

**MINUTES OF THE MEETING OF THE CORPORATE MANAGEMENT COMMITTEE,
HELD ON MONDAY, 18TH DECEMBER, 2017 AT 9.30 AM
IN THE CONNAUGHT ROOM . TOWN HALL, STATION ROAD, CO15 1SE**

Present:	Councillors Steady (Chairman), Baker (Vice-Chairman), Alexander, Amos, Chittock, Bush (except item 41), Pemberton and Watson
Also Present:	Councillor G V Guglielmi (Portfolio Holder for Finance and Corporate Services)(except item 44 (part))
In Attendance:	Richard Barrett (Head of Finance, Revenues and Benefits Services), Anastasia Simpson (Head of People, Performance and Projects) and Ian Ford (Committee Services Manager)

41. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillors Skeels Jnr. (with Councillor Amos substituting) and Stephenson (with Councillor Bush substituting).

42. MINUTES OF THE LAST MEETING

The Minutes of the meeting of the Committee, held on 4 December 2017, were approved as a correct record and signed by the Chairman.

43. DECLARATIONS OF INTEREST

There were none at this time.

44. UPDATED FINANCIAL FORECAST/BUDGET 2018/2019

The Committee's comments were sought on the updated Financial Forecast/Budget 2018/19, which had been approved at the meeting of the Cabinet held on 15 December 2017 (minute 122 referred). The Committee was aware that an updated financial forecast for 2018/19 had been prepared which reflected changes since Members had considered the initial forecast in September 2017.

The Finance and Corporate Services Portfolio Holder (Councillor G V Guglielmi) attended the meeting and reminded the Committee that the approach this year to the forecast / setting of the budget was significantly different to previous years with estimates now being undertaken across a 10 year financial sustainability plan period in order to enable the Council to be more flexible. He informed Members that, at this stage of the budget process, there was a net surplus of £0.042m forecast in 2018/19, an overall change of £0.578m compared with the £0.536m deficit included in the initial forecast in September 2017. He also reported that any necessary changes emerging from the detailed Local Government Finance Settlement would be included in the figures that would be presented to Cabinet in January 2018 when it considered the final budget proposals.

The Head of Finance, Revenues & Benefits Services (Richard Barrett), informed the Committee that this new approach brought the opportunity to review how the budget was developed, including input from this Committee. The forecast had therefore focused

on the 2018/19 budget and the changes required compared to the initial forecast along with the broad principles behind figures such as special expenses and fees and charges. He stated that confidence needed to be built in the early years of the 10 year period through delivering against the forecast.

Mr Barrett's drew to the Committee's attention that the increased collection fund balance for 2018/19 accounted for £0.552m of the £0.578m change mentioned above. Although this was an on-going item in the budget it was reviewed each year based on in-year collection performance and could therefore only be deemed a one-off 'saving' in 2018/19. Although the amount was available to support the 2018/19 budget, if this was excluded from the forecast, there would be a budget deficit of £0.510m for 2018/19, which was broadly in-line with the initial forecast amount of £0.536m.

Members were reminded that, as set out in the initial forecast, £1.434m has been set aside from the outturn position for 2016/17 to underwrite the risks associated with the 10 year approach to the forecast. It was proposed to set this aside in a specific reserve named the Forecast Risk Fund. Although subject to potential changes to the forecast over the remaining budget setting period, the current forecasted surplus of £0.042m would be paid into the Forecast Risk Fund. In addition, once the final position for 2018/19 was determined, the remaining years of the 10 year forecast would be revised, set against the revised 2018/19 position and would be reported to Members later in the budget setting process.

The Committee was informed that, given the on-going favourable position against parking income, there was now the opportunity to build the cost of this scheme into the base budget on an ongoing basis and therefore remove the need to fund it on a temporary basis from the associated reserve.

Mr Barrett made the Members aware that the revised budget for 2017/18 was not included within this forecast but remained under review for reporting to Cabinet in January 2018 as part of the more detailed / technical budget setting processes.

Mr Barrett provided a commentary on the changes to the initial forecast (excluding items where there had been no change compared to the relevant line of the initial forecast) as set out in the following table -

Item in the Forecast	Change since initial forecast £	Comments
<i>Underlying Funding Growth</i>		
Council tax Increase by 1.99%	Increase in Income of £0.003m	A small increase due to the most up to date tax base being used in the calculations.
Council tax Increase by £5	Increase in Income of £0.001m	
Growth in business rates - Inflation	Increase in Income of	This reflected the updated inflation forecast and also reflects the move to CPI from RPI as announced by the

	£0.044m	Government in the Autumn Budget.
Growth in business rates / council tax - general property growth	Increase in Income of £0.132m	Reflected the latest property base estimates for 2018/19.
Collection Fund Surpluses b/fwd	Increase in Income of £0.552m	This reflected the latest collection fund position for the year. This was however a one-off increase as the collection fund surplus or deficit was updated each year based on actual collection performance etc.
Net Cost of Services and Other Adjustments		
Inflation - Employee Costs (including annual review adjustments)	Reduction in forecasted expenditure of £0.057m	This reflected the latest salary forecasts which include restructures implemented so far to date. However, this reduction would be severely negatively impacted by the National Joint Council's proposed 2% pay award with higher % increases at the lower pay bands for 2018/2019.
Inflation - Other	Reduction in forecasted expenditure of £0.015m	Similarly to the associated income position, this reflected the updated inflation forecast and also reflected the move to CPI from RPI as announced by the Governments in the Autumn Budget
LCTS Grant to Town and Parish Councils	Increase in forecasted Costs – £0.041m	This corrected an error in the initial forecast where it was agreed to reduce the grant at the same pace as the Council's RSG – the actual grant payable in 2018/19 was included in the initial forecast rather the change between years.
Specific Changes in Use of Reserves	Increase in forecasted Costs – £0.224m	This reflected two issues not included in the initial forecast: <ul style="list-style-type: none"> • A contribution to the business rates resilience reserve of £0.150m given the strong position within the associated income lines above, which in effect paid back the £0.150m that was drawn down from this reserve in 2017/18. • Given the on-going favourable position against parking income, it was now possible to meet the cost of this scheme within the underlying base budget with no need to call-on the associated reserve to fund it. An adjustment to the use of reserves of £0.074m had therefore been made in 2018/19. <p>So there was no overall net impact on the budget, the parking income budget had been increased by the same amount as set out below.</p>

On-going savings / increased income	Achieved savings / increases in income £0.290m (£0.010m lower than the allowance of £0.300m included in the initial forecast)	The following savings / increases to income had been included in the budget: <ul style="list-style-type: none"> • Commercial property rental income following the purchase of a property in Clacton earlier in the year - £0.155m • Garden Waste Scheme - £0.105m (break-even position now being exceeded) • Review of all Council owned property rent income budgets - £0.010m • Increased income from Street Naming and Numbering - £0.020m
Unmitigated Cost Pressures	Total cost pressures of £0.172m (the total amount included in the budget is £0.022m more than the allowance of £0.150m included in the initial forecast)	The following cost pressures had been included within the updated forecast: <ul style="list-style-type: none"> • £0.072m – this had been included in the revised forecast to respond to the risk that the final pay award agreed for 2018/19 could potentially be higher than the 1% included in the initial forecast. This amount would enable a total pay award of 1.5% to be accommodated within the budget. • £0.040m – to reflect the cost of cleaning the new beaches between Clacton and Holland on sea. • £0.060m - Additional summer cleaning of town centres and seafront areas
Other Adjustments	Reduction in forecasted net expenditure of £0.071m	This was a new line in the forecast to recognise other changes that did not necessarily fit within other lines of the forecast. Along with some minor budget amendments, the figure primarily reflected the necessary increase in parking income (£0.074m) to enable the scheme to be accommodated within the base budget on an-on-going basis.

The Finance and Corporate Services Portfolio Holder, the Head of Finance, Revenues & Benefits Services and the Head of People, Performance and Projects (Anastasia Simpson), as appropriate, responded to Members' questions throughout consideration of this item.

RESOLVED that the Committee submits the following comments and observations for the Cabinet's consideration:

- (a) the Committee notes the potential adverse financial implications of the National Joint Council pay award for 2018/2019 but welcomes the fact that this is an early 'stress test' for the new ten year financial sustainability plan approach;
- (b) the Committee suggests that the proposed contribution of £150,000 to the Business Rates resilience reserve be put instead towards funding the 2018/2019 Pay Award;
- (c) the Committee supports including within the forecast the cost pressures for the cost of cleaning the new beaches between Clacton-on-Sea and Holland-on-Sea and the additional summer cleaning of town centres and seafront areas; and
- (d) the Committee welcomes the income from the purchase of a retail property in Clacton town centre.

The Committee agreed that there would be no need to reconvene on 4 January 2019 in order to discuss the forecast with Portfolio Holders.

Members also agreed that, following the budget meeting of full Council in February 2019, an informal meeting of the Committee should be held in order to discuss ways in which the budget could be scrutinised within the proposed new committee structure.

The meeting was declared closed at 11.29 am

Chairman