

3.2 The Councillor Role Profiles and Training Plan are key member development documents, which need to be reviewed. They also part of the evidence base for the forthcoming assessment for Member Charter Status. Due to the linkages between the Strategic Plan and the Training Plan, it is timely to review the Plan alongside the approval of the new Strategic Plan.

4. Alternative Options

4.1 No alternative options are proposed.

5. Background Information

Mandatory Member Training

5.1 The current position is that the only training that is mandatory relates to sitting on Committees exercising quasi-judicial functions, where members must have undertaken appropriate training in order to sit on the Committee. This covers the following Committees:-

Planning Committee

Licensing Committee – Sub Committee and Hackney Carriage/Private Hire hearings

Governance and Audit Committee – Approval of the Statement of Accounts and Code of Conduct hearings

The following criteria apply to the training:-

- Attendance must be at the training session provided within the context of the Member Development Programme;
- Attendance must be for the duration of each training session, at least every other year;
- Membership of the Committee does not provide any exemption from attendance at a training session;
- A record of attendance at training sessions shall be maintained by Democratic Services

All other training and development is voluntary.

5.2 The Governance and Audit Committee recently undertook a Review of Meetings and Ways of Working. One of the issues that was raised as part of the review was whether the range of areas in which training and development is mandatory for Councillors should be widened. Possible examples suggested as part of the review were Chairing Skills training for Committee Chairs, scrutiny training for Scrutiny Panel members and Safeguarding.

5.3 The all party Member Development Group considered this issue at its meeting on 14 December 2017. It looked at mandatory training in general terms and in relation to the specific issues raised in the review. Some of the issues are explored in more detail below.

5.4 The current member development budget is £10,000. Whilst the Council usually seeks to provide training and development in-house, this is not always possible, particularly in respect of specialist subjects. Should further training be made mandatory then consideration would need to be given to increasing the member development budget accordingly. There would also be resource implications for the Democratic Services team. There would be a need to monitor the training status of members on a wider range of subjects and to organise more training and development. Experience has shown that where training is mandatory it is usually necessary to offer multiple sessions in order to reach all those who need to receive it. Whilst alternative approaches such as online training could be explored, this has not proved popular with members in the past.

5.5 If training is made mandatory, consideration needs to be given as to what will happen should a Councillor not undertake it. Where the training is linked to the membership of the Committee, taking up the place on the Committee can be made dependent on undertaking the necessary training, in a similar way to practice on the regulatory Committees. It is likely that this could cause practical difficulties, particularly around the start of the municipal year, and it might be deemed practical to give a period of grace to allow training to be completed.

5.7 Where training is not related to the membership of a Committee, consideration would need to be given as to whether a sanction should be applied to those who do not complete it,

and if so what. Potentially the issue of a financial sanction could be explored with Independent Remuneration Panel, through the withholding of part of the Member's Allowance.

5.8 Increasing the amount of training that is mandatory could potentially have an impact on the freedom of the political groups to make appointments to Committees and to nominate Chairs as they see fit. There may also be issues about the increased demands it would make on members time and whether increased mandatory training could be potentially seen as a disincentive to standing for election, as it might create a perception that the role is a professional one.

5.9 The recommendation from the Member Development Group is set out below.

RECOMMENDED TO CABINET that it consider the following recommendations in respect of mandatory member training and to consider making a recommendation to Council to amend the Constitution accordingly:-

- (a) Training on Safeguarding, Equality and Diversity and Data Protection be made mandatory for all Councillors from May 2018.
- (b) All such training to be completed by mid-June 2018.
- (c) All new Councillors elected post May 2018 to undertake Safeguarding, Equality and Diversity and Data Protection training within six weeks of election.
- (d) Training in Chairing Skills for all Chairs newly elected to the Council's Committees and Panels from May 2018 to be mandatory, unless the Monitoring Officer considers that the relevant Councillor had extensive experience of chairing meetings in a local authority environment.
- (e) All such training to be completed within three months of election as Chair.
- (f) The views on the Independent Remuneration Panel be sought on the principle of withholding payment of relevant allowances should relevant mandatory training not be undertaken.

The full note of the Member Development Group's consideration of the issue is at Appendix A.

5.10 In respect of the recommendation that the views of the Independent Remuneration Panel be sought on the issue of withholding allowance payments, the Local Authorities (Members Allowances)(England) Regulations 2003 require that the authority should have regard to the recommendations of the Panel before it amends its members allowances scheme.

Councillor Role Profiles

5.11 Councillor Role Profiles set out the key duties and responsibilities and skills required for of the main roles of Councillors. They have a number of functions. For instance the ward councillor role profile is included on the "Becoming a Councillor" page on the website and is included in the induction pack given to new members on election. In member development terms their key use is alongside Training Needs Analysis and Personal Development Plans to allow members to consider what training they need in order to meet the knowledge and skills required to fulfil the role.

5.12 The role profiles are part of the evidence base for Member Charter Status. They were last reviewed in 2013 in preparation for the last Charter Assessment and in view of the pending reassessment the profiles have been reviewed again, taking into account changes in the roles

since 2013. Updated role profiles were considered by the Member Development Group at its meeting on 14 December 2017, and were referred to Cabinet for approval.

5.13 Cabinet are invited to approve the role profiles at Appendix B.

Training Plan

5.14 The Council's training plan sets out the priorities for member development and how these link to the objectives set out in the Strategic Plan. The Plan has been revised taking into account training needs identified through a number of routes, including members Personal Development Plans and Training Needs Analysis forms and priorities identified by the Member Development Group and the Executive.

5.15 The Plan identifies areas for development, how they may be delivered and their relative priority and will be used as the basis for the delivery of member development going forward. It also links the training to the relevant Strategic Plan priority. The areas that have been identified are:-

- Safeguarding/Equality and Diversity/Data Protection
- Garden Communities
- Local Government Finance, Budgets and Audit
- Chairing Skills
- Social media
- Casework and Conflict Mediation
- Planning
- Licensing

5.16 Cabinet are invited to approve the Training Plan at Appendix C.

6. Equality, Diversity and Human Rights implications

6.1 Equality and Diversity has been identified as a priority for member development.

6.2 An EQIA for the member development policy has been completed and can be found on the Council's website via the pathway Colchester Borough Council / Policies, Strategy and Performance/ Equality and Diversity/ Equality Impact Assessment/ Corporate Management. It can be accessed via the link below:-

[Councillor Development Policy EQIA](#)

7. Strategic Plan References

7.1 The draft training Plan identified how proposed training will support the Strategic Plan. The provision of high quality member development would indirectly help support all the priorities in the Strategic Plan.

8. Financial Implications

8.1 The resource implications of extending mandatory member training are discussed at paragraph 5.4.

9. Standard References

- 9.1 There are no particular references consultation or publicity considerations or community safety; health and safety or risk management implications.

Appendices

Appendix A – extract from the notes of the Member Development Group meeting 14 December 2017

Appendix B – Revised Role Profiles

Appendix C – Draft Training Plan

Appendix A

Extract from the minutes of the Member Development Group Meeting 14 December 2017

2. Mandatory Member Training

The Group considered a report from the Assistant Director, Policy and Corporate about mandatory member training for Councillors.

The Group considered that the scope of mandatory member training should be extended. In particular there was a growing need for all Councillors to keep themselves up to date with safeguarding issues. Linked into this was the need for all councillors to also be aware of equality and diversity and data protection issues. Data protection was particularly relevant at present as the regulations covering data protection were due to change, which would have a major impact on Councillors. It was the Group's view that all Councillors should undertake a short course covering safeguarding, equality and diversity and data protection. This should be run at the start of the municipal year and all Councillors should be expected to undertake it by around mid- June. It was appreciated that this might mean that the session would need to be offered on more than one occasion in order to make it accessible to all Councillors.

The Group's view was that any Councillor who did not complete the training before this deadline should have the payment of their allowance withheld until this had been completed. It was accepted that the Independent Remuneration Panel may need to be consulted on the issue of withholding allowances.

In respect of Chairing skills training, the Group was of the view that this should also be made mandatory for all new Chairs, unless they had extensive other local authority chairing experience. The Group noted the practical requirements for Chairs to be able to take up the posts quickly and the short lead in time between the Annual Meeting, and the first meetings of Committees/Panels. It was the Group's view that an initial session before the first meeting should be held with relevant officers before the first meeting, which could deal with issues such as terms of reference and Committee procedures/protocol, and with a formal more detailed external training session being undertaken within three months of appointment as Chair. Should the training not be undertaken in that period when payment of the Chair's allowance should be withheld until the training was undertaken. In terms of assessing whether previous local authority experience allowed the training requirement to be waived, this should be for the Monitoring Officer to consider.

In respect of Scrutiny training, it was the Group's view that whilst attendance at scrutiny training should be strongly encouraged for all members of the Panel, it was not necessary to make this a mandatory requirement.

RECOMMENDED TO CABINET that it consider the following recommendations in respect of mandatory member training and to consider making a recommendation to Council to amend the Constitution accordingly:-

- (a) Training on Safeguarding, Equality and Diversity and Data Protection be made mandatory for all Councillors from May 2018.
- (b) All such training to be completed by mid-June 2018.
- (c) All new Councillors elected post May 2018 to undertake Safeguarding, Equality and Diversity and Data Protection training within six weeks of election.

- (d) Training in Chairing Skills for all Chairs newly elected to the Council's Committees and Panels from May 2018 to be mandatory, unless the Monitoring Officer considers that the relevant Councillor had extensive experience of chairing meetings in a local authority environment.
- (e) All such training to be completed within three months of election as Chair.
- (f) The views on the Independent Remuneration Panel be sought on the principle of withholding payment of relevant allowances should relevant mandatory training not be undertaken.

BOROUGH COUNCILLOR

Purpose

The purpose of Councillors is to:

- Effectively represent the interests of their constituents and ward, taking into consideration the needs and wellbeing of all residents
- Provide community leadership
- Sit on a range of member level bodies as well as council meetings and assist in reaching informed and balanced decisions.

Key Duties and Responsibilities

Leadership within the Community

- To undertake case work for constituents and act as an advocate in resolving concerns or grievances, whilst supporting them to be self-reliant where possible;
- To communicate with local people and answer enquiries:
 - about decisions that affect them,
 - about opportunities in the community,
 - regarding the rights of constituents within Colchester,
 - as to why decisions are made;
- To lead and champion the interests of the local community and effectively represent the interests of the Ward and its constituents;
- To meet and liaise regularly with local interested parties and involve and consult them on key Council decisions;
- To support and promote citizenship locally and encourage the community to participate in the governance of the area.

Representation

- To inform the debate and contribute to the effectiveness of Full Council meetings and any other Committees, Panels or Boards to which the Councillor is appointed;
- To contribute to the formation and scrutiny of the Authority's policies, budget, strategies and service delivery;
- To contribute to the scrutiny of decision making and review of the policies and services of the council;
- To represent the authority to the community and the community to the council;
- To develop and maintain a knowledge of the Council's service areas and strategic priorities and develop effective working relationships with its officers;
- To participate in the activities of any political group of which the councillor is a member;
- To represent the council on outside bodies and to participate effectively in the appointed role and, where appropriate, to represent those bodies within Colchester and elsewhere.

Other

- To demonstrate the seven principles of public life, also known as the Nolan Principles which are selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- To fulfil the legal and local requirements placed on an elected member, in accordance with the Council Code of Conduct for Councillors;

- To take responsibility for their own personal development and undertake appropriate development and continuous improvement for any role undertaken.

Key Personal Attributes, Skills and Knowledge

Leadership

- Ability to lead and champion the interests of the local community.

Chairing

- Ability to chair meetings and facilitate discussions.

Organisational Skills

- Manage casework in line with Data Protection principles;
- Basic administration skills.

Other skills

- Ability to use information technology to communicate through Council systems e.g. e-mails, accessing agenda, minutes, reports, intranet, internet etc.;
- Community engagement skills;
- Influencing and persuading;
- Managing conflict and mediation skills

Team Working and Relationship Building

- Ability to develop relationships with key officers and partner agencies;
- Ability to build effective relationships with all sections of the community so as to be able to represent their needs to the Council.

Communication

- Ability to deal with the media, whilst being able to identify when additional support from the Communications Team is required, to ensure the Council is positively represented;
- Awareness of social media and how this can be used responsibly to communicate with residents;
- Ability to communicate with a range of audiences;
- Active listening and questioning skills;
- Presentation skills;
- Public speaking.

Knowledge

- Understanding of how the Council works;
- Knowledge of the Council structure, key contact officers and services procedures;
- Knowledge of the political decision making structures;
- Understanding of the Code of Conduct for Councillors, ethics and standards and the role of the Standards Committee;

- Understanding of national policies and their impact on the Council;
- Knowledge of the strategic objectives and key policies of the Council;
- Understanding of legislation and Council policies to which Members must adhere (e.g. Freedom of Information, Data Protection, Equality and Diversity);
- Basic understanding of local government finances and audit processes;
- Knowledge of the Councils complaints procedure;
- For Members who sit on quasi-judicial panels, knowledge of legislation and policy relating to planning, licensing, and appeals is required and an understanding of the principles and importance of making rational decisions.

CABINET MEMBER

This role profile is to be read in conjunction with the role profile for Borough Councillor. It identifies the responsibilities, skills and knowledge required of the Cabinet Member, in addition to those set out for a Borough Councillor.

Purpose

- **To provide collective and individual leadership as part of the Cabinet**
- **To undertake lead responsibility and be accountable for allocated portfolios**

Key Duties and Responsibilities

- To take decisions on those matters within the terms of reference of their Portfolio, as set out in the Scheme of Delegation, seeking advice from Heads of Service as appropriate;
- To take responsibility, and to be held accountable, for any decisions taken, and to share with the appropriate Service Managers responsibility for the performance of services within their portfolio;
- To respond to or deal with any issues arising at Council meetings relating to their portfolio;
- To act as spokesperson within and outside the authority on those services and functions within their portfolio;
- To share the collective responsibility for decisions taken by the cabinet;
- To act as an advocate for the Council within the Authority and outside;
- To provide regular reports on progress and to undertake consultation on decisions as required;
- To attend Scrutiny and Policy Panels to discuss decisions taken or support the policy formulation process;
- To attend relevant informal Cabinet meetings and meetings of the Leadership Team;
- To represent the Council on outside bodies;
- To represent the Council and contribute the Colchester perspective on national, regional and sub regional bodies;
- To consult interested parties, ward councillors and citizens as part of the development and review of policy;
- As part of the cabinet to be involved in:
 - providing support to all councillors to help them develop constructive roles as Ward Members,
 - the consultation on, and drawing up of, the revenue and capital budgets,
 - leading the search for continuous improvement,
 - taking decisions on resources and priorities to deliver the strategies and budget approved by full council,

promoting and participating in Member development.

Key Personal Attributes, Skills and Knowledge

Leadership

- Advanced leadership skills for areas of individual responsibility and the ability to work with the Leader of the Council and Deputy Leader as an executive team;
- High level decision making;
- Ability to challenge the status quo and deal with complex strategic issues and problems;
- Ambassadorial skills to be able to represent the Council both within and outside the Council.

Chairing

- Intermediate chairing skills to be able to chair meetings relating to their portfolio.

Organisational Skills

- Manage a busy and complex work load, often to tight timescales and deadlines;

Other Skills

- Research skills and policy development;
- Assimilating and analysing complex information.

Team Working and Relationship Building

- Relationship building – with other Cabinet colleagues, Executive Management Team/senior officers, Overview and Scrutiny, Partners etc.;
- Ability to work as part of an executive team to drive forward the continuous improvement of the Council.

Communication

- Advanced communication skills to be able to work constructively with officers, Members and partners;
- Advanced listening and questioning skills;
- Advanced presentation skills;
- Advanced public speaking skills;
- Ability to work with the media and to identify when additional support from the Communications Team is required, to ensure the Council is positively represented.

Knowledge

- Knowledge of the key areas relating to their Cabinet portfolio, particularly in relation to service performance issues, targets, and benchmarks etc.;
- Understanding of the Council budget, particularly that of the relevant portfolio;
- A detailed understanding of the strategic role of Cabinet within the Council;
- Understanding of the role of a portfolio holder as part of an executive team;

- Detailed understanding of Council strategy, policies and operations;
- Understanding of the legally defined role of certain senior officers;
- Detailed knowledge of the challenges facing local government;
- Understanding of the national policy framework and its impact on local policy development;
- Knowledge of the work of national, regional and sub regional bodies and the role of the Council within them;
- Knowledge of community needs and their priorities for action;
- Knowledge of the role of local partners and the services they deliver;
- Understanding of the Council's constitution, code of conduct, budget and audit processes and key internal policies;
- Understanding of the principles and importance of making rational decisions.
- An understanding of commercial principles and how these might be applied to local government.

LEADER OF THE COUNCIL

This role profile is to be read in conjunction with the role profile for Borough Councillor and Cabinet Member. It identifies the responsibilities, skills and knowledge required of the Leader of the Council, in addition to those set out for a Borough Councillor and Cabinet Member.

Purpose:

- To provide effective political leadership and strategic direction for the Council
- To ensure effective corporate governance
- To act as the political spokesperson for the Council.

Key Duties and Responsibilities

- To provide leadership to the Council and its political administration;
- To appoint a Deputy Leader and up to eight other Cabinet members and designate appropriate portfolios;
- To undertake the role of community leader, building a vision for the area and leading the Council and its partners towards that vision;
- To represent the Council and provide leadership of the Local Strategic Partnership and other key local partnerships;
- To chair the Cabinet meetings and take responsibility for its performance;
- To represent the authority, and be accountable for, discussions and negotiations with the community and with regional, national and international organisations;
- To undertake political executive responsibility for proposing and directing the overall strategy, budget, policy arrangements and service reviews;
- To act as spokesperson for the authority (in consultation with the Leader of other political groups and the Chief Executive as appropriate);
- To facilitate good communication so that people within and outside the authority are able to contribute constructively to the decision making processes of the Council;
- To maintain effective liaison with the Chair of the Scrutiny Panel;
- To champion and engage in Councillor training and development.

Key Personal Attributes, Skills and Knowledge

Leadership

- Advanced Leadership Skills;
- Ability to develop a vision for Colchester and drive the Council and its partners towards achieving that vision;
- Advanced Ambassadorial skills to be able to represent the Council both within and outside the Council, particularly at the sub-regional, regional and national level;
- Ability to lead the Council towards continuous improvement;
- Ability to provide political leadership for their group;
- Ability to, when necessary, discipline Members of their political group.

Team Working and Relationship Building

- Tact and diplomacy to be able to work across the full range of Council services, partners and political groups, to the benefit of the Borough as a whole;

- Ability to build effective relationships with other parts of the political management structure e.g. full Council, Overview and Scrutiny and other political groups;
- Political sensitivity to be able to address difficult issues across all groups.

Chairing

- Advanced chairing skills

Organisational Skills

- Ability to plan and prioritise the business of Council, Cabinet and its committees having regard to the terms of reference and the key challenges facing the Council.

Communication

- Ability to facilitate effective communication within and across the council to ensure the community are able to engage in the Council's decision making processes;
- Advanced skills in working with the media whilst being able to identify when additional support from the Communications Team is required, to ensure the Council is positively represented;
- Advanced listening and questioning skills;
- Advanced presentation skills;
- Advanced public speaking.

Knowledge

- A detailed understanding of the strategic role of the Leader of the Council;
- Detailed understanding of the legally defined role of the Chief Executive and other senior officers;
- Detailed knowledge of the work of national, regional and sub regional bodies and the role of the Leader and Council within them;
- Detailed understanding of the national policy framework and its impact on local policy development;
- Detailed knowledge of the role of local partners and the services they deliver;
- Detailed understanding of the Council's constitution, code of conduct, budget and audit processes and key internal policies;
- Understanding of the relationship between national politics and local political leadership;
- Understanding of the wider, national issues facing elected Members and the practical implications for Colchester councillors.

Mayor of the Council

This role profile is to be read in conjunction with the role profile for Borough Councillors. It identifies the responsibilities, skills and knowledge required of the Mayor that are in addition to those set out for a Borough Councillor.

Purpose:

- To provide effective civic and ceremonial leadership to the Council
- To chair County Council meetings and ensure its business is carried out efficiently and in line with the Constitution
- To promote and maintain high standards of conduct from Members.

Key Duties and Responsibilities

- To act as an ambassador for the Council and the Borough itself.
- To attend and represent Colchester at civic and ceremonial occasions, acting on behalf of the whole Council in a non-partisan manner.
- To preside over meetings of the Council, acting impartially to ensure that its business is carried out efficiently and in line with the Constitution.
- To perform official openings or presentations throughout the Borough.

Key Personal Attributes, Skills and Knowledge

- A clear understanding of the operation of the Council, including an understanding of the Constitution and its Procedure Rules.
- To promote and uphold the seven principles of public life – acting as a role model to other Councillors.
- A good knowledge of, and interest in, the whole of the Borough.
- The ability to chair meetings and facilitate open discussion.
- The ability to work effectively with Council officers, the public, the media, local charities and outside organisations.
- The ability to engage effectively with a variety of different groups and people.

DEPUTY LEADER OF THE COUNCIL

This role profile is to be read in conjunction with the role profiles for Borough Councillor, Cabinet Member and Leader of the Council. It identifies responsibilities specific to the role of Deputy Leader in addition to those of a Borough Councillor and Cabinet Member.

Purpose:

- To fulfil the duties of the Leader in his or her absence
- To assist the Leader in specific duties as required.

Key Duties and Responsibilities

- To assist the Leader of the Council in the formal processes and matters of leadership of the authority specifically set out in the profile for the Leader of the Council;
- To work with the Leader of the Council on the budget and policy development;
- To ensure that appropriate developmental steps are taken to equip the Deputy with the knowledge and skills to carry out the role of the Leader when called upon;
- To deputise for the Leader in his or her absence and undertake the above mentioned duties set out in the role profile for the Leader of the Council.

Key Personal Attributes, Skills and Knowledge

As it is expected that the Deputy Leader is able to deputise for the Leader, the additional skills and Knowledge set out for the Leader are copied here as they are also required of the Deputy Leader.

Leadership

- Advanced Leadership Skills;
- Ability to develop a vision for Colchester and drive the Council and its partners towards achieving that vision;
- Advanced Ambassadorial skills to be able to represent the Council both within and outside the Council, particularly at the sub-regional, regional and national level;
- Ability to lead the Council towards continuous improvement;
- Ability to provide political leadership for their group;
- Ability to, when necessary, discipline Members of their political group.

Chairing

- Advanced chairing skills

Organisational Skills

- Ability to plan and prioritise the business of Council, Cabinet and its committees having regard to the terms of reference and the key challenges facing the Council.

Team Working and Relationship Building

- Tact and diplomacy to be able to work across the full range of Council services, partners and political groups, to the benefit of the Borough as a whole;
- Ability to build effective relationships with other parts of the political management structure e.g. full Council, Overview and Scrutiny and other political groups;
- Political sensitivity to be able to address difficult issues across all groups.

Communication

- Ability to facilitate effective communication within and across the council to ensure the community are able to engage in the Council's decision making processes;
- Advanced skills in working with the media whilst being able to identify when additional support from the Communications Team is required, to ensure the Council is positively represented;
- Advanced listening and questioning skills;
- Advanced presentation skills;
- Advanced public speaking.

Knowledge

- A detailed understanding of the strategic role of the Leader of the Council;
- Detailed understanding of the legally defined role of the Chief Executive and other senior officers;
- Detailed knowledge of the work of national, regional and sub regional bodies and the role of the Council within them;
- Detailed understanding of the national policy framework and its impact on local policy development;
- Detailed knowledge of the role of local partners and the services they deliver;
- Detailed understanding of the Council's constitution, code of conduct, budget and audit processes and key internal policies;
- Understanding of the relationship between national politics and local political leadership;
- Understanding of the wider, national issues facing elected Members and the practical implications for Colchester councillors.

LEADER OF AN OPPOSITION GROUP

This role profile is to be read in conjunction with the role profile for Borough Councillor. It identifies the responsibilities, skills and knowledge required of the Group Leader, in addition to those set out for a Borough Councillor.

Purpose

- To be the principal spokesperson for members of their own political group;
- To ensure efficient sharing of information within the group;
- To ensure effective and constructive opposition to the Council's majority group, in line with the Council's Constitution.

Key Duties and Responsibilities

- To lead an Opposition Group within the Council;
- To manage the work of Members within that Group;
- To manage the overall co-ordination of opposition spokespersons and the business of the Group;
- To shadow and scrutinise the Leader of the Council and the Cabinet in their duties;
- To act as the principal spokesperson for an Opposition Group of which he/she is leader;
- To comment, challenge and review the Council's administration performance in the co-ordination and implementation of its policies and procedures;
- To establish and represent the views of the Group on issues of policy and priority;
- To develop opposition Group policies that are credible and could be implemented by the Council;
- To champion and participate in member development activities;
- To manage the Group Secretary and/or Whip to ensure the smooth running of the Group and the personal development of its Members;
- To advise the Leader of the Council of the Group's position on issues relating to external relationships;
- To represent the Group on relevant formal and informal working groups;
- To maintain effective liaison with the Chair of the Scrutiny Committee.

Key Personal Attributes, Skills and Knowledge

Leadership

- Ability to provide political leadership of their Group and manage the tensions between the political demands and expectations of the Group, and the needs of the Council;
- Ability to hold the Executive to account;
- Ambassadorial skills to be able to represent the Council both within and outside the Council including at regional and national level;
- Ability to, when necessary, discipline Members of their political Group;
- Political sensitivity to be able to address difficult issues with other Groups.

Chairing

- Intermediate chairing skills.

Organisational Skills

- Ability to plan and prioritise the business of the Group.

Other Skills

- Assimilating and analysing complex information;
- Research skills and policy development.

Team Working and Relationship Building

- Tact and diplomacy to be able to work across the full range of Council services, partners and political groups, to the benefit of the Colchester community;
- Ability to build effective relationships with other parts of the political management structure e.g. full Council, Scrutiny and other political groups;
- Political sensitivity to be able to address difficult issues across all groups.

Communication

- Ability to facilitate effective communication within and across the Council, and ensure the community are given the opportunity to engage in policy development of the opposition group;
- Advanced listening and questioning skills;
- Advanced presentation skills;
- Advanced public speaking.

Knowledge

- Understanding of the roles of Leader of the Council, Cabinet Members and the Leader of an Opposition Group within the Council;
- Understanding of the legally defined role of certain senior officers;
- Detailed knowledge of the work of national, regional and sub regional bodies and the role of the Council within them;
- Detailed understanding of the national policy framework and its impact on local policy development;
- Detailed knowledge of the challenges facing local government;
- Understanding of Council strategy, policies and operations;
- Knowledge of the role of local partners and the services they deliver and their relationship with the Council;
- Detailed understanding of the Council's constitution, code of conduct, budget and audit processes and key internal policies;
- Detailed knowledge of community needs and their priorities for action;
- Understanding of the relationship between national politics and local political leadership;
- Understanding of the wider, national issues facing elected Members and the practical implications for the Members in their group

CHAIR OF PLANNING COMMITTEE

This role profile is to be read in conjunction with the role profile for Borough Councillor. It identifies the responsibilities, skills and knowledge required of the Chair of the Planning Committee, in addition to those set out for a Borough Councillor.

Purpose

- To provide leadership and direction to the work of the committee, and to ensure compliance with the Planning Procedure Code of Practice;
- To chair committee meetings in line with the Constitution, and to ensure that the committee fulfils its terms of reference;
- To demonstrate to the public, applicants and objectors, fair and open decision making on behalf of the committee.

Key Duties and Responsibilities

- To chair the Planning Committee in accordance with the Procedure Rules;
- To foster and maintain a disciplined approach by the Members involved having regard to high standards of behaviour and ethics including the Code of Practice relating to planning procedures;
- To facilitate participation in meetings by the public and their representatives in accordance with the Planning Committee Procedure Rules ;
- To engage all members of the Committee, ensuring clear and unambiguous decisions are made based on sound planning considerations;
- To encourage members to undertake relevant training and development activities where appropriate so they are able to fulfil their committee role effectively;
- To represent the Council in all dealings with the public, media and other bodies in respect of the work of the Planning Committee.

Skills

Leadership

- Ability to represent the Planning Committee to the community and the media.

Chairing

- Advanced chairing skills.

Organisational Skills

- Ability to plan and prioritise the business of the Planning Committee having regard to its terms of reference and key challenges facing the Planning function.

Team Working and Relationship Building

- Relationship building particularly with senior officers involved in the planning function, Leaders, other Councillors.

Communication

- Advanced listening and questioning skills;
- Communication skills – particularly with Members and Officers involved with the Planning Committee;
- Intermediate presentations skills;
- Intermediate public speaking;
- Ability to work with the media and to identify when additional support from the Communications Team is required, to ensure the Council and the planning function is positively represented.

Knowledge

- In-depth understanding of planning issues and code of practice relating to planning procedures and the Planning Committee;
- Understanding of the role of Ward Councillors in the Planning process and how to handle conflicts of interest between being a Ward Member and a member of the Planning Committee;
- Understanding of the role of Planning Officers.

CHAIR OF SCRUTINY PANEL

This role profile is to be read in conjunction with the role profile for Borough Councillor. It identifies the responsibilities, skills and knowledge required of the Scrutiny Chair, in addition to those set out for a Borough Councillor.

Purpose:

- To support the continuous improvement of the Council, by leading the work of the Scrutiny Panel.
- To chair meetings of the Scrutiny Panel in line with the Council's Constitution.

Key Duties and Responsibilities

The Chair of the Scrutiny Panel is responsible for effective scrutiny in Colchester by:

Leading and Promoting the Overview and Scrutiny Function

- To maintain constructive relationships with Cabinet members and Senior Management Team to ensure that overview and scrutiny contributes to effective decision-making in Colchester;
- To represent overview and scrutiny in Council and be accountable to Council for the actions of overview and scrutiny;
- To ensure that overview and scrutiny is publicised and communicated to build understanding of its role both within and outside the Council;
- To represent Colchester at regional and national forums concerned with overview and scrutiny;
- To be responsible for the constitutional arrangements relating to portfolio holder decisions which are "urgent" and / or not on the forward plan.

Managing and Coordinating the Overview and Scrutiny Function

- To Chair meetings of the Scrutiny Panel;
- To lead the Scrutiny Panel in developing an effective scrutiny work programme;
- To ensure that scrutiny work is properly coordinated;
- To engage with relevant service users and stakeholder groups, ensuring that the Scrutiny Panel's reviews issues of public interest within its terms of reference;
- To co-ordinate the Scrutiny Panel's work avoiding duplication and taking a flexible approach to cross-cutting issues;
- To monitor progress of all scrutiny reviews and ensure that they are completed in reasonable time.

Development of Overview and Scrutiny

- To maintain an overview of scrutiny in Colchester and to learn from practice elsewhere;
- To ensure the continuing development of overview and scrutiny in Colchester through improving both how it is organised as well as the practice;
- To engage all Councillors in the work of the Scrutiny Panel, allowing for robust debate that leads to constructive recommendations;

- To encourage the involvement of all interested parties and stakeholders, individuals, voluntary and community groups in overview and scrutiny matters;
- To encourage Councillors to undertake relevant training and development where appropriate, so that they are able to fulfil the scrutiny role effectively.

Skills

Leadership

- Leadership of the scrutiny function within, and outside the Council;
- Leadership of the Scrutiny Panel as a team;
- Ambassadorial skills through the representation and championing of the scrutiny function inside and outside the authority;
- Objective setting and progressing those objectives on behalf of the scrutiny function

Chairing

- Advanced chairing skills

Organisational Skills

- Assimilating and analysing complex information;
- Overseeing and prioritising scrutiny work, taking account of available resources;
- Planning and coordinating the work of the Scrutiny Panel and its agenda;
-

Team Working and Relationship Building

- Relationship building with Scrutiny Panel colleagues, Executive Management Team/senior officers and Panel Lead Members;
- Building effective relationships with other parts of the political management structure e.g. the executive, full council etc.;
- Ensuring effective contributions from each member of Scrutiny Panel.

Communication

- Advanced listening skills and questioning skills;
- High standard of communication with officers, Members, partners, external bodies and members of the public;
- Advanced presentation skills;
- Advanced public speaking skills

Other Skills

- Dealing with complex strategic issues and problems on behalf of the Scrutiny Panel and the scrutiny function as a whole;
- Obtaining and weighing up evidence and making decisions and recommendations based on that evidence.

Knowledge

- Detailed awareness of the strategic importance of the scrutiny function within the Council;
- Detailed awareness of the constitutional arrangements relating to the scrutiny function and particularly those of the Chair;
- Detailed awareness of Colchester's approach to overview and scrutiny and its relationship with the other parts of the Council's decision making structures;
- Detailed knowledge of the challenges facing the scrutiny function and the role of the Chair in addressing these;
- Awareness of changes facing local government and an understanding of how these might impact on the Council's scrutiny function;
- Awareness of basic project management principles.

CHAIR OF LICENSING COMMITTEE

This role profile is to be read in conjunction with the role profile for Borough Councillor. It identifies the responsibilities, skills and knowledge required of the Chair of the Licensing Committee, in addition to those set out for a Borough Councillor.

Purpose

- To provide leadership and direction to the work of the committee;
- To chair committee meetings in accordance with the Constitution, and to ensure that the committee fulfils its terms of reference;
- To demonstrate to the public, applicants and objectors, fair and open decision making on behalf of the committee.

Key Duties and Responsibilities

- To chair the Licensing Committee in accordance with the Procedure Rules;
- To foster and maintain a disciplined approach by the Members involved having regard to high standards of behaviour and ethics;
- To engage all members of the Committee, ensuring that clear and unambiguous decisions are made based on sound licensing considerations;
- To facilitate appropriate participation in meetings by the public, applicants and their representatives in accordance with the Committee's Procedure Rules;
- To represent the Council in all dealings with the public, media and other bodies in respect of the work of the Committee;
- To represent the Committee's decisions in appeals to the Magistrates' Court and higher Courts;
- To be aware of legislation and ongoing local and national developments on licensing matters and their implications;
- To encourage members to undertake relevant training and development activities where appropriate so they are able to fulfil their Committee role effectively

Skills

Leadership

- Ability to represent the Licensing Committee to the community and the media.

Chairing

- Advanced chairing skills, including the ability to manage conflict.

Organisational Skills

- Ability to plan and prioritise the business of the Licensing Committee having regard to its terms of reference and key challenges facing the licensing function.

Team Working and Relationship Building

- Relationship building particularly with senior officers involved in the licensing function, Leaders, Councillors.

Communication

- Advanced listening and questioning skills;
- Communication skills – particularly with Members and Officers involved with the licensing function and Licensing Committee;
- Intermediate presentations skills;
- Intermediate public speaking;
- Ability to work with the media and to identify when additional support from the Communications Team is required, to ensure the Council and the licensing function is positively represented.

Knowledge

- In-depth knowledge of the standards, ethics and Code of Conduct for Councillors;
- Knowledge and understanding of relevant legislation and local/national developments on licensing matters – and their implications.

CHAIR OF OTHER PANEL, COMMITTEE OR BOARD

This role profile is to be read in conjunction with the role profile for Borough Councillor. It identifies the responsibilities, skills and knowledge required of the Panel, Committee or Board Chair, in addition to those set out for a Borough Councillor.

Purpose

- To provide leadership and direction to the work of the Panel, Committee or Board, contributing to the continuous improvement of the Council's services through the full range of its work;
- To chair meetings and ensure the Panel, Committee or Board fulfils its terms of reference.

Key Duties and Responsibilities

- To Chair meetings of the Panel, Committee or Board in accordance with its terms of reference;
- To foster and maintain a disciplined approach by the Members involved having regard to high standards of behaviour and ethics;
- To engage all members in the work of the Panel, Committee or Board, allowing for robust debate that leads to constructive recommendations;
- To represent the Council in all dealings with the public, media and other bodies in respect of the work of the Panel, Committee or Board;
- To encourage members to undertake relevant training and development where appropriate, so that they are able to fulfil their role effectively;
- To have responsibility for the co-ordination of the management of the Panel, Committee or Board;
- To review and amend the content of the Panel, Committee or Board's work programme

Skills

Leadership

- Leadership of the Panel, Committee or Board within and outside the Council;
- Ambassadorial skills through the representation and championing of the Panel, Committee or Board across the political groups and the Council as a whole.

Chairing

- Advanced chairing skills

Team Working and Relationship Building

- Tact, diplomacy and the ability to mediate and broker agreement across the political groups within the context of Panel;
- Relationship building – with Councillors and senior officers;
- Building effective relationships with other parts of the political management structure, principally the Executive, full council, scrutiny and Executive Management Team etc.;
- Ensuring the most effective contributions from each member of Panel.

Organisational Skills

- Ability to plan and prioritise the business of the Panel, Committee and Board having regard to its terms of reference and key challenges facing the Council;
- Prioritisation and managing the overall Panel, Committee or Board's work programme including the deployment of available resources.

Communication

- Advanced listening and questioning skills;
- Communication skills – particularly with Panel, Committee or Board Members and communicating the work and outcomes to all Councillors.

Other Skills

- Dealing with complex strategic issues and problems on behalf of the Panel.

Knowledge

- Detailed awareness of the strategic importance of the Panel, Committee or Board and its relationship with Council;
- Detailed awareness of the constitutional arrangements relating to the Panel, Committee or Board's functions and particularly those of the Chair;
- Detailed awareness of Colchester's approach to Panel, Committee or Board's meetings and its relationship with the other parts of the Council's decision making structures.

Appendix C

Colchester Borough Council: Training Plan 2017-2018

The purpose of this training plan is to outline the priorities for member development in the 2017-18 municipal year and onwards. It is based on information from the following sources:

- Information provided by Councillors about their individual training needs following completion of their Personal Development Plans;
- Information provided by the Executive about their view of the priorities for Member Development;
- Suggestions from the all party Member Development Group.

When arranging and delivering training and development for Councillors, consideration should be given where appropriate to including strategic partners, parish councillors and councillors from neighbouring authorities.

Subject	Objective	Delivery	Priority (scale of 1 to 3) with 1 being the highest priority	Links to Strategic Plan objectives
Knowledge based development				
Safeguarding/Equality and Diversity/Data Protection	To ensure all members are aware of responsibilities of the Council and of individual members in respect of safeguarding, equality and diversity and data protection.	Short course to be delivered to all members by mid-June 2018.	1	<ul style="list-style-type: none">• Promote belonging, involvement and responsibility in all the borough's communities• Work with Essex Police and partners in the Safer Colchester

				Partnership to make Colchester an even safer place
Garden Communities	To keep all members up to date on key developments on the Garden Communities proposals	Briefings to all members at relevant points, involving partners where appropriate Provision of written briefings and updates	1	<ul style="list-style-type: none"> Develop jobs, homes, infrastructure and communities to meet the borough's future needs by creating new Garden Communities
Local Government Finance, budgets and auditing	To improve members knowledge of the financial relationship between local and central government and the Council's budgeting and audit processes	Formal briefing Circulation of briefing papers and other relevant information by e-mail Workbooks	2	Would indirectly support the delivery of all Strategic Plan objectives
Skills based development				
Chairing Skills	<p>To provide members, with the necessary skills and knowledge to enable them to chair a range of meetings effectively, but in particular formal public meetings of the Council's Committees and Panels.</p> <p>To be aimed particularly at those who are new to a Chairing role or who are looking to develop the skills necessary for that role.</p>	<p>On election as Chair, introductory training by officers to explain terms of reference and Committee processes and protocols.</p> <p>Formal training session to be delivered by external trainer within three months of election of Chair</p> <p>Coaching/mentoring by existing or experienced Chair</p>	1	By providing Councillors with the necessary skills to fulfil their role, indirectly contributes to all of Strategic Plan objectives.

Social Media	<p>To provide members with an awareness of the main social media sites and awareness of the potential advantages and risks of social media.</p> <p>To help members understand the potential importance of social media in helping councillors engage with some traditionally hard to reach groups.</p> <p>To reduce the number of complaints received on social media issues</p>	Formal training session delivered by the Communications Manager and the Monitoring Officer	1	By providing Councillors with the necessary skills to fulfil their role, indirectly contributes to all of Strategic Plan objectives.
Councillor casework and conflict mediation	<p>To provide advice to members, particularly those who are relatively new to the role, with help and advice in managing casework.</p> <p>To provide advice in how to mediate in constituent disputes</p>	<p>Formal training session delivered by external trainer</p> <p>Mentoring by experienced members</p> <p>Circulation of written advice and workbooks</p>	3	By providing Councillors with the necessary skills to fulfil their role, indirectly contributes to all of Strategic Plan objectives.
Regulatory based development				
<p>Planning</p> <p>To include:-</p> <ul style="list-style-type: none"> General introductory 	To ensure that members of the Planning Committee meet the requirements of the	<p>General introductory session to be a formal presentation;</p> <p>Updates and information on more advanced topics to be</p>	1	<ul style="list-style-type: none"> Ensure resident's benefit from Colchester's economic growth with skills, jobs

<p>session for new Councillors, ward Councillors and those new to Planning Committee;</p> <ul style="list-style-type: none"> • Updates on hot topics that arise throughout the municipal year; 	<p>Constitution in respect of training;</p> <p>To provide a sufficient pool of substitutes with the require training and expertise to enable the Committee to function;</p> <p>To ensure that members of the Planning Committee and substitutes have the necessary skills and expertise to make sound decisions based on planning criteria.</p> <p>To ensure that ward Councillors have the necessary knowledge of the planning system to effectively represent and champion the interests of their constituents.</p>	<p>delivered through a range of methods:-</p> <ul style="list-style-type: none"> • presentations; • circulation of information by e-mail; • site visits. 		<p>and improving infrastructure</p> <ul style="list-style-type: none"> • Ensure a good supply of land available for new homes through our Local Plan
<p>Licensing</p> <p>To include:-</p> <ul style="list-style-type: none"> • General session outlining the licensing system, the regulatory framework that underpins it; the role and powers of 	<p>To ensure that members of the Licensing Committee meet the requirements of the Constitution in respect of training;</p> <p>To ensure that members of the Licensing Committee have the necessary skills and</p>	<p>General session to be a formal presentation.</p> <p>Updates and information on more advanced topics to be delivered through a range of methods:-</p> <ul style="list-style-type: none"> • presentations; • electronic/online courses; 	1	<ul style="list-style-type: none"> • Work with partners to create a shared vision for vibrant town centre • Educate residents about the impact of anti-social behaviour

<p>the Licensing Committee and its sub-committees and how ward Councillors can interact with the licensing system;</p> <ul style="list-style-type: none"> • Training to provide members of the Licensing Committee with sufficient expertise to sit on Committee and its Sub-Committees; <p>Updates on topics as they arise throughout the year, such as legislation updates, and modular units on more advanced issues.</p>	<p>expertise to make sound decisions.</p> <p>To ensure that ward Councillors have the necessary knowledge of the licensing system to effectively represent and champion the interests of their constituents.</p>	<ul style="list-style-type: none"> • circulation of information by e-mail; • site visits. 		
Induction for New Councillors				
<p>Induction programme for any new Councillors elected in May 2018.</p> <p>To include:-</p> <ul style="list-style-type: none"> • Introductions to key officers; • Tour of Town Hall and key housekeeping matters (building pass; car parking, location of 	<p>To provide newly elected councillors with a structured and effective induction to enable them to</p> <ul style="list-style-type: none"> • Understand their role as Councillors; and the legal obligations placed on an elected member; • Effectively represent and 	<p>Formal presentations on key topics</p> <p>Meetings with key officers</p> <p>Tour of Town Hall</p> <p>Provision of key documents</p>	1	<p>By providing Councillors with the necessary skills to fulfil their role, indirectly contributes to all of Strategic Plan objectives.</p>

<p>meeting rooms etc)</p> <ul style="list-style-type: none"> • Access to Council IT systems; • Sessions on key topics 	<p>champion the needs of their constituents;</p> <ul style="list-style-type: none"> • Understand the structure and meetings processes of the Council. • Understand the resources available to support and help them 			
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Evaluation

The following principles will apply to evaluation of the training and development delivered to Councillors;

- **Feedback from delegates should be sought from every Councillor Development session. This should be analysed and summary provided to the trainer and also reported to the Member Development Group. Feedback should also be sought from other methods of development. Again the feedback should be analysed, summarised and reported where appropriate to the person providing the development and to the Member Development Group**
- **A report evaluating the impact of member development and its contribution to the delivery of the objectives to the Council's Strategic Plan will be submitted on an annual basis to the Member Development Group and reported to Cabinet**

PETITIONS, PUBLIC STATEMENTS, QUESTIONS

(i) Have Your Say speakers

Date of Meeting	Details of Members of the Public	Subject Matter	Form of Response	Date Completed
Cabinet, 22 November 2017	Cllr Peter Banks, West Mersea Town Council	Bradwell B	Verbal response given at the meeting by Councillor Smith, Leader of the Council and Portfolio Holder for Strategy, Councillor T. Young, Portfolio Holder for Business and Culture and Councillor Lilley, Portfolio Holder for Public Safety and Licensing	22 November 2017
Cabinet, 22 November 2017	Mark Goacher	The impact of the Council's policy on A-boards in the town centre	Verbal response given at the meeting by Councillor Lilley, Portfolio Holder for Public Safety and Licensing, Councillor Feltham, Portfolio Holder for Commercial Services, Councillor B. Oxford, Portfolio Holder for Customers and Councillor Smith, Leader of the Council and Portfolio Holder for Strategy.	22 November 2017
Cabinet, 22 November 2017	John Akker	Permanent occupation of caravans on Mersea Island	Verbal response given at the meeting by Councillor Bourne, Portfolio Holder for Housing and Communities.	22 November 2017

Cabinet, 22 November 2017	Nick Chilvers	Wheelie Bins and Street Cleaning	Verbal response given at the meeting by Councillor J. Scott-Boutell, Portfolio Holder for Waste and Sustainability and Cllr Lilley, Portfolio Holder for Public Safety and Licensing	22 November 2017
Council, 7 December 2017	Paul Dundas	Commercial Development in Stanway	Verbal response given at the meeting by Councillor Smith, Leader of the Council and Portfolio Holder for Strategy	7 December 2017
Council, 7 December 2017	Victoria Weaver	Disabled parking and dropped kerbs in the town centre	Verbal response provided at the meeting by Councillor Lilley, Portfolio Holder for Public Safety and Licensing	7 December 2017
Council, 7 December 2017	Phil Lee	A-boards in the town centre	Verbal response provided at the meeting by Councillor Lilley, Portfolio Holder for Public Safety and Licensing	7 December 2017
Council, 7 December 2017	Scott Everest	The installation of a Changing Places toilet in Colchester Library	Verbal response given at the meeting by Councillor Smith, Leader of the Council and Portfolio Holder for Strategy and Councillor Bourne, Portfolio Holder for Housing and Communities	7 December 2017
Council, 7 December 2017	Simon Crow	Colchester town centre	Verbal response given at the meeting by Councillor T. Young, Portfolio Holder for Business and Culture	7 December 2017
Council, 7 December 2017	Jeremy Hagan	Safety concerns at the switching on of High street Christmas lights	Verbal response provided at the meeting by Councillor Lilley, Portfolio Holder for Public Safety and Licensing	7 December 2017

(ii) Petitions

Date petition received	Lead Petitioner	Subject Matter	Form of Response	Date Completed
No valid petitions received in this period				

