

# Council Meeting Agenda



**Wednesday, 22 February 2023 at 7pm**

**Council Chamber, Civic Centre  
Chelmsford**

## **Membership**

The Mayor – Councillor Sue Dobson  
The Deputy Mayor – Councillor Bob Massey

## **and Councillors**

R H Ambor, L Ashley, H Ayres, K Bentley, M W Bracken,  
N B Chambers, D J R Clark, P H Clark, W A Daden,  
A E Davidson, C K Davidson, J A Deakin, N A Dudley,  
J A Frasca, I D Fuller, R J E Gisby, M C Goldman, S M Goldman,  
I S Grundy, N Gulliver, P V Hughes, R J Hyland, A M John, D G  
Jones, G B R Knight, J C S Lager, J S Lardge, R J Lee, M J  
Mackrory, L Mascot, L A Millane, R J Moore, G H J Pooley, J A  
Potter, R J Poulter, S Rajesh, J M C Raven, I C Roberts, S J  
Robinson, T E Roper, E J Sampson, S J Scott, C M Shaw, M  
Sismey, A B Sosin, J E Sosin, M S Steel, A G Thorpe-Apps, C R  
Tron, N M Walsh, R T Whitehead, T N Willis, I Wright, S Young and  
one vacancy

Local people are welcome to attend this meeting, where your elected  
Councillors take decisions affecting YOU and your City.  
If you would like to find out more, please telephone Daniel Bird in the  
Democracy Team on Chelmsford (01245) 605923, email [daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk), call in at the Civic Centre, or write to the address above.

# MEETING OF CHELMSFORD CITY COUNCIL

22 February 2023

## AGENDA

### 1. Apologies for Absence

### 2. Mayor's Announcements

### 3. Declarations of Interest

Members are reminded that they must disclose any interests they know they have in items of business on the meeting's agenda and that they must do so at this point on the agenda or as soon as they become aware of the interest. If the interest is a Disclosable Pecuniary Interest they are also obliged to notify the Monitoring Officer within 28 days of the meeting.

### 4. Minutes

Minutes of meeting on 7 December 2022.

### 5. Public Questions

To receive questions from members of the public in accordance with Council Rules 10.1 to 10.6 on Item 6 on the agenda.

Any member of the public who wishes to submit a question or statement to this meeting should email it to [committees@chelmsford.gov.uk](mailto:committees@chelmsford.gov.uk) 24 hours before the start time of the meeting. All valid questions and statements will be published with the agenda on the website at least six hours before the start time and will be responded to at the meeting. Those who have submitted a valid question or statement will be entitled to put it in person at the meeting.

### 6. Cabinet Question Time

The Leader and Members of the Cabinet to answer questions submitted by Members of the Council in accordance with Council Rules 10.18 to 10.22.

## 7. Reports from the Cabinet on 24 January 2023

### 7.1 Local Council Tax Support Scheme 2023/24

To consider the attached report from the Cabinet Member for Fairer Chelmsford

### 7.2 Capital, Treasury and Investment Strategies for 2023/24

To consider the attached report from the Cabinet Member of Fairer Chelmsford

### 7.3 Budget for 2023/24

To consider the attached report from the Cabinet Member of Fairer Chelmsford

## 8. Report from the Cabinet Member for Fairer Chelmsford

### 8.1 Budget Update and Amendment

## 9. Pay Policy Statement 2023/24

To consider the attached report from the Cabinet Member for Connected Chelmsford

## 10. Report from Overview and Scrutiny Committee on 6 February 2023

To consider the attached report from the Overview and Scrutiny Committee

After this meeting has closed, members are requested to stay behind  
to consider the nomination of Mayor for 2023/24

**CHELMSFORD CITY COUNCIL**  
**MINUTES OF THE MEETING OF THE COUNCIL**

held on 7 December 2022 at 7pm

**PRESENT:**

The Mayor (Councillor S Dobson)

The Deputy Mayor (Councillor R Massey)

Councillors H Ayres, L Ashley, K Bentley, M W Bracken, D J R Clark, P. Clark, W A Daden, A E Davidson, C K Davidson, J A Deakin, N A Dudley, J A Frasca, I D Fuller, R J Gisby, M C Goldman, S M Goldman, I S Grundy, R J Hyland, D Jones, G B R Knight, J S Lardge, L A Mascot, L A Millane, R J Moore, G H J Pooley, J A Potter, R J Poulter, S Rajesh, I C Roberts, S J Robinson, T E Roper, E J Sampson, S J Scott, C M Shaw, M Sismey, A B Sosin, J E Sosin, M Steel, A Thorpe-Apps, C R Tron, N M Walsh, R T Whitehead, T N Willis, I Wright and S Young

**1. Apologies for Absence**

Apologies for absence had been received from Councillors Ambor, Chambers, Gulliver, Hughes, Lager, Lee, Mackrory and Raven.

**2. Mayor's Announcements**

The Mayor informed the Council that in the short period since being appointed as Mayor, they had been busy attending many events across Chelmsford. The Council heard that the Mayor would be attending lots of Christmas events in December.

**3. Declarations of Interest**

Members were reminded to declare at the appropriate time any personal and prejudicial interests in the business on the meeting's agenda. None were declared.

**4. Minutes**

The minutes of the meeting held on 9 November 2022 were confirmed as a correct record.

## 5. Public Questions

Three public questions had been submitted in advance of the meeting, two which were asked in person and one in writing.

The meeting was adjourned for a short period at this point due to a member of the public disrupting the meeting. The meeting was restarted and the three public questions that had been submitted were considered.

The first question highlighted concerns that had been raised of unacceptable living conditions of Housing Association tenants in Chelmsford. It was noted that a document detailing these issues had been supplied to all Councillors and various examples were detailed. The Council were asked to carry out a full investigation of the Housing Associations and the cases that had been detailed, with appropriate action then being taken. The Council were also asked to put in place a full plan to ensure more stringent oversight in the future to prevent the situation arising again.

In response to the question and points raised, the Cabinet Member for Greener and Safer Chelmsford thanked the member of the public for their question. They said that they were the responsible Cabinet Member for Housing standards and they had been speaking with officers as a result of the points raised by the member of the public. They stated that the City Council had a statutory duty under the Housing Act 2004 to keep housing conditions in their area under review but landlords were responsible for keeping properties in suitable conditions. The Council heard that grants could be provided for repairs and adaptations, alongside health home loans and that HMO's were inspected and licensed by the Council. It was also noted that the Council could ensure they were maintained to an acceptable standard and deal with risks identified. The Cabinet Member informed the Council that in response to the recent tragedy of Awabb Ishak, the Government had asked Council's to submit detailed plans by 22<sup>nd</sup> January and a draft had already been prepared by officers. The Cabinet Member also noted that the Secretary of State had written to all housing associations. The Council also heard that they had an oversight role and historically had received a small number of complaints although this had recently been increasing. It was noted that the Council was unable to act if it hadn't been made aware of issues and urged any tenant who believed their accommodation to be sub standard to contact the housing standards team. It was noted that each complaint would be investigated and the member of the public was encouraged to bring forward any other examples for the Council to investigate.

The second question related to the Community Governance Review and stated that Parish councils affected by the City's governance review were disappointed by the lack of support from the City administration for the new shadow parish councils.

In response to the question that had been taken as read, the Cabinet Member for Connected Chelmsford stated that a request from one of the shadow councils for funding was currently being considered by the City Council. The Cabinet Member also informed the Council that support was being provided where appropriate as it had been throughout the process. It was also noted Chelmer Village shadow council were making arrangements to share clerking support with the existing Springfield Parish Council. The Council heard that if there was a business case to be made however for similar financial assistance for Chelmer Village then they were welcome to make the case to the City Council.

The third question referred to proposed fee increases on services provided by the Council and asked the administration to apologise for cost over runs. The administration were accused of not taking responsibility for its own financial mismanagement and that they were now expecting the people of Chelmsford to pick up the bill. The member of the public asked the Council to apologise.

In response to the points raised, the Cabinet Member for Fairer Chelmsford thanked the member of the public for their question. It was noted that Tindal Square project referred to would be creating a new public space of over 3000 square meters for arts and other celebrations that would be greatly received by Chelmsford's residents. The Cabinet Member noted that the member of the public had reminded those present of the two factors which had led to increased costs for projects, Brexit and Covid. It was noted that the two factors had been a major impact on the Council's projects as well as projects elsewhere around the country.

In response to the point raised about the increase cost of the Tindal Square project it was noted that inflation had been around 3% at the start and had now increased to 10%. It was also noted that this along with the impacts on importing materials due to Brexit had led to increased spending. In response to being asked to apologise, it was noted that the Council could not have envisaged the higher inflation rates when it set the budget in October 2021 when inflation was at 3%. The Cabinet Member also highlighted that they felt government mismanagement of the nations finances was one of the underlying factors on increased project costs.

( 7.04pm to 7.29pm)

## 6. Cabinet Question Time

The Mayor informed the Council that due to the large number of questions and the one hour time limit they would be taken as tabled unless anyone specifically wanted to read their question out. The following questions from Councillors were put to members of the Cabinet:

### 1. Question from Councillor G Pooley to the Cabinet Member for Greener and Safer Chelmsford

"I understand that the council is reviewing the Over 65s swim scheme to improve the offer. Can the Cabinet Member please explain what is proposed?"

In response, the Cabinet Member for Greener and Safer Chelmsford thanked Cllr Pooley for their question and highlighting specifically the review of our current Over 65's swim scheme for Chelmsford residents, and options for an improved scheme that offers better value for money and wider range of activities.

The Cabinet Member stated that "the intention was to bring an update on the review and proposals to Full Council for consideration this evening. However, the Monitoring Officer advised that it is not a Council decision.

As Liberal Democrats we are in favour of transparency. So, once we were told we couldn't bring this to Full Council as an agenda item, we shared the report with the opposition, so they

had sight of the proposals and were given the opportunity to table questions. No questions have come back from members of the Opposition this evening.

These are operational changes, which can be approved under delegation to the Director of Public Places, in consultation with me as Cabinet Member, and it is proposed to introduce the new scheme from 1st January 2023 as we want to see this improved scheme made available to people as soon as possible.

Cllr Pooley: Some background for elected members/public:

The current Over 65 Swim scheme allows those over 65 years of age to access unlimited public swimming sessions at Riverside & South Woodham Ferrers Leisure Centre in certain windows of time, Monday-Friday.

(Riverside: Monday to Friday, 8.30am-2pm / SWFLC: Monday to Friday, 6.30-8.45am and noon-2pm)

The numbers taking advantage of the Chelmsford residents swim scheme, introduced in 2008, has reduced from around 1,220 at the peak to the current number of 722 residents signed up across both centres. Approximately 58% of those that have signed up are “active” and swim at least once per month – the average use is 8 times per month – some people attend every day. The 42% “inactive” card holders use the pools irregularly - some only on a handful of occasions per year.

Swim England identify ways to increase participation in swimming. There are different approaches to encouraging those over 65 years of age to take up swimming or to swim more regularly, but the most successful schemes appear to focus on providing a group or club approach, with “learn to swim” or confidence-building sessions supported by a social dimension (for instance, refreshments afterwards).

As a result of the review, it was proposed to end the existing scheme and introduce a new scheme – Forever Active Swim - for over 65's, that would improve upon the existing scheme

It is important to encourage this age group to swim as there are proven health benefits. In addition to the obvious cardiovascular benefits, it provides muscular/skeletal and postural improvement resulting in reduced falls in older residents. The objective remains to encourage more older people to swim and to increase the frequency for those that do swim.

Forever Active Swim will be a subsidised scheme with a £20 monthly fee payable and will consist of the following elements:

- Unlimited number of swims during specific sessions at designated times
- Access times at Riverside extended to between 8.30am to 4.00pm mid-week
- South Woodham Ferrers Leisure Centre mid-week and weekend sessions extended
- Free access to supervised improver/development supported sessions
- Free access to introductory ‘Learn to Swim’ sessions for new customers
- Swimming available to those on the scheme at both South Woodham Ferrers Leisure Centre and Riverside (currently a single site option)
- Booking privileges increased from 7 to 10 days, where applicable

- “our Chelmsford” Plus card included, providing discounts on other leisure centre activities

At this point the Cabinet Member also answered question six which had been tabled by Cllr Lee on the same topic. Cllr Lee was thanked for their question and the Cabinet Member stated that “I hope my answer to Cllr Pooley has reassured you that we understand the huge importance of swimming as regular exercise for this age group from a Health and Wellbeing perspective and want to encourage many more to enjoy regular swims.

Loneliness is one of the most destructive and hidden harms in our society. It affects all ages but particularly older people who may live alone or are caring for a partner.

It is so important to keep active, both in body and mind, so we can age well. Taking time out for regular exercise can do wonders for our mental health, as well as our strength and mobility, helping prevent falls. Providing a range of social activities for older people is key, and a priority for this administration. We encourage older people who may have been out of the water for a while to join Learn to Swim and confidence-building classes. We run therapeutic sessions that support people with long-term health conditions, mobility issues, as well as amputees and pre/post-op patients through a GP referral scheme. These will all be promoted and offered to members of Forever Active Swim.

In addition, the council’s Leisure Service teams meet with Swim England’s regional officers on a regular basis and seek to take advantage of any regional or national programmes that further promote swimming for older people.”

In response to the answer, Cllr Pooley welcomed the new scheme as it would assist those with disabilities to access the specific services they required. The Cabinet Member stated that they would continue to go above and beyond in being as inclusive as possible at the Council’s leisure centres for disabled service users.

## 2. Question from Councillor B Knight to the Cabinet Member for Greener and Safer Chelmsford

This question was withdrawn prior to the meeting.

## 3. Question from Councillor P Clark to the Cabinet Member for Connected Chelmsford

“Question for the Deputy Leader - In March this year, the Council approved an increase in the Capital budget for Theatres.

This was increased from £1.5m to £2.746m. The cancellation of the pantomime this year is a loss to the residents of Chelmsford, but also a loss in revenue at a time when this Administration is spending money it clearly doesn’t have. Therefore, can the Cabinet Member for Connected Chelmsford, who proposed the budget increase, confirm how much the Council will lose this year, because of the cancelled Pantomime performances?”

In response, the Cabinet Member for Connected Chelmsford thanked Cllr Clark for their question. They informed the Council that the budget for the Theatre project had been



increased twice and then unfortunately the pantomime had been cancelled. It was noted that this had been devastating and staff had worked incredibly hard to try to find alternative venues or timing but none of the options were financially viable and would have incurred significant risks. The Council was reminded of the previously set out reasons for the delay and as a result there had of course been a loss of income for the Council from ticket sales etc of £455k. There had also been some savings however from not running the pantomime, on staffing for example and therefore the net loss was about £380k. It was noted that this took the total project cost to about £3.7m. It was noted that this was a large sum and it had been hoped that everything would go completely to plan but there were various projects at the Council and many other places had been experiences similar issues. The Cabinet Member stated that they were extremely proud that the Council continued to invest in the City's cultural future. It was noted that it was important the Council would encourage footfall into its City Centre and that by investing in culture, this was the right thing to be doing. It was noted that a flagship theatre would encourage people to visit Chelmsford and spend money at the Council's businesses.

In response to the answer, Councillor Clark reminded those present that he had voted against the funding increase in March as it was money the Council did not have and this highlighted even further spending which could have been spent on housing conditions instead. They also noted that it would be interesting if ticket prices would be affordable in the future for families. In response, the Cabinet Member stated that they had very different visions and felt it was very important to invest in culture. They stated that Council's and Government's should be able to do more than one thing at a time and investing was something that they must do. It was also noted that culture was a key part of that.

#### 4. Question from Councillor P Clark to the Cabinet Member for Fairer Chelmsford

"When this Administration took office in 2019, the MRP figure was zero (excluding leasing costs), can he confirm the current MRP liability for 2022/23 (including leasing costs) and how far does he intend to increase this debt burden on the taxpayers of Chelmsford?"

The Cabinet Member for Fairer Chelmsford, thanked Councillor Clark for their question. They informed the Council that MRP was in effect the money set aside to repay funds which had been borrowed by the Council. It was noted that the current budgeted MRP for 2022/23 was £921k including leasing costs of £398k. The Council heard that these allowed different ways of borrowing or paying for capital goods and accounting for the repayment of the borrowing. In 2018/19, MRP was indeed zero but leasing costs were £458k.

The Cabinet Member stated that the borrowing had been for the benefit of the people of Chelmsford, and was needed to ensure the Council could continue to deliver services and to improve them. It was noted that a large part of MRP related to expenditure that generated savings for the revenue budget, this borrowing reduced costs by more than it costs to finance it. It was noted that in line with many other businesses, the Council had been borrowing to invest wisely, achieving more than it could do without borrowing. The Council heard that an example of this could be purchasing a block of flats and retail units in the City Centre, which would be one of the most cost-effective ways of delivering temporary accommodation.

The Council heard that despite budgetary pressures, the level of MRP was affordable and after allowing for the savings and additional income generated was a modest figure. It was also noted that the affordability of borrowing would continue to be assessed as part of the

annual budget process. The Council was informed that figures would be updated at the January Cabinet meeting when the budget was discussed and could then be scrutinised fully at the February Council Tax setting meeting.

In response to the answer, Councillor Clark stated that if a higher MRP budget came in, ways to fund the additional cost would have to be found, whether from reductions in services or any income generated from Capital expenditure. The Cabinet Member agreed that the figure had been increasing and further information would be supplied with the following year's budget.

#### 5. Question from Councillor R Poulter to the Leader of the Council

"The information from Mr Graham concerning allegations of the condition of some social housing shows a devastating state of affairs. We, as a Council have a responsibility to our residents to take all reasonable steps to ensure their safety and wellbeing. This includes the condition of the properties in which they live, particularly those for which we have nomination rights. However, for a multitude of reasons it is not practical to monitor or inspect every such house in the city area. Yet we cannot ignore the problem. What we need to do is to find a way of receiving a certificate from each housing association confirming that all of their properties are in good order and fit for housing tenants. They could be asked to do this, say every six months and give that certificate to Council Housing officers. That would encourage housing associations to ensure that their properties are fit for habitation and to deal with complaints expeditiously. For our residents it would give assurance that housing associations are taking their repair obligations seriously and for us as a Council it would provide evidence, should it be necessary, to put before Public Health officers. Will the administration approve such a scheme?"

In response the Leader of the Council thanked Councillor Poulter for their question and concern shown to some of the most vulnerable members of our community. They stated that "As Cllr Moore explained, the City Council takes very seriously the condition of homes in the district, in particular the rented sector, whether social rented or private rented.

However, in your own words, it is not practical to monitor or inspect every such house, regularly enough to pick up all problems.

Indeed, tenants have a right to privacy and landlords are not permitted to carry out frequent inspections; most will inspect at 6 monthly intervals. Therefore, the first step when there is a problem is for tenants to report any damage or hazards to landlords. Landlords will often be unaware of any defects and once alerted to the situation will readily take action. However, if they don't the City Council has powers to step in and often does so.

All landlords, including Registered Social Landlords, have a legal duty to make sure the properties they rent out are safe to live in. The vast majority of landlords take their responsibilities very seriously and effectively manage their housing stock. If tenants believe that their property is unsafe and the landlord is failing to act the Council's Housing Standards team can become involved and, where the property is found to be unsafe, they can force the landlord to rectify the situation.

An inspection is only valid at the time it takes place and with just under 12,000 social housing properties in the Chelmsford City Council area, inspections of all properties take time. They are carried out on an ongoing rolling basis which include an annual gas safety check and a five yearly electrical wiring check. A six-month declaration as suggested by Cllr Poulter would do nothing to improve current processes.

The City Council expects to carry out about 360 housing standards investigations this year. Where there is an issue that falls below the required standards it will be followed through until it is resolved. The majority will be resolved by the Housing Standards team liaising with the landlord to rectify the situation. About 10% will result in formal enforcement action i.e. service of legal notice and/or carrying out works in default and prosecution.

All complaints of poor housing standards are investigated. No investigation is ended until it has been resolved and the property is safe to live in.

CHP (Chelmer Housing) owns 7738 of the 11,868 social housing units in Chelmsford. All Councillors should have received a letter from Paul Edwards, the Chief Executive of CHP, in the last few days, setting out how seriously they take the issue of damp and mould. Indeed, Mr Edwards offered to attend this evening's Council meeting so that he could hear the concerns of residents and councillors and we are delighted to see him here.

Last year, we established a pattern of quarterly meetings for the City Council's Chief Executive and me to meet with senior management at CHP. City Council Housing Officers are in touch with CHP on an almost continuous basis. So the channels exist to raise concerns. Therefore, if any councillor or residents' group becomes aware of a problem, they should report it via the correct channels and, if that doesn't work, then to their local councillor and me if necessary.

Five other housing associations own most of the remaining social housing in Chelmsford. The City Council is already in communication with them. We are setting out very clearly our expectations on housing standards and likely action if these are not met from our Housing Standards team.

Ultimately local authorities are not the regulators of Registered Providers, the Government's Social Housing Regulator is in charge and they are responsible for fixing any systemic failings. <https://www.gov.uk/government/organisations/regulator-of-social-housing>

However, none of the foregoing deals with the private rented sector, which is estimated to be larger than the social rented sector in Chelmsford. Councils have the same powers via Housing Standards if tenants report problems. However, we don't have oversight powers like the Social Housing Regulator. I wish we did. That's why the Liberal Democrats have long argued for a register of private sector landlords, and to have minimum three year rent periods to give tenants greater certainty. We would also give tenants a stronger voice by giving legal recognition to tenants' panels.

We welcome plans for a legally-binding Decent Homes Standard (DHS). Failure to comply with the DHS should be a criminal offence and councils should have the option to issue civil penalties or prosecute, alongside rent repayment orders and banning orders.

In summary, this council takes its responsibilities very seriously and wants tenants who are not being heard by their landlord to contact the Housing Standards team."

In response to the answer, Councillor Poulter stated that they wanted the Council to be more proactive and their proposals would provide assurances that were being sought. The Leader of the Council stated that the current inspection regimes were sufficient and if concerns were reported directly they would be picked up quicker than a six monthly check as proposed.

#### 6. Question from Councillor R Lee to the Cabinet Member for Greener and Safer Chelmsford

“Could the Cabinet Member for Greener Chelmsford please explain to us all how they plan to encourage older people to take up swimming”

This question was answered by the Cabinet Member during the answer to their first question.

#### 7. Question from Councillor R Hyland to the Cabinet Member for Fairer Chelmsford

“Post Public Question, raised tonight on the housing provision by Chelmsford's Registered Housing Providers.

I am keen to understand what exactly this Council does to "Overseeing and coordinating the performance of housing associations." Can we be provided the last report published, the metrics being used, and the performance baseline to improvements we have measured and monitored ?

In the members booklet of April 2022, we confirm CCC "Overseeing and coordinating the performance of housing associations." pg21

Given it was the Lib Dems in previous administration that sold off, the publicly owned housing stock, I would see the Overseeing and co-ordination of the performance of housing associations was a measure introduced to monitor housing standards, mitigate risks to residents and ensure Chelmsford City Councils previous decision, didn't leave residents vulnerable. Are we achieving for these residents, served by registered housing providers, to make Chelmsford "a place where people want to live", or can we make Chelmsford even better? “

The Cabinet Member for Fairer Chelmsford thanked Councillor Hyland for their question. They stated “Cllr Hyland is referring to a booklet setting out who does what at the City Council, supplied to help members. He specifically refers to Strategic Housing Services, ably led by Paul Gayler.

Paul’s team does not oversee and coordinate housing associations’ performance in the broad sense Cllr Hyland seems to have inferred. That responsibility sits with the recently formed Social Housing Regulator.

“The Regulator of Social Housing promotes a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate quality that meet a range of needs.

“RSH is an executive non-departmental public body, sponsored by the Department for Levelling Up, Housing and Communities”

Cllr Hyland also refers to housing standards. That is a function the Public Health and Protection Services team performs – it’s listed on page 13 of the members’ booklet. Paul Brookes’s team covers housing conditions across the rented sector, including private rental and housing associations alike.

So it may help if I explain what is meant by the phrase Cllr Hyland has highlighted in relation to Strategic Housing Services.

It is important to read the full list of functions Paul Gayler’s team has responsibility for. The line above is “Allocation of housing provided by housing associations”. That’s the context in which Paul’s team oversees and coordinates the performance of housing associations, i.e. in the allocation of their housing.

Let me explain how it works. A Chelmsford resident who needs social housing can’t simply walk into one of the active housing associations in our district. They must approach the City Council.

Our housing officers assess their circumstances and may add the resident to our housing register.

Those on the housing register are given the opportunity to bid for housing association homes when they become available – according to the level of priority they’ve been allocated and how long they have already waited.

Bear in mind that most new housing association homes will have been provided as a requirement of planning permission – and the City Council will have “nomination rights”, i.e. we can require that they are allocated to someone on our housing register.

So it’s important that we can monitor this aspect of their performance.

We also have some additional agreements with housing associations – for example, with CHP concerning temporary accommodation. We also monitor their performance from this perspective.

And more generally, we maintain ongoing relationships with housing associations operating in our area. They are vital to the prevention and alleviation of homelessness in Chelmsford – so they are critical partners we have working relationships with.”

In response to the answer Councillor Hyland stated that he still wanted to know what the Council was doing to safely house people in Chelmsford. He also raised a concern that opposition members had not been able to ask their questions in person and had in effect been silenced. The Mayor clarified that as earlier explained at the meeting, questions were being taken as tabled due to the high number of them. The Mayor also clarified that they had also

explained Councillors could still ask their questions in person if preferred and there had been no attempt to silence the opposition. The Cabinet Member stated that previous responses on earlier questions had demonstrated the aims and ambitions of the Council to improve the standard of housing and availability of it to residents of Chelmsford. They also referred to the high number of actions they had undertaken to alleviate the housing crisis.

#### 8. Question from Councillor R Hyland to the Cabinet Member for Sustainable Development

“In the Local Plan review, will this administration be taking the opportunity this time to review all sites that are currently in the plan and in particular those have not yet begun construction, like Site 5a East Chelmsford (Manor Farm) where there I understand there is strong local objections?

Can you provided and explain the criteria that will be used to validate these plans, sites and future sites, are fit for purpose, serve Chelmsford well and deliver to support housing need ?”

The Leader of the Council answered the question in the Cabinet Member’s absence and thanked Cllr Hyland for their question. They stated “The current Local Plan was voted through by the previous, Conservative-run, council, on 19th June 2018. Along with my Lib Dem colleagues, I voted against it, because it included sites that we did not support.

However, the independent planning inspector examined the plan, assessed all the objections submitted and adjudged that all the sites allocated were suitable for development. So we are stuck with it.

The current review of the adopted Local Plan cannot overturn any of the allocations in the plan but it will assess their continued deliverability. This assessment will include whether masterplans have been agreed, planning applications submitted or planning permission granted in accordance with our adopted Local Plan policies and secured through conditions and the completion of legal agreements.

The Masterplan and the planning application stage for each site provide an important opportunity for the public to comment and I hope they will take up that opportunity.

The criteria for assessing future housing sites are laid out in the Local Plan and have to take account of the National Planning Policy Framework (NPPF). The Secretary of State confirmed on 5 December that a new draft NPPF will be published for consultation before the end of this year. Officers will continue to monitor the implications of any national changes on the review of Chelmsford’s Local Plan.”

#### 9. Question from Councillor R Whitehead to the Cabinet Member for Greener and Safer Chelmsford

“Residents have continued to express their disappointment that the café at Hylands Park is closing on 24th December.

After the loss of the Pantomime this Christmas, this further blow to Chelmsford is most unwelcome.

At a recent Cabinet meeting officers said that the imposition of parking charges at Hylands Park were not the cause of the closure of the café, so can you provide the statistics to confirm this or advise Council as to the Administration’s understanding of the reasons for this failure.

Can the Cabinet Member update Council on the efforts being made to find a new operator for the Hylands café.”

The Cabinet Member thanked Councillor Whitehead for their question and stated “Madam Mayor, to clear up any confusion, I think Cllr Whitehead is referring to Director of Public Places Keith Nicholson’s response to his question at Overview and Scrutiny Committee on 21 November rather than Cabinet. The question was along the lines of whether the café was closing due to the introduction of car parking charges, and Mr Nicholson’s response at that meeting is recorded in the minutes:

‘The café at Hylands is due to close on 24th December as the current occupiers are leaving and the successful applicant in the tender process has withdrawn. A replacement is going to be sought and temporary options are being explored for the interim period. The committee was reassured that there was no concern that this was related to the introduction of parking charges at Hylands Park in November 2021’

This is not a failure of the existing operator – inferred as being due to the introduction of car parking charges, rather a delay with the procurement of a replacement operator.

The catering contract for the café at the Stables Visitor Centre at Hylands is due to conclude on 31 December 2022 - at the end of the contract term that was put in place by the previous administration.

We are determined to ensure a top-quality provider for the cafe. Therefore, the procurement process for a new operator commenced back in July 2022, with an ‘open market’ advertisement, in response to which 52 potential suppliers registered interest. A two-stage negotiated process was adopted for the procurement. Four suppliers progressed to make a second-round submission in September 2022.

Vertas [formerly Churchills] - the incumbent provider - withdrew from the process at that point.

The preferred supplier was selected on 30 September, but subsequently withdrew from the process – some 5 weeks later – citing the difficult market conditions, cost of living crisis and timing [namely the joint challenge of setting up a new venture at this time of year and the current economic climate] as the reason for their withdrawal.

Given the late notice, the proximity to the Christmas period and current market circumstances it was decided to suspend the procurement process and review options in the new year. Interim arrangements are being put in place for an established vendor to provide temporary facilities a range of refreshments, including hot and cold drinks, cakes, and light snacks – similar to what is already in place on our Hylands Open Days.

There is no evidence that the payment of car parking charges has an impact on the trading viability of the catering outlets at Hylands Park. Most operators expect car parking to be chargeable at this type of venue, and the charges for parking at Hylands Park are modest in comparison with other locations, particularly for those who have purchased season tickets or use MiPermit discounts available to residents of the Chelmsford district.”

#### 10. Question from Councillor W Daden to the Cabinet Member for Connected Chelmsford

“Some new parishes as created by the Governance Review are finding it challenging setting up. Finding clerks and attracting parish councillors.

What investigation was done to establish if enough clerks existed when creating new parished areas, and what can or is being done to address the shortfall?”

The Cabinet Member for Connected Chelmsford thanked Councillor Daden for their question. They stated that as previously mentioned one of the new Council’s had already organised their own clerking arrangements so in effect only one new one was required. They stated that the Council in question were being supported by the Essex Association of Local Council’s who were very experienced and they would advise them accordingly. It was also noted that a clerk had recently been employed in Wickford and they were therefore confident that one would be found and that it was not an impossible task.

( 7.30pm to 8.17pm)

#### 7.1. Section 106 Spending Plan

The Cabinet on 8 October 2022 had considered a proposed spending plan for S106 planning contributions held by the City Council. Subject to Council approving the Plan, the Cabinet had agreed a number of delegations to enable the proposals within it to proceed.

In response to questions, it was confirmed that the possibility of publicising information on S106 schemes in South Woodham Ferrers as the schemes are completed would be looked into. It was also confirmed that officers only spent S106 funding when it was legally compliant to do so.

RESOLVED that the Section 106 Spending Plan in the report to the meeting be approved.

Cllr Hyland asked for their objection to the Section 106 Spending Plan to be noted.

( 8.18pm to 8.21pm)



### 8.1 Membership of Committees

RESOLVED that the replacement of Councillor L Millane by Councillor N Gulliver as the designated substitute for the Conservative group on Planning Committee be approved.

( 8.22pm to 8.23pm)

### 9.1 Community Governance Review – minor change to delegation and dispensation

The Council considered a report seeking a minor change to the delegation previously made for the Community Governance Review and a related dispensation. It was noted that this was due to the Leader of the Council who had the delegation now sitting on one of the newly created shadow Council's and this was to prevent any conflicts of interest. It was also noted that the new dispensation would allow those twin or triple hatted Councillors, to make it easier for them to fully take part in all meetings including voting.

RESOLVED that the change to the delegation and the general dispensation be approved.

( 8.24pm to 8.26pm)

### 10.1 Treasury Management Mid-Year Review 2022-23

The Council considered a report on the Treasury Management activities undertaken in the first part of 2022-23 and the extent of compliance with the approved Treasury Management Strategy. The Treasury Management and Investment Sub-Committee and the Cabinet had concluded that no changes to the Strategy were required ahead of the full, annual review later in the financial year.

In response to a question raised it was noted that it was not possible to simply spend some of the Council's investments . It was noted that this would potentially create future problems where the cash would be needed to meet known commitments and bills and next years budget proposals would be reported soon which would answer the premise of the question raised.

RESOLVED that the report on the Treasury Management activities in 2021-22 be noted and that the 2022-23 Treasury Strategy be approved without change.

Cllrs Paul Clark and Hyland asked for their objection to the report to be noted.

(8.27pm to 8.29pm)

## 10.2 Financial Update Report and Review of Fees and Charges

The Council were asked to consider a report updating them on the Council's financial position and to also consider a review of Fees and Charges. It was noted that Council's of all types were under severe financial pressure and that the Chancellor's Autumn Statement had failed to provide the necessary help. The Council heard that in October, there had been a forecast budget gap of £7.9m in 2023-24 and in November, a forecast additional £1.1m use of reserves for 2022-23 as costs exceed income. It was noted that with inflation at over 11% it was costing £10k a week extra to run the leisure centres along with an extra £18.5k a week for fuel for refuse vehicles, alongside a reduction in forecasted parking incomes of £1.3m.

The Council heard that as a result of the difficult position it needed to look at both reducing costs and increasing income. It was noted that costs would be considered at the Cabinet meeting in January when the next budget would be discussed but a thorough review of fees and charges had been carried out. It was noted that many of these would stay the same, such as the rent fees for market traders and prices for short stay car parks. It was noted however that some fees and charges as detailed in the report would have to be raised as soon as practically possible so the Council would benefit from the extra income in the last quarter of the year.

In response to the report, concerns were raised and comments made on the below points;

- Projects had been overspent on by the administration, including ones being promoted that were unnecessary with no cost saving measures.
- Inflation had been affecting the whole of Europe not just Chelmsford.
- Were the Council employing any consultants that were unnecessary?
- The rise in funeral charges seemed opportunistic and would lead to a cost of dying crisis.
- The lack of information on reduction in costs was unfortunate and it was hoped the budget meetings in early 2023 would provide more information.

In response to the points made, the Cabinet Member for Fairer Chelmsford and the Leader of the Council stated that the main issue being faced was a revenue problem not a capital one. It was noted that the Government was not funding Councils of any political persuasion and inflation was causing major issues for both Chelmsford City Council and the County Council. It was noted that even a 3% rise in Council Tax, the highest possible, would only generate £8k a week, whereas previously detailed, energy costs had risen £18k a week. It was hoped that the fees and charges changes would raise £906k in a full year but this was still against a much larger deficit. It was noted that this was not a decision being taken at all lightly recognising that there was cost of living crisis. In previous and future budgets, costs saving were always expected to be the largest part of any plan to deliver a balanced budget. It was stated that a balanced budget in line with the Council's legal responsibilities would be set again in the new year and the fees and charges being proposed had been reviewed thoroughly.

A recorded vote was held at the request of ten or more members, On being put to a vote the recommendations in the report to the meeting were carried with the vote being as follows:

For the recommendations:

Councillors Ashley, Ayres, Bentley, Bracken, Dan Clark, Ann Davidson, Chris Davidson, Deakin, Dudley, Frasca, Fuller, Marie Goldman, Simon Goldman, Jones, Lardge, Mascot, Moore, Pooley, Rajesh, Roberts, Robinson, Sampson, Shaw, Andrew Sosin, Janetta Sosin, Tron, Walsh, Willis and Young.

Against the recommendations:

Councillors Paul Clark, Daden, Gisby, Grundy, Hyland, John, Knight, Millane, Potter, Poulter, Roper, Scott, Sismey, Thorpe Apps, Steel and Whitehead.

Abstained:

Councillors Dobson, Massey and Wright.

RESOLVED that ;

1. The financial position be noted.
2. The implementation of the proposed increases in fees and charges (in Appendix 1) be delegated to officers as soon as possible
3. The budget process for 2023-24 be continued, focusing on identifying savings, reviewing capital programme spend and resourcing and strategies to address the overall budgetary risks and uncertainties.

(8.30pm to 8.56pm)

The meeting closed at 8.56pm

Mayor



Chelmsford City Council

22 February 2023

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## LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2023/24

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### Report by:

Cabinet Member for Connected Chelmsford

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### Officer Contact:

Rob Hawes, Revenue and Benefit Services Manager, 01245 606695,  
[robert.hawes@chelmsford.gov.uk](mailto:robert.hawes@chelmsford.gov.uk)

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### Purpose

To present for consideration a Local Council Tax Support (LCTS) scheme for 2023/24 to put forward for Full Council approval before 11 March 2023.

### Recommendation

That Cabinet recommends to Full Council that the existing LCTS scheme for 2022/23 is adopted, without alteration, as the LCTS scheme for 2023/24.

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## 1. Background

- 1.1. Since 2013/14, every billing authority has been required to approve a Local Council Tax Support (LCTS) Scheme, prior to 11 March, in respect of the forthcoming financial year. The LCTS scheme assists people on a low income to pay their Council Tax by reducing the amount they have to pay. Entitlement to Council Tax Support (CTS) is 'means-tested', whereby entitlement reduces as household income increases. The Council must incorporate Government rules in respect of pensioners, but it has significant freedom to decide the rules in respect of 'working age' households.
- 1.2. In 2013/14, the Council decided to reduce the maximum level of CTS which could be awarded to an amount equivalent to 80% of a household's Council Tax liability. This meant that all working age households paid a minimum of 20% of their Council Tax liability. This decision was taken to ensure that scheme expenditure did not exceed the funding provided. Following a reduction in Government grant for 2014/15, the minimum payment was raised to 23% and has remained at that level ever since. Subsequent reductions in Government grants have meant that the scheme expenditure now exceeds any grant received and Chelmsford's council tax payers are now contributing to the cost of the scheme. The amount of that contribution cannot be calculated exactly as the direct link between Central Government grant for LCTS was broken in 2014/15 when the specific grant was incorporated into the overall Settlement Funding Assessment.

## 2. Current 2022/23 LCTS scheme summary

### Key principles

- 2.1. The key principles of the existing LCTS scheme are as follows:
  - All working age recipients pay a minimum of 23% of their Council Tax liability. Pensioners can receive a maximum of 100% of their Council Tax liability
  - Council Tax liability, for the purpose of calculating entitlement, is restricted to the appropriate Band D level. A working age person in a Band H property will have their LCTS calculated using the Band D amount applicable to the parish area in which they live. A pensioner household receives LCTS based on their actual liability regardless of Band.
  - LCTS is not available to working age households with more than £6,000 in savings. Pensioners can have up to £16,000 in savings before entitlement is removed.
  - Households with other non-dependant adults in them receive reduced amounts of LCTS as the non-dependants are expected to contribute

towards the running costs of the household. These contributions depend on the income of the non-dependant. Non-dependant deductions also apply to pensioner households, for whom the level is set by the Government.

- £10 per week of child maintenance received is disregarded. Any child maintenance paid to a pensioner household is disregarded in full.
- There are additional disregards to earned income to encourage work. This provision is more generous for the working age than for pensioners.
- For self-employed recipients, national minimum wage levels are assumed as income for the purposes of calculating LCTS entitlement if the declared income from self-employment is lower than the minimum wage. This applies after the first year of self-employment.

2.2. The amount of any reduction in council tax for people on low incomes is means-tested. This means that a household's income is compared against a set of allowances. These allowances vary depending on the personal circumstances of the household ie number of children, any disabilities etc. Working age households with an income equal to, or below, the relevant allowances receive maximum allowable LCTS ie 77% of Council Tax liability (capped at Band D rates, as described above). Households with an income above the relevant allowances have support withdrawn at the rate of 20p for every pound by which income exceeds allowances. The rules for pensioner households are set by the Government. Local councils have the power to decide how much help is given to working age households.

2.3. The Council is required to agree and approve a working age LCTS scheme for 2023/24. It is recommended that the 2022/23 scheme is retained in its current form without amendment. There may be amendments required for pensioner and/or working age households after any Council decision, as a result of changes to the Prescribed Regulations. The 2023/24 LCTS scheme will be amended as required by law once any relevant Statutory Instrument is published. There is no requirement for Cabinet or Full Council to approve statutory changes.

### 3. Scheme Finances

3.1. The Government includes an amount in respect of LCTS scheme expenditure in the annual settlement for Chelmsford City Council, Essex County Council and the Police and Fire authorities. It is the billing authority, Chelmsford City Council, which is responsible for assessing the amount of LCTS payable and reconciling this through the Council Tax collection fund.

3.2. Since the amount of grant in respect of LCTS is no longer separately identified it is not possible to accurately estimate the amount by which LCTS scheme expenditure exceeds the available grant. What is clear is that overall annual

amount of Government grant to the precepting bodies (Essex County Council, Chelmsford City Council and Essex Police, Crime and Fire Commissioner) is £181m less in 2022/23 than in 2013/14, while scheme expenditure remained relatively constant at around £6.5m per annum until 2019/20. It is reasonable to assume that the gap between CTS grant amounts and scheme expenditure has risen each year.

3.3. The Covid-19 pandemic and reduction in economic activity caused an increase in caseload numbers in 2020/21 and scheme expenditure rose to £6.873m, falling back to £6.642m in 2021/22. Although total Government grants to Essex precepting bodies increased by 2.79% overall in 2022/23, Chelmsford's grant remained unchanged. CTS scheme expenditure in 2022/23 has risen by 4.1% and stands at £6.913m in December 2022. This means that the shortfall between CTS grant and expenditure has increased once more. Given the very difficult budget position that the Council finds itself in for 2023/24, it is not advisable to increase the expenditure on the LCTS scheme by making its provisions more generous in 2023/24. The expectations of recession in the wider economy also suggests that caseload and, thereby, expenditure will rise by unpredictable amounts in the coming year anyway. It should also be borne in mind that increasing LCTS scheme expenditure will have a detrimental financial effect on the other preceptors, which are facing their own budget challenges.

3.4. As at the end of December 2022, the amount of LCTS paid to working age households totals £3.697m, with a further £3.3m paid to pensioner households. £1.575m of the working age total is being paid to households receiving minimum levels of income. As the only cost-effective method of recovery available in such cases is a £3.75 per week deduction from benefits, there is a strong likelihood that any attempt to reduce scheme expenditure by reducing the amount of LCTS that is paid would be matched by a comparable fall in collection rates. In addition, all households will be affected by the high rates of inflation being seen in such basic necessities as food and energy costs, which will further increase the difficulty of council tax collection in 2023/24.

## 4. Equality Issues

4.1 When deciding upon a scheme, the Council is required to have due regard to its Public Sector Equality Duties. The Public Sector Equality Duties (PSED) are found in s149 of the Equality Act 2010, which requires public authorities to give due regard to the need to:

- i. Eliminate unlawful discrimination and harassment in the respective fields of race, sex and disability;
- ii. Promote equality of opportunity between those with a protected characteristic and others; in addition, the Race and Disabilities Duties include the need to promote good race relations;

- iii. Take steps to take account of disabled people's disabilities even where that involves treating disabled people more favourably than others; and,
- iv. Promote positive attitudes towards disabled people and to encourage participation by them in public life.

4.2 An Equality Impact Assessment (EIA) for 2022/23's LCTS scheme is attached for reference at Appendix 1. This will need to be revisited if changes to the scheme are proposed in future years. The EIA identifies impacts upon relevant groups and any mitigations which are in place. It is important that decisions relating to our LCTS scheme are taken with these matters in mind. Although the PSED does not prevent councils from taking decisions which impact adversely on groups with 'protected characteristics', they must ensure that they are not impacted in a worse fashion than non-protected groups.

## 5. Conclusion

5.1 The LCTS scheme is an important support for low income households. Given the current economic climate and the ongoing uncertain economic outlook for 2023/24, it is neither considered desirable to reduce the level of support provided by the LCTS scheme and nor do the Council's finances permit any expansion to scheme expenditure by making it more generous. It is recommended that the current 2022/23 LCTS scheme is adopted unchanged for 2023/24.

### List of appendices:

Appendix 1 – Equality Impact Assessment

### Background papers:

None

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## Corporate Implications

**Legal/Constitutional:** A local scheme must be agreed by Full Council before 11 March 2023. If Cabinet is minded to propose changes to the existing scheme, a public consultation lasting a minimum of six weeks must take place on any proposed change. This paper cannot be deferred to a later meeting as a delay would mean that there would be insufficient time to obtain a ratifying decision at Full Council.

**Financial:** The exact relationship between reducing LCTS expenditure and Council Tax collection rates is unclear, although in-year collection rates of Council Tax have dropped by 2% since LCTS was introduced in April 2013. 2% equates to a shortfall of £2.7m on an estimated Council Tax debit of £135m in 2022/23, although strong performance on arrears collection in subsequent years had largely offset this reduction. 2022/23 collection performance started strongly, with collection rates



0.2% higher than in 2021/22. Since July, this has dropped back and collection rates are expected to be lower than 2021/22.

Potential impact on climate change and the environment: None.

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: None

Equality and Diversity: No change. Equality impact Assessment attached as Appendix 1

(For new or revised policies or procedures has an equalities impact assessment been carried out? If not, explain why)

Health and Safety: None

Digital: The existing Benefits software is capable of maintaining the current scheme. Any radical proposed changes will need to be evaluated as to whether the software can deliver them.

Other:

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Consultees: Director of Connected Chelmsford, Legal and Democratic Services Manager, Pan Essex Council Tax Support Scheme Project Group

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Relevant Policies and Strategies: The report takes into account the following policies and strategies of the Council:

Benefits Operational and Internal Security Policy  
Benefits Customer Service Policy

This form enables an assessment of the impact a policy, strategy or activity on customers and employees.

A: Assessor Details	
Name of policy / function(s):	Local Council Tax Support scheme with effect from April 2023
Officer(s) completing this assessment:	Robert Hawes
Date of assessment:	6 December 2022
B: Summary Details	
Description of policy, strategy or activity and what it is aiming to do	<input type="radio"/> new                      OR <input checked="" type="radio"/> existing ( <i>If existing, when was the last assessment?</i> January 2022) <input type="radio"/> internal                OR <input checked="" type="radio"/> external (i.e. public-facing) <input type="radio"/> statutory            OR <input checked="" type="radio"/> non-statutory – parts of the policy will be governed by statute, those affecting pensioners and rules relating to entitlement to persons from abroad for both pensioners and working age
Policy Owner (service)	Revenues and Benefits
Scope: Internal - Service/Directorate/Council wide External – specify community groups	External – applies to any member of the community on a low income requiring assistance with their Council Tax liability

**C: Assessment of impact**

Using the information above, assess if the policy / function could potentially disproportionately impact on different protected groups. Specify if the potential impact is positive, could adversely impact or if there is no impact. If an adverse impact, indicate how the impact will be mitigated.

Please note any data used in the impact assessment should be anonymised and with due regard given to data privacy in line with GDPR.

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
<b>Age</b> What will the impact be on different age groups such as younger or older people?		The amount of assistance available does vary dependent upon age, although no changes are proposed in this respect for 2023/24.		Pensioners receive additional allowances which ensure that they receive more support than a working age person with the same income. Individuals or households where both members are under 25 will receive less assistance than when one or both members are over 25. This disparity in assistance is a standard feature of all welfare benefit schemes. Pensioner households are entitled to a maximum of 100% of their Council Tax liability. Working age households are entitled to a maximum of 77% of their Council Tax liability	

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
<b>Disability</b> Consider all disabilities such as hearing loss, dyslexia etc as well as access issues for wheelchair users where appropriate			No changes are proposed to affect people with this characteristic		Additional allowances are already in place for people receiving specified disability benefits.
<b>Pregnancy and maternity</b> Pregnant women and new and breastfeeding Mums			No changes are proposed to affect people with this characteristic		Households with children receive additional allowances which result in higher entitlements. Chelmsford City Council has not implemented the wider welfare benefit policy which restricts that assistance to the first two children in a household.
<b>Marriage or Civil Partnership</b> Could this policy discriminate on the grounds of marriage or civil partnership			There is no distinction between the treatment of married persons or persons in a civil partnership.		
<b>Sex</b> Is the service used by people of both male and female biological characteristics or intersex and			No distinction is made in the assessment of entitlement as		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
are the sexes given equal opportunity?			a result of biological gender.		
<b>Gender reassignment</b> Is there an impact on people who are going through or who have completed Gender Reassignment?  Additionally, is there an impact on people with different gender identity?			No distinction is made in the assessment of entitlement as a result of gender identity.		
<b>Religion or belief</b> Includes not having religion or belief			No distinction is made in the assessment of entitlement as a result of religious belief.		
<b>Sexual Orientation</b> What is the impact on people of different sexual orientation such heterosexual, lesbian, gay or bisexual people?			No distinction is made in the assessment of entitlement as a result of sexual orientation.		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
<b>Race</b> Includes ethnic or national origins		Yes		Brexit removed entitlement from EU nationals without 'settled status'. This is in addition to the restrictions to benefit already in place on non-EU nationals.	This element of the policy is dictated by Government by way of statutory instrument and cannot be amended by the Council.
<b>Are there any other groups who could find it difficult to access or make use of the policy / function?</b> For example: low income / people living in rural areas / single parents / carers and the cared for / past offenders / long-term unemployed / housebound / history of domestic abuse / people who don't speak English as a first language / people without computer access etc.			No		

D: Consultation process, information used to analyse the effects on protected groups/equality and key findings		
Please describe the consultation process and evidence gathered. You may attach copies or links to the data / research you are using.		
1.	<b><u>Consultation/engagement</u></b> <b>What consultation or engagement has been undertaken regarding this policy?</b> <i>[Please summarise what, when and who was involved]</i>	The policy was subject to public consultation between 3/12/20 and 18/01/21. Following analysis of the consultation responses, this impact assessment was amended. No substantive changes have been made to the policy since that date.
2.	<b><u>Key findings</u></b> <i>(Summarise the key findings of your consultation in relation to protected groups as outlined above).</i>	The consultation attracted very few responses. However, each of the three respondents who identified themselves as being in one or more of the protected groups agreed that the proposed change in wording should be made, with one respondent suggesting that the change should be more wide-ranging to allow changes in scheme design to be made at any time.
3.	<b><u>Data/Information</u></b> <b>What relevant data or information is currently available about the customers and employees who may use this service or could be affected by this policy?</b> <i>(For example: equality monitoring, surveys, demographic data, research, evidence about demand/ take-up/satisfaction etc).</i>  <b>What additional information could be collected which would increase your understanding about the potential impact of the policy?</b> <i>(What involvement or consultation with affected groups is still needed?)</i>	<p>Incomes, capital holdings, age, sex and household make-up of existing recipients of Council Tax Benefit recipients are known. Data regarding disability can be inferred from both income and qualification for additional premiums. Data regarding ethnicity, sexual orientation, religious beliefs and language is minimal as these characteristics are not relevant when assessing entitlement. Respondents to the consultation were given the option to provide ethnicity, age, sexual orientation, disability and religious beliefs in addition to their answers.</p> <p>Feedback from customers, voluntary or community groups, advice agencies and residents was sought as part of the consultation.</p>

4.	<p><b>For existing policies, strategy, activity only:</b>  <b>What has changed since the last assessment?</b>  <i>(For example: evidence of public concern or complaints / new information has come to light / changes in service provision / changes in service users/ assessed impact on protected groups etc)</i></p>	<p>Reductions in grants from central Government, inflation, and the overall commercial environment are placing pressure on Chelmsford's finances. Councillors are able to decide whether or not to increase expenditure on Local Council Tax Support.</p>
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**E: Relevance to the Equality Duty Aims:**

*Consider how the policy relates to the aims below (directly or indirectly), and if it could be adjusted to further meet these equality aims.*

1.	<p><b>To eliminate unlawful discrimination, harassment and victimisation</b></p>	<p>People with disabilities will continue to receive additional premiums as part of the calculation of local Council Tax Support. Chelmsford's Local Council Tax Support scheme has retained additional premiums for disabled people and continues to disregard the whole of any Disability Living Allowance or its replacement, Personal Independence Payment, from the assessment of entitlement.</p>
2.	<p><b>To advance equality of opportunity between people who share a protected characteristic and those who do not</b>  <i>(This means removing or minimising disadvantages, taking steps to meet needs of different people and encouraging participation. It can involve treating people better than others, e.g. disabled people).</i></p>	<p>As above, disabled people will continue to be treated more favourably than non-disabled people with a similar income, which recognises the extra costs attributable to disability. Parents with dependent children will continue to receive additional premiums in respect of children as part of the calculation of support, thereby recognising the extra costs associated with bringing up a family. In 2015, Councillors rejected the option to remove the Family Premium (worth a maximum of £3.48 per week in Council Tax Support) from the calculation of LCTS for new working age claimants with effect from April 2016. There is no intention to remove the additional premiums awarded to households with more than 2 children within the means test. Therefore, people with children will still be treated more favourably than people without insofar as the additional cost of raising children is reflected in the amount of income a household with children can have before CTS is affected.</p>



3.	<b>To foster good relations between those who share a protected characteristic and those who do not. If so, how?</b> <i>(This means promoting understanding between different groups and tackling prejudice)</i>	This policy is not intended to affect community relations and no such effects have been identified, nor are any anticipated.
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F: Conclusion	
Decision:	Explanation:
<input type="radio"/> <b>Continue the policy with no changes</b> <i>[For example: evidence suggests no potential for discrimination / all opportunities have been taken to advance equality.]</i>	
<input type="radio"/> <b>Continue the policy with adjustments</b> <i>[For example: Low risk of negative impact / actions or adjustments would further improve positives or remove a potential negative impact.]</i>	
<input type="radio"/> <b>Adverse impact but continue</b> <i>[For example: Negative impact has been objectively justified.]</i>	
<input type="radio"/> <b>Suspend or withdraw the policy for further review / consideration of alternative proposals</b> <i>[For example: High risk of negative impact for any group / insufficient evidence / need to involve or consult with protected groups / negative impact which cannot be mitigated or justified / unlawful discrimination etc.]</i>	

**Approved by:**

Lead Officer / Responsible officer: .....Date: .....

Senior Manager: ...Robert Hawes.....Date: ...6 December 2022.....

*[Please save a copy and send one to Human Resources for publication on the website as appropriate]*



Chelmsford City Council

22 February 2023

## Capital, Treasury and Financial Strategies 2023/24

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**Report by:** Cabinet Member for Fairer Chelmsford

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**Officer contacts:** Phil Reeves, Accountancy Services Manager (section 151 officer).  
Tel: 01245 606562. Email: phil.reeves@chelmsford.gov.uk.

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### Purpose

To seek approval for the Council's main financial strategies for 2023/24.

### Recommendations:

That the Capital, Treasury and Investment Strategies for 2023-24 as submitted to the meeting be approved.

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On 24 January 2023, the Cabinet considered the attached report which sets out a proposed approach to the management of the Council's cash, capital investments (the capital expenditure programme) and other types of investment, including property.

The Cabinet agreed to recommend to the Council that the strategies be approved without amendment.

### List of appendices:

None

### Background papers:

None

### Corporate Implications

Legal/Constitutional: Enables the Council to meet statutory obligations

Financial: As identified in the report

Potential impact on climate change and the environment: Supports corporate goals

Contribution toward achieving a net zero carbon position by 2030: Supports corporate goals

Personnel: None

Risk Management: None

Equality and Diversity: None

(For new or revised policies or procedures has an equalities impact assessment been carried out? If not, explain why)

Health and Safety: None

Digital: None

Other: None

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### Consultees:

Legal and Democratic Services Manager

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### Relevant Policies and Strategies:

None relevant



## Chelmsford City Council Cabinet

24<sup>th</sup> January 2023

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### Capital, Treasury Management & Investment Strategies 2023/24

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#### Report by:

Cabinet Member for a Fairer Chelmsford

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#### Officer Contact:

Phil Reeves, Accountancy Services Manager, 01245 606562,  
[phil.reeves@chelmsford.gov.uk](mailto:phil.reeves@chelmsford.gov.uk)

#### Purpose

To recommend an approach for managing the Council's:

- Cash and
- Other types of investment including property

#### Options

1. Accept the recommendations contained within the report
2. Recommend changes to the way the Council's investments are to be managed

#### Preferred option and reasons

Recommend the report to Council without amendment for consideration and thereby meet statutory obligations.

#### Recommendations

That Cabinet requests that Full Council approve the Capital, Treasury Management and Investment Strategies.

## 1. Background

1.1. There are three financial strategies that the Council is obliged by Government to approve when setting a budget:

- Capital Strategy
- Treasury Management Strategy
- Investment Strategy

1.2. Capital Strategy

The Capital strategy **Appendix 1** sets out a framework for the management of capital finance and links to capital and revenue budget plans being reported to January Cabinet. The strategy is not reviewed by the Treasury Management and Investment Sub-committee.

1.3. Treasury and Investment Strategies

Members of the Treasury Management & Investment Sub-Committee (TMISC) have reviewed the contents of these strategies and recommended that the Cabinet note their contents and seek Council approval for the Strategies.

The activities around the management of the Council's cash and external borrowing are known as Treasury Management (TM). Under statute and the CIPFA Code of Practice on Treasury Management ("the Code"), members are required to receive reports on the Council's TM activities. The document in **Appendix 2** complies with the Code and relevant Government regulations.

Full Council has overall responsibility for the Treasury Strategy but delegates to the TMISC responsibility to monitor activity and recommend changes to the strategy. The Accountancy Services Manager (Section 151 Officer) has been delegated responsibility to manage operational TM activities within the approved strategy.

1.4. The Department for Levelling Up, Housing and Communities requires the Council to publish and have approved an Investment Strategy. This strategy covers investments that are deemed not to be Treasury Management activities. The Investment Strategy is in **Appendix 3**.

## 2. Executive Summary

### Capital Strategy

- Sets limits to amounts that can be borrowed by the Council.
- Summarises the costs of the capital programme.
- Identifies how the Council plans to finance its capital expenditure programme.

## Treasury Strategy

### - Investments

- Changes from last year's strategy are
  - The Council will no longer consider investing with challenger banks
  - The Council has changed treasury advisor to Link, who undertakes credit assessments in a slightly different manner than the Council's previous advisor; the results are not significantly different
  - No other material changes from the previous year.
- It is proposed to have a target of a minimum of £3m of liquid funds to manage cashflow during the year. This reflects monthly fluctuations in cash levels.
- Cash available for investment is expected to reduce as the Council internally borrows to fund the capital programme.
- A new requirement to report prudential indicators on a quarterly basis, twice to the committee and twice to the portfolio holder and Management Team. The indicators for investment have been revised.
- Prior to completion of the budget, interest income of circa £1.3m is expected for 2023/24 at a rate of 4.0% across the Council's portfolio. This assumes an increase in the Bank of England's base rate to 4.25%.
- Officers will review the impact of the banking changes when they become known and report to TMISC any implication during 2023/24.

### - Borrowing

- No changes to the principles of last year's strategy are proposed.
- Borrowing will only be undertaken for the purpose of managing temporary liquidity or to fund the capital programme.
- Any investment made by the Council primarily for yield blocks access to Public Works Loan Board (PWLb) borrowing. The implications are considered in the capital strategy.
- The Section 151 Officer manages investments and borrowings. Current planning assumes internal borrowing will be the main source of funding, but the Section 151 Officer will externalise borrowing should it represent better financial value to the authority.
- Limits for borrowing will be set in the Capital Strategy.
- Some temporary borrowing may be required in 2023/24. External borrowing is expected to be required in 2024/25 based on known and assumed financial commitments.

### Non-Cash Investments (Investment Strategy)

- No changes to the principles of last year's capital strategy are recommended.
- No new capital expenditure (investments) will be made where the purpose of the investment is primarily for yield. This restriction is in line with 2022/23 Strategy which stated that the Council will not invest in commercial property.

- The strategy has provision to allow for the creation of a stand-alone housing company, if needed.
- The monitoring of non-treasury investments is undertaken by TMISC.

### 3. Conclusion

3.1. Cabinet is asked to accept the TMISC recommendation to recommend to the Council the Treasury Management and Investment Strategies.

3.2. Cabinet is asked to recommend the Capital Strategy to Council.

#### List of appendices:

Appendix 1- Capital Strategy 2023/24

Appendix 2 – Treasury Management Strategy 2023/24

Appendix 3 – Investment Strategy 2023/24

#### Background papers:

Nil

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### Corporate Implications

Legal/Constitutional: The report meets statutory obligations on reporting Treasury Management Activity

Financial: As detailed in the report

Potential impact on climate change and the environment:

Any fund managers will be required to consider ESG (Environmental, Social and Governance) factors in their investment process. All the fund managers would be expected to have signed up to the UN Principles for Responsible Investment (PRI). PRI argues that active participation in ESG and exercising shareholder rights on this basis can help to improve the performance of companies which may otherwise not address such concerns and so being an engaged corporate stakeholder is a more effective way to bring about change in corporate behaviour on ethical issues.

Further requirements from those identified above are not practical given the limited ability to directly influence any immediate change in the financial markets.

Contribution toward achieving a net zero carbon position by 2030:

N/A

Personnel:

N/A



Risk Management:

The report is part of the Council's approach to managing risks arising from Treasury Management

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

Consultees:

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Relevant Policies and Strategies:

## **Capital Strategy 2023/24**

- 1.1 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and a local policy framework, summarised in this report.

- 1.2 Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. Additionally, in local government it can include spending on assets owned by other bodies, and loans or grants to other bodies which enable them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 do not have to be capitalised and can be charged to revenue in year.

- 1.3 **Governance: Capital Investment in Council Services – Capital Schemes and Replacement Programme**

The Replacement Programme is expenditure required to maintain existing levels of service provision, including Digital hardware, and in some cases software, vehicles and plant and it also includes annual grants and improvement loans which are budgeted for annually.

Capital Schemes items are usually building works but can be anything which does not meet the criteria of replacement, including regeneration schemes.

Governance: Service managers bid annually in September to include projects and replacement items in the Council's capital programme. Bids are collated by Accountancy who review the financial elements of the bid and calculate any financing and/or running costs.

In determining viability, capital bids must include:

- details of how the proposal will help to achieve the corporate priorities
- details of the intended outcomes and potential running costs;
- statement of the risks of undertaking the scheme and how these will be managed;
- details of consultations undertaken in arriving at the proposal and any potential alternatives; and

The bids are reviewed and prioritised by Management Team then referred to Cabinet which then makes recommendations to Council in February each year.

There are always going to be schemes which need to be approved outside this process, due to urgent health and safety issues for example, or the need to respond quickly to market opportunities, and will need approval in line with financial rules.

- 1.4 Funding the Costs of Capital Expenditure

Overpage is an explanation of the Council's proposed approach to funding capital expenditure.

### Methods of Capital Financing

Capital resources, these are the funds that pay for capital expenditure and can come from many sources. Broadly speaking these are:

- **Sales of Assets (Capital Receipts):** Any disposal of property or equipment over £10,000 in value is a capital receipt. These can only be spent on other capital items.
- **Leasing:** This is where we can use an asset in exchange for making a series of revenue payments over several years. From 2024/25 all leasing will be counted as a debt. However, leasing differs from traditional debt as often the leasing company can retain legal ownership of the asset and is able to obtain capital allowances to reduce the cost to the Council.
- **Borrowing** (excluding leasing):
  - The Council can borrow externally from other local authorities, the Government or the private sector.
  - Borrowing can also be carried out internally, where cash balances are “borrowed” to fund capital expenditure.

If the Council undertakes any form of internal or external borrowing, then payments must be made to cover future or current principal debt repayments (Minimum Revenue Provision (MRP)). The method to calculate MRP is set out in the section on Borrowing Strategy. Councils can choose to pay off debt from surplus capital resources, such as capital receipts, at any time.
- **Revenue contributions to capital:** the Council can use revenue budgets to fund capital expenditure.
- **Grants:** there are Government grants and grants from external organisations towards specific works that the Council can often bid for.
- **Section 106 agreements and Community Infrastructure Levy (CIL):** if a new development is undertaken in the City, the Council is legally entitled to ask for assets or money to mitigate the impact of the development.

The circumstances where each type of capital resource will be used depends on the nature of the scheme. Whilst developing scheme proposals, consideration should be given to the types of funding which offer the best value for money for the Council. Clearly, the optimal funding arrangements are those where third parties fund or help fund the investment. The S151 Officer will, at the end of each financial year, determine the appropriate funding for the capital programme.

The Council has limited capital resources and will apply those resources in a way that reduces the revenue burden of the schemes. This will therefore use the principle of applying any suitable resource available to fund schemes before using borrowing (internal or external). So, for example CIL resources will be applied to schemes that meet CIL regulatory requirements at the earliest opportunity if this defers or avoids the need to borrow.

### 1.5 **Cost of the Capital Programme**

In the 2023/24 budget, the Council is planning capital expenditure as summarised below:

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
Replacement Programme	£3.849m	£4.038m	<b>£4.961m</b>	£3.005m	£3.853m
Capital Projects	£9.189m	£39.647m	<b>£23.299m</b>	£20.308m	£8.344m
New Capital Bid Submissions 2022/23 Require Approval	£0.000m	£0.020m	<b>£0.504m</b>	£2.955m	£2.163m
Provision for potential new Capital Projects	£0.000m	£0.000m	<b>£8.814m</b>	£1.200m	£1.200m
<b>TOTAL</b>	<b>£13.038m</b>	<b>£43.705m</b>	<b>£37.578m</b>	<b>£27.468m</b>	<b>£15.560m</b>

Details of the programme can be found in the Budget Report 2023/24 section 4 table 8 and 8a and section 10, elsewhere on this agenda.

#### **Basis for Estimating Future Costs**

The above reflects the approved capital programme and known replacement items. An allowance of £1.2m per year for new schemes in 2024/25 and 2025/26 has been made. In previous years, a higher allowance was allowed for growth. This has been reduced due to the affordability of the capital programme and the increasing reliance upon borrowing and the impact on the revenue budgets. Additional growth in capital spending should only be considered where it is affordable. Additional resources should wherever possible be identified to reduce the burden on revenue budgets. A £9m provision for additional spend in 2023/24 on a current scheme, Chelmer Waterside Infrastructure, has been included. However, this cost increase is uncertain and the actual costs won't be known until the summer of 2023. This extra provision has been included in financial planning due to its significant size relative to the Council's finances. This was previously reported in the November Capital Report taken to Cabinet. A decision has been made that any additional costs for this scheme will be resourced from CIL.

There is a risk that the figures shown will be understated for future growth as they are based on affordability rather than previous experience. There is a high risk that scheme costs will increase due to inflation and supply and demand. This has been evidenced with increasing costs of current schemes. The costs of each capital scheme will need to be reviewed carefully before committing to ensure that they are affordable.

Financing of the programme is currently planned as shown in the table overpage.

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
Capital Receipts	£1.747m	£1.225m	<b>£0.200m</b>	£0.200m	£4.100m
Grants and Contributions	£3.832m	£20.312m	<b>£23.366m</b>	£12.617m	£8.255m
Revenue Contributions	£1.988m	£3.605m	<b>£0.282m</b>	£0.070m	£0.070m
Borrowing	£5.200m	£17.331m	<b>£13.245m</b>	£14.177m	£2.864m
Finance Leases	£0.000m	£0.000m	<b>£0.000m</b>	£0.404m	£0.271m
Operational Leases	£0.271m	£1.232m	<b>£0.485m</b>	£0.000m	£0.000m
<b>TOTAL</b>	<b>£13.038m</b>	<b>£43.705m</b>	<b>£37.578m</b>	<b>£27.468m</b>	<b>£15.560m</b>

The forecast resourcing of the capital programme has taken a much more cautious view of the amount of capital receipts expected given the current economic conditions. This has resulted in increased forecast borrowing.

## 1.6 Borrowing strategy

The Capital Financing Requirement (CFR) is the calculation of the Council's internal and external borrowing used to finance its capital expenditure. Statutory guidance is that long-term debt should remain below the CFR. Temporary breaches for cashflow are acceptable.

For the first time, the table below highlights the requirement for external borrowing to finance the capital programme in 2024/25 and 2025/26.

*Estimates of Gross Debt and the Capital Financing Requirement in £ millions*

	<b>31.3.2022 actual</b>	<b>31.3.2023 forecast</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>
Leasing (Debt)	£0.529m	£0.421m	£0.310m	£0.562m	£0.606m
External Borrowing	£0m	£0m	£10.000m	£31.925m	£34.188m
<b>Total "External Borrowings"</b>	<b>£0.529m</b>	<b>£0.421m</b>	<b>£10.310m</b>	<b>£32.487m</b>	<b>£34.794m</b>
<b>Total Capital Financing Requirement (CFR)</b>	<b>£18.899m</b>	<b>£35.837m</b>	<b>£48.248m</b>	<b>£61.290m</b>	<b>£62.336m</b>
Internal Borrowing (makes up the difference between CFR and external borrowings)	£18.370m	£35.416m	<b>£37.938m</b>	£28.803m	£27.542m

The Government guidance identifies that local authorities should not borrow more than, or in advance of, their needs purely in order to profit from investment of extra sums borrowed. It also makes clear that this extends to borrowing taken on to finance the acquisition of property or other forms of non-financial assets. Local authorities can acquire financial or non-financial assets from capital receipts but should not repurpose receipts allocated to the acquisition of assets that contribute to service delivery to fund the purchase of investments, solely to avoid the requirements against borrowing in advance of need. However, the guidance does allow for local authorities to disregard this provision of borrowing to fund investment activity with appropriate explanations contained in the Capital and Investment Strategy. The City Council will undertake borrowing to finance commercial property where it meets other strategic requirements such as economic regeneration or supporting small and medium enterprises (SMEs) for example, and also to profit from the sums borrowed, but only after undertaking robust due diligence and review of risk (including an assessment of proportionality of the investment to reflect the scale of the Council's operations).

The Council is required to approve a policy for repaying debt (MRP) which is in italics below:

*MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis up to a period of 50 years. For assets acquired under finance leases, the principal repayment inherent in the lease will be used as the basis for MRP in respect of those assets. This policy does not prevent the Council from making early or one-off repayments of debt from capital receipts or from revenue provisions.*

*MRP is charged in the year following completion of a scheme and for equipment the MRP charge is a half-year cost in the year of acquisition.*

#### Affordability of the Capital Programme

The table over page shows the planned repayment of debt. This is a charge to the revenue budgets. The consequences of any capital spend must be considered in relation to the impact on the revenue budgets. There are limited sources of new capital available, and this will result in additional capital spending being financed by borrowing.

#### **Planned repayments of debt and Financing Costs**

##### Minimum Revenue Provision (MRP) Charge

The table overpage provides an indication of the cost to the revenue budget. Some of the capital schemes, although earmarked for borrowing, will provide an income which will offset the cost of the MRP. The revenue budgets for these schemes have not yet been included in a future year and because of this the MRP charge is netted down. The MRP on these schemes is shown as a separate line in the table.

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
<b>MRP</b>	£0.227m	£0.285m	<b>£0.723m</b>	£1.387m	£1.813m
<b>Finance Leases MRP</b>	£0.106m	£0.108m	<b>£0.111m</b>	£0.152m	£0.227m
<b>Total Planned Repayment of Debt</b>	<b>£0.333m</b>	<b>£0.393m</b>	<b>£0.834m</b>	<b>£1.539m</b>	<b>£2.040m</b>
<b>Charges for Operational Leases</b>	£0.392m	£0.301m	<b>£0.446</b>	£0.414m	£0.337m
<b>Total Financing Costs Excluding Self Financing Schemes</b>	<b>£0.725m</b>	<b>£0.694m</b>	<b>£1.280m</b>	<b>£1.953m</b>	<b>£2.377m</b>
<b>Additional MRP Charge Self Financing Schemes excluded above</b>	£0.000m	£0.000m	<b>£0.000m</b>	£0.000m	£0.049m
<b>Total Financing Costs All Borrowing</b>	<b>£0.725m</b>	<b>£0.694m</b>	<b>£1.280m</b>	<b>£1.953m</b>	<b>£2.426m</b>

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. The higher borrowing limit may not reflect long-term need and may only be reached for short periods. It therefore can be higher than the Capital Financing Requirement.

*Authorised limit and operational boundary for external debt in £ms*

	<b>2022/23 limit</b>	<b>2023/24 limit</b>	<b>2024/25 limit</b>	<b>2025/26 limit</b>
Authorised limit – total external debt	£40m	£50m	£65m	£65m
Operational boundary – total external debt	£0.5m	£11.0m	£33.0m	£35.0m

Authorised limit – total external debt – this includes Finance leases.

Operational Boundary – total external debt – this is based on the debt outstanding on forecast finance leases and external borrowing. Future changes to accounting regulations may require restatement during 2024/25. The accounting changes are in relation to IFRS 16 and the re-categorisation in Council's accounts of operational leases

to finance leases. The conversion will increase the external debt held on the Council's balance sheet.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the annual treasury management strategy approved by Council. Three times a year, the Treasury Management and Investment Sub-committee meets to review activity and any new material issues, recommend new strategy and review year-end performance.

## 2. **Sustainability – Capital Funding**

The consequences of the Capital programme, such as loss of interest on capital receipts spent or scheme running costs, will be included in the annual revenue budget reports to Council and Medium-Term Financial Forecast. This mechanism does provide Members with assurance of the affordability and sustainability of the capital expenditure plans.

The Council has a plan for disposals of assets and the expected funding is summarised below (individual values of receipts are not shown for commercial reasons)

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
Asset sales	£1.168m	£0.423m	<b>£0.000m</b>	£0.000m	£3.900m

There were no material disposals in 2021/22 and no planned material disposals until 2025/26. A more cautious approach to the timing of receipts is now being taken to move towards a more worst-case funding assumption reflecting economic conditions.

At the end of 2025/26 there is no balance currently forecast for capital receipts from the sales of significant assets. All receipts collected will have been used to resource the capital spend.

As detailed above, the limited forecast of capital receipts decreases the sustainability of capital funding and unless external sources of funding are identified for individual capital projects then borrowing will be required for future capital spending.

### **Summary**

The strategy is focussed on what the Council can afford by way of pressure on the revenue budget.

There is a high risk that the capital budgets will need to increase due to the current economic climate and increasing inflation and contingencies included in the plan will be exceeded.



### Treasury Management Strategy

- 1.1 Treasury Management at Chelmsford City Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA code) which requires the authority to approve a Treasury Management strategy before the start of each financial year. This report fulfils the authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA code.
- 1.2 Treasury Management covers the management of the Council's cash flows, borrowing and investments, and any associated risks. Chelmsford City Council has substantial cashflows and investments from its activities and is therefore exposed to a series of financial risks including the loss of invested funds. Risk also comes from possible changes in interest rates affecting investment income or the cost of any external borrowings.
- 1.3 The Council's investment priorities are, in order of priority:
  - (a) the security of capital
  - (b) the liquidity of its investments; and
  - (c) yield.

The Government regulations and CIPFA both advise that absolute certainty of security of capital and liquidity does not have to be achieved before seeking yield from investments. An appropriate balance of all three should be sought and that balance is determined by the Council in its Treasury Strategy.

- 1.4 Borrowing monies purely to invest or lend on to make a return is unlawful and this Council will not engage in such activity. The borrowing of monies to fund the capital programme is allowed.
- 1.5 In the event of major changes to the external or internal context in which this strategy has been set, it may be necessary for the Council to revise its strategy during the year.
- 1.6 This Treasury Management Strategy will focus solely on investments arising from the organisation's cashflows and debt management activity and matters of borrowing. Non-treasury investments will be covered separately under the Investment Strategy (**Appendix 2**). The monetary limits on borrowing are set in the Capital Strategy.

## 2. External Context

- 2.1 The Council's Treasury Management Strategy operates in a macroeconomic environment which can lead to a significant impact on the Council's treasury operations in terms of inflation, interest rate and counterparty risks.

### **The economic environment and interest rate forecast**

- 2.2 The after-effects of COVID and the ongoing impact of Russia's invasion of Ukraine have led to global energy and food supply shocks resulting in higher prices. This has led central banks to increase interest rates, to try and control inflation, to levels not seen since the 2008 financial crisis. This in combination with wage inflation has caused inflation to hit a 40-year high, of 11.1% for the year to October 2022.

- 2.3 The Bank of England (BoE) Bank Rate is 3.5% in December 2022 and has risen for nine consecutive meetings. Further rate rises are expected in 2023, though there is debate about how much further.

### **Credit Outlook and counterparty risk**

- 2.4 Where operationally possible, the Council tries to reduce the amount of unsecured bank deposits it holds in reaction to the “bail in” risk arising from reform to the banking sector. Under “bail in” provisions, investors would face losses to their deposits and shareholdings in order to recapitalise a bank before any Government bail-out would occur.

The institutions on the Council’s approved counterparty lists are well-capitalised and general credit conditions across the sector are expected to remain benign, limiting the chances of losses to the Council.

- 2.5 Public Bodies provide much less risk as investment counterparties, but yields are usually lower. The Council will consider security, liquidity and return when reviewing new investments over different organisations and different investment categories (property, pooled funds, public bodies, etc.) to provide a satisfactory balance of security of capital and return.

Officers believe investing in private banks and building societies that meet our risk appetite and investment criterion offers higher returns than offered by public bodies. When considering investing, we will consider return in deciding between public bodies and private organisations as interest rates are significantly higher than those in recent times.

### **3. Local Context: Investment Balances and Potential External Borrowing**

- 3.1 At the end of October 2022, the Council held £74.5m of investments. These investments arise from balances including unspent Community Infrastructure Levy (CIL) and reserves, as well as income received in advance of expenditure.

Forecast year-end investment balances are detailed in the table below.

Date	31/03/2022 Estimate (£m)	31/03/2023 Forecast (£m)	31/03/2024 Forecast (£m)	31/03/2025 Forecast (£m)	31/03/2026 Forecast (£m)
Year-end investment held	75	32	20	20	20
External Borrowing	0	0	10*	32	34

\*Short-Term borrowing is forecast for approximately a month to cover March 2023. Officers believe the above are best estimates available, but it is worth noting requirements to externalise debt that have been forecast during past budget processes have not materialised. This has been due to slippage in the capital expenditure and buoyant CIL income.

The above investment balance is made up of working capital of £3m and £17m of long-term investments that is supported by long-term reserves and other balances.

- 3.2 During most months, the cash balance can rise and fall by between £10 and £15m due to receipt of income and payment of precepts to other Essex bodies. The Council should therefore aim to keep sufficient cash in hand to manage these fluctuations. Alternatively, it can undertake temporary borrowing, and will do so wherever possible in advance of need to ensure sufficient liquidity.

The financial year-end tends to be the lowest point for the Council's cash balances. This is because most residents pay their Council Tax over 10 instalments, but the Council pays these out to central government and other precepting authorities on a monthly basis; so significant net cash outflows occur in February and March each year. The principles to establish how investments should be managed are discussed in Section 4 below.

- 3.3 The Capital Strategy published with the Revenue 2023/24 budget papers will include debt limits reflective of the 2023/24 budget.

The CFR (Capital Financing Requirement) is the amount of capital expenditure the Council has financed by (internal or external) borrowing. The budget report will update the forecast of the CFR.

The historic level of CFR is shown in the table below with the external and internal debt.

<b>Temporary Use of Surplus cash</b>	<b>Mar 2022 Actual</b>	<b>Forecast Apr 2023</b>
Capital Financing requirement	18.899m	35.837m
External Debt (leasing)	0.529m	0.421m
Surplus cash internally borrowed	18.370m	35.416m

The Council has reserves which can be considered as cash-backed and can be invested for longer periods as the Council always maintains a certain level of reserves and working capital. It is not unusual for councils to hold investments equal to working capital whilst external debt is being used to fund capital expenditure. Working capital is the day-to-day cash balances held for the normal operations of the Council such as making payments to suppliers.

There is an opportunity cost on internal borrowing which is the interest we could have earned externally (the margin between external borrowing costs and investment income). If long-term borrowing rates are expected to rise, then it may be favourable to borrow to lock into favourable funding; the cash can be held as investments until utilised to pay for expenditure.

The Section 151 Officer undertakes Treasury Management within the limits set by the Capital Strategy and has the flexibility to adjust the balance between borrowing and investments to meet changing circumstances. The current preferred option is, as far as possible, to internalise borrowing.

- 3.4 The principles of how borrowing could be undertaken externally are discussed in Section 5 below.

#### 4 How we intend to Invest 2023/24

##### 4.1 The Council's treasury investment strategy will prioritise its investment objectives in the following order:

- Security of assets – investing in counterparties only where the risks of incurring a capital loss through default, and the risks of late payment of principal and interest, are low. Also, by spreading risk as widely as is practically possible.
- Liquidity – Ensuring that the authority can access enough cash to meet its obligations with appropriate notice. It is recommended for 2023/24 a target of at least £3m of short-notice funds is held. The definition of short notice will be any held for less than or equal to 35 days.
- Yield – subject to the management of risks associated with security and liquidity of assets, the Council will seek to maximise the yield from its investment portfolio.

The Government regulations and CIPFA both advise that absolute certainty of security of capital and liquidity does not have to be achieved before seeking yield from investments. The Council will aim to achieve the optimum return on its investments with proper levels of security and liquidity that is within the Council's risk appetite. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

##### 4.2 No fixed-duration investments over 365 days are currently proposed for 2023/24. This can be reviewed during 2023/24 depending on interest rates, cashflow and counterparty risk. It is recommended any investments beyond 365 days are at the discretion of the Section 151 Officer, up to a limit of £10m as recommended in Section 7.4.

##### 4.3 The Council went through a tender exercise resulting in the appointment of new treasury advisors Link Group. Their methodology for their credit list differs from the previous advisors and specific differences have been listed for the specified counterparty below for banks and building societies. Broadly the approaches arrive at materially similar outcomes to the policy the Council was following last year.

The Council uses credit ratings and Link Group list of suggested counterparties to determine suitable counterparties. Link Group employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;
- CDS spreads that may give early warning of changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour-coded bands which indicate the relative creditworthiness of counterparties.

Link Group aim to promote security of assets first through diversification, as well as limits on the sums invested and limits on which counterparties the Council can invest with. A suggested list of counterparties is available live through their passport service and is also released by Link Group on a weekly basis.

The Council policy has been, and is, recommended to differ from Link Group advice when it comes to duration of investments with Banks (UK and Foreign) and Building Societies. The Council's Officers have focused more on long-term credit ratings and an assessment of systematic importance to the UK economy when assessing investment duration. This means the Council has a slightly longer duration, whilst maintaining diversification of investments and therefore security of the Council's assets. How this works in practice is explained in sections 4.6, 4.7 and 4.8 below, whilst section 4.13 sets out the duration limits allowed.

No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit-rating criteria.

Given the advice received by the Council regarding credit risks, sub-inflation returns and potential economic slowdown, the Council will retain within the strategy the following investment types:

- Enhanced Money Market Funds & Money Market Funds (MMF)
- UK Public bodies
- Unsecured Bank Investments
- Unsecured Building Society Investments
- Unsecured Non-UK Bank Investments
- Unsecured Registered Social Landlord Loans
- Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds
- Multi Asset funds, Bond funds and Property funds

#### 4.4 **Enhanced Money Market and Money Market Funds.**

The Council has access to enhanced money market funds (AAA rated) which offer a rate of return but require 2 – 5 day notice to withdraw funds.

The Council invests short-term cash in several AAA-rated money market funds. These funds provide a rate of interest (2.67%-2.99% in November 2022) and most importantly allow same-day access to funds. Interest rates are linked to the BoE base rate and so any increase in this will feed through to the rates earned for the Council.

These funds spread the Council's investments over many financial institutions, so reducing risk. Historically the funds have proved very safe.

#### 4.5 **UK Public Bodies.** Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts as these are all investments with the UK Central Government. These are the safest possible forms of UK investment, so the Council will place no limit on the amount that can be invested.

Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans). These are theoretically as safe as lending to Government, but what would happen should a Local Authority go bankrupt has never been tested in law. It is therefore prudent to place some limit on investments with each local authority but recognising this type of investment is much safer than most alternatives.

#### 4.6 **Unsecured UK bank investments.** The changes to UK Bank regulation from the adoption of a "bail-in" approach to recapitalising banks and the move to ringfencing of UK bank retail operations have increased the amount that could be lost in the event of a bank failure. With the completion of ringfencing activities by major banks to protect retail investors from investment banking losses, different banks have placed local

authority depositors in either the retail or investment banking divisions. It should be noted that the credit scores for the banks with which the Council lends have either remained the same or improved as a result of ringfencing. The Council believes that it is prudent to invest with banks who are on Link Group suggested lists. Link Group only suggest investments with UK banks for up to 6 months for the majority of those listed. The Council differs from Link Group advice in terms of the length of investment, up to a period of 365 days. But only if the credit rating criteria (table 4.13 below) are met and no information is available that identifies unacceptable risk. The Council will not invest with any bank that is not on the suggested Link Group list.

- 4.7 **Unsecured building society investments.** Link Group recommend a pool of Building Societies that it suggests clients could invest with. Where our criteria do differ to Link Group relates to the suggested duration periods where Link Group only recommend up to a maximum of 6 months. The Council current policy goes beyond Link Group advice and lends up to 365 days.

It is recommended that the Council's treasury strategy takes a different approach to investing with building societies than that suggested by Link Group. If a building society has a long-term credit rating of at least A- then investments for up to 365 days should be allowed. This is the same as the Council's previous counterparty policy for Building Societies but is a higher risk approach than Link Group based on duration.

- 4.8 **Unsecured Non-UK bank investments.** Link Group review the approach to investment with non-UK banks separately to UK banks. This reflects the different risks and ownership structures that affect the security of the investment. The Council first uses Link Group advice to select appropriate non-UK banks and then uses credit rating information to make investment decisions. The Council uses credit rating of AA- for selecting investments with non-UK banks of up to a maximum of 365 days and A- for investments of up to 100 days.

The Council may differ from Link Group advice in terms of the length of investment, as long as the credit rating criteria above are met. The Council will not invest with any bank that is not on the suggested Link Group list. In practice, the Council's approach is more conservative than Link Group who, for non-UK banks with a Fitch rating of between A- to A+, suggest in many cases durations up to 6 months. The Council is broadly consistent with Link Group where the non-UK bank has a rating of AA- or above, with a few exceptions where Link Group suggested duration is up to 2 years.

- 4.9 **Registered Social Landlord (RSL) Loans.** The Council can lend to RSLs in the pursuit of treasury management objectives but must treat any loans made for policy reasons as capital expenditure. The option to lend for Treasury purposes has been on the Council's counterparty list for several years but there has not been a suitable opportunity.
- 4.10 **Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds.** These are all different investment products but have in common the highest levels of credit rating. They are either backed by a pool of guaranteed bank assets or UK and/or foreign Governments. The Council takes advice from Link Group before undertaking any of these investments, so an investigation of the individual strength of each investment has been determined. They are rarely used by the Council.
- 4.11 **Multi-Asset, Bond and Property Funds.** These potentially offer the Council income and capital growth of the sum invested. There are several types of funds including property funds, bond funds, equity funds and multi-asset funds. Funds seek to reduce risk by building a pool of investments and as such are considerably safer than an investment of comparable size in a specific single asset.

However, any fund exposes the Council to market price volatility. Officers will carefully consider any investment opportunities and always keep any ownership under review. A review of the risks and benefits of using Funds was made in the summer of 2019 and this concluded that Multi-Asset, Bond and Property funds provide a suitable method to invest Council funds.

At the time of drafting this report, the Council has an investment of around £17m in the CCLA property fund and 3 Multi-Asset funds. These funds are backed by cash in reserves and other long-term balances.

- 4.12 **Challenger Banks.** As part of the Government's policy to reduce the size of banks and to encourage competition, new 'challenger banks' are appearing in the UK banking market. Many of these challenger banks are unrated but do have high levels of capital buffers. There has been insufficient evidence to demonstrate during 2022/23 that investments would be appropriately secure.

It is recommended that the strategy is changed from last year so as to not consider investments in challenger banks.

4.13 **Counterparty – Duration and Monetary Limits**

The duration that an investment is made for impacts on the level of risk to the capital invested. The longer the investment the more risk of some unexpected change occurring to the financial strength of the deposit taker. Perhaps more importantly, the Council can only invest for durations that enable Council liquidity to be managed effectively. To reduce these risks, limits can be placed on the length of investments. The Council is required by law to identify the proposed investment criteria under the categories Specified and Non-Specified, as shown below:

<b>Specified Investments</b>					
-investments of duration less than or equal to 365 days and denominated in sterling. -investments made to UK Government, UK local authorities or institutions of high credit quality. - high credit quality defined as a minimum A- by Fitch or the equivalent score of the other main rating bodies (Standard & Poor's, Moody's).					
<b>Specified Counterparty</b>	<b>Minimum Credit Criteria</b>	<b>Max. Limit £m</b>	<b>Max. maturity period</b>	<b>Change from Prev. approach</b>	
Enhanced Money Market Funds (Variable Unit Price) Up to 5 funds	AAA	£6m each fund	2-5-day notice	None	
Money Market Funds (per fund)	AAA	£6m each fund	Instant Access	None	
Debt Management Agency Deposit Facility, Government	UK Government	No Limit	365 days	None	

Treasury Bills or Gilts				
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	£10m each authority	365 days	None
UK Banks	A-	£3m for each group	365 days	None
Building Societies	A-	£3m for each group	365 days	None
Non-UK Banks	AA-	£3m each group	365 days	None
Non-UK Banks	A-	£3m each group	100 days	None
Registered Social Landlord Loans	A-	£3m each group	365 days	None
Covered Bonds	AA-	£6m	365 days	None
Reverse Repurchase Agreements (each agreement)	AA-	£6m	365 days	None
Supranational Bonds (per institution)	AAA	£6m	365 days	None

The counterparty limit for 2022/23 is £3m per financial institution and it is recommended that this is retained for 2023/24 as reducing the £3m limit would reduce the number of institutions willing to take Council deposits, as a smaller investment would be judged too small to be economic for large institutions. Indeed, there are several institutions who will not accept £3m from the Council as this is too small for them.



<b>Non-specified Investments</b>				
These do not meet the criteria of specified investments. They are identified separately to ensure the Council understands that these are higher risk, either due to counter party risk, liquidity risk, market risk or interest rate risk.				
<b>Counterparty</b>	<b>Min. Credit Criteria</b>	<b>Max. Limit £m</b>	<b>Max. maturity period</b>	<b>Change from existing approach</b>
CCLA Local Authority Property Fund	Unrated	£8m	n/a	None
Multi-Asset or Bond funds	Unrated	£5m per fund	n/a	None
Covered Bonds (per bond)	AA-	£6m	3 years	None
Supranational Bonds (per each institution)	AAA	£6m	3 years	None
Debt Management Agency Deposit Facility, Government Bills or Gilts	UK Government	No Limit	5 years	None
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	£10m each authority	5 years	None
Challenger Banks e.g. Aldermore, Metro etc	Unrated	No investments permitted with challenger banks.	Previously delegated approval to TMISC of up to £3m subject to criterion.	

- 4.14 Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 4.15 Officers will review the impact of the banking changes when they are known and report to Treasury sub any implications. If needed an extra meeting of the sub-committee will be called to consider any implications in timely manner.

## 5. Borrowing Sources

- 5.1 The Council has a need to fund its capital plans from borrowing. This section of the strategy sets out the Council's approach to borrowing. Long-term borrowing is only used to fund the capital programme so the level of borrowing will never exceed the Capital Financing Requirement (CFR) for any meaningful amount of time.
- 5.2 As identified in Section 3.3, the current assumption is internal borrowing is prioritised over externalising debt, however, the Section 151 Officer will monitor external rates of borrowing and the sustainability of using internal borrowing to determine if it becomes more beneficial to externalise the debt.
- 5.3 When the Authority needs to borrow externally it will seek to strike a balance between minimising interest costs and securing certainty of borrowing costs. Examples of where the Council can seek to borrow funds from are:
- Public Works Loan Board (PWLB). This is only allowed if a council has no approved capital plans to purchase assets primarily for the purposes of yield. More details can be found in the Investment Strategy and paragraph 5.4 below.
  - Other UK Local Authorities. This is usually relatively short-term debt running from a few days to two years in duration.
  - Any institution which meets the Council's investment criteria.
  - UK public or private sector pension funds (excluding the Essex Local Authority Pension Fund).
- 5.4 The PWLB can lend to local authorities for any duration up to 50 years. The PWLB is the source of loans/funds if no other lender can provide finance. The Government has regulated so that the PWLB will not lend to an authority that plans to buy investment assets primarily for yield. The Section 151 Officer will be expected by the PWLB to certify that no such purchases are planned.

From a Treasury Management perspective, it is recommended that the PWLB should be retained as a borrowing option and therefore the purchase of investment assets primarily for yield should be excluded from the capital programme. This is recommended not only due to the reduced rates now available through PWLB but due to the backstop accessibility of this source of borrowing.

- 5.5 The Council already has in place the following set of debt indicators and will revise them in the Capital Strategy:
- The Authorised Limit is the limit placed by the Council on the absolute level of its gross debt at any time. The Local Government Act 2003 stipulates that it must not be breached at any time. When setting the limits, these will need to be consistent with the liability benchmark as this shows the borrowing requirement to fund the forecast capital programme.
  - The Operational Boundary on the other hand is a lower figure reflecting the planned maximum level of debt at any time, the difference being designed to give headroom to deal with unforeseen movements in cash flow. It will not normally be a matter of concern if the Operational Boundary is breached temporarily due to variations in cash flow. However, a sustained or regular trend above the Operational Boundary would require investigation and appropriate action.

The authorised and operational borrowing is set out in the Capital Strategy; they will be linked to the CFR (the borrowing needed to fund the capital programme).

Should the Council undertake long-term borrowing during 2023/24 then the Section 151 Officer will establish indicators to assist in the management of borrowing and these will be reported back to members. Indicators will also reflect where possible the new CIPFA code.

5.6 Officers may find it appropriate to undertake short-term borrowing for liquidity purposes.

5.7 In addition to borrowing via loans, other debt financing models may be used to finance the capital programme where this represents best value for the authority. These forms of debt are included in the overall borrowing limits. Such debt finance models include:

- Sale and leaseback arrangements
- Hire purchase arrangements

## 6. Role of the Treasury Management and Investment Sub-committee

6.1 The Sub-committee will be informed of investment activity and of significant changes in conditions that lessen or increase the risks of the Council's Treasury Management activity. The Sub-committee will, where necessary, recommend changes to officers and report back to Council.

## 7. Treasury Management Prudential Indicators

7.1 The code requires local authorities to have regard to certain treasury indicators. The following indicators will assist in measuring and managing the Council's exposure to Treasury Management risk in 2023/24. The 2021 Prudential Code introduces additional indicators and a requirement for monitoring to be reported formally on at least a quarterly basis, however, due to the volume of finance reports already made to formal committees, it is recommended that we report twice a year to TMISC and twice a year to the Cabinet member for Fairer Chelmsford and Management Team. New indicators have been marked in the heading of those indicators below.

7.2 The Council has both limits and targets within the below indicators. Limits should not be breached during the time period covered by the Strategy, whereas Targets are an aim that Officers will try and work within, but which can be breached during the year if absolutely necessary.

7.3 Liquidity – The liquidity indicator is a voluntary measure that seeks to ensure that the Council has the necessary funds to meet unexpected payments within a rolling period, without additional borrowing.

Liquidity Risk Indicator Amended	Target
Total minimum cash available within 35 days	£3m

7.4 Long-Term Treasury Management Investments – The purpose of this indicator is to manage the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments or the costs of enforced borrowing for liquidity purposes. The prudential limits on the long-term treasury management investment will be: -

Price risk indicator – Amended Prudential indicator	2023/24	2024/25	2025/26	Investment Funds
Limit on principal invested beyond year-end	£10m	£10m	£10m	£20m

The £20m shown is a maximum limit for investment funds which have no fixed maturity date such as Multi Asset or Property funds. Additionally, there is a separate £10m limit for sums invested in fixed term investments over 365 days in duration. The £10m limit

for cash invested over 365 days is only expected to be used if cash balances turn out materially higher than forecast.

- 7.5 Counterparty Indicator – This indicator measures whether the Council has operated within its approved limits for counterparties and any breaches will be reported during the year.
- 7.6 Target Income Yield – This indicator sets a target for the interest income return from the Council's investments in funds.

Yield Indicator – Existing	Target
Average Interest Rate Earned on external funds	4.5%

- 7.7 Maturity structure of borrowing:  
This is a new prudential indicator which is set to control the Authority's exposure to refinancing risk. As the Council does not currently have any external debt and is not expected to undertake any long-term external borrowing in 2023/24, no limits have been set in this strategy.
- 7.8 Liability Benchmark:  
This indicator is a tool to help establish whether the Council is likely to be a long-term borrower or long-term investor and as a result aids long-term planning. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

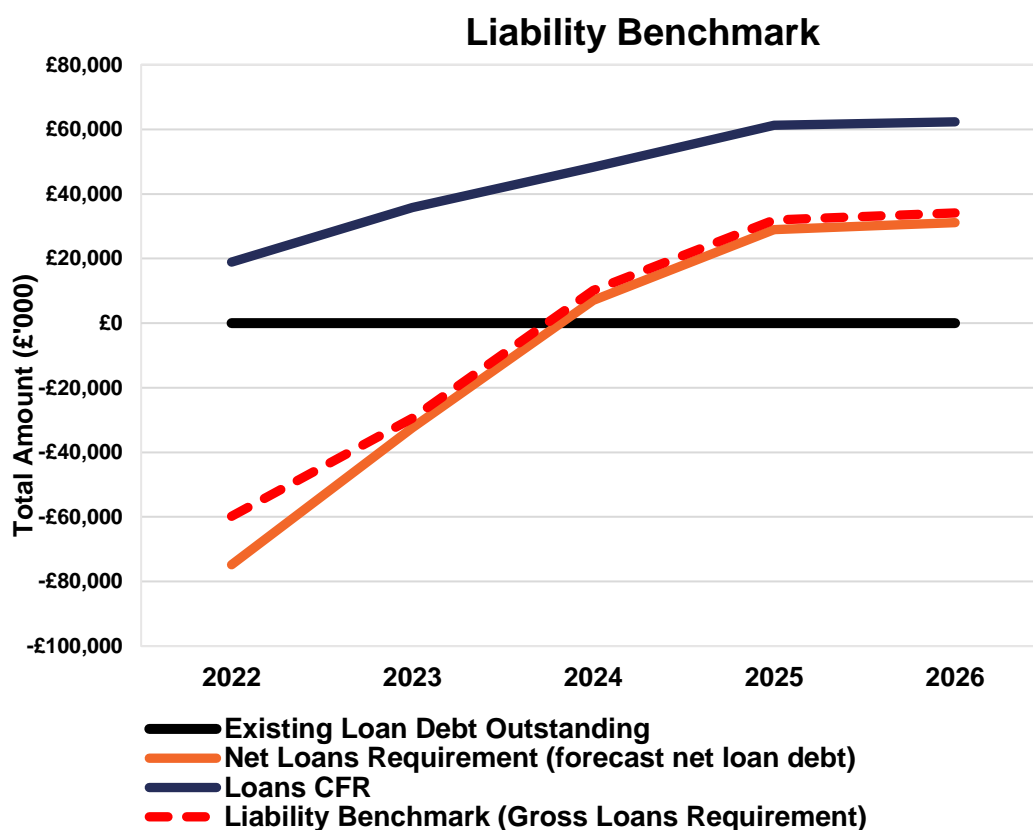
Ref.	Liability Benchmark – New Prudential Indicator	31/03/22 Actual (£m)	31/03/23 Estimate (£m)	31/03/24 Forecast (£m)	31/03/25 Forecast (£m)	31/03/26 Forecast (£m)
1	Capital Financing Requirement (CFR)	19	36	48	61	62
2	Less: Balance sheet resources	94	68	41	32	31
3	<b>Net loans requirement (Negative shows surplus cash/Positive are external borrowing requirement)</b>	<b>-75</b>	<b>-32</b>	<b>7</b>	<b>29</b>	<b>31</b>
4	Plus: Liquidity allowance.	15	3	3	3	3
5	<b>Liability benchmark (Negative shows surplus cash/Positive are external</b>	<b>-60</b>	<b>-29</b>	<b>10</b>	<b>32</b>	<b>34</b>

	<b>borrowing requirement)</b>					
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The Liability benchmark is a new prudential indicator which is being implemented for this first year. It may need to be further refined; this will be done during the year if required.

The table above shows our capital financing requirement based on the capital programme (Ref 1), so for 31/03/22 the capital programme to that date required £19m of borrowing. It also forecasts (Ref 3) whether this may require external borrowing. A positive figure means external borrowing is forecast to be required. This indicator will be updated by the Section 151 officer for January Cabinet to reflect any new budget proposals.

In the current forecasts it is estimated that short-term borrowing of c.£10m will be needed towards the end of March 2024 and the Council is currently forecast to require external borrowing from 2024/25 onwards, currently forecast to be £32m in 2024/25 and £34m in 2025/26. The information above is shown graphically below.



## 8 Interest Income

- 8.1 The indicative budget for interest income for 2023/24 is £1.3m based on an average investment portfolio of £32.5m at an interest rate of 4.0%. If actual levels of

investments or actual interest rates differ from those forecasts, performance against the budget could be significantly different.

## **Investment Strategy**

This document ensures compliance with the requirements of the CIPFA Prudential Code and Department for Levelling Up, Housing and Communities (DLUHC) guidance on local authority investment. The CIPFA code and DLUHC guidance recognise that organisations may make investments for reasons outside of treasury management objectives and these investments may prioritise other objectives above the security of capital.

### **Contents of the Investment Strategy**

- The types of non-cash investments
- How Council monitors performance
- The role of the sub-committee

### **Investment Primarily for Yield (overarching principle)**

Guidance from the PWLB issued in 2020/21 prevents any local authority from borrowing from it for any purpose if, in the current or following 2 years, the authority has plans in its capital programme to invest in assets primarily for yield. The City Council can access non-PWLB sources to fund capital investment. However, the Council previously approved the principle that keeping access to PWLB borrowing was more important than keeping the option to undertake the purchase of investment property primarily for yield. So, the recommended overarching principle in the investment strategy is that the Council will not undertake any capital investment with the primary objective of yield. The 2021 Prudential and Treasury Management code has been revised to be more explicit in their recommendation that authorities must not borrow for the primary purpose of earning a financial return. It has also increased the level of reporting on 'non-treasury' investments.

### **Service Investments: Loans and Shareholdings**

These are investments, including making loans to and buying shares in local service providers, local small businesses to promote economic growth and for some authorities to subsidiary companies that provide services. In light of the public service objective, Councils can take moderate risk with the principal invested.

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans have been set as follows:-

<b>Category of borrower</b>	<b>31.3.2022 actual</b>			<b>2023/24</b>
	<b>Balance owing</b>	<b>Loss allowance</b>	<b>Net figure in accounts</b>	<b>Approved Limit</b>
Chelmsford City Football Club	£0.083m	£0.083m	£0.000m	£0.083m
BID Company	£0.011m	Nil	£0.011m	Nil
Maximum New loans if required.	Nil	Nil	Nil	£10.000m
<b>TOTAL LIMIT</b>	<b>£0.094m</b>	<b>£0.083m</b>	<b>£0.011m</b>	<b>£10.083m</b>

The above table includes an allowance of up to £10m of new loans should the Council for example decide to create a standalone company to facilitate the creation of additional affordable housing or for other trading purposes. Any decision would be subject to Council approval.

The Council will monitor the financial position of the recipient or potential recipient through the use of (but not limited to) financial reporting tools, credit ratings where appropriate, published financial information (such as annual accounts), press articles and by maintaining an open dialogue.

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Governance: Service managers bid annually in September in the same way as for Capital Projects and Replacement Programme.

The bids are reviewed and prioritised by Management Team then referred to Cabinet which then makes recommendations to Council in February each year.

There are always going to be schemes which need to be approved outside this process, due to urgent health and safety issues for example, or the need to respond quickly to market opportunities. These will need approval in line with financial rules.

### **Commercial Investments:**

DLUHC defines property to be a commercial investment if it is held primarily to generate a financial return. This type of investment may also involve making loans to subsidiaries or partners, where the aim is achieving profit.

The Council's commercial property investments are summarised below. No new assets have been acquired since last reported; any increases shown reflect improvement works.

Property Type	31.3.2022 actual £ms					31.3.2023 expected £ms			
	Acquisitions	Disposals	Transfers*	Gains or (losses)	Value in accounts	Acquisitions	Disposals	Works/ Addition al Gains or (losses)	Value in accou nts
	In Year	In Year				In Year	In Year	In Year	
Office	£0.00	£0.00	£0.00	-£1.57	£18.95	£0.00	£0.00	£0.82	<b>£19.77</b>
Other	£0.00	-£0.18	£0.00	£0.82	£5.62	£0.00	£0.00	-£0.11	<b>£5.51</b>
Retail	£0.00	-£0.00	£0.00	-£22.00	£32.95	£0.00	£0.00	-£0.66	<b>£32.29</b>
Industrial	£0.00	£0.00	£0.00	-£0.72	£0.29	£0.00	£0.00	-£0.01	<b>£0.28</b>
TOTAL	£0.00	-£0.18	£0.00	-£23.47	£57.81	£0.00	£0.00	£0.04	<b>£57.85</b>



The Council will continue to purchase commercial property but only where it supports regeneration, facilitates land assembly for future regeneration projects or supports Council priorities set out in “Our Chelmsford: Our Plan” but not where the primary purpose would be for yield.

Properties will only be purchased within the Council’s geographic area.

Any properties that generate commercial yield will be monitored by the Treasury Management and Investment sub-committee until redevelopment occurs.

### **Loan Commitments and Financial Guarantees**

Although not strictly counted as investments, since no money has exchanged hands, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness. The Council has not committed to any such agreements.

### **Capacity, Skills and Culture**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Accountancy Services Manager (Section 151 Officer) is a qualified accountant with over 30 years’ experience and the Head of Property is a member of the Royal Institution of Chartered Surveyors with over 20 years’ experience in both Public and Private Sectors. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and external short courses in order to keep abreast of developments and maintain up to date skills and knowledge.

**Elected members:** The Council does not expect members to make investment decisions but to understand the risks the Treasury Strategy creates. The Council therefore provides training for members on the appropriate issues by providing advice and access to Link Group, the Council’s Treasury Advisors.

**Training and qualifications:** Documents and schedules will be kept of training and qualifications of the key roles.

**Due Diligence:** When undertaking investments there is a need to recognise where the Council is lacking detailed market knowledge and then external advisors will be employed. The Council uses Link Group as Treasury Management Advisors and external property valuers are engaged when undertaking material purchases.

### **Investment Indicators**

The Authority has to set the following quantitative indicators to allow elected members and the public to assess the Authority’s total risk exposure as a result of its investment decisions.

**Total risk exposure:** The first indicator shows the Authority’s total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third-party loans.

<b>Total investment exposure</b>	<b>31.03.2022 Actual</b>	<b>31.03.2023 Forecast</b>	<b>31.03.2024 Forecast</b>
Treasury management investments	£75.00m	£32.00m	£20.00m
Service investments: Loans	£0.094m	£0.083m	£0.062m
Commercial investments: Property	£57.81m	£57.85m	£57.85m
<b>TOTAL INVESTMENTS</b>	<b>£132.904m</b>	<b>£89.933m</b>	<b>£77.912m</b>

The changes in commercial property values are projected changes in assets values, which given the Covid pandemic and structural changes to the economy (home working) are highly uncertain.

**How investments are funded:** Investments funded from borrowing have more risk than those funded from surplus resources, so the Government guidance is that there should be indicators on how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing.

<b>Investments funded by borrowing</b>	<b>31.03.2022 Actual</b>	<b>31.03.2023 Forecast</b>	<b>31.03.2024 Forecast</b>	<b>31.03.2025 Forecast</b>
Service investments: Loans	Nil	Nil	Nil	Nil
Commercial investments: Property*	£3.477m	£5.879m	£7.020m	£6.899m
<b>TOTAL FUNDED BY BORROWING</b>	<b>£3.477m</b>	<b>£5.879m</b>	<b>£7.020m</b>	<b>£6.899m</b>

\*A commercial property funded by debt in 2019/20 was a result of the Council decision to not make revenue contributions to capital in 2019/20 due to the pandemic. If the revenue contributions had been made, the overall level of borrowing would have been lower and the commercial assets (Aquarium offices) would not have been funded from internal borrowing. The additional borrowing relates to improvements to existing properties and development of existing sites.

**Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

<b>Investments net rate of return (income)</b>	<b>2021/22 Actual</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>
Treasury management investments	0.7%	1.9%	4.0%
Service investments: Loans	Nil	Nil	Nil
Commercial investments: Property	6.1%	6.6%	6.5%
Treasury Management Income £ms (draft estimate 23/24)	£0.6m	£1.4m	£1.3m
Investment Rent Income £ms (draft estimate 23/24)	£3.6m	£3.8m	£3.8m

#### *Other investment indicators*

The Section 151 Officer has identified the following estimates to help assess Risks and Proportionality of investment activity at the Council:

<b>Estimates</b>	<b>2021/22 Actual</b>	<b>2022/23 estimate</b>	<b>2023/24 estimate</b>	<b>2024/25 estimate</b>	<b>2025/26 estimate</b>
Income from Treasury Management as Percentage of Net Revenue Income	1.4%	3.2%	2.9%	2.1%	2.3%
Total Borrowing Undertaken to Fund Investment Properties and regeneration projects with commercial rents	£3.477m	£5.879m	£7.020m	£6.899m	£6.773m
Commercial Income as percentage of Net Service Expenditure	9.7%	9.4%	9.2%	8.6%	8.9%

The estimates/indicators reflect the historic decisions and the schemes included in the proposed/approved Capital programme. Below are limits on investments which reflect the estimates above plus allowance for some headroom or flexibility to undertake higher levels of investment activity. The limit is that recommended by the Section 151 Officer. These limits are required under Government guidance and should not be exceeded. If the Council does exceed these limits, then it is expected not to rashly dispose of investments but instead should avoid entering into any further investments except for short term Treasury Management activity until appropriate alleviation of the breach is undertaken.

Limits	2021/22 Limit	2022/23 Limit	2023/24 Limit	2024/25 Limit	2025/26 Limit
Commercial Income as percentage of Net Service Expenditure	14.8%	14.0%	14%	14%	14%

### **Role of Treasury and Investment Sub-committee**

The non-cash investments require continuous monitoring, and the role of the sub-committee is to undertake that ongoing assessment. At a previous sub-committee meeting it was agreed that the following would be the basis of the ongoing monitoring:

- Any changes in the portfolio in the period (acquisitions and sales)
- All charges and receipts, indicating any arrears.
- Capital expenditure; planned or reactive.
- Performance against budgets; both expenditure and income.
- Any potential changes to the income through lease renewals and rent reviews.
- Any changes to Dunn and Bradstreet rating of tenants

The Sub-committee is also responsible for recommending the Investment Strategy. The strategy requires Full Council approval.



## Chelmsford City Council

22 February 2023

Budget for 2023-24

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Report by: Cabinet Member for Fairer Chelmsford

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**Officer contacts:** Phil Reeves, Accountancy Services Manager (section 151 officer).  
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### Purpose

Each year Cabinet is required to make a proposal to Council to agree a budget for the next financial year. This report contains the recommendations of Cabinet for a budget for 2023/24.

### Recommendations:

1. That the Council notes the report of the Section 151 Officer on the risks and robustness of the budget in **Section 7 (Appendix 1)**.
2. That the Council approves:
  - A. The budget report in **Appendix 1**, including:
    - i. The new Capital investments in Council Services and the delegations to undertake them in **Section 4** Table 8 and 8a
    - ii. The Revenue Budgets in **Section 9** and Capital Budgets in **Section 10**
    - iii. An increase to the average level of Council Tax for the City Council increasing the average annual Band D Council Tax to £215.08 in **Section 8**
    - iv. The movement in reserves and budget forecast shown in **Section 6 (please note a further amendment is recommended in item 8 on the agenda)**
    - v. Special expenses, Parish tier Councils precepts as identified in **Section 8, Table 17**.
    - vi. Delegation to the Chief Executive to agree after consultation with the Leader of the Council the pay award for 2023/24 within the normal financial delegations.

**B. The Council Tax Resolution in the Budget Update and Amendment Report at Item 8** which fulfils the legal requirements to set a Council Tax for 2023/24.

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## 1. Introduction

1.1 The budget proposals from Cabinet have since been amended and wording updated, under a delegation to allow for:

- Submission of an estimate of income (NDR1) for Business Rate Retention which was completed after Cabinet. The timing of the return is required by statute. There are changes to the business rate income estimate but this is neutralised by the Business rate retention reserve, so has no impact on the revenue budget reported to Cabinet. The reserve is used to hold the multi-year flow of entries for the Business Rate Retention scheme. The national revaluation of business properties has distorted the position for 2023/24 and a more robust estimate for Chelmsford will only be known later in 2023/24 when Government has finalised the national position. **Section 8** contains a declaration of Business Rate surplus or deficit for the year.
- The Government has announced a final grant settlement for 2023/24 and there is no change to the overall total of the Council's funding compared to the provisional settlement reported to Cabinet.
- The report now includes details of Parish Precepts & Band D Council Tax, including for the new parishes.
- A further amendment is contained in a separate report, item 8. This relates to an update on the Leisure VAT case that the Council has been pursuing and has been successfully concluded. There are changes required to the reserves figures as a result, but these cannot be made via delegations, so a separate report has been produced.

1.2 The budget report in **Appendix 1**, provides the funding for core Council Services and supports the aims of Our Chelmsford, Our Plan. The budget reflects the need to find budget reductions to offset low government funding and to invest in the priorities of the authority.

1.3 Key elements of the budget proposals are:

- New Investment as shown in **Section 4**.
  - No new revenue investment has been included due to the financial pressures the Council faces
  - New capital investment of £9.75m, the majority (£6.5m) of which is to support decarbonisation of the Council by 2030 and remove its dependence on fossil fuels.
- **Section 10**. A revised cost of the Capital programme (an increase of £104k) and the replacement items (increased net cost £36k and £2.913m for additional replacement items) in **Section 10** for approval.

- Council Tax proposal. The Government rules allow Chelmsford City Council to raise Council tax by up to 3% or £5.00, whichever is greater, without triggering a local referendum. It is proposed to increase the City Council's Council Tax by 2.98% or just under 12 pence per week (£6.22 per year) in 2023/24, which reflects the long-standing practice of increasing Council Tax in line with the assumptions the Government makes when allocating funding to local government. The increase allowed by Government, though more than previous years, is below the current and expected level of inflation. This gap has to be bridged by cuts, efficiencies or additional income.

## 2. Financial Challenges

The report identifies that the financial outlook has become increasingly challenging due to inflation. The report identifies a forecast budget shortfall for 2024/25 of £3.5m and a further £2.7m by 2025/26, however these estimates will change over time as events and income become more certain. Details can be found in **Section 6**.

## 3. Risks and a Robust Budget

In **Section 7**, the Section 151 officer analyses the major risks contained within the budget and provides an opinion on the robustness of the estimates and the adequacy of reserves, in line with statutory requirements. The Section 151 Officer identifies the key considerations that have been taken into account in arriving at the opinion, which Members are required to consider when setting the Council's budget. The Section 151 confirms the budget proposals are based on robust estimates and supported by appropriate levels of reserves. The conclusion of Section 7 does highlight that the financial outlook for the City Council, like all Councils nationally, is increasingly difficult.

## 4. Precept and Tax Setting

The report identifies precepts requested by other bodies. Special expenses allocated by the City Council to for other bodies are also shown. The effect of these on a Band D Council Tax is summarised in **Section 8 of Appendix 1**.

The establishment of new Parishes requires the Council to set their first-year precepts. These precepts were calculated by officers after consultation with the shadow Parish council members. Details of these precepts are in **Section 8**, along with the precepts for existing Parish Tier Councils.

A Council Tax Resolution has been prepared which identifies the legal information required to set the Council Tax for 2023/24 for Chelmsford City. However, a proposed amendment to the budget for a Leisure VAT case update is identified in agenda item 8.0 which requires that the resolution to be reported in that item.

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List of appendices:

1. Budget Report 2023/24

Background papers:

Nil

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Corporate Implications

Legal/Constitutional: To meet the legal requirements placed on the Council to set a balanced budget and approve a level of Council Tax for the coming year

Financial: As detailed in the report

Potential impact on climate change and the environment: The Council's budget supports the Council in delivering its environmental objectives

Contribution toward achieving a net zero carbon position by 2030:  
The report provides funding for initiatives to contribute towards this goal.

Personnel: N/A

Risk Management: A review of the risks is identified

Equality and Diversity: The budget report itself does not require its own equality impact assessment but individual proposals within the report are considered for their impact, and equality impact assessments are produced where applicable

Health and Safety: N/A

Digital: N/A

Other: N/A





## Budget report 2023/24

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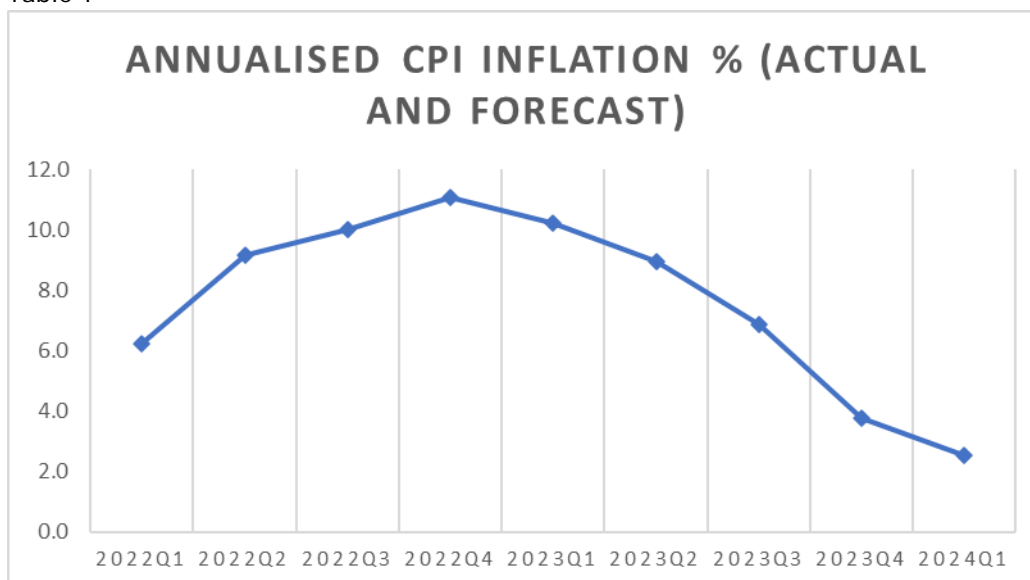
## Section 1 Introduction to the Council's 2023/24 Budget

This section of the report contains background to the revenue and capital budgets for 2023/24 (financial year starting 1<sup>st</sup> April 2023).

The 2023/24 budget proposals reflect the most difficult budget year for local authorities nationally in decades. Unlike during the Covid pandemic, loss of income is only an element of the challenge as inflation is at 40-year highs pushing up Council costs. Government support is increasing but will not match inflationary pressures, which leaves difficult decisions to be made locally.

The rate of inflation is forecast to decline during 2023, but the evaluated levels will impact on nearly all councils' costs including the largest element which is staff pay. The forecast rate of inflation is shown below from the Government financial budget watchdog, the OBR.

Table 1



The Council would normally assume 2% increases on fees and charges and some costs (e.g. pay, utilities). This results in services annually meeting inflationary cost increases from existing budgets. This of course means each year services must become more efficient to manage within their existing budgets.

With inflation being so high on average, it is not possible for services to meet cost increases of circa 10% on goods and services from existing budgets. So, the Council has had to increase more budgets than normal in 2023/24.

The table below shows the simplified impact of inflation on the Council's budget. It highlights that increases in fee and charges, Government funding and Council tax fall far short of the costs they need to meet, given these inflationary pressures. The scale of this funding gap is such that the Council faces a shortfall, even after identifying significant efficiencies, that must be met from reserves in the short term.

Table 2

**Inflation and the Council's Revenue Budget**

	Increased Inflation cost Allowed for £ms	
Pay	3.0	This includes £1.5m of unbudgeted 2022/23 pay
Electricity/Gas	1.5	
Other Expenditure	0.7	This reflects the increases for inflation made in service budgets to a limited number of areas. Actual inflation is probably higher as it applies to wider range of goods and services brought by the Council.
<b>Sub Total</b>	<b>5.2</b>	
Fees and Charges	-0.6	at 4% allowed for in financial planning
<b>Subtotal</b>	<b>4.6</b>	
Government Support	-0.4	Additional cash provided
Council Tax Increase	-0.4	3% increase allowed
<b>Net Cost of Inflation</b>	<b>3.8</b>	
Fees and charges above 4%	-0.6	Additional income identified in December Council report to help meet shortfall

The Council also needs to reduce its budget for car parking, one of its largest income streams (£6.1m). This has been drastically impacted by businesses now encouraging their staff to work from home and changes in shopping patterns. Additionally, rental income from properties, such as High Chelmer shopping centre and Aquila House (office accommodation), is less certain. These changes can be linked to Covid but economic activity in the UK is expected to weaken due to global economic conditions, which could result in lower than forecast income.

The level of reserves is the key assurance that the budget risks are manageable. It should be noted that the report identifies reserve levels that depend upon a forecast of 2022/23 income and expenditure which may be different when a financial outturn is determined after the 31<sup>st</sup> March 2023.

The current projection for 2022/23 is an additional £0.31m use of unearmarked reserves (a deficit), this being based on the latest monitoring and represents an improvement over the figures reported to November Cabinet. The main variations in the forecast of the 2022/23 financial position are:

- £1.5m overspent due to £1,925 flat pay award required to meet the National Living Wage
- £1.3m reduced income from car parks due to changing customer trends
- Offset by £2m of additional business rates and £0.7m extra interest income- plus other small variances

The 2022/23 Business Rate retention income will become more certain in late January 2023 when statutory returns to Government are made, but it will only be finalised on the 31<sup>st</sup> March 2023. The level of income the Council will actually receive is dependent on two key items: the level of provision for appeals against business rate valuations, and additional income deriving from the

Essex Pool (other Essex Councils). Both these key items are determined outside of the Council. The timing of when a gain is available to the Council is determined by statutory rules which at best can be described as unusual, so often a large gain in income can result in costs being charged to the year of the gain, but in the next accounting year the gain and refund of cost are accounted for. There is a risk the 2022/23 forecast gain slips into 2023/24.

The 2022/23 Business rate retention outturn projection has been reviewed for February Council and changes over that reported to Cabinet have been made which only impacts on the Business Rate timing reserve (Section 6 contains details of the reserves).

The table below shows a summary of how the revenue budget changes between the current year 2022/23 and next year 2023/24. It also identifies where in the report further information can be found on each item.

Table 3

£000s Summary Movements in Budget Between 2022/23 and 2023/24	
-390	Government Funding (Section 2)
5,576	Cost Pressures (see Section 3)
1,288	Reduced car Parking Income - (see Section 3)
-317	Pension Costs, including movement in reserves (see Section 3)
-1,531	Savings & Efficiencies (Section 3)
-442	Net Investment and capital financing (Section 5)
-2,155	Capital Financing contributions (Section 5)
-570	Council Tax Income (Section 8) (increase in tax and taxbase )
193	Council Tax Deficit (Section 8)
-1,652	Additional use of Reserves (Section 6), before pension and business rate retention movement
<b>0</b>	<b>Budget Shortfall</b>

The Government has announced a one-year settlement for 2023/24 together with some certainties for 2024/25. **Section 2** identifies the various funding streams and issues.

At the time of publication, the Government had just announced a new energy support package. There was insufficient time to determine if the Council would receive any funding. The budget maintains the assumption of no government support in 2023/24.

Even with the financial constraints, there is a need to adapt and improve service provision to deliver Our Chelmsford, Our Plan. **Section 4** identifies the new investments in services that are funded by capital resources in the 2023/24 budget proposals.

The most significant item is increasing the planned capital programme by £6.5m for a Green Initiatives fund to achieve the Council's goal of net zero by 2030. This will require increasing capital financing costs charged to revenue. This is identified in **Section 4**.

**Sections 5 to 7** identify the medium- to long-term financial planning issues that the Council needs to consider, including reserves.

The Local Government Act 2003 includes a specific personal duty on the Chief Financial Officer (CFO) (also known as S151 officer) to make a report to the authority when it is considering its budget and Council Tax for the forthcoming year. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. (For the purpose of the Act, 'reserves' include 'general balances.')

The Act requires the Council to have regard to the report in making its decisions. The report is contained in **Section 7**.

**Section 8** identifies the detail of the Council Tax proposals and the associated legal matters, including meeting the legal requirement to declare a Business Rate Surplus or Deficit.

The budget includes proposals to increase an average band D Council Tax by £6.22 per year, after allowing for rounding of Council Tax bills into ninths.

**Sections 9 & 10** contain the budgets for revenue services and the capital programme.

## Section 2 Government Funding

The Council has been provided with a final Government funding settlement for 2023/24. The overall total has not changed from that reported to Cabinet.

The Government has, for around 5 years, been advising it will amend funding allocations to all councils by changing the national formulas. In 2023/24, those changes have been deferred again possibly for 3-4 years.

The 2023/24 settlement is similar to 2022/23 in that it places significant importance around the Government's measure of local authority funding, 'Core Spending Power' (CSP). The definition of CSP is best shown via a table setting out the components. Effectively it takes the sum of the main funding streams and adds in assumed Council tax income. The result is intended to reflect the overall resources available to fund the Council. Increases in CSP should, according to the Government, capture a more rounded picture of the financial position of an authority.

Table 4

	Core Spending 2022-23	Core Spending 2023-24	Change in funding from Government (excludes Council Tax)
	£ millions	£ millions	
Settlement Funding Assessment	3.41	3.71	0.30
Compensation for under-indexing the business rates	0.35	0.60	0.25
Council Tax Requirement excluding parish precepts	14.65	15.35	N/a
New Homes Bonus	2.16	0.94	-1.22
Lower Tier Services Grant	0.64	0.00	-0.64
Services Grant	0.23	0.13	-0.10
Grants rolled in	0.17	0.00	-0.17
Funding Guarantee	0.00	1.97	1.97
<b>Core Spending Power</b>	<b>21.61</b>	<b>22.70</b>	<b>0.39</b>
Increase in Core spending Power		5.0%	
Cash funding from Government	6.96	7.35	5.6%

It is not necessary to explain what each grant is for, as the processes to arrive at the individual allocations are effectively over-ridden by the Government when it takes the decision to increase overall CSP. The Government has guaranteed an increase in CSP of a minimum of 3% before decisions on increasing Council tax. This translates into 5% after allowing for the 3% Council Tax increase and growth in the number of properties in the City. In nearly all cases, district authorities will have experienced the minimum increase.

The City Council, as a result of the CSP minimum increase guarantee, has seen a cash gain of £0.390m in 2023/24; a 5.6% increase. This gain needs to be seen in the context that the CSP calculation does not reflect:

- The real need nor cost changes at local authorities; it merely reflects the funding allocations arrived at over a decade ago which have been rolled forward.
- It assumes growth in the number of Council Tax properties as additional funding however the Council will need this additional income to cover the costs of providing services to those additional properties.
- That a large proportion of the CSP is from Council Tax, so generally prior to 2023/24 increases came disproportionately from local residents. A zero increase in CSP, which the Council had in 2022/23, represents a reduction in Government cash support, as Council Tax receipts increase year on year and the Government claws back that growth through lower funding.
- Inflation is running at circa 10%, so this is a real-terms reduction.

The Government has for many years expressed a desire to curtail New Home Bonus. So, most district councils including the City have not used it to support ongoing service expenditure even though it is included in the Government CSP calculation. The Government's increased commitment to CSP changes that assumption. Any reductions in New Homes Bonus have effectively been replaced by new grants: Lower Tier or Service grant and for 2023/24 Funding Guarantee grant (worth £1.97m). It is recommended that the budget for 2023/24 allows for all CSP cash grants (including New Homes Bonus) to be used to support ongoing expenditure.

**Table 5** below shows a comparison of government CSP grants being used in 2022/23 & 2023/24 to support ongoing revenue expenditure. Though Government funding has only increased by £0.39m in cash Terms (table 5), the ongoing revenue budget will now benefit by £2.55m as a result of what was effectively New Homes Bonus being used to support ongoing expenditure. Below the table there is a short explanation of each grant.

Table 5

	Core Spending 2022-23 £ millions	Core Spending 2023-24 £ millions	2022/23 Supporting ongoing revenue budget	2023/24 Settlement cash (funding) supporting ongoing budget	Additional added to fund ongoing budget £ millions
Settlement Funding Assessment	3.41	3.71	3.41	3.71	0.30
Compensation for under-indexing the business rates	0.35	0.60	0.35	0.60	0.25
Council Tax Requirement excluding parish precepts	14.65	15.35			0.00
New Homes Bonus	2.16	0.94		0.94	0.94
Lower Tier Services Grant	0.64	0.00	0.64		-0.64
Services Grant	0.23	0.13	0.23	0.13	-0.10
Grants rolled in	0.17	0.00	0.17		-0.17
Funding Guarantee	0.00	1.97		1.97	1.97
<b>Core Spending Power</b>	<b>21.61</b>	<b>22.70</b>	<b>4.81</b>	<b>7.35</b>	<b>2.55</b>
Increase in Core spending Power		5.0%			
Cash funding from Government	6.96	7.35	0.3900		

\*Please note totals on table reflect rounding

- A. Settlement Funding Assessment (£3.71m) – The amount is determined by a needs assessment which includes estimates of local resources such as council tax, population, and other local data. It includes a Revenue Support grant (RSG) which was a key funding stream prior to 2010. The Council lost all its RSG in 2018/19. However, the Government has been moving other grants (grants rolled in) into RSG. For 2023/24, the City Council's RSG is £0.2m.

- B. Compensation for under-indexing the business rate multiplier (Section 31 Grants) (£0.6m) – The complexity of the Business Rates Retention Scheme has led to grants being paid to local authorities for initiatives by Government such as freezing business rates rather than increasing them in line with inflation. These grants vary in value each year but have increased significantly in 2023/24 as business rates were frozen when they were planned to increase by 6-10%.
- C. Council Tax Requirement excluding parish precepts. This is not a government grant, but the amount of Council Tax the Government assumes the City will generate, allowing for a 3% increase in Council tax and their estimate of the 2023/24 Council Tax base. It should be noted that this is higher than the income the Council will budget to generate in 2023/24. It is likely that adjustments will be made by Government to align these figures in 2024/25, which could result in additional grant funding.
- D. New Homes Bonus (£0.94m). This is a grant paid by central government to local authorities. It aims to reward councils for each additional home added to the council tax base, including newly built properties and conversions as well as long-term empty properties brought back into use, after allowing for certain deductions such as demolitions. An additional sum is paid for each new affordable home built. The scheme, as previously reported, has over its life been made less generous. New payments are now only receivable for one year rather than the previous four years.
- E. Lower Tier Services Grant £0m. The Government allocated a “one-off” Lower Tier Services Grant in 2021/22 which it continued into 2022/23. The grant will now cease.
- F. 2022/23 Services Grant £0.13m. This was provided to ensure that no local authorities have a reduction in CSP in 2022/23, just like the Lower Tier Grant. The funding has been reduced nationally by £200m reflecting the Government reversing the National Insurance increase (which previously it had funded by providing £200m of extra grant)
- G. Grants rolled in. The Government is rolling into its CSP spending power grants previously awarded outside the process. This is a technical change that removes or reduces negative RSG. These grants are shown in the 2022/23 column but merged into the Spending Assessment in the 2023/24 column of figures. The grants rolled in are Family Annex Council Tax discount grant, Local Council tax Support Administration Subsidy (LCTS) grant and funding for food safety and standards of enforcement. Grants have been removed from service budgets to offset the change.
- H. Funding Guarantee (£1.97m). For 2023-24, the £136 million Funding Guarantee grant ensures all local authorities receive a minimum 3% CSP increase from 2022-23, excluding any funding from:
  - Increases to 2022-23 council tax levels;
  - Grants rolled into Revenue Support Grant or Social Care Grant in 2023-24.

#### Retained Business Rate Growth (Above Baseline Funding)

Under this scheme, the Government allows local authorities to share some of the growth in Business rate income in their area. Gains and losses can occur in year but not impact on the council's finances for up to 2 years. The actual estimate for business rate income for the following year can only take place in late January each year due to the scheme rules. The January report on the budget must be based on assumptions for business rate retention and these have now been revised for February Council. The Government has committed to the scheme staying broadly unchanged until at least 2025/26 (previously it had been suggested the scheme would be reset imminently).

The estimation of the gains or losses has proven difficult due to the scheme rules and also the uncertainty caused by Covid and now property revaluations for 2023/24. The 2022/23 budget contained a cautious £0.5m of service expenditure funded from the scheme, however monitoring suggests the Council may benefit from an additional £2.0m of income. Unfortunately,



most of this income gain relates to one-off factors mostly relating to appeals provisions. The Government has undertaken a national revaluation exercise of businesses which creates uncertainty over how the scheme will work even though the Government has stated it should have a neutral impact on overall income. The 2023/24 budget is therefore based on a continuation of £0.5m of on-going service expenditure funded from business rate retention. The reserve forecast assumes the £2m gain from business rate retention in 2022/23. Any changes identified since Cabinet have been managed by use of the Business Rate Timing Reserve. A review of Business rate retention income will form part of the MTFS report to July Council when the Government should have finalised any changes to rules for 2023/24 retention income, in light of the new business valuations.

#### Government policy on councils using reserves

As part of the settlement, the government has also made clear that it envisages councils using reserves to fund services in the face of cost inflation. The City Council already recognised in its budget planning that, due to the extent of cost increases, it is appropriate and necessary to use reserves in the 2023/24 budget, but only as a temporary measure.

#### **Homelessness Prevention Grant**

The funding provided is £900k, which is a £10k increase.

The grant is ringfenced to give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness. The Government expects local authorities to use it to deliver the following priorities:

- Embed the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness.
- Reduce the number of families in temporary accommodation by maximising family homelessness prevention.
- Reduce the use of bed and breakfast accommodation for families and eliminate family B&B placements beyond the statutory six-week limit.

Though the grant has increased slightly in cash terms, inflation and demands on the service mean it amounts to a real-terms reduction in funding from Government. The service will continue to seek greater efficiency, working with partners including Homes England, and preventing homelessness and as far as possible by maintaining discipline over the cost of temporary accommodation. The budget includes a £100k expected efficiency saving in the management of temporary accommodation. Even after taking initiatives, costs are likely to rise faster than the grant due to a limited supply of permanent affordable housing and temporary accommodation. The Council has increased staffing in the service to respond to demand; financial forecasts elsewhere in the report assume year-on-year cost increases. Additionally, the Council bids for funding wherever possible and that with greater partnership working with Homes England should provide additional resources in 2023/24 beyond those shown in the budget.

#### **Future Funding**

The Government has provided some certainties for 2024/25:

- Business rates and fair funding: there will be no reset of business rates growth for the remainder of the Spending Review period and the Fair Funding Review will be paused for the same period. However, the government has indicated that it will re-examine the issues after the next General Election, so, potentially from 2025-26.
- Council tax: the principle of 3% or £5 will continue into 2024-25.
- New Homes Bonus: the government has made a commitment to set out the future position of NHB before the 2024-25 local government finance settlement. Though, as stated if CSP continues, this may not be relevant.
- There is no commitment to extend the 3% CSP funding guarantee for a further year.

- Extended Producer Responsibility for packaging scheme (EPR): the statement alludes to the introduction of EPR in 2024-25 as a "significant new funding stream". This is intended to help meet the costs of national requirements for local authority recycling. The government now appears to envisage this as a major new source of income which may mean it can reduce other sources of funding, especially for district councils. It has stated it will be "assessing the impact of additional EPR income on the relative needs and resources of individual local authorities". There has been very little information from DEFRA about the level and distribution of EPR income for councils. The City's own estimate suggests circa £1m year extra. The government has not previously said that the purpose of EPR is to provide a general subsidy to councils for general expenditure. It was intended to provide additional resource to fairly fund the costs met by local authorities.
- Forecasts of further funding levels are clearly difficult without a longer-term settlement. However, in **Section 6**, a forecast is included.
- The Homeless Prevention grant may be reduced in later years as a new funding allocation has been introduced.

### Section 3 Inflation, Other Cost Pressures and Efficiencies

#### Cost Pressures

The cost pressures the Council is facing are detailed in table 6 below. Narrations on the significant items are set out in the text after the table.

**Table 6 Cost Pressures 2023/24 (variations from 2022/23 budget)**

£000s	<u>Cost Pressures</u>
1,500	Pay and Member inflation 2023/24
1,500	Pay Inflation 2022/23 Increase
1,535	Utilities inflation (forecast at December 2022)
695	Other Inflation
596	City Growth -funding requirement
302	Elections one off
217	Building maintenance costs
157	HVO fuel
116	Reductions in Fees and charges budgets mostly Building control
104	Council Tax sharing agreement with ECC
104	External Audit fees
141	Other
6,967	sub-total
	<u>Compensating Factors</u>
-595	4% inflation on charges
-467	Theatre Re-opening
-99	Hylands House higher income
-230	National Insurance
<b>5,576</b>	

#### **Background Notes to Cost Pressures Table 6 above**

The Council experiences cost inflation on its expenditure. The budget only allows for increases on Pay, Business Rates and Energy in normal years. In real terms, this means that service budgets decrease. The extent of the real-terms reduction is difficult to quantify as each service purchases different supplies and services, so experiences different inflation. However, the UK economy has been experiencing high levels of inflation, CPI inflation being 10.7% in November 2022 and with high rates expected to continue until late 2023. In 2022/23 it was necessary to add in additional funding of £240k in a central contingency. The 2023/24 budget proposals include additional funding for specific items such as software licences in service budgets.

- 1) **Pay (inflation):** The Council's largest cost is staff, some £39m per year, so annual increases in pay are normally the Council's largest inflationary pressure. In the period 2010/11 to 2021/22 ongoing pay increases have averaged 1.24% per annum whilst inflation (CPI) has averaged 2.09% (RPI 2.99%). So, pay increased by 15.9% over that period compared to 23.5% for CPI inflation.

The 2022/23 pay award provided staff with increases of between 2.5% and 10%, with the lower paid getting the larger increases. This came at an additional unbudgeted cost of £1.5m

The impact of the 2022/23 pay award on those long-term trends is that the average pay increase becomes 1.67% compared to an average CPI inflation of 2.62% (compounded 23.8% pay v 34.6% CPI over the same period).

The July MTFS budget report included a 2.5% pay award for 2022/23 and 3% for 2023/24. Following publication of the MTFS, the Council's budget assumption for pay was reviewed by officers. This was due to:

- high inflation

- a large increase in the National Local Government pay award which although the Council does not have to follow it should have regard too, in-order to remain competitive. For 2022/23 the national pay award was agreed at £1,925 flat and this was also awarded at the City Council. (6.8% cost increase).

- increases in the national living wage which are expected to be above inflation

In the current inflationary environment a 5% increase in pay costs for 2023/24 may be necessary in order for the Council to remain competitive in the market and to retain and recruit staff. However, at this stage any potential pay demands are not yet known and as affordability remains a problem an average pay rise of 4% has been built into the budget assumption for 2023/24 and will be the basis of any pay negotiations. It will be important for the Council to consider pay rises in other sectors when negotiating the increase for 2023/24 and a balance will have to be struck between affordability together with the Council's ability to retain and attract staff to run our services.

The Council is required to consult with Unison before implementing changes to staff pay and conditions. Additionally, national pay bargaining on behalf of local government workers may influence the outcome of local negotiations. It is therefore proposed that the usual delegation be made to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2023/24.

- 2) **Gas and Electric:** There is a world-wide an energy market crisis. The Council, mostly due to its provision of leisure centres, is a large user of gas and electricity. The Council is in a procurement contract which bulk buys on behalf of councils nationally. The existing contract locks into gas and electric supply in stages, with a final price agreed in April for the whole year. The Council is, however, moving into a longer-term procurement contract with the same provider, which will spread purchases over a 36-month period, with the intention of providing more certainty and better value in the current market conditions. When setting the gas and electric budgets for the following year, officers have to make a judgement about the potential increase. This estimated increase is based on market data from the Council's energy provider. The market data has been very volatile, changes of £0.5m per week are not unknown. Data from August to October suggested an increase in cost of circa £2-£2.5m.

More recent data from the Council's energy provider suggests £1.5m increase should now be the central case. The supplier has not yet fixed prices for (i.e. bought) significant supplies of energy for 2023/24 on the belief prices after Christmas would be lower, which has been vindicated to some extent by market prices for current deliveries falling back to pre-Ukraine war levels in the last week of December.

Given all the significant financial pressures the Council faces, it is recommended that reserves are used to meet the additional £1.5m costs in 2023/24. The forecasts in this report assume that in 2024/25 energy prices remain constant and only half of this £1.5m cost is met from reserves. In 2025/26, there is no planned use of reserves. The use of reserves is a temporary measure given reserves are a finite resource.

- 3) **Other Inflationary costs:** The budget contains provision for £695k of inflation cost increases. The main items being (£304k) for increased fuel, vehicle fleet supplies (£105k), insurance (£135k), and software (£63k).

- 4) **City Growth £596k** Inevitably as the number of households increases in Chelmsford, services will need to reconsider service provision. Efficiency in service provision can alleviate the need for increasing service budgets to manage the increase in volumes but some budget increases are necessary. The areas most affected are Waste and Recycling, Street Cleaning, Parks (grounds maintenance) and Housing Services. The budget contains £285k extra funding for Housing Services to manage the increased demand for temporary accommodation and preventive homelessness action, plus £148k for staff to improve housing allocation processes (reflecting benchmarking showing the Council needs additional resource in this activity). The balance of the funding is the estimated cost for the operational services.
- 5) **Other cost pressures of note:**
  - Elections £302k. City Council elections will take place on the 4<sup>th</sup> May 2023. The cost is mostly room / venue hire and staffing to administer the election.
  - Building Maintenance £217k. The budgets have been increased reflecting overspends over the last few years.
  - HVO fuel for vehicles £157k. This was approved at July Council as it is a transitional fuel to carbon neutrality.
  - Fees and Charges budget reduced income £116k. The largest part is building control income. Given Covid and changes in demand, some re-alignment is not unexpected.
- 6) **Compensating factors**
  - **National Insurance (NI)** reduced cost £230k. Rates for employers and employees were increased for 2022/23 but in the Autumn of 2022 the increases were reversed. The Council's budget included the additional costs, so a saving can be declared of £230k. However, the Government had increased local Government funding by £200m to cover the costs of the higher NI. This funding was removed from councils nationally as part of the 2023/24 settlement.
  - **Fees and Charges Inflation.** The budget guidelines recommended a assumption of 4% increases in fees and charges in 2023/24. During the course of the budget process, it became apparent that a higher rate of inflation would prevail in 2022 and 2023. The setting of fees and charges is, however, more nuanced. Increases must reflect wider Council policy objectives and overall financial position. A report to Council in December identified the increases that were above 4%, as well as some that needed to be held down.

**Below are other material items that changed the budget in 2023/24:**

#### **Car Parking Income**

As reported to November Cabinet, current financial monitoring suggests car parking income could be £1.0m-£1.3m below the 2022/23 budget. The 2022/23 budget assumed a return to an average 83% against pre-pandemic activity level and allowed for increases in fees and charges. The risk of recession and lack of full recovery of income mean the 2023/24 budget is, for planning purposes, assumed to be £1.3m lower than the 2022/23 budget, before allowing for the impact of fees and charges increases for long stay. The MTFS also identified that over the coming years the Council car parks would be reviewed and a number could be shut for redevelopment, but, given the lower than anticipated usage, it is now less likely the closures will impact on overall income.

#### **Pension Costs – 3-year Actuarial Valuation (saving £317k per year)**

The Council is obliged by statute to offer its employees membership of the Local Government Pension Scheme (administered by Essex County Council). The scheme changed from a "final salary" to a "career average" scheme in 2014/15. The scheme offers members a defined benefit funded by employee and employer contributions. Every three years, an actuarial valuation of the fund takes place which determines the Council's contributions made up of payments for current

service (employees) and funding deficiency to make good any estimated historic shortfalls in the fund's assets measured against its future liabilities.

For the 3-year valuation period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026, the fund's actuary has changed the contribution position significantly. In summary:

- The Council's annual contribution for current service costs has increased by £549k
- The Council makes contributions for the 'deficit' on the fund. The last 3-year contribution required an £867k annual transfer to reserves to ensure the reserve was sufficient to cover the cost. However, the new 3-year payment due in 2023/24 has fallen to £530k and can be funded from reserves without a need to make an annual transfer to those reserves, resulting in an annual saving of £867k. The reserve is discussed further in section 6.
- The net overall position is that the Council will be making an annual £317k saving on its pension contributions in 2023/24 (compared to 2022/23) and for the following 2 years.

### VAT Leisure case

A favourable factor that is not shown as a variance is if the Council was successful in its litigation with HMRC concerning the VAT liability of leisure charges. This should enable the Council to retain an additional £760k of income in the 2023/24 budget. However, the Council is still in dialogue with HMRC about this. The financial planning has included an assumption that this is resolved in the Council's favour. The Council anticipates that the matter should be resolved in the next 18 months. In **Section 6**, the use of reserves is proposed to support the budget until the case is concluded. This of course carries a risk if the case fails but a balance of potentially unnecessary service cuts must be weighed against that.

### Savings & Efficiencies (Net budget reductions)

The increased costs identified and enhancement to services give rise to a budget gap. To fund some of this shortfall, Directors and Cabinet members have identified cost reductions and income generation plans whose financial impact is shown in **Table 7**. Of the overall £1.531m, some £0.62k relates to increases in fees and charges and the balance £0.91m relates to cost savings/sharing and retention of VAT on some theatre income.

**Table 7**

Efficiency, Income or Saving	Savings	
	£000s	Notes
Fees and charges over 4%. December 2022 Council.	620	1
Suspend Digital Programme-reflecting the prevailing high cost of recruitment and retention which reduces current cost effectiveness.	204	
Cost sharing; review of income generating contracts	202	
Staff Savings	153	2
VAT cultural exemption on theatres. Only to be finalised by HMRC in April 2023.	150	
Improved Temporary Accommodation Void Management	100	
Miscellaneous Items	76	
Changes in Grounds Maintenance operational practices	26	
Grand Total	<u>1,531</u>	

1) There has been a slight increase in the expected income from £596 to £620k since reported to December Council.

2) A number of back-office posts are removed.

## **Section 4**

### **2023/24 Service Investment**

This section of the report identifies increases in the 2023/24 budget to deliver new corporate initiatives. These investments in services are categorised according to how they are funded.

#### **Revenue Funded Service Investments**

There are two types:

- Those that create ongoing costs and must be funded from ongoing financial resources to be sustainable. Examples of sustainable funding streams are statutory sources of income such as Council tax or grants and Council-generated income such as fees and charges or from budget reductions/service efficiencies.
- One-off or temporary enhancements funded by the use of unearmarked reserves or temporary income streams such as one-off grants.

Given the very difficult budget situation, there are no new revenue service investments in this budget.

#### **Capital Investments in Services**

Capital Expenditure relates to the acquisition or enhancement of assets which have a useful life in excess of 12 months and are charged to the Council's balance sheet. To be an enhancement, the expenditure on the asset must lengthen substantially the useful life of the asset, increase substantially its open market value, or increase substantially the extent to which the Council can use the asset.

Local Authorities can, under statute, also fund grants to other bodies or individuals from capital resources, if they meet the definition of capital. Such items are referred to in the capital programme as REFCUS (Revenue Expenditure Funded by Capital Under Statute). Additionally, the Government can, on an individual basis, grant permission to capitalise non-capital costs such as redundancy.

Council approval is sought annually each February for the Capital Strategy, which provides details of overall funding and capital expenditure plans. A summary of how revenue and capital expenditure are linked is included in **Section 5** of this report.

#### **Approval of New Capital Schemes**

Table 8 shows the new capital scheme budgets for which approval is sought. Within the scheme narrations in Table 8a, the approval process for capital expenditure is managed in three ways: firstly, a number of schemes are fully approved for officers to undertake; a second category requires Directors and Cabinet members to agree a more detailed business case before undertaking the scheme; a third category allows for an initial budget to be approved by Council with delegation to future Cabinet meetings to agree individual business cases. The impact of the new schemes completed by the end of 2023/24 is a net additional revenue cost of £46k per year. The ongoing cost of financing the overall capital programme is shown in Section 5. However, the programme and costs will be reviewed again in 2023/24 and further assessments of affordability and prioritisation will be undertaken at that time before schemes proceed.

Table 8								
CAPITAL PROGRAMME - New Schemes Identified for Approval								
	Details	2022/23	2023/24	2024/25	2025/26	2026/27	Later Yrs	Total Spend
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
	<b>New Schemes (see table 5 narrative for details)</b>							
1	Oaklands Museum Staff Room and Kitchen Refit			24				24
2	Retail Market Traders' Conveniences Remodelling and Refurbishment			102				102
3	Cemetery Lining of Foul Water Drain		29					29
4	Crematorium Office Pyramid Roof		18					18
5	South Woodham Ferrers Pool Works and Plant			275				275
6	Freighter House Depot Resurfacing Works			72	36	36	72	216
7	Lighting Columns Replacement and Upgrade to LED Lighting		40					40
8	Play Area Refurbishments			317	272			589
9	Public Convenience Refurbishment - Admirals Park and Central Park		84	84				168
10	High Chelmer Car Park Lifts				355			355
11	High Chelmer Car Park Waterproofing Levels 11,12,13				500			500
12	Market Road Conveniences Accessibility		20					20
13	UKSFP Grant Funded Schemes	20	45	281				346
14	Rural England Prosperity Fund - Supporting Businesses and Communities		100	300				400
	<b><u>Schemes where Delegation Required for Cabinet/Officers to Spend Once Business Cases Received</u></b>							
15	Chelmsford Sports and Athletics Centre Gym Improvements		168					168
16	Green Initiatives Fund			1500	1000	1000	3000	6,500
	<b>Sub Total</b>	<b>20</b>	<b>504</b>	<b>2,955</b>	<b>2,163</b>	<b>1,036</b>	<b>3,072</b>	<b>9,750</b>



		Details	2022/23	2023/24	2024/25	2025/26	2026/27	Later Years	Total Spend
			£000s	£000s	£000s	£000s	£000s	£000s	£000s
		<b><u>Potential Funding</u></b>							
9		Play Areas S106			-24	-37			-61
14		UKSPF Grant	-20	-45	-281				-346
16		Rural England Prosperity Fund		-100	-300				-400
		<b>Total of New Scheme Proposals After Funding Applied</b>	<b>0</b>	<b>359</b>	<b>2,350</b>	<b>2,126</b>	<b>1,036</b>	<b>3,072</b>	<b>8,943</b>

## **Table 8a New Schemes Narratives**

### **1. Oaklands Museum Staff Room and Kitchen Refit £24k 2024/25**

This proposal is for a full refurbishment of the Staff Room which is a multi-functional room that is also used for preparation of corporate hires. It is a statutory requirement for employers to provide adequate amenities and a room for staff to take rest breaks. The existing Staff Room does not currently have adequate ventilation, causing problems with condensation and damp. There is a window, but this cannot be opened to give natural ventilation for security reasons. Building services have advised that the existing extractor fan needs to be upgraded, and an air transfer grille installed in the fanlight above the door opening. This scheme should significantly improve the Staff's ability to service corporate hires and improve the wellbeing and performance of the staff working at the Museum.

Council Objective to achieve Net Zero Carbon position by 2030 - This scheme will include energy efficient lighting.

It is requested that delegated authority is given to the Director of Connected Chelmsford to spend within the approved budgets.

### **2. Retail Market Traders' Conveniences Remodel and Refurbishment £102k 2024/25**

This proposal is to remodel the toilets to create a unisex toilet layout with an improved larger accessible toilet in accordance with current building requirements. This will provide a fairer, more inclusive Chelmsford by allowing the opportunity for wheelchair users to work within the market in line with the "Our Chelmsford, Our Plan" bringing people together. It will provide improved conditions for traders which again helps to achieve the aim of providing a fairer society to those who work in Chelmsford. Without the remodelling the Council could be open to challenge under the Equality Act 2010.

Council Objective to achieve Net Zero Carbon position by 2030 - This scheme will include energy efficient lighting and heating appliances.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

### **3. Cemetery Lining of Foul Water Drain £29k 2023/24**

The existing foul water drains are in a poor condition and have become blocked and impaired in the past by tree roots. It is proposed to remove the roots and then insert a structural liner in the drain to prevent further root ingress. Additional inspection chambers will be installed along the drain run to make it easier maintain drains and clear any blockages that may occur in the future. There are clearly implications if the drains do not work as intended and there are responsibilities to maintain the drains in good working order for health and safety purposes. If repairs are not carried out it is likely that this will lead to more call outs and unplanned ad hoc repairs, which may be disruptive to the operation of the Crematorium and may result in there being a higher number of dissatisfied end users and complaints.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

#### **4. Crematorium Office Pyramid Roof £18k 2023/24**

The Office serving the Crematorium has a pyramid shaped roof covered with Cedar shingles. The Cedar shingles on some areas of the roof have deteriorated due to greater weathering. It is proposed that the weathered shingles are replaced, and repairs carried out to ensure the building remains watertight and prevent the risk for water ingress and damage to the building and its contents.

Council Objective to achieve Net Zero Carbon position by 2030 - Cedar Shingles are a natural material and are sourced from sustainable and responsible forest management schemes and are an environmentally friendly option. The use of Cedar Shingles as a roofing material is considered sustainable and does not have a negative impact on the environment.

**It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.**

#### **5. South Woodham Ferrers Pool Works and Plant £275k 2024/25**

This proposal will ensure the pool remains operational and that Health and Safety issues are addressed. It will provide replacements for the boiler, hot water systems, pool hydraulics and pumps and replace broken poolside ceramic tiles. If these works do not go ahead as planned there may be plant breakdowns which will impact the operation of the leisure centre and the broken poolside tiles will be a hazard to users. The condition of the tiles will be monitored until the works commence. The pool will have to be closed for the works to be completed. The estimated loss of income during the closure is £45k.

Council Objective to achieve Net Zero Carbon position by 2030 - The replacement boilers will be more energy efficient and the hot water system will utilise solar energy.

**It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.**

#### **6. Freighter House Depot Resurfacing £216k 5-Year Prog. Commencing 2024/25**

It is a condition of the Council's Environmental Permit (issued by the Environment Agency and required to operate from the depot) that any surfaces should be solid to ensure that liquids (rain/leachate/leaks etc) are contained and processed in accordance with regulations to avoid environmental pollution of the land. Without this permit, the Council would not be able to carry out any operations such as waste collection. Over years, the surfaces and sub-surface layers have deteriorated leaving large areas that need priority repairs. Apart from the risk of losing the permit, there are also health and safety issues where some of the holes are so large that vehicles swerve when going over them, and staff have to try and avoid them when walking. The 5-year programme of works will enable the depot surface to remain defect free and comply with the obligations under the permit.

**It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.**

## **7. Lighting Columns Replacement and Upgrade to LED Lighting £40k 2023/24**

This proposal is to upgrade lighting columns in Central Park and some town centre surface car parks to provide safer areas and walkways for users at night by improving the levels and reliability of lighting. This will help to ensure communities are safe.

Council Objective to achieve Net Zero Carbon position by 2030 – The new LED lights are generally 50% more efficient than the existing lights.

**It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.**

## **8. Play Area Refurbishments £589k 2-Year Programme Commencing 2024/25**

The proposal is to continue the programme to refurbish a number of equipped play areas in 2024/25 and in 2025/26, including those at John Shennan Field, Baddow Hall Park, Wickham Crescent and Admirals Park. The refurbishments will ensure that the play areas are safe to use, accessible, and provide equipment for various age groups.

When the works are complete, the play areas will be subject to independent safety inspection. Without refurbishments, the equipment will reach the end of its safe lifespan and will have to be removed progressively over time. The play areas will also continue to be inaccessible and not inclusive for all ages.

Council Objective to achieve Net Zero carbon position by 2030 – where possible the products used are made with recycled materials such recycled plastics/rubber. Additional tree planting and landscaping is an integral part of all schemes.

**It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets and review whether there is any additional CIL or S106 funding which can be used towards the cost of the scheme.**

## **9. Public Convenience Refurbishment £168k 2-Year Prog. Commencing 2023/24**

There is no statutory obligation for the Council to provide public conveniences but there is a moral expectation from the public to have them available and that they should be of a reasonable standard. This proposal is for the refurbishment of the 1950' built public toilet blocks in Central Park and Admirals Park. The refurbishment will provide outward facing unisex cubicles including disabled facilities allowing all gender groups to access them fairly (similar to those installed at Hylands Park which have proved extremely popular). The outward facing cubicles will lead to less vandalism and illegal activities. The facilities would be open to the public during park opening hours. The upgraded toilets will help promote healthy lifestyles as more of the public will feel more confident to use the parks/open spaces as there will be high quality toilets available for those that need them. The reputation of the council will be increased through high value assets leading to fewer complaints about the facilities. If the proposal does not progress the facilities will continue to degrade and there will be more dissatisfaction and complaints.

Council Objective to achieve Net Zero carbon position by 2030 – new LED lighting will be incorporated into the plan to replace existing fluorescent lighting.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets and to review whether there is any S106 or CIL funding which can be used towards the cost of the scheme.

#### **10. High Chelmer Car Park Lifts £355k 2025/26**

This proposal is to modernise the existing three passenger lifts located in High Chelmer Multi Storey car park. There is a statutory requirement (Health and Safety) to provide lifts and this proposal will ensure that they continue to be operational, well maintained and will make a significant difference to the customer experience. The lifts were installed circa 1970 and underwent a partial refurbishment in 2009 but are now showing signs of wear, in line with the high usage they receive. There are a number of issues relating to the health and safety of passengers and operatives that need addressing to ensure compliance with regulations and legislation. The lifts will be more reliable and safer with an improved user experience. There are enhanced security and safety features. The works will directly contribute to the corporate aim of “providing high quality public spaces” by ensuring that we “maintain our accreditation for safe car parks and parking facilities”. It will reduce the potential for accidents and ensure compliance with appropriate standards. If the works are not carried out, future maintenance and repair costs are likely to increase.

Council Objective to achieve Net Zero carbon position by 2030 – the new lifts will be more energy efficient than the existing lifts.

It is requested that delegated authority is given to the Director of Sustainable Communities to spend within the approved budgets.

#### **11. High Chelmer Car Park Waterproofing Levels 11, 12, 13 £500k 2025/26**

Major resurfacing works were carried out in 2013 and had an estimated 10-year life. Cracks have started to appear on the decks and following a condition survey, so provision should be made for major works to the surfaces in order to maintain the structure of the building. It is estimated that there could be a potential loss of income of £41k during the period of works.

It is requested that delegated authority is given to the Director of Sustainable Communities to spend within the approved budgets.

#### **12. Market Road Conveniences Accessibility £20K 2023/24**

This proposal is for an upgrade to the city centre Market Road facility's radar locking scheme by installing a key-fob-style access system on both the disabled toilet and onto the two 24hr toilets so that they can remain open when the staff have gone home, and installing a CCTV camera to assist with queries and protect staff if they are called out. The existing locking system is very widely used and it is easy to obtain keys to gain entry. Due to the unauthorised access and inappropriate use the facilities are now more often than not closed whilst they are being repaired or cleaned. The public who need these facilities, such as disabled etc., are therefore excluded. This would benefit any access group member and also the taxi drivers who have no facilities in the evenings.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets and to review whether there is any CIL funding which can be used towards the cost of the scheme.

### **13. UK Shared Prosperity Fund (UKSPF) Grant Funded Schemes 3-Year Programme £346k Commencing 2022/23**

The UK Shared Prosperity Fund replaces the European Structural and Investment Programme. It aligns with the Government's levelling up agenda and has the overall objectives of building pride in place and increasing life chances across the country. In July 2022, Cabinet noted the publication of the prospectus for the UK Shared Prosperity Fund, endorsed Chelmsford's developing Investment Plan, approved the approach of seeking endorsement of the Investment Plan from the One Chelmsford Board, and recommended that the Council approve the expenditure of the Prosperity Fund allocation in accordance with the Investment Plan. The UKSPF fund must be used for schemes that will deliver positive outcomes for local residents and businesses. A requirement of the funding is that a proportion must be spent on capital projects and this proposal is to approve the capital expenditure. Currently the proposed capital projects include funding for a social supermarket, funding for Mid Essex Livewell Alliance projects, a contribution to a new innovation centre and gazebos for the High Street.

It is requested that delegated authority is given to the Director of Sustainable Communities to spend within the approved budgets.

### **14. Rural England Prosperity Fund (REPF) Supporting Businesses and Communities £400k 2-Year Programme Commencing 2023/24**

This is potential Government funding for capital schemes to support rural businesses and communities. For businesses, it is to be used for small scale investment in micro or small rural businesses including funding for net zero infrastructure, growing the local social economy and supporting innovation and for developing and promoting the visitor economy.

For rural communities, the grant can be used for investment in capacity buildings and infrastructure support for local civil society and community groups. The creation and improvements of local rural green spaces, funding for existing local cultural, historic and heritage institutions and for local arts, cultural, heritage and creative activities. For funding active travel enhancements in the local area, rural circular economy projects, impactful volunteering and social action projects, to develop social and human capital in local places.

The One Chelmsford Board will oversee the delivery of this fund. Applications will be invited, assessed and scored against the grant scheme criteria. Once complete, the projects will be reviewed to ensure they have met the objectives of the funding.

Delegated authority was approved at Cabinet in November to the Chief Executive who, in consultation with the Leader of the Council and the S151 Officer, would ensure the REPF is approved and subsequently would agree how the grant funding scheme should operate and ensure spending is within the approved budgets.

### **15. Chelmsford Sports and Athletics Centre Gym Improvements £168k 2023/24**

This proposal is for improvements to the gym and fitness offer at the centre by expanding the first-floor gym into the adjacent studio, allowing the ground floor free weights area to be made into a larger ground floor studio. These works will ensure the facilities continue to meet existing and new customer expectations. The proposal will help to achieve an increase in monthly memberships and gym income which is estimated to be an additional £25k per annum. Although the works will be scheduled to minimise any disruption to the service there

will be a loss of income during the period of works estimated to be £7.5k. If this scheme does not proceed the additional proposed income of £25k per annum will not be achieved.

Council Objective to achieve Net Zero Carbon by 2030 - This scheme will include energy efficient lighting.

It is requested that delegated authority is given to the Director of Public Places who, after consultation with the Cabinet Member for Safer and Greener, will agree a scheme and spend within the approved budgets. The Director is also requested to review whether there is any S106 or CIL funding which can be used towards the cost of the scheme.

#### **16. Green Initiatives Fund £6.5m 5-Year Programme Commencing 2024/25**

A Council objective is to achieve Net Zero Carbon by 2030. The approach and strategy for decarbonisation of the Council's activities and operations have been agreed in principle and this budget provision is requested to support the ambition of the Council. The plan includes budgets for decarbonising the vehicle fleet, including the replacement of all fleet vehicles of less than 3.1 tonnes with electric powered alternatives, improving energy efficiency and reducing energy consumption, completing the LED lighting replacement programme and optimising the energy efficiency of ventilation and cooling systems, and decarbonising heating/cooling systems through the use of air-source heat pumps and alike, as new technology emerges.

Delegation to Cabinet to approve the business case.

## **Section 5**

### **The impact of Capital Expenditure on the Revenue Budget**

The Council is required by statute to produce a Capital Strategy each year, which is reported to Council in a separate report but at the same time as the budget. It gives an overview of how capital expenditure, capital financing, and treasury management activity contribute to the provision of local public services. It also provides an overview of how the associated risks are managed and the implications for the future financial sustainability of the Council. The next few paragraphs are a summary of how the capital expenditure links to the revenue budget.

The Council capital programme is shown in **Section 4** (table 8, new schemes) and **Section 10** (Replacement Programme and previously approved schemes). The capital programme is different from revenue budgets in that borrowing and asset sales may be used to fund expenditure.

The Council's financing of its capital programme is always estimated as part of the budget process but only finalised at financial year-end. The actual methods of financing can differ from the estimates depending on resources available and the relative costs of each resource. The S151 Officer will determine the optimal mix of resources at the end of the financial year.

The Council will only undertake capital investment in support of its priorities and where it supports asset maintenance, invest-to-save schemes, or strategic intent (such as the provision of affordable housing or Climate Emergency initiatives). Capital spending plans, whether funded from internal resources or through borrowing, will be affordable, prudent, and sustainable.

The impact on the Council's revenue budget of undertaking capital investment is via:

- Additional running costs, income, or savings resulting from the acquisition of equipment or on completion of a capital project.
- Funding of capital schemes
  - A. Direct Revenue Financing of capital schemes. An expenditure line in the Council's Revenue budget which in effect funds capital expenditure.
  - B. Borrowing costs. Interest and principal repayments (Minimum Revenue Provision (MRP)) are a revenue cost.
  - C. Aborted Schemes. Feasibility or design works on schemes that are aborted are revenue costs. Any such costs funded from capital, capital grants or borrowing will need to be charged to revenue resources. This is a requirement under government accounting practice.

#### **A. Direct Revenue Financing of capital schemes**

The revenue budget for 2023/24 contains no contributions for (direct revenue financing of capital), reflecting the significant financial pressures on the Council's revenue budget. This represents a downward variation in cost of £2.155m compared to last year's budget.

#### **B. Borrowing Costs**

The Council's capital programme does require the use of borrowing, which results in a cost to revenue. The first part of that revenue cost is, for internal borrowing, interest forgone from not investing Council funds or, for external borrowing, paying interest on loans. The second part is a charge to revenue for a Minimum Revenue Provision (MRP). MRP is an instalment to pay down debt.



Below is a forecast of the net financing position of the authority. Previous forecasts tended to have a bias to showing borrowing levels higher than those that actually occurred, which is mostly due to expenditure occurring later than expected. This means that the MRP and costs could be less than those shown.

The MRP charge is made to revenue budgets for capital schemes funded from borrowing the year after the asset is complete. For equipment, a half-year MRP charge is made in the first year of ownership. The use of borrowing means the Council will finance its programme on a sustainable basis but via annual contributions to repay debt.

Table 9

Internal and External Borrowing Combined	2022/23 £ms	2023/24 £ms	2024/25 £ms
New Annual Borrowing (includes finance leases)	17.331	13.245	14.581
Less MRP Repaid	-0.393	-0.834	-1.539
Cumulative	35.837	48.248	61.290

The projected level of external cash borrowing is set out in the Capital, Treasury Management and Investment Strategies. It should be noted that the level of external cash borrowing will be lower than shown in the table above due to internal borrowing, which, for instance, is use of cash arising from having reserves which the Council does intend to spend.

The table below shows how the financing costs must also be placed in the context of income gains from some of the schemes.

Table

10

**Budgeted Net Revenue Costs Changes - financing costs of Capital Programme**

	2022/23 £ms	2023/24 £ms	2024/25 £ms	2025/26 £ms
Estimate Interest Income	-0.70	-1.29	-0.97	-1.10
Estimated Interest Costs	0.01	0.02	0.35	1.00
Estimated MRP Scheme and Leases	0.91	1.28	1.95	2.38
Net revenue cost of financing capital	0.22	0.01	1.33	2.28
Financing costs less				
Acquisition (Town centre premises) financial benefit	0.00	-0.21	-0.21	-0.21
Income gain from new scheme proposals	0.00	-0.03	-0.03	-0.03
Net financing cost after scheme benefits	0.22	-0.23	1.09	2.04
Change Year on Year		-0.45	1.32	0.95

The extent to which we need to borrow externally will need to be reassessed during 2023/24 as projects such as Waterside develop into more rounded business cases. Currently, the costs of the Waterside project are shown impacting on cash and resources but potential gains from the development (revenue and capital) are not yet sufficiently known to be included. Given that the scheme cost is tens of millions, clearly the financial benefits should be significant. The net financing position could change significantly in a favourable way. The projections above assume

a £9m higher cost than the approved budget (as previously reported to October Cabinet), but if the cost comes in on budget, external borrowing would fall by £9m and interest savings would be circa £400,000.

The interest costs have risen significantly in the latter half of last year as the PWLB rate increased from less than 2.8% to 4.5%. The estimates assume a borrowing interest rate of 4.5%.

The impact of inflation on capital projects has been previously identified and reported as a financial problem. There will continue to be a need to reassess the costs and benefits of projects prior to their start. The impact of higher scheme costs will feed through into higher MRP and interest charges on the revenue budget. The inclusion of a scheme in the capital programme does not mean it will take place as affordability is a key consideration. Scheme costs and outcomes must be reviewed before committing to any spend.

When considering the increasing costs of capital financing, it is important to take into account a previous decision. As a result of the difficulty of balancing the budget over the last decade, for reasons such as reduced Government funding and the impact of the pandemic, the Council took the decision in 2021/22 budget to cease making an annual £1.7m revenue contribution to the capital programme (via a Future Asset Replacement Reserve). This contribution was used to fund replacement vehicles, plant, and equipment. Ceasing the contribution released a £1.7m saving to revenue in 2021/22. This decision recognised that future borrowing (internal and external) would be used to fund replacement items and therefore MRP costs would increase over time by at least £1.7m. A significant part of the increased MRP going forward is not a new burden but a gradual reinstatement of known existing replacement programme costs.

The revenue forecast in **Section 6** includes the MRP cost of the proposed Capital Programme.

### C. Aborted Schemes Feasibility or Design Works

The Council can charge feasibility and design works to capital resources only when a scheme results in the creation of an asset. Should a scheme not continue to completion, any costs charged to capital would be required under Government accounting practice to be charged to revenue. The risk of costs falling on revenue increases when the Council undertakes schemes with partners or where the scheme is only viable due to external funding. In these circumstances, the Council may find it cannot continue with a scheme for reasons beyond its control. Given the significant size of the capital programme, this risk can be managed by maintaining an earmarked reserve to alleviate the consequences, which is detailed in **Section 6**.

## **Section 6**

### **Balanced Revenue Budget 2023/24, Forecast & Reserves**

#### **Balanced Revenue Budget 2023/24**

The budget has been balanced using a mix of cost savings, income generation, higher fees and charges, increased use of reserves, and a Council tax increase.

The draft budget assumes a Council tax increase of £6.22 (£436k of extra income). After allowing for the increase in the number of properties in Chelmsford (tax-base increase), this results in a total additional Council Tax income of £570k. However, the deficit on the 'collection fund' for prior years Council Tax of £193k is funded from reserves, in line with normal practice. Further details on Council Tax can be found in **Section 8**.

Reserves: The £1,652k in the table is an increase in the use of reserves compared to 2022/23. The planned use of reserves is discussed later in this section. It is important to assess the prudence of that reserve use in the context of the forecast of future years' budgets, the overall level of reserves, and the risks identified in Section 7; taking into account the S151 officer's commentary on the budget.

#### **Revenue Budget Forecast**

A forecast of capital expenditure and resources is contained in the Capital Strategy, in line with statutory requirements. The Budget should be considered along with a 5-year forecast (including Reserves and Council tax) when decisions are made regarding what is affordable and sustainable. The revenue forecast is shown below.

<b>Table 11 Revenue Budget Forecast</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
<b>Variations Year On Year</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Pay Inflation at 3%	1,080	1,112	1,145	1,179
Business Rates (including revaluation)	200	60	60	60
Other inflation	130	-197	105	108
Reserve no longer supporting fuel inflation		300		
Income Inflation @2% per year	-492	-502	-512	-522
Homelessness	248	336	334	334
City Growth provision	177	177	191	170
Growth provision	300	300	300	300
Other	124	127	33	88
Net Capital Financing costs	1,320	950	300	300
Elections	-302	0	0	302
Reduced use of reserve election	302	0	0	-302
Rental Income voids (commercial lets)	339	-420	-389	0
Rental income -use/+reduced of reserve	-339	339	0	0
Energy costs reduced use of reserves	768	768	0	0
VAT Leisure case resolved income		-760		
Reduced use of reserve VAT		760		
Council tax income	-633	-659	-683	-710
Government Funding	0	0	0	0
Less use of Reserves (other)	245	0	0	0
<b>Year on Year Shortfall</b>	<b>3,467</b>	<b>2,691</b>	<b>884</b>	<b>1,307</b>
<b>Cumulative Shortfalls</b>		<b>6,158</b>	<b>7,042</b>	<b>8,349</b>

The budget gaps are significant and in summary can be said to arise from:

- Cost inflation is forecast to run at higher levels than the Council's income increases. The income rise assumptions are lower due to the expectation that there is limited ability and appetite for increases above 2% in fees and charges.
- Frozen government funding.
- Energy prices do not decline from 2023/24 rates and use of reserves to fund energy costs is withdrawn over 2024/25 (£768k) and in 2025/26
- Vehicle fuel prices fall in 2024/25 back to 2020/21 levels
- Provision for growth in the demand for services such as refuse, parks and street cleaning (£177k), and housing services (£248k), plus annual allowance of £300k for service improvements.
- Assumed tax base growth is 800 properties per year which would generate £177k in additional income in 2024-25, insufficient to pay for increased services demands. Council tax is forecast to increase by 3% per year.
- Higher capital financing costs appear to be the largest single cause. However, as discussed elsewhere in this report (**section 5**), much of this cost could be said to be from re-instatement of the Asset Replacement Costs (£1.7m per year). Additionally, higher interest rates also play a large part.

It has been clearly evidenced by world events over the last few years that the forecasts are fallible and that financial strategy must manage the unexpected. The most likely changes to the forecast relate to inflation (energy, pay and fuel) and interest rate assumptions, all of which could be beneficial or adverse in impact. **Section 7** identifies the view of the S151 officer regarding the approach needed to manage these shortfalls. It should also be noted that if the Council is unsuccessful with HMRC on the VAT Leisure case, the budget gap will increase by a further £760k.

A potential positive factor which the Council has no control over is the level of Government funding. Though currently the Government seems to imply it will not provide additional funding, it would seem reasonable that the Government cannot freeze support in a high-inflation environment. Some of the Extended Producer Responsibilities Grant could also be retained by the City Council. This may provide some £0.4m to £1.4m of additional income in 2024/25. However, this is far from certain.

#### Reserves in 2023/24

The Reserves are intended to be used in the following circumstances:

- Ø To fund planned one-off expenditure/loss of income
- Ø The need to protect against unbudgeted risks, for example:
  - Business Rate retention timing difference or reduced business rate income
  - Temporary falls in income
  - Homelessness and other demand-led costs

There are a number of positive and negative factors that could influence the level of reserves and these are discussed in **Section 7**. The Council should target a level of approximately £9m of unearmarked reserves, whilst recognising that the level of balances will fluctuate over time as it adjusts to short-term pressures in the revenue budget. **Section 7** identifies the issues that the S151 Officer considers when setting the target.

One factor of particular note: if the Council was successful in its litigation with HMRC concerning the VAT liability of leisure charges. This should in practice be worth £760k in the 2023/24 budget. However, the Council is still in dialogue with HMRC about this. It is unclear when this is likely to be resolved but a reasonable expectation is in the next 18 months. Use

of reserves is proposed to avoid further service cuts as there is a high potential of the Council retaining this VAT. The reserves projections reflect two years of drawdown and an expectation of recovering this funding from HMRC. The projections do not include the potential £4m back claim that is also being sought. This reflects a balanced approach to the risks.

The Reserve levels have been updated and are discussed below.

Table 12

Variation in Reserve -use/+contribution between 2022/23 original budget and 2023/24 proposed budget. (This table differs from the forecast reserves table later in the report in that the 2022/23 figures shown below are original budget, the forecast table reflects the latest projection for 2022/23.)

Budget 2022/23	2023-24	Variation Reserve name
-50	0	50 Carry Forward & Supplementary reserve
0	50	50 Property sinking fund
	-760	-760 VAT saving (take from reserves)
-207	-200	7 Local Plan
	0	0 Master Plan Reserve
	-1,535	-1,535 Utility reserve
-100	-50	50 Insurance Reserve reduced use
	-304	-304 Fuel Reserve
	-35	-35 Cultural reserve use - grant
-1449	-624	825 Unearmarked Reserve Use
<b>-1,806</b>	<b>-3,458</b>	<b>-1,652 Subtotal</b>
-1767	2,304	4,071 Business Rates Reserve
867	-534	-1,401 Pension Ongoing contribution is nil
<b>-2,706</b>	<b>-1,688</b>	<b>1,018</b>

The table does not include transfer between reserves. These are noted below, with explanations of the use of reserves in 2023/24.

Table 13

Transfer +to/-from reserve £m	Reserve Name
<u>Contribution from Revenue:</u>	
£0.05m	Establish a reserve to support management of properties let on commercial terms. The Reserve will establish a fund to contribute towards refurbishment and reletting costs. The contribution is effectively setting aside some of the additional income generated from rents.
<u>Transfer from General Fund and Contingency to Earmarked Reserves</u>	
£0.2m	To earmark funding for supplementary estimates in 2023/24. This is intended to provide greater clarity over the level of any surplus unearmarked reserves.
£0.388m	To Local Development Framework. To fund local plan expenditure. Over a forecast 5-year period.
£0.604m	Funding for higher vehicle fuel prices (assumed to temporary for 2 years).

£1.52m	VAT Leisure case. The prospect of winning the case is deemed to be high (based on legal advice). To avoid making cuts that may not be necessary, the equivalent of 2 years of the potential gain has been set aside in this reserve. The reserve will be drawn down until the case is resolved. The forecast assumes recovery of the £1.52m but the actual potential gain could be back dated and worth circa £4m.
£2.303m	Utility Costs. The report contains details on the wider issue. Funding of 18 months' projected additional costs is transferred into this reserve and drawn down.
<u>Transfer from Earmarked Reserves to General Fund (unearmarked reserve)</u>	
£0.069m	Growth fund. The funding has been transferred into the Unearmarked reserves.
£0.065m	Transfer from the Master Plan Income Reserve to General Fund.
£0.655m	Transfer from the Pension Reserve surplus due to lower pension deficit on tri-annual pension fund valuation.
<u>Use of Reserves to Support expenditure</u>	
£0.035m	Cultural Support Fund.
£0.2m	Local Development framework.
£0.76m	VAT leisure case use of reserve on assumption the Council will win final stage of the case.
£0.534m	The Council makes on a 3-year cycle a payment to the pension fund to cover past deficits. This is that payment.
£0.05m	Anticipated use of Insurance reserve to cover uninsured losses. Annual provision is now being made to cover insurance claims. The use of reserve is planned to decline to zero by 2024/25. This will make the Council's finances more sustainable.
£0.6m	Use of reserves to fund loss of rental income (temporary void period) £0.13m, £0.19m Council Tax deficit and £0.3m Elections.
£1.839m	Use of Reserves for cost increases including £1.535m Utility costs and £0.304m for vehicle fuel.

A forecast of the reserves for 2023/24 and future years is shown in **Table 13** at the end of this section. It also identifies the purpose of each reserve and any delegation for their use.

The forecast includes the use of Unearmarked reserves of £670k (2024/25) to fund loss of rent income (assumed temporary void periods for commercially let properties), £200k per year for supplementary estimate funding, and a one-off £1520k of transfer into reserves on the assumption that the VAT Leisure case is successfully concluded.

Usable Reserves Projections																			
	2022/23 Projected				2023/24 Budget				2024/25 (Forecast)				2025/26 (Forecast)				2026/27 (Forecast)		
	Provisional Opening Balance	Budgeted net (use of) / contribution to reserves	Transfers	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Transfers	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Transfers	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	
Earmarked	£000s	£000s		£000s	£000s		Transfers	£000s	£000s	£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s	
Cultural Support 'Fund'	132	-43		89	89	-35		54	54		54	54			54	54		54	
Chelmsford development	2,156	-2,156		0	0			0	0		0	0			0	0		0	
Infrastructure Provision	1,259			1,259	1,259			1,259	1,259		1,259	1,259			1,259	1,259		1,259	
Growth fund	69			69	69		-69	0	0		0	0			0	0		0	
Insurance	910	-100		810	810	-50		760	760		760	760			760	760		760	
Local Development Framework	819	-207		612	612	-200	388	800	800	-200	600	600	-200		400	400	-200	200	
Pension deficiency	1,833	867		2,700	2,700	-534	-655	1,511	1,511		1,511	1,511			1,511	1,511	-545	966	
Park and Ride	176			176	176			176	176		176	176			176	176		176	
Hylands House Reserve	3			3	3			3	3		3	3			3	3		3	
Housing Initiatives	150			150	150			150	150		150	150			150	150		150	
DPO Reserve	79			79	79			79	79		79	79			79	79		79	
Project Evaluation Resrve	348	-6		342	342			342	342		342	342			342	342		342	
Carry forwards & Supplementary estimate Reserve	286	-280		6	6		200	206	206		206	206			206	206		206	
Master Plan Income	65			65	65		-65	0	0		0	0			0	0		0	
New: Vehicle Fuel Reserve				0	0	-304	604	300	300	-300	0	0			0	0		0	
New VAT Leisure Case Reserve				0	0	-760	1,520	760	760	-760	0	0	1,520	-1,520	0	0		0	
New:Sinking Fund for let property				0	0	50		50	50	50	100	100	50		150	150	50	200	
New :Utility Costs Reserves				0	0	-1,535	2,303	768	768	-768	0	0			0			0	
Total Earmarked Reserves	8,285	-1,925	0	6,360	6,360	-3,368	4,226	7,218	7,218	-1,978	5,240	5,240	1,370	-1,520	5,090	5,090	-695	4,395	
Unearmarked																			
General Fund & Contingency	15,137	-1,757		13,380	13,380	-624	-4,226	8,531	8,531	-670	7,861	7,861	-200	1,520	9,181	9,181	-200	8,981	
	15,137	-1,757	0	13,380	13,380	-624	-4,226	8,531	8,531	-670	7,861	7,861	-200	1,520	9,181	9,181	-200	8,981	
Total other reserves	23,422	-3,682	0	19,740	19,740	-3,992	0	15,748	15,748	-2,648	13,101	13,101	1,170	0	14,271	14,271	-895	13,376	
Not Available to Support Spend, until financial year end when the actual position is determined.																			
Business Retention reserve	4,635	-4,299		336	336	2,304		2,640	2,640		2,640	2,640			2,640	2,640		2,640	

The Reserves projection for 2027/28 is Unearmarked reserves to decline to circa £8.5m due to the use of reserve to fund the local elections in that year.

Reserves - Purpose and Delegation																		
	Purpose																	
Cultural Support 'Fund'	To contribute to Cultural Services costs																	
Chelmsford development	To support the ongoing development of the Chelmsford City area.																	
Infrastructure Provision	To manage the risk of Capital costs becoming chargeable to revenue																	
Growth fund	Funding Held for Strategic Planning issues																	
Insurance	To meet losses and policy excesses where more appropriate to insure internally than externally.																	
Local Development Framework	To meet expenditure on the LDF																	
Pension deficiency	To support the financing of the deficiency payments on the pension fund. To fund one off staff costs e.g. flexible retirements, redundancy.																	
Park and Ride	Contingency to smooth management contract costs of Park and Ride																	
Hylands House Reserve	To contribute to Hylands House and Estate costs																	
Housing Initiatives	To establish funding to undertake initial stages of projects that may not be capital costs.																	
DPO Reserve	The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process																	
Project Evaluation Resrve	The capital programme includes scheme which require further feasibility and business work, so this reserve enables production of robust business plans																	
Carry forwards & Supplementary estimate Reserve	These are working balances arising from the carry forward policy, set out in financial regulations. Also to fund a normal level of supplementary estimates in 2022/23.																	
Master Plan Income	Carry Forward one off income from sites where the developer has paid for additional support from Council planners. The reserve is used to fund any additional costs of the planning																	
New: Vehicle Fuel Reserve	To used as part of the budget process to alleviate the temporary increase in vehicle fuel																	
New VAT Leisure Case Reserve	To support the budget, whilst a successful outcome is sought with HMRC																	
New:Sinking Fund for let property	Provide resilience due to the volatility of properties that generate rent income																	
General Fund	These are uncommitted working balances to meet the unforeseen needs of the Council.																	
Business Retention reserve	To meet timing issues arising from Business Rate Retention																	



## Section 7 Risks & Robust Budget

### Statement from the Chief Financial Officer under s25 of the Local Government Act 2003

#### Introduction

The Chief Financial Officer (S151 Officer) is required to make an annual statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under the Local Government Act 2003 (Section 25) and must be made at the time the budget is considered and the council tax is set. The Act requires the Council to have regard to the report in making its decisions at its budget and council tax setting meetings.

In expressing this opinion, I have considered the financial management arrangements of the Council, the overall financial and economic environment, the financial risk facing the Council, the budget assumptions, the level of reserves, and the Council's overall financial standing.

#### Financial Management Arrangements

**Budget Monitoring:** The Council has established and continually updates its strong system of budget monitoring and financial control, with regular reporting both at Executive and Scrutiny level via the Audit & Risk Committee (year-end review), Overview and Scrutiny Panel (mid-year review), and Cabinet. Post Covid lockdown conditions and high inflation make budget monitoring and setting challenging. When budget variances have been recognised in either capital or revenue monitoring, management actions have been identified. The monitoring process has highlighted areas (such as car parking income and capital schemes) where budgets have needed adjusting and appropriate formal reports have been made.

The Council continues to meet best practice requirements to produce a suite of financial management reporting, including the budget report, Medium-Term Financial Strategy (MTFS), Treasury Management and Investment Strategies, and Capital Strategy, which form the framework for financial decision-making. In addition, the Council has due regard to both statutory and non-statutory guidance including the Prudential Code for Capital Finance in Local Authorities and related DLUHC Investment Guidance.

**Budget Setting:** The budget has been prepared within the terms of the Medium-Term Financial Strategy and in consideration of the key financial risks identified. The process of setting the budget for 2023/24 has been the subject of the following report:

- Medium Term Financial Strategy July 2022
- Budget Update October 2022
- Budget Update and Fees and Charges Review December 2022

The last two reports are not normally produced and reflect the financial stress the Council is suffering (arising from inflation and post covid economic changes).

The S151 statement about the robustness of estimates gives Members reasonable assurance that the budget has been based on the best information and assumptions available at the time. However, events such as the Covid Pandemic and world events show that it is not possible to identify every risk. The changes in circumstances once the estimates are set can only be mitigated by an appropriate level of reserves/contingency to cover risk.

**Independent Review of Financial Management:** Under National Audit Office (NAO) Code of Practice regulations, external auditors are also required to make a Value for Money assessment to consider that local authorities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The assessment has to be published 3 months post audit completion. The Council's auditors (BDO) have not completed their audit of the accounts for 2020/21 nor 2021/22. The delays are due to the auditor, who has publicly confirmed this at Audit and Risk Committee. The delays at Chelmsford are part of a national problem. The lack of Value for Money Assessment is therefore a weakness in the Council's financial arrangements, which the auditors are committed to address. However, they have not raised any concerns about value for money based on the work they have completed to date. The Section 151 officer believes it will be several years before external auditors catch up with the national backlog.

The lateness of external audit reports also means the budget is being set without external validation of the reserve balances. The Section 151 officer does sign off the accounts with confidence that financial reporting (including reserves) is correct, but it is of great importance that timely external scrutiny of the accounts takes place.

The scrutiny of financial management is also undertaken by Internal Audit, Audit and Risk Committee, the Performance review work of the Overview and Scrutiny Committee, the Treasury Management and Investment Sub-committee, and the Risk Management process.

**Statement by S151 on the robustness of estimates:** I consider the financial management arrangements of the Council to be sufficiently robust to maintain adequate and effective control of the budget for 2023/24.

The S151 officer would ask members to note that robustness must be seen in the context of the risks identified below.

### **Financial Risks**

The financial forecasts and strategy are reported every July in the Medium-Term Financial Strategy (MTFS) to Cabinet and Council. This budget report updates the financial forecast for the next 5 years in **Section 6**. It is not a comprehensive reworking. The purpose of the forecast is to enable members to assess the ongoing sustainability of budget decisions. The forecast should be considered in conjunction with the comments included in this section from the S151 officer.

**Efficiency and Savings:** It is always possible to find some areas where a cost saving can be made. However, annually finding large efficiency savings has been the practice for over a decade and that cannot continue indefinitely. The Council will find meeting budget shortfalls increasingly challenging.

**VAT Leisure: as stated previously in the report:** the Council was successful in its litigation with HMRC concerning the VAT liability of leisure charges. This should in practice be worth £760k in the 2023/24 budget. However, the Council is still in dialogue with HMRC. It is unclear when this is likely to be resolved but a reasonable expectation is in the next 18 months. Use of reserves is proposed to avoid further service cuts when there is a high potential of the Council retaining this VAT. The reserves reflect two years of draw down and an expectation of recovering this funding from HMRC. There is a risk that if the case is not resolved in the Council's favour, an additional £760k of ongoing savings will need to be found and unearmarked reserves will be £1.5m lower

than forecast. The projections do not include the potential £4m back claim that is also being sought.

**Capital Programme:** The Council has an ambitious agenda that requires capital investment. This generates a number of risks:

- With high inflation and supply chain problems, scheme costs are at risk of rising significantly above budgeted levels.
- Like most Councils, the City funds some capital expenditure from internal or external borrowing. The Revenue budget is charged MRP on this borrowing, so higher capital scheme costs result in higher MRP charges.
- Rising interest rates also cause the revenue cost of schemes to rise.
- Financial business cases are drawn up for most schemes before approval into the programme. The largest exception to this is the Waterside re-development. The costs of financing Waterside are included within the budget. This mostly lost investment interest on CIL funds and the budgets also allow for a potential additional £9m above budget spend. Given the size of the Waterside project, the S151 officer believes that the costs of financing the capital programme as reported in this budget may fall in net terms on completion of the scheme when financial benefits are realised. However, without a firm business plan, it is prudent to reflect the large costs of the project in the budgets and forecasts.

As part of the July MTFS, the S151 recommends that officers undertake a detailed review of all schemes and replacement items to determine if prevailing inflation and contingent risks are sufficiently built into capital schemes. If higher inflation looks like it will persist across future years, it may be necessary to apply annually a standard rate of inflation to capital budgets.

### **Economic Structural changes post pandemic**

During 2020/21 and 2021/22, much of the financial focus had been on the effect of the coronavirus pandemic on the Council's income streams, with parking, commercial rents, leisure, and other income streams being badly hit. The 2022/23 budget assumed partial and then full recovery in 2023/24 in all areas except for car parking. However, insufficient time had elapsed since the pandemic lockdowns to have had a full year of data on customer behaviour post pandemic, which created a risk of under or over estimating income.

The budget for 2023/24 has a lower amount of income for car parking than in 2022/23, reflecting that the income has not recovered as much as estimated. The level of income projected for 2023/24 is now based on actual income received during 2021/22 and 2022/23 and therefore is more robust than the 2022/23 budget. This reduces the level of risk in the budget for what is still a major income source for the Council (£6.1m for 2023/24).

Car parking activity is likely to be affected by the developments taking place on the former Riverside site, Baddow Road, and also following reviews of the City Centre car parks. Given the spare capacity (reflected as lower income) in the Council's car parks it is now assumed that the redevelopments are unlikely to impact on income levels materially as customers have alternative car parking options.

The Council owns a number of office units which it lets out at commercial rates. The Council is exposed to the risk that letting these premises becomes more difficult due to the trend towards working from home. Table 14 below shows the total income and anticipated vacancies as leases end and new tenants must be found. The temporary losses of income are planned to be met from

unearmarked reserves. There is potential for longer vacant periods or income levels not returning to initial values.

Table 14

Property	Full Year Income Expected	Void Losses (in year reflecting part year void)		
		23/24	24/25	25/26
Aquila House	-£400,000	£350,000	£0	£0
1 Springfield Lyons	-£727,300	£0	£500,000	£250,000
<b>Total</b>	<b>-£1,127,300</b>	<b>£350,000</b>	<b>£500,000</b>	<b>£250,000</b>

### Inflation and adverse economic conditions

**Inflation:** The level of inflation is forecast to start to decline during 2023/24. That does not mean prices will fall, but simply the rate of price increases will be lower. The report identifies in Section 3 details of how the budget allows for cost increases. The most significant inflation risks are Energy and Pay.

**Energy:** During the autumn of 2022, energy price forecasts provided to the Council implied a budgetary increase of £2.5m would be needed. During December, fortunately the pressures abated significantly and data from the Council's energy suppliers implies £1.5m additional funding should be sufficient. Wholesale prices since Christmas (up to the beginning of January) have continued to fall and gas prices have been reported to be below pre-Ukraine war levels. The Government has recently announced that it will continue with an energy support scheme for businesses and public bodies but with a lower level of support. There was insufficient time between the Government announcement and the report publication deadline to identify if there would be any financial benefit to the Council. The risks for energy costs therefore are both on the upside and downside. The use of reserves will be necessary to manage this risk.

**Pay:** Even with a 4% growth in planned staffing costs, there remains a significant risk that pay costs could be higher.

**Other inflation costs:** Services budgets have been increased when there were specific inflationary cost increases, e.g., vehicle fuel, postages, mechanical sweeper brushes etc. But as there have been no general increases in budgets for inflation, so there is a risk that service budgets will be insufficient as costs continue to rise.

**Revenue budget growth:** The forecast in Section 6 includes provision for £0.3m of annual revenue growth. This also needs to fund the revenue financing costs of any new capital scheme proposals. In year cost growth is approved as a Supplementary estimate and cabinet reports, the budget for 2023/24 and reserve forecast reflects £200k per year for supplementary estimates.

**Housing Service costs:** This remains a long-term financial risk. The financial impact is felt by the Council through increasing demand for Temporary Accommodation. The supply and unit cost of Temporary accommodation is proving challenging. Adverse cost variations could be measured in the hundreds of thousands of pounds a year.

Cost of living crisis and impact on demand: The level of demand for Council services where charges are levied can be reduced as people have less income in real terms. The budgets have been set assuming a level of demand consistent with current budget monitoring in 2022/23 but members should note the impact of a 1% or 5% drop in gross income as shown below:

Table 15

Service	Proposed budget £000s	1% reduction £000s	5% reduction £000s
Leisure	£7,702	£77	£385
Car parking	£6,098	£61	£305
Theatres	£1,921	£19	£96
Planning	£1,785	£18	£90
Cemetery & crematorium	£2,677	£27	£134
<b>Total</b>	<b>£20,183</b>	<b>£202</b>	<b>£1,010</b>

It is possible if demand drops dramatically that cost reductions can be achieved but often such cost reductions should take place only when balanced against ability to re-provide the service back at the higher level as the economy recovers.

Fees and Charges Increases: The principles of supply and demand have to be considered when the Council increases the prices it charges for its services. Normal budgetary practice has been an inflationary increase of 2% in Council charge. This practice has always been deviated from when there is a case for higher or lower charges. For 2022/23, the average planned increase in the budget was just over 3%, and for 2023/24, 4%. These are below the prevailing rates of inflation in the wider economy.

The case for higher charges always has to be weighed; customer affordability against the benefits to the residents of maintaining service provision funded from increasing charges. There is a risk that price increases can be counter-productive in reducing demand and overall income. There will never be sufficient information to prove categorically in advance the impact of increases; it will be a matter of judgement based on experience. The December Council approved increases in charges above the 4% planning target based on officers' judgement.

**Government funding:** the Government has provided an increase in cash funding of £0.39m for 2023/24, which is better than expected in the Council's financial planning. However, that cash still represents a real terms reduction in funding. The Government has provided some certainty that current funding formulas are likely to apply to 2024/25. The budget for 2023/24 therefore differs to 2022/23 by building in New Home Bonus (NHB) as an ongoing funding stream (within an overall Core spending power calculation). Further loss of NHB in 2024/25 should, in theory, be offset by grant increases to at least maintain Core spending power. The risk remains that Government funding is cut in future but, based on the evidence currently available, that risk is only material for the years after 2024/25.

**Extended Producer Responsibilities (EPR).** These are proposals included in the Government's waste and resources strategy which applies the 'polluter pays' principle to ensure that producers are required to pay for the full costs of disposal of packaging that they place in the market - the

part that is relevant to the City Council is that costs of the household kerbside recycling collections should be met through the EPR, rather than being a direct burden to the Council. The extended producer responsibilities are now also embodied in the provisions of the Environment Act 2021. Given the high standards of collection processes in Chelmsford, it was felt that the additional funding to be received in 2024/25 would be of benefit to the overall Council budget. However, the 2023/24 local government settlement makes clear that the Government is now seeing the EPR funding as part of the overall funding picture, not additionality. There is a significant upside risk that the Government could allow the Council to retain some of this funding. Officers believe on the limited data available that the grant could have been circa an additional net £1m per year.

**Business rate retention:** the Council retains a share of the growth in the local Business Rate income. The Council's ongoing budget is supported by £500k per annum from the scheme. The 2022/23 revenue monitoring has identified that some £2.0m of additional income may arise from business rate retention. This income has been allowed for in projections of the 2022/23 financial outturn and thereby in the level of reserves shown in this report. However, the complex nature of the scheme means that there is a risk that the income does not get accounted for in 2022/23 but instead in 2023/24, and of course there is a risk that the level of estimated income changes. The position will only be finalised at the end of January as required by the statutory accounting arrangements. The report therefore contains a delegation for the S151 officer to amend the report after January Cabinet.

Based on the factors above, I consider that these budget proposals take due regard to risk, including the financial and economic environment, and that the assumptions within the budget are reasonable and the estimates used are robust.

The decisions about the level of reserves also needs to take into account the financial forecasts identified in this report, as the reserves are key in managing the risks beyond 2023/24.

#### **Level of Reserves and Overall Financial Standing**

Last year this report noted that nationally there was an increasing number of Councils issuing Section 114 notices. An S114 notice stops all non-essential spending and provides for a 21-day period for the Council to consider the report and what action it may take as a result. A significant number of Councils during the Autumn of 2022 stated publicly that their financial position was approaching the point where the S114 notices were becoming quite possible. Demand and inflationary pressures were becoming unmanageable. It is unlikely, given the settlement is effectively only for one year, that underlying financial issues facing local government nationally have been resolved. The Council's own financial position remains very challenging, with a large-planned use of reserves in 2023/24 and significant budget shortfalls forecast for the years beyond 2023/24.

The S151 officer of the Council declares if a Section 114 notice is necessary. The City Council does not have a foreseeable need for a Section 114 notice.

The S151 officer's view of 2023/24 reserve use is:

- Projections of the level of reserves show that they remain close to the target set
- The cost increases facing the Council are significant and their impact should be spread over a number of years by using reserves. This will enable the most effective resolution to be found

- The most significant cost increases relate to energy price rises. It is possible that prices may remain elevated over the longer term, but they may fall from current levels. It is not necessary to cut services whilst sufficient reserves are in place.
- Government policy is that local authorities should be using reserves to manage the financial challenges in 2023/24. This in reality is a matter that should be determined locally by members after careful consideration.
- The use of reserves in the financial forecast must show their material use will cease
- The level of reserves must also be determined by looking beyond a single year. It should also be recognised there is much less ability going forward to boost the level of reserves, so their use must be carefully managed.

Determining the appropriate levels of reserves is a professional judgement based on local circumstances including the overall budget size, risks, robustness of budget preparation, corporate plans, budget assumptions, earmarked reserves and provisions, and the Council's track record in budget management. The Budget Strategy, approved by Council in December 2020, contained a recommendation to increase the target level of unearmarked reserves to £9m, this was in response to the pandemic. It was a significant monetary increase from £7m to £9m and it provided additional capacity to cope with variations in the estimates.

Without world events, it may have been possible to lower the targeted level of unearmarked reserves back to perhaps its pre-pandemic level. However, given high inflation, the S151 officer recommends £9m is an adequate target level of unearmarked reserves for 2023/24.

In **Section 6, Table 8**, the projected use, and levels of Reserves to the period 2026/27 are shown. There is a decline in the level of unearmarked reserves, so the forecast falls to below the £9m target. The difference is not sufficient to be a problem in the short term. Another mitigating factor is a number of new unearmarked reserves have been created to manage the financial risks associated with inflation, so there will be less pressure on unearmarked reserves.

The Council holds a number of earmarked reserves to provide for future expenditure such as pension deficit payments, to guard against specific risk such as the reserve to support revenue costs of abortive capital projects, and to hold uncertain income until it is fully realised (Business Rates Retention income). Further detail on these reserves is contained in **Section 6** of the report.

Based on the above factors, I consider the level of reserves presented in the budget estimates to be adequate to support the on-going financial sustainability of the Council.

### **Conclusions**

The budget shortfalls shown in the financial forecasts are more problematic than those in the past as:

- Annually finding large efficiency savings which has been the practice for over decade cannot continue indefinitely.
- Reliance on income generation brings over the longer term the increased commercial risks, such as can income be maintained.
- Government funding changes have continually been deferred which continues uncertainty and hampers effective long-term planning. Lower tier district Councils have received relatively lower funding than upper tier authorities. It is reasonable to assume that the City Council cannot rely on any material increases in support from Government to resolve the longer-term issues it faces.

These issues are faced by all lower tier English local authorities.

The Council has always maintained robust financial management which has been achieved by Members, the Chief Executive and Directors practicing strong financial discipline including recognising the financial restrictions on the Council.

Taking all of the above into account, as the Council's Chief Financial Officer, I am satisfied that the budget proposals set out in this report are robust and sustainable and that the level of reserves is adequate to address the financial risk facing the Council.

Phil Reeves - S151 Officer/Chief Financial Officer



## Section 8

### Council Tax & Business Rates

The Council's budget is heavily dependent on Council tax income. Not only is the amount significant (£15m) but it also provides a stable income. The Council has only limited discretion to increase Council Tax, as the Government annually set a threshold which, if exceeded, requires a local referendum.

The Council also benefits from business rates, historically keeping some 4% of the total business rates raised locally. This share is determined as part of the Government's formula funding assessment. Additionally, through the Business Rates Retention Scheme, the Council receives one-off rewards for growth in the total local business rate income. The Council has no ability to increase local business rates but does have some limited ability to offer local reductions in business rates, but at the Council's cost.

This section identifies the issues arising from Business Rates and Council Tax when setting the Council's Budget for 2023/24.

#### Council Tax Referendums

The Government has announced that Council Tax increases of the greater of either 3% or £5 for District authorities will not be subject to a local referendum. The budget includes proposals to increase a band D Council Tax by £6.22 per year, which is within this limit.

#### Council Tax, Parish Grant & Special Expenses Proposal 2023/24

The Council levies Council Tax by identifying a Precept (net Council expenditure after government grants); a charge is then calculated for each residential property. The average of these charges is expressed as a "Band D Average". The average is estimated by dividing the precept by the tax base (the number of Band D equivalent properties in the City Council area). The tax base for 2023/24 is 70,762.89.

A summary of the known Council Tax charges from each of the precepting authorities (an average is shown for Parishes) is shown in **Table 10**.

	2022/23	2023/24	Increase	
	£	£	£	%
Chelmsford City Council (average)	208.86	215.08	6.22	2.98%
Essex County Council	1,401.12	1450.17	49.05	3.50%
Police Fire & Crime Commissioner for Essex	218.52	233.46	14.94	6.84%
Essex PFCC Fire and Rescue Authority	75.33	80.28	4.95	6.57%
	1,903.83	1,978.99	75.16	3.95%
Parish and Town Councils (average)	41.93	45.85	3.92	9.35%
<b>Table 16</b>	<b>TOTAL</b>	<b>1,945.76</b>	<b>2,024.84</b>	<b>79.08</b>

The creation of 2 new parishes on the 1<sup>st</sup> April 2023 means that Officers under delegation have calculated the first-year precepts based on existing parish council spend and after consultation with shadow councils. The table below identifies the results of the consultation. These precepts are included in the resolution to Full Council.

Description	Amount	
	Chelmer Village	Chelmsford Garden
<b>Proposed by Officers</b>	£185,757	£126,291
<b>Proposed by Shadow Council after Consultation</b>		
Outdoor Gym Inspection & Maintenance	£1,000	
Table Tennis Table Inspection & Maintenance	£500	
Beaulieu Community Centre		£30,000
Community Special Constables/Policing		£12,000
Community Grants		£5,000
Special Events		£1,000
Emergency Reserve		£20,000
<b>Total Proposed Precept 2023/24</b>	<b>£187,257</b>	<b>£194,291</b>

A Council Tax resolution has been drafted for Council upon approval of the precepts and is within Item 8 of the agenda.

Collection fund surplus/deficit: As part of the formal budget-setting process, the Council is required to estimate each year the surpluses or deficits arising from Council Tax and Business Rates collection.

#### **Council Tax Surplus or Deficit**

The Collection Fund records the amount of income collected from Council Tax and the Local Council Tax Support scheme costs, together with precept payments to principal authorities. These elements will generate a surplus or a deficit which should be taken into account when determining the Council Tax for the following year. Chelmsford City Council's share of the Council Tax deficit for 2023/24 is £193k.

#### **Business Rate Surplus or Deficit**

To meet the legal requirements when setting the budget for 2023/24, the Council is required to declare by the 31st January 2023 a Business Rate Retention Surplus or Deficit, after submitting a return (NDR1) to Government. The Business Rate Retention figures contained in this report reflect the NDR1 position (Cabinet January 2023 included only provisional figures). The impact of the revaluation on business properties and lower appeals may have increased the amount of business rates the Council can retain in future, however, the Government will during 2023/24 review tariff payments (the share the Government takes). The Budget therefore retains the same assumptions as reported to Cabinet, that is some £500k of business rate retention is used to support the budget in 2023/24. A review of business rate retention income will be undertaken by officers in 2023/24 once the tariff amounts are finalised by Government. The Business rate Timing reserve will hold the balances from the scheme until officers have finalised their review of the ongoing income. The statutory declaration is

<b>The estimated Business Rate retention position for 2023/24 is made up of</b>	<b>£000s</b>
Surplus relating to prior years	-746
Section 31 grants, which are included elsewhere in the revenue budget	1235
2022/23 Income above Baseline Business Rate Income	-3,093
Business Rate Pool Income	-200
<b>Total</b>	<b>-2,804</b>

CHARGES TO PARISH TIER COUNCIL AREAS									Table 17							
2022/23									2023/24							
<-- PARISH PRECEPTS -->				<----- BAND D EQUIVALENTS ----->					<-- PARISH PRECEPTS -->				<----- BAND D EQUIVALENTS ----->			
PARISH TIER COUNCIL	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes
	(1)	(2)	(3)		(5)		(4)	(6)	(1)	(2)	(3)		(5)		(4)	(6)
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Boreham	90,900	-18	90,882	183.69	5.85	189.54	63.09	252.63	95,445	-6	95,439	186.66	5.58	192.24	66.69	258.93
Broomfield	159,360	84	159,444	183.69	22.41	206.10	57.15	263.25	201,583	-44	201,539	186.66	26.73	213.39	94.68	308.07
Chelmer									187,257	152	187,409	186.66	38.97	225.63	54.81	280.44
Chelmsford Garden									194,291	47	194,338	186.66	22.86	209.52	58.77	268.29
Chignal	8,001	0	8,001	183.69	29.70	213.39	24.12	237.51	8,100	4	8,104	186.66	34.56	221.22	25.56	246.78
Danbury	331,618	-12	331,606	183.69	3.60	187.29	135.00	322.29	360,388	35	360,423	186.66	2.61	189.27	147.51	336.78
East Hanningfield	36,459	-20	36,439	183.69	26.73	210.42	73.35	283.77	36,459	11	36,470	186.66	25.56	212.22	73.80	286.02
Galleywood	109,812	-47	109,765	183.69	27.00	210.69	51.57	262.26	113,150	63	113,213	186.66	31.95	218.61	53.46	272.07
Good Easter	10,710	4	10,714	183.69	17.73	201.42	59.85	261.27	10,710	2	10,712	186.66	20.16	206.82	59.58	266.40
Great & Little Leighs	33,000	33	33,033	183.69	33.39	217.08	28.71	245.79	33,000	-33	32,967	186.66	36.81	223.47	28.26	251.73
Great Baddow	454,244	109	454,353	183.69	8.55	192.24	82.89	275.13	460,568	-75	460,493	186.66	9.09	195.75	84.42	280.17
Great Waltham	73,620	37	73,657	183.69	22.05	205.74	77.49	283.23	84,366	-18	84,348	186.66	25.20	211.86	89.64	301.50
Highwood	40,030	-3	40,027	183.69	19.89	203.58	119.79	323.37	40,030	8	40,038	186.66	22.68	209.34	120.15	329.49
Little Baddow	47,435	-28	47,407	183.69	19.35	203.04	54.09	257.13	49,806	-18	49,788	186.66	22.32	208.98	56.79	265.77
Little Waltham	49,526	-8	49,518	183.69	23.67	207.36	55.80	263.16	41,877	-3	41,874	186.66	30.51	217.17	78.21	295.38
Margaretting	12,420	-12	12,408	183.69	20.16	203.85	31.95	235.80	12,420	-5	12,415	186.66	22.77	209.43	31.77	241.20
Mashbury	0	0	0	183.69	17.73	201.42	0.00	201.42	0	0	0	186.66	20.16	206.82	0.00	206.82
Pleshey	7,479	5	7,484	183.69	17.73	201.42	54.72	256.14	8,280	-3	8,277	186.66	20.16	206.82	59.31	266.13
Rettendon	44,336	36	44,372	183.69	24.66	208.35	54.54	262.89	46,800	27	46,827	186.66	28.26	214.92	56.61	271.53
Roxwell	16,000	-19	15,981	183.69	0.00	183.69	33.30	216.99	16,500	-18	16,482	186.66	1.71	188.37	34.56	222.93
Runwell	113,506	37	113,543	183.69	18.09	201.78	59.76	261.54	118,239	-35	118,204	186.66	20.79	207.45	59.67	267.12
Sandon	36,960	-24	36,936	183.69	23.49	207.18	48.15	255.33	38,808	30	38,838	186.66	25.29	211.95	49.95	261.90
South Hanningfield	90,825	-30	90,795	183.69	19.62	203.31	74.16	277.47	94,000	47	94,047	186.66	22.05	208.71	77.04	285.75
South Woodham Ferrers	436,914	67	436,981	183.69	24.21	207.90	71.37	279.27	442,251	222	442,473	186.66	27.09	213.75	72.63	286.38
Springfield	430,483	320	430,803	183.69	31.77	215.46	52.47	267.93	207,809	-61	207,748	186.66	39.24	225.90	71.55	297.45
Stock	49,174	-25	49,149	183.69	19.08	202.77	40.23	243.00	51,639	-24	51,615	186.66	21.87	208.53	41.94	250.47
West Hanningfield	26,406	-8	26,398	183.69	21.69	205.38	54.90	260.28	30,474	-4	30,470	186.66	22.05	208.71	56.52	265.23
Woodham Ferrers & Bicknacre	83,384	50	83,434	183.69	18.90	202.59	67.05	269.64	100,377	-3	100,374	186.66	22.32	208.98	79.74	288.72
Writtle	147,786	-81	147,705	183.69	2.43	186.12	72.99	259.11	159,609	-19	159,590	186.66	4.14	190.80	78.84	269.64
City Centre (Non-Parished Area)				183.69	34.11	217.80	0.00	217.80				186.66	38.79	225.45	0.00	225.45
TOTALS	2,940,388	447	2,940,835						3,244,236	280	3,244,516					
	.....	.....	.....						.....	.....	.....					
AVERAGE						208.86	41.93	250.79						215.08	45.85	260.93

## Section 9

### Revenue Budget Reports

#### Revenue Service Budgets

This section contains

1. Subjective Analysis of the Council Revenue Budget (**Table 18**)
2. A summary of the budget (**Table 19**)
3. Service Budgets (Expenditure and Income) for 2022/23 (**Table 20**)

**Table 18 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET**

2021/22 Actual £000s		2022/23 Original £000s	2023/24 Estimate £000s
	<b>EXPENDITURE</b>		
34,529	Employees - Salaries	35,485	39,560
404	- Other	237	232
7,678	Premises	8,731	10,810
11,991	Supplies and Services	11,557	12,203
2,352	Transport and Plant	1,668	2,433
2,838	Third Party Payments	1,810	2,061
36,014	Benefit Payments	39,313	34,704
<b>95,806</b>	<b>TOTAL CONTROL EXPENDITURE</b>	<b>98,801</b>	<b>102,003</b>
	<b>INCOME</b>		
-39,360	Government Grants	-38,811	-33,426
-4,900	Other Grants and Reimbursements	-3,820	-3,784
-1,637	Sales	-960	-1,519
-19,372	Fees and Charges	-23,934	-25,197
-7,993	Rents	-8,428	-8,918
-1,776	Other	-2,100	-2,106
<b>-75,038</b>	<b>TOTAL CONTROL INCOME</b>	<b>-78,053</b>	<b>-74,951</b>
<b>20,768</b>	<b>NET CONTROL EXPENDITURE</b>	<b>20,748</b>	<b>27,052</b>
	<b>INTERNAL RECHARGES</b>		
25,322	Service Management and Overheads	26,434	27,944
-25,507	Recharges	-26,624	-28,139
<b>-185</b>		<b>-190</b>	<b>-195</b>
<b>20,583</b>	<b>SERVICE EXPENDITURE</b>	<b>20,558</b>	<b>26,857</b>
	<b>OTHER ITEMS</b>		
-616	Interest Receivable & Investment Income	-701	-1,290
353	Interest Payable & MRP	921	1,304
-2,181	Net Business Rate Retention Impact	-500	-500
1,988	Direct Revenue Financing of Capital	2,155	-
-5,206	New Homes Bonus & Other Govt Grants	-3,383	-3,646
<b>-5,662</b>		<b>-1,508</b>	<b>-4,132</b>
	<b>USE OF RESERVES AND BALANCES</b>		
1,712	Contributions - from / to Earmarked Reserves	510	-3,368
893	Contributions - from / to Un-Earmarked Reserves	-1,449	-624
<b>2,605</b>		<b>-939</b>	<b>-3,992</b>
<b>17,526</b>	<b>BUDGET REQUIREMENT</b>	<b>18,112</b>	<b>18,732</b>
	<b>LESS GOVERNMENT SUPPORT</b>		
-3,408	Collection Fund (Surplus) / Deficit	-3,408	-3,706
53		-53	193
<b>14,171</b>	<b>CALL ON COLLECTION FUND</b>	<b>14,651</b>	<b>15,219</b>

TABLE 19 - SUMMARY OF REVENUE ESTIMATES

2022/23 Original Estimate £'000	Original Estimates 2022/23	2023/24 Estimated Spend £'000	2023/24 Estimated Income £'000	2023/24 Net Estimate £'000
547	Chief Executive	354	0	354
10,335	Connected Chelmsford	48,164	-37,133	11,030
61	Fairer Chelmsford - CDRM	466	-297	169
1,232	Fairer Chelmsford	11,535	-9,217	2,319
-3,092	Sustainable Communities	7,485	-9,161	-1,676
11,666	Greener & Safer Chelmsford	33,999	-19,143	14,856
20,749	Service Expenditure	102,003	-74,951	27,052
	Other General Fund Items			
-190	- Charges to SEPP			-195
-701	- Interest Income			-1,290
921	- Minimum Revenue Provision & Interest Paid			1,304
2,155	- Revenue Funding of Capital			0
-3,383	- Other Grants (including New Homes Bonus, Section 31 Grants)			-3,646
-500	- Net Impact of Business Rates Retention Scheme			-500
	Earmarked Reserves			
-50	- Use of Carry Forward Reserves			0
560	- Contributions to / -use of Other Earmarked reserves			-3,368
19,561	Net Expenditure			19,357
-1,449	Contribution to / -from Balances			-624
18,112	Budget Requirement			18,732
-3,408	Baseline Retained Business Rates			-3,706
-53	Council Tax -Surplus/+Deficit			193
14,651	Income from Council Tax			15,219

# TABLE 19 - SERVICE BUDGETS

## CHIEF EXECUTIVE

2022/23 Original Budget £'000		2023/24 Estimated Spend £'000	2023/24 Estimated Income £'000	2023/24 Net Estimate £'000
547	CHIEF EXECUTIVE & DPO	354	-	354
547		354	0	354
547		354	0	354

## CONNECTED CHELMSFORD

2022/23 Original Budget £'000		2023/24 Estimated Spend £'000	2023/24 Estimated Income £'000	2023/24 Net Estimate £'000
272	DIRECTOR OF CONNECTED CHELMSFORD	287	-	287
272	DIRECTOR OF CONNECTED CHELMSFORD	287	0	287
3,026	DIGITAL SERVICES	3,240	-56	3,183
3,026	DIGITAL SERVICES	3,240	-56	3,183
753	MARKETING AND COMMUNICATIONS TEAM	797	-	797
848	CUSTOMER SERVICES	869	-8	861
1,601	MARKETING & COMMUNICATION	1,666	-8	1,658
747	HUMAN RESOURCES	824	-41	783
133	HUMAN RESOURCES	175	-4	171
880	PAYROLL	999	-44	955
851	LEGAL & DEMOCRATIC SERVICES	966	-22	945
257	LEGAL AND DEMOCRATIC SERVICES	559	-2	557
812	ELECTIONS	893	-	893
1,920	DEMOCRATIC SERVICES	2,418	-24	2,395
168	PROCUREMENT, RISKS & INSURANCE	174	-	174
290	PROCUREMENT	290	-	290
141	VOLUNTARY GRANTS	143	-	143
58	INSURANCE & RISK	4	-	4
656	FRAUD INVESTIGATIONS	611	0	611
942	BENEFITS & REVENUES	2,310	-1,153	1,158
-282	REVENUES & BENEFITS	33,130	-33,417	-287
661	HB SUBSIDY	35,440	-34,569	871
54	CULTURE	497	-392	105
592	CULTURE	2,023	-1,921	103
674	THEATRES	982	-120	862
1,320	MUSEUM	3,502	-2,432	1,070
10,335		48,164	-37,133	11,030



## FAIRER CHELMSFORD - CDRM

2022/23 Original Budget £'000		2023/24 Estimated Spend £'000	2023/24 Estimated Income £'000	2023/24 Net Estimate £'000
61	CORPORATE MANAGEMENT & DEMO. REPRESENT.	466	-297	169
61		466	-297	169
61		466	-297	169

## FAIRER CHELMSFORD

2022/23 Original Budget £'000		2023/24 Estimated Spend £'000	2023/24 Estimated Income £'000	2023/24 Net Estimate £'000
-	<b>DIRECTOR OF FINANCIAL SERVICES</b>	-	-	-
770	FINANCE MANAGER	1,482	-9	1,474
770	FINANCE CM & DRM	1,482	-9	1,474
1,053	<b>ACCOUNTANCY, SYSTEMS &amp; EXCHEQUER</b>	1,092	-2	1,089
1,053	ACCOUNTANCY	1,092	-2	1,089
196	<b>AUDIT</b>	201	-	201
196	INTERNAL AUDIT	201	0	201
-3,895	<b>PROPERTY SERVICES</b>	285	-4,280	-3,995
446	PROPERTY HOLDINGS	480	-5	475
-3,448	PROPERTY - SUPPORT SERVICES	765	-4,285	-3,521
634	<b>HOUSING SERVICES</b>	1,712	-890	822
483	STRATEGIC HOUSING	2,198	-1,802	395
82	TEMPORARY ACCOMMODATION	2,211	-2,094	117
52	BED & BREAKFAST	63	-9	55
269	HOUSING NEEDS	184	-	184
1,141	STRATEGIC HOUSING - RDS	1,629	-126	1,503
2,660	STRATEGIC HOUSING SUPPORT	7,996	-4,921	3,075
1,232		11,535	-9,217	2,319

## SUSTAINABLE COMMUNITIES

2022/23 Original Budget £'000		2023/24 Estimated Spend £'000	2023/24 Estimated Income £'000	2023/24 Net Estimate £'000
	<b>DEVELOPMENT MANAGEMENT</b>			
589	DEVELOPMENT MANAGEMENT	2,229	-1,544	685
-110	LOCAL LAND CHARGES	146	-241	-94
<b>479</b>		<b>2,376</b>	<b>-1,785</b>	<b>591</b>
	<b>ECONOMIC DEVELOPMENT AND IMPLEMENTATION</b>			
469	ECONOMIC DEVELOPMENT & IMPLEMENTATION	694	-119	576
<b>469</b>		<b>694</b>	<b>-119</b>	<b>576</b>
	<b>BUILDING CONTROL</b>			
89	BUILDING CONTROL	548	-480	68
<b>89</b>		<b>548</b>	<b>-480</b>	<b>68</b>
	<b>PLANNING POLICY</b>			
806	PLANNING POLICY	1,184	-312	872
<b>806</b>		<b>1,184</b>	<b>-312</b>	<b>872</b>
	<b>CAR PARK OPERATIONS</b>			
-5,043	CAR PARKS	2,224	-6,133	-3,908
147	PARKING SUPPORT	153	-	153
-39	PARK AND RIDE	306	-334	-27
<b>-4,935</b>		<b>2,684</b>	<b>-6,466</b>	<b>-3,782</b>
<b>-3,092</b>		<b>7,485</b>	<b>-9,161</b>	<b>-1,676</b>

## GREENER & SAFER CHELMSFORD

2022/23 Original Budget £'000		2023/24 Estimated Spend £'000	2023/24 Estimated Income £'000	2023/24 Net Estimate £'000
	<b>OPERATIONS</b>			
1,919	WASTE & GARDEN COMPOSTING	2,898	-634	2,264
-572	TRADE WASTE	1,121	-1,616	-495
642	RECYCLING - MRF, GENERAL & FOOD	4,453	-3,350	1,103
423	VEHICLE MAINTENANCE WORKSHOP	509	-78	431
<b>2,412</b>		<b>8,981</b>	<b>-5,678</b>	<b>3,303</b>
	<b>STREET CARE AND PERFORMANCE</b>			
173	PUBLIC CONVENIENCES	201	-	201
-17	MARKET	549	-471	78
1,540	STREET CLEANING	1,911	-87	1,824
80	STREET SERVICES	98	-33	65
167	LOVE YOUR CHELMSFORD	177	-	177
275	FREIGHTER HOUSE DEPOT	371	-9	363
1,060	FREIGHTER HSE CUSTOMER & BUSINESS SUPP	1,125	-	1,125
<b>3,279</b>		<b>4,431</b>	<b>-599</b>	<b>3,832</b>
	<b>BUILDING SERVICES</b>			
489	BUILDING SERVICES - SUPPORT	538	-	538
1,266	BUILDING SERVICES - PROPERTIES	1,745	-189	1,556
259	ENERGY & CONTRACT MANAGEMENT	272	-	272
-	PRINT UNIT	-	-	-
<b>2,014</b>		<b>2,554</b>	<b>-189</b>	<b>2,366</b>
	<b>PUBLIC HEALTH AND PROTECTION SERVICES</b>			
62	HIGHWAYS	96	-	96
-7	SCIENTIFIC	40	-44	-4
-200	LICENSING	200	-415	-215
21	BUSINESS COMPLIANCE	51	-25	26
32	PUBLIC HEALTH PROTECTION	41	-8	33
28	HEALTH & SAFETY	28	-	28
16	PEST CONTROL	32	-17	15
1,368	PUBLIC HEALTH & PROTECTION SUPPORT	1,535	-97	1,438
300	CCTV	387	-58	329
114	COMMUNITY SAFETY	144	-29	115
11	HOUSING STANDARDS	32	-40	-7
1	ANIMAL WELFARE	16	-15	0
<b>1,746</b>		<b>2,600</b>	<b>-748</b>	<b>1,852</b>
	<b>PARKS AND GREEN SPACES</b>			
-10	ALLOTMENTS	19	-29	-9
577	PARKS & HERITAGE CUSTOMER & BUSINESS SUP	623	-	623
-237	HYLANDS PARK & ESTATE	161	-405	-244
107	PARKS GARDENS & RECREATION GROUNDS	148	-17	131
129	PLAY AREAS	135	-	135
-65	PARKS EVENTS & ACTIVITIES	1	-66	-65
-57	OUTDOOR SPORTS & PLAYING FIELDS	420	-398	22
120	TREE INSPECTION & MAINTENANCE	124	-4	120
-12	NATURAL & GREEN SPACE, COMMON	14	-18	-4
6	AMENITY GREEN SPACE& GREEN INFRASTR	184	-179	5
2,154	GROUND MAINTENANCE OPERATIONS	2,933	-435	2,498
193	GROUND MAINTENANCE - CREMATORIUM	212	-	212
-1,672	CEMETERY AND CREMATORIUM	884	-2,677	-1,793
<b>1,232</b>		<b>5,858</b>	<b>-4,227</b>	<b>1,632</b>
	<b>LEISURE AND HERITAGE SERVICES</b>			
32	DOVEDALE SPORTS CENTRE	222	-204	18
302	CHELMSFORD SPORTS AND ATHLETIC CENTRE	1,053	-630	423
322	RIVERSIDE ICE AND LEISURE	5,152	-4,185	967
341	SOUTH WOODHAM FERRERS LEISURE CENTRE	1,263	-854	409
-370	CULTURAL EVENTS	-	-420	-420
282	COMMUNITY SPORTS & WELLBEING	408	-113	294
76	HYLANDS HOUSE & VISITORS CENTRE	1,476	-1,296	181
<b>983</b>		<b>9,574</b>	<b>-7,702</b>	<b>1,873</b>
<b>11,666</b>		<b>33,999</b>	<b>-19,143</b>	<b>14,856</b>

## Section 10

### Capital Budget Reports

#### Capital Budgets

This section contains:

- Revisions to Existing Approved Capital Schemes – Details in **Table 20** and **Table 21**
- Revisions to the Asset Replacement Programme 2022/23 and proposals for new budgets for 2023/24 – Details in **Table 22** and **Table 23**

#### **Introduction**

Capital expenditure is separated between Capital Schemes and the Asset Replacement Programme.

Capital schemes are one-off projects which are required to either maintain an existing service, for example essential repairs to an existing car park, or aim to enhance service delivery or generate additional income, for example additional provision of sports facilities.

The Asset Replacement Programme ensures that the existing service provision is maintained and replaces larger items of equipment and vehicles as the need arises.

As a matter of policy, to achieve net zero carbon by 2030, electrical or zero emission vehicles replacement will be considered for all vehicles unless technical/practical constraints prevent their use by a service. Ongoing work is being undertaken to ensure that future replacements will utilise new technologies to ensure that net zero carbon is achieved. This will be a move away from replacing like for like and additional cost is expected. A provision for increased costs is included with the new proposals for the Green Fund Initiative detailed in table 8.

#### Existing Approved Capital Schemes

Project Officers have been monitoring schemes and the updated budgets in **Table 20** reflect the latest estimated cost information. The total estimated cost is £114.755m.

A summary of variations for the current approved total scheme costs across all years is a net increase of £104k. Details of the £104k net increase are shown in **Table 20** with further details in **Table 21** where those variations are in excess of £25k.

In Section 7 of the report, the S151 officer identifies inflation as a significant financial risk facing the Council. The prices of raw materials and labour are rising. Capital scheme costs could increase above estimates when tenders are undertaken. Schemes should be reviewed for affordability and outcomes and referred back for additional approval where necessary.

#### Asset Replacement Programme

In order to maintain the existing level of service delivery, it is necessary to replace items of equipment and vehicles on a regular basis.

Previously, asset replacements have been approved as part of the overall programme. A decision has been taken to challenge the need for scheduled replacements to take place, and although an estimated overall cost of the asset replacement programme will be kept for forward planning purposes to enable the monitoring of the resource position, approval of individual items will be on an annual basis.

#### 2022/23 Asset Replacements

**Table 22** provides details of the 2022/23 asset replacement programme. The current approved programme is £5.170m, which is reduced to £4.038m as a result of:

- £1.025m is to be rephased to 2023/24 and future years, due to services deferring or delays in acquiring the assets.
- Net reductions to individual budgets, of £107k.

**Table 23** provides further details for those variations in excess of £25K.

#### 2023/24 Replacements

Table 22 shows there is currently £1.190m approved for 2023/24. There is a need to increase that to £4.961m for the following:

- Planned additional items of £2.913m
- Cost increases of £143k
- Slippage identified in the 2022/23 programme so some £1.018m moves into 2023/24
- Of the £1.190m of original 2023/24 programme, some £303k is now deferred to 2024/25

**Table 23** provides explanations for those variations in excess of £25k for both 2022/23 and 2023/24.

The overall net cost of the replacement programme has risen by £36k and new proposals of £2.913m.

#### Capital and Revenue Resources

The Council funds its capital programme from leasing, third party and developer contributions, government grants, capital receipts, revenue contributions and borrowing.

The Capital, Treasury Management and Investment Strategies 2023/24 identifies the capital resources position and the Prudential Indicators. The Medium-Term Financial Forecast, in **Section 6**, identifies the revenue budget position allowing for financing costs.

TABLE 20		CAPITAL SCHEMES	VARIATION IN TOTAL CAPITAL SCHEME COSTS						
			Approved November 2022 and Additional New Schemes Approved Since that Date			Latest Forecast Budget Additional Requires Approval			
Net Spend to Date 16/12/22			Original Scheme Budget	More / Reduced (- )	Latest Approved Budget	More/ (Less) Than Approved Budgets	Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
		<u>Connected Chelmsford</u>							
3,109	1	Theatres' Modernisation	1,000	2,246	3,246		3,246	No	Approved at Council February 2021. Delegated authority to Director and Cabinet Member for Connected Chelmsford for a £1m budget. An additional £500k was approved November 2021. A further £1.246m was approved by Council in March 2022 following the return of tenders for the works. £500k approved Cabinet October 2022.
11	2	Museum Roof Access Works Health and Safety	11		11		11	Yes	Approved Council February 2022. Delegated authority to the director to spend within the approved budget.
		<u>Fairer Chelmsford</u>							
131	3	Land Development Site Investigations	365		365		365	Programming of works still to be determined	Approved Cabinet November 2021.
685	4	Various Land Sites' Disposal Costs	612		612	120	732		Approved Council February 2022. Delegated authority to the director to spend within the approved budget.
2,481	5	Enabling Lockside Growth Area	450	5,506	5,956		5,956	In Negotiations - Late delivery	A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. An additional £500k was approved November 2021. Additional £956k approved July Council 2022.
1,614	6	Galleywood Hall Development Industrial Units	1,200	650	1,850		1,850	No	Approved at Council February 2019. Following a reassessment of the budget £400k was removed. Additional £200k was approved November 2021 due to rising prices of materials and construction. An additional £850k was approved by Council February 2022.
	7	Land Acquisition Cemetery/Crematorium	1,800	4,200	6,000		6,000	To identify potential Land Site	Approved at Council February 2019. Additional £1.8m approved Council February 2020. Additional £2.4m approved July 2022 Council.
	8	High Chelmer Roof	1,500		1,500		1,500	Awaiting Proposal	Approved at Council February 2020 and programmed for 2021/22. These works have now been programmed to commence in 2026/27.
64	9	Refurbishment of Commercially Leased Properties	720	1,480	2,200		2,200	No	Approved at Council February 2020. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. An additional £380k was approved November 2021. Additional £1.1m agreed at Cabinet October 2022. Urgency approved November 2022.
5,821	10	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Acquisiton 20 x Houses	8,200		8,200		8,200	Yes	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Budget for purchase of 20 houses. Budget deferred for 2 houses to 2023/24.

		<u>CAPITAL SCHEMES</u>		VARIATION IN TOTAL CAPITAL SCHEME COSTS					
				Approved November 2022 and Additional New Schemes Approved Since that Date		Latest Forecast Budget Additional Requires Approval			
Net Spend to Date 16/12/22			Original Scheme Budget	More / Reduced (-)	Latest Approved Budget	More/ (Less) Than Approved Budgets	Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
	11	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Modular Units	3,510		3,510		3,510	Business Case to be Developed	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Provision modular units.
515	12	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Hostel Expansion	325	190	515		515	No	Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2023/24. £150k approved by Cabinet June 2022 for increased cost of works to Hostel expansion. Additional £40k approved for Hostel expansion Cabinet November 2022.
195	13	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Development	1,900	0	1,900		1,900	Business Cases to be Developed	Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2023/24. Provision for development Railway Street
	14	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	2,000		2,000		2,000	Business Cases to be Developed	Approved at Council February 2020. Delegated authority to Cabinet.
	15	Initiatives to increase the provision of Affordable Housing Funded by S106 - Grants	1,643		1,643		1,643	Business Case to be Developed	Budget approved in principle February 2022 Council. Delegated authority to the Director of Sustainable Communities to decide upon the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Fairer Chelmsford.
1,889	16	Drakes' Lane Travellers Site	1,950		1,950		1,950	Yes	Approved by Urgency March 2021.
	17	Strategic Property Purchase	3,590	-3,590	0		0	Withdrawn	Approved at July 2022 Council meeting. Removed November Cabinet 2022.
413	18	Property Purchase Housing Initiatives	4,315		4,315		4,315	Yes	Approved by Urgency November 2022 acquisition of property for TA
		<u>Greener and Safer Chelmsford</u>							
	19	Cemetery and Crematorium Infrastructure	6,800		6,800		6,800	Business Case to be Developed	Approved Council February 2020 with a delegation for Cabinet to approve a final scheme.
	20	Cemetery Toilet Refurbishment	86		86		86	No agreed to defer	Approved at Council February 2022. Delegated authority to Director to spend within approved budget.
	21	Civic Offices Improvement Programme	460		460		460	Under Review	Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme.
145	22	Community Flood Improvements	184		184		184	Works Completed Monitoring to continue	Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017.

		<u>CAPITAL SCHEMES</u>		VARIATION IN TOTAL CAPITAL SCHEME COSTS					
				Approved November 2022 and Additional New Schemes Approved Since that Date		Latest Forecast Budget Additional Requires Approval			
Net Spend to Date 16/12/22			Original Scheme Budget	More / Reduced (-)	Latest Approved Budget	More/ (Less) Than Approved Budgets	Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
74	23	Hylands' Outdoor Wedding Ceremony Area	75		75		75	Yes	Approved supplementary estimate June 2021 £75k
	24	Beaulieu Park Pavilion Refurbishment	57		57		57	No	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works.
	25	Chancellor Park Pavilion Works	46		46		46	No	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works.
95	26	Chelmer Park Pavilion Roof	148	-50	98		98	Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget. Budget reduced November Cabinet 2022.
	27	Beaulieu Pavilion Health and Safety Works	33		33		33	Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.
96	28	Beaulieu Park Conversion Tarmac Court to 3G Pitch and Flood lights	90	6	96		96	Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.
	29	Oaklands Park Upgrade Tennis Court to MUGA	91		91	86	177	Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.
69	30	Central Park Lake Edge Works S106	62	7	69		69	Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.
	31	Rivers and Waterways Improvements	600	-107	493		493	Scheme to be developed	Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Programmed over 3 years commencing 2021/22.
68	32	Automatic Floodgates and Provision of Locks - Feasibility		107	107		107	No	Budget approved September 2020 Cabinet. Budget vired from Rivers and Waterways Improvements.
85	33	Mass Tree planting and Woodland Creation	4,400	-69	4,331		4,331	Reviewed Annually	Approved at Council February 2020 £4.4m with delegated authority to Director of Public Places and the Director of Finance and the relevant Cabinet Members. Funding to be sought circa £2m. Three year programme scheduled wef 2021/22.
4	34	Green Initiatives	500		500	-102	398	Business Cases to be Developed	Approved by Council February 2022. Two year programme with delegated authority to the Director of Public Places to spend within the approved budgets. Following consultation with the Cabinet Member for Safer and Greener Chelmsford, he will decide on the preferred schemes.
9	35	CIL Landscape Enhancement Scheme Chignal Road	11		11		11	Yes	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.
9	36	CIL Parks and Open Space	6	3	9		9	No	£6k CIL funding approved July 2019 for Coronation Park Basketball Court. £10k additional budget approved supplementary estimate. Location also changed to Lionmede Park.
533	37	Chelmsford Indoor Market Refurbishment	500	100	600		600	Indoor works completed, outdoor works progressing	Approved supplementary estimate February 2018. Scheme design finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling. Estimate reduced by £50k. New budget reported Council February 2020. A further reduction in budget, £50k, was noted by Council in July 2020.
	38	Retail Market Drainage Improvements	31		31		31	Yes	Approved by Council February 2022. Delegated authority to Director to spend within approved budget.



		<u>CAPITAL SCHEMES</u>		VARIATION IN TOTAL CAPITAL SCHEME COSTS					
				Approved November 2022 and Additional New Schemes Approved Since that Date		Latest Forecast Budget Additional Requires Approval			
Net Spend to Date 16/12/22			Original Scheme Budget	More / Reduced (-)	Latest Approved Budget	More/ (Less) Than Approved Budgets	Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
99	39	Market Road Toilet Roof	101		101		101	Yes	Approved by Council February 2022. Delegated authority to the director to spend within the approved budget.
22	40	Riverside Elevations	2,000		2,000		2,000	Under Review	£2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme.
	41	Dovedales - Grant for Works	28	-2	26		26	Deferred	Approved at Council February 2020 and programmed for 2020/21.
135	42	Dovedales Sports Centre Refurbishment	1,464		1,464		1,464	Scheme to be developed	Budget approved Council March 2022. Delegated authority to the Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford.
	43	Chelmsford Sports and Athletics Centre - Outdoor Track and External Upgrades	350		350		350	Yes	£350k approved at Cabinet October 2022. To be funded from £300k S106.
	44	Hylands House Stable Block Toilets	44		44		44	Deferred	Approved at Council February 2020 and programmed for 2022/23. Now programmed for 2023/24
146	45	Hylands House Basement Toilet	150		150		150	Yes	Approved Council February 2022. Delegated authority to Director to spend within the approved budget.
		<u>Sustainable Communities</u>							
103	46	Chelmsford Flood Resilience Programme	4,833	0	4,833		4,833	Business case to be developed	This is the unspent budget from the withdrawn EA scheme. A new programme of works will be brought back to Cabinet at a later date.
39	47	Public Realm Wayfinding Signs Phase 3	150		150		150	No	Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23. Still waiting for ECC to approve scheme.
3,510	48	Public Realm Tindal Square Design and Construction	160	4,163	4,323		4,323	No	Approved at Council February 2018. The design works were completed until 2020/21. Additional £320k approved by Cabinet June 2020 for design and tender to be funded from S106. Report taken to Cabinet October 2021 and urgency letter requested for approval of the agreed scheme an additional £3.358m. Additional £485k approved at October 2022 Cabinet. Funding is being sought for the increase in cost.
5	49	Chelmer Waterside Infrastructure - CCC Budget		250	250		250	No	Virement allocated for HIF bid design works.
16,301	50	Chelmer Waterside Infrastructure (HIF) - Grant Funded	15,500	11,470	26,970		26,970	No	£15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £11m budget funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum may also be funded by CIL or additional borrowing. £375k approved July 2022 Council for increased design fees and appointment of Project Manager.
1,461	51	S106 Beaulieu Park Station	100	1,550	1,650		1,650	Unspecified	Scheme approved for £100,000 via Director of Sustainable Communities delegated authority. £1,550,000 approved at Council February 2016. The expenditure on this scheme will be funded by S106.
2,865	52	S106 Beaulieu Park Station 2nd Phase	2,917	514	3,431		3,431	Unspecified	£2.917m approved at February Council 2018. The expenditure on this scheme will be funded by S106.
35	53	S106 Stonebridge Illuminations	37	6	43		43	No	Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k.

		<u>CAPITAL SCHEMES</u>	VARIATION IN TOTAL CAPITAL SCHEME COSTS						
			Approved November 2022 and Additional New Schemes Approved Since that Date			Latest Forecast Budget Additional Requires Approval			
Net Spend to Date 16/12/22			Original Scheme Budget	More / Reduced (-)	Latest Approved Budget	More/ (Less) Than Approved Budgets	Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
6	54	S106 River Can Pathway Lighting Design	10	6	16		16	No	Approved by delegation £10k January 2020. Additional budget approved by delegation March 2020 £6k.
26	55	S106 Public Art Channels	21	79	100		100	No	Approved by delegation January 2020 £21k. Additional sum approved by delegation £79k October 2021.
	56	CIL Sutherland Lodge Refurbishment	525		525		525	Business case being reviewed	Approved Council July 2017.
	57	CIL St Andrew's Scout Hut Building	80		80		80	Dependent on Third party - Late delivery	CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019.
47	58	CIL Integrated Cycling Infrastructure Grant	100		100		100	Yes	CIL funding approved at meeting of the CIL Panel 23/1/2020.
	59	CIL Trinity Road School Improvements	950		950		950	Dependent on Third party	Approved at Council February 2021
97	60	CIL Road Improvements Main Road Hospital Approach Grant to ECC	97		97		97	Yes	CIL funding approved January 2019. Spend approved Council February 2022
	61	CIL Grant Chelmsford Society Model Engineers	5		5		5	Yes	CIL funding approved December 2021. Spend approved Council February 2022.
16	62	CIL Green Initiatives	15	13	28		28	Yes	CIL funding approved December 2021. Spend approved Council February 2022.
	63	CIL NE Bypass Bridge Forward Funding	1,500		1,500		1,500	Dependent on Third party	Forward funding grant to ECC to be made 2021/22. Approved Council May 2021.
	64	CIL Army and Navy Contribution to ECC	4,000		4,000		4,000	Dependent on Third party	Approved Council July 2022
	65	CIL ECC East Chelmsford Cycling and Walking Connectivity	1,500		1,500		1,500	Dependent on Third party	Approved Council July 2022
6	66	Townfield Street Car Park Barrier Strengthening	15		15	15	Yes	Approved February 2022 Council	
43,034		Grand Total	85,923	28,728	114,651	104	114,755		

**Table 21 - Capital Schemes - Reasons for Projected Variations to Latest Approved Total Scheme Costs More Than £25,000**

	Scheme Description	Latest Approved Budget £000's	Latest Estimated Expenditure - If Additional Budget Requires Approval £000's	Variation £000's	Variation Type	Percentage Change in Scheme Cost	Reason
	<u>Fairer Chelmsford</u>						
4	Various Land Site Disposal Costs	612	732	120	Increase in budget	19.61%	The service has undertaken more surveys and investigations than previously estimated in order to be in a position to bring the sites forward for planning permission with a view that some of the sites may be considered for development rather than disposal. Additional sites have also been included.
	<u>Greener and Safer Chelmsford</u>						
29	Oaklands Park Upgrade to MUGA	91	177	86	Increase in budget funded by grant	94.51%	This original budget was approved to upgrade three of the tennis courts to a multi use games area (MUGA) which would also include being able to be used for tennis. An opportunity has been identified to work in collaboration with the Lawn Tennis Association (LTA) who have proposed that an additional £86,000 is provided through their community tennis investment scheme to deliver a more comprehensive improvement scheme at Oaklands Park which would include the other two courts in the park, subject to the terms and conditions of their agreement. The City Council would procure the improvement works which would have to be underway by March 2023. The scheme will ensure all 5 current courts, fencing and public access are refurbished to the latest multi-use surface standards [the courts will provide mainly tennis facilities but nets/socket posts can be removed and the courts can be made available for other informal/ball games use and support other City Council events in Oaklands Park.
34	Green Initiatives	500	398	-102	Virement	-20.40%	The Director of Public Places agreed that this budget would be used towards the purchase of an electric sweeper which will help the Council to achieve a net zero carbon position by 2030. This budget has been vired to the capital replacement budget to cover the additional cost.

TABLE 23 CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME

2022/23											2023/24								
2022/23 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE TO LATEST FORECAST											2023/24 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS								
VARIATION FROM 2022/23 BUDGET ONLY											2023/24 BUDGET								
Net Expenditure to 16/12/2022	CAPITAL ASSET REPLACEMENT PROGRAMME	Original Approved Estimates for 2022/23	Additional/ Reduced (-) Approved Budget	Reason for Change - see Key Below	Analysis of Variations						Original Approved Estimate 2023/24	Additional/ Reduced (-) Approved Budget	Reason for Change - see key below	Latest Approved Estimate for 2023/24	Variations		New Item Requires Approval	Approved Replacements Deferred from 2023/24 to Later Years	Total Proposed Budget Requirement for 2023/24
					Latest Approved Estimates for 2022/23	Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Variance for 2022/23 Additional Cost	Total Forecast 2022/23					Re phasing from 2022/23 Requires Approval	More/Less(-) Than Approved Budgets - More Requires Approval			
£000's	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	<b>Connected Chelmsford</b>																		
18	1 Digital Services Replacement Programme	234	-214	PH, U, RD	20			-2	-2	18			154	PH	154		841		995
	2 Digital Helpdesk System Replacement	25	-25	U	0				0	0					0				0
87	3 Website Upgrade	98			98	-11			-11	87					0	11			11
	4 Investment in Digital Technology - DPO	300	-150	PH	150				0	150	200	150	PH		350		-200		150
46	5 Theatres' Equipment	45	1	PV	46				0	46					0				0
6	6 Museum Equipment and Vehicles	6	1	PV	7				0	7					0		2		2
	7 Museum Platform Lift				0				0	0					0		12		12
	<b>Fairer Chelmsford</b>																		
	No Schemes				0				0	0					0				0
	<b>Greener and Safer Chelmsford</b>																		
	8 CCTV Replacement Equipment	10			10	-6		-1	-7	3					0	6	20		26
	9 CCTV Various Schemes Sites CIL	3			3	-3			-3	0					0	3			3
	10 CCTV Safer Streets Bunny Walks	3			3			-1	-1	2					0				0
20	11 Street Lighting Safer Streets Bunny Walks	20			20			-2	-2	18					0				0
	12 CCTV Home Office GRIP Funded	0			0				0	0					0				0
12	13 Crematorium Equipment	84	-43	PH, PV	41	-19			-19	22			40	PH	40	19	1	24	84
	14 Crematorium Columbarium	0			0				0	0					0		14		14
	15 Civic Centre Heating	33	-32	PH	1				0	1			32	PH	32		-32		0
39	16 Civic Centre Server Room Air Conditioning	40			40				0	40					0				0
	17 Civic Centre Floor Replacements	31	-31	PH	0				0	0			31	PH	31				31
	18 Print and Post Room Replacement Equip.	3			3				0	3					0				0
3	19 Dovedales Replacement Equipment	11	-5	PH, PV	6	-3			-3	3			5	PH	5	3	9		17
	20 Riverside Replacement Equipment	43	-6	PH	37	-19		-18	-37	0			6	PH	6	19	-1	121	145
	21 Riverside Plant	2	-2	PH	0				0	0			2	PH	2		61	-2	61
	22 CSAC Replacement Equipment	53	-53	PH	0				0	0			53	PH	53		11		64
	23 CSAC Expansion Fitness Room Equipment				0				0	0					0		105		105
60	24 CSAC Floodlights	60			60				0	60					0				0
14	25 CSAC Plant	21			21	-6			-6	15					0	1	25		26
53	26 SWFLC Replacement Programme	63	-10	PH	53				0	53			10	PH	10		10	0	20
9	27 SWFLC Plant Replacement	8	1	PV	9				0	9					0		19		19
18	28 SWF 3G Pitch	20			20	-2			-2	18					0				0
14	29 Hylands House Fire Alarm	15			15			-1	-1	14					0				0
	30 Hylands House - Lift				0				0	0					0		20		20
	31 Hylands House Basement Pumps				0				0	0					0		11		11
	32 Hylands Pavilion Skins and Linings	60	-60	PH	0				0	0			60	PH	60	13			73
16	33 Hylands pavilion Equipment	15			15			1	1	16					0		19		19
329	34 Play Area Replacements	346	7	PV	353				0	353					0				0
	35 Sports Equipment, floodlights, Irrigation	0	13	SEN	13				0	13					0		16		16
1	36 Parks Replacement Vehicles and CCTV	5			5			-4	-4	1					0				0
14	37 Parks Replacement Vehicles and Equipment	547	-71	PH	476	-463		1	-462	14			71	PH	71	463	8	192	734
15	38 Waterhouse Lane Depot Heating	10			10			5	5	15					0				0

			2022/23								2023/24								
			2022/23 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE TO LATEST FORECAST								2023/24 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS								
			VARIATION FROM 2022/23 BUDGET ONLY								2023/24 BUDGET								
							Analysis of Variations								Variations				
Net Expenditure to 16/12/2022	CAPITAL ASSET REPLACEMENT PROGRAMME	Original Approved Estimates for 2022/23	Additional/ Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2022/23	Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Variance for 2022/23 Additional Cost	Total Forecast 2022/23	Original Approved Estimate 2023/24	Additional/ Reduced (-) Approved Budget	Reason for Change - see key below	Latest Approved Estimate for 2023/24	Re phasing from 2022/23 Requires Approval	More/Less(-) Than Approved Budgets - More Requires Approval	New Item Requires Approval	Approved Replacements Deferred from 2023/24 to Later Years	Total Proposed Budget Requirement for 2023/24
£000's	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s		£000s		£000s	£000s	£000s	£000s	£000s	£000s
	39 PHPS Vehicles and Electric Chargers	141			141				0	141				0					0
	40 PHPS Air Monitoring Equipment	80	-80	PH	0				0	0			80	PH	80				80
	41 PHPS Street Lighting	21	-21	PH	0				0	0			21	PH	21			-21	0
	42 CIL Street Lighting Meadows Car Park	5			5			-1	-1	4					0				0
	43 Travel pool Cars	0			0				0	0					0				0
2	44 Scootas for the Disabled	0	2	SEN	2				0	2					0				0
6	45 Retail Market Equipment	0	6	SEN	6				0	6					0		6		6
	46 Retail Market Plant				0				0	0					0		13		13
	47 Depot Telescopic Front loader				0				0	0					0		70		70
	48 Public Convenience Van	25			25			-25	-25	0					0				
185	49 Street Cleansing Vehicles	580	-114	PH	466	-280			-280	186		114	PH	114	280	114	75	-38	545
	50 Street Cleansing Dog Litter van	0			0				0	0					0				0
	51 Wet Team Equipment	11	-11	PH	0				0	0		11	PH	11			40		51
	52 Hit Squad Replacements	43			43	-43			-43	0				0	43		47		90
249	53 Refuse Vehicles	359	-109	PH, PV	250			-1	-1	249		105	PH	105			390		495
	54 Vehicle Maintenance	13	-13	PH	0				0	0		13	PH	13			40		53
951	55 Recycling Vehicles	969	-5	PV	964			-11	-11	953				0			100		100
29	56 Recycling MRF		30	SEN	30				0	30				0					0
828	57 Food Vehicles	840			840			-12	-12	828				0					0
	58 Service Development Van	35			35			-35	-35	0				0					0
	59 Prov. for Replacement with Electric Veh.	170			170	-170			-170	0				0	170				170
29	60 Healthy Home Loans	10	19	SEN	29				0	29				0					0
	61 Discretionary Loans DFG Funded	0			0				0	0				0					0
4	62 RIA Loans DFG Funded	0	4	SEG	4				0	4				0					0
	63 RIA Grants DFG Funded	0			0				0	0				0					0
421	64 Disabled Facility Grants	600			600				0	600				0			600		600
	65 Housing Standards	0			0				0	0				0					0
25	66 PLACE	0	25	SEG	25				0	25				0					0
	Sustainable Development																		
	67 Car Park LED Lighting	8	-8	PH	0				0	0		8	PH	8					8
	68 Car Park Vehicles and Equipment	24	-24	PH	0				0	0		24	PH	24		8		-10	22
3,504	Totals	6,148	-978		5,170	-1,025	0	-107	-1,132	4,038	200	990		1,190	1,018	143	2,913	-303	4,961

TABLE 24						
Reasons for Variations Greater Than £25,000 in Asset Replacement Programme						
Scheme Description	Latest Approved Budget £000's	Estimated Budget Required £000's	Variation £000's	Variation Type	Percentage Change	Reason
<u>2022/23</u>						
<u>Greener and Safer Chelmsford</u>						
20 Riverside Replacement Equipment	37	0	-37	Rephasing of spend to 2023/24	-100.00%	Replacements have been deferred to 2023/24 and removal of budgets following review
37 Parks Replacement Vehicles and Equipment	476	14	-462	Rephasing of spend to 2023/24	-97.06%	Replacements have been deferred to 2023/24 due to maintenance and improved efficiency
48 Public Convenience Van	25	0	-25	Spend to be funded from revenue	-100.00%	The vehicle is being aquired under hire agreement resulting in the cost being revenue
49 Street Cleansing Vehicles	466	186	-280	Rephasing of spend to 2023/24	-60.09%	Replacements have been deferred to 2023/24 partly due to replacing vehicles with Electric option
52 Hit Squad Replacements	43	0	-43	Rephasing of spend to 2023/24	-100.00%	Replacements have been deferred to 2023/24 to review replacement alternatives and electric alternative viability
58 Service Development Van	35	0	-35	Spend to be funded from revenue	-100.00%	The vehicle is being aquired under hire agreement resulting in the cost being revenue
59 Prov. For Replacement with Electric Veh.	170	0	-170	Rephasing of spend to 2023/24	-100.00%	Provision not planned to be used in 2022/23 and has been deferred to 2023/24
<u>2023/24</u>						
<u>Greener and Safer Chelmsford</u>						
20 Riverside Replacement Equipment	6	24	18	Rephasing of spend from 2022/23	300.00%	See above
37 Parks Replacement Vehicles and Equipment	71	542	471	Rephasing of spend from 2022/23	663.38%	See above
49 Street Cleansing Vehicles	114	508	394	Rephasing of spend from 2022/23	345.61%	Replacements deferred from 2022/23 where 102K is from a virement from the Greener Initiative Fund for electric replacements and 12K relating to price increase of sweeper
52 Hit Squad Replacements	0	43	43	Rephasing of spend from 2022/23	100.00%	See above
59 Prov. For Replacement with Electric Veh.	0	170	170	Rephasing of spend from 2022/23	100.00%	See above

## APPENDIX 2

The Council Tax Resolution is within item 8 of the agenda



## Chelmsford City Council

22<sup>nd</sup> February 2023

### Budget Update and Amendment

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Report by: Cabinet Member for Fairer Chelmsford

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**Officer contacts:** Phil Reeves, Accountancy Services Manager Section 151,  
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#### Purpose

To provide an update and amendment to the 2023/24 budget proposals. The changes are necessary due to recent developments in the Council's dialogue with HMRC concerning the VAT treatment of leisure income.

#### Recommendations:

- 1) That Council approves the amendments to the item 7.3, Budget 2023/24, as set out in this report in paragraph 2.
  - 2) The Council tax resolution, Appendix 1, is approved which reflects the recommended changes
  - 3) Delegation to Section 151 officer to amend any published 2023/24 budget information for the changes as set out in the report.
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## 1. Background

- 1.1. The Council has historically been obliged to hand over VAT to HMRC relating to most of its Leisure services income. The 2023/24 budget allows for some £760k of VAT to be paid to HMRC as result of leisure activities.



- 1.2. The Council was the lead English authority in litigation that went to the tax tribunal in 2019, challenging HMRC's interpretation of this VAT treatment.
- 1.3. The law that determines the VAT treatment of councils' leisure income is highly complex. Councils have been in discussion with HMRC about this since at least 2010. Without being able to reach agreement, it became clear that litigation would be needed to allow the courts to decide the correct interpretation of the relevant law.
- 1.4. The Council engaged KPMG Legal Services in 2010 to resolve the issue with HMRC or take it to a tax tribunal on a no win no fee basis, of 8% of the VAT recovered. There was a net £20k of additional costs met by the City Council outside the original agreement over the following decade. The gross costs involved were higher but the Council obtained contributions from other councils to spread the risk among those who stood to benefit, KPMG charged reduced fee rates and the Council ultimately recovered the vast majority of its litigation costs from HMRC. The Council's overall exposure to case costs was never more than £20k at any one time.
- 1.5. The Council was successful at the First-Tier Tribunal in 2019 and again last year at the Upper Tribunal when HMRC appealed. However, the issue could not be fully resolved until HMRC determined one further technical matter. The Council's advice from KPMG was that a favourable settlement from HMRC was highly probable.
- 1.6. HMRC has confirmed to KPMG, since the January Cabinet meeting, that they intend to concede the remaining point and make payment to local authorities. The process to settle the claims will take several months and there remains some uncertainty about exactly how HMRC will implement the changes to their guidance. This could impact on how much is finally refunded to the Council.

## 2. Impact on the Council's finances

- 2.1. The Council has sufficient information from HMRC to amend its ongoing treatment of Leisure income. So, the aim is that by 28<sup>th</sup> February officers will have amended financial systems.
- 2.2. This decision does not mean that charges to customers will change. The Council did not increase leisure charges by the disputed VAT which was simply a cost of operating the leisure centres. And lowering charges would put the outcome of the litigation at risk, given the technical basis that underpins it.
- 2.3. The Council will retain £760k of additional income per year instead of paying it to HMRC.
- 2.4. Until HMRC provide detailed guidance the claim for a refund of the VAT the Council has paid over to HMRC since 2006 is less certain. Officers believe a complete recovery would be in excess of £4m, after allowing for fees.
- 2.5. Until HMRC have published their guidance and inspected the calculation of the Council's claim, the s151 officer believes no provision should be made in the estimates for the refund. Instead, members should be made aware of the potential upside now and decisions should be deferred until the July Medium

Term Financial Strategy report when the full position should have been ascertained. This will also give time for officers to review and provide recommendations on the best options for the use of the refund in the light of prevailing risks. Options include reviewing the risks and increasing the level of reserves or making additional contributions to capital to reduce financing costs.

- 2.6. On receipt of a refund, the Council will have more money to invest and can expect to obtain a yield of around 4%. If the Council received payment before the 1<sup>st</sup> April 2023, then it could expect to earn £160-200k extra per annum compared with the budget figures.

### 3. Recommended Changes to Item 7.3 Budget report 2023/24

- 3.1. The budget report to Cabinet identifies in relation to the claim the use of reserves, as underlined in the extract below:

“A favourable factor that is not shown as a variance is that if the Council was successful in its litigation with HMRC concerning the VAT liability of leisure charges. This should enable the Council to retain an additional £760k of income in the 2023/24 budget. However, the Council is still in dialogue with HMRC about this. The financial planning has included an assumption that this is resolved in the Council’s favour. The Council anticipates that the matter should be resolved in the next 18 months. In Section 6, the use of reserves is proposed to support the budget until the case is concluded. This of course carries a risk if the case fails but a balance of potentially unnecessary service cuts must be weighed against that.”

- 3.2. As the Council will now no longer be paying the VAT to HMRC, the use of reserves is no longer required. The income budgets for Leisure services will have to be increased.
- 3.3. The potential refund will not be identified as funding in the 2023/24 budget and, as previously stated, the issues should be re-examined in July. Table 1 below shows the reserve position (of Unearmarked reserves and VAT Reserve) as stated in the Budget report to Council and Table 2 shows the impact of the successful VAT case.

<b>Table 1 Reserves (those effected) Prior to VAT Settlement (year end figures)</b>					
		2023/24 Budget	2024/25 (Forecast)	2025/26 (Forecast)	2026/27 (Forecast)
		£000s	£000s	£000s	£000s
<b>New VAT Leisure Case</b>					
Reserve -Opening		0	760	0	0
Movement-In		1,520	0	1,520	
Movement- out		-760	-760	-1,520	
<b>Closing</b>		<b>760</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Unearmarked Reserves</b>					
opening		13,380	8,531	7,861	9,181
Other Non-VAT movements -net		-3,329	-670	-200	-200
VAT Movement-In		0		1,520	
VAT Movement- out		-1,520			
<b>Closing</b>		<b>8,531</b>	<b>7,861</b>	<b>9,181</b>	<b>8,981</b>
<b>Total</b>		<b>9,291</b>	<b>7,861</b>	<b>9,181</b>	<b>8,981</b>
<b>Table 2 Reserves (effected) Post Settlement (year end figures)</b>					
<b>New VAT Leisure Case</b>					
Reserve -Opening		0	0	0	0
Movement-In		0	0	0	
Movement- out		0	0	0	
<b>Closing</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Unearmarked Reserves</b>					
opening		13,380	10,051	9,381	9,181
Other Non-VAT		-3,329	-670	-200	-200
VAT Movement-In		0			
VAT Movement- out		0			
<b>Closing</b>		<b>10,051</b>	<b>9,381</b>	<b>9,181</b>	<b>8,981</b>
<b>Total</b>		<b>10,051</b>	<b>9,381</b>	<b>9,181</b>	<b>8,981</b>
The Reserves projection for 2027/28 is the Unearmarked reserve to decline to circa £8.5m due to the use of reserve to fund the local elections in that year.					

3.4. As the timing and amount of refund has not yet been determined, no allowance is recommended to be made in the estimates for the extra interest income. Should additional income be generated in 2023/24, it should be used to reduce the use of reserves in 2023/24. If that income is ongoing then consideration should, as matter of priority, be given to use it to reduce the significant forecast budget (£3.5m) gap in 2024/25.

#### 4. Risk Reduction

4.1. The s151 officer, in Budget report section 7, identifies robustness of estimates and reviews the level of reserves. The changes that flow from HMRC accepting the Council's VAT claim are all positive in that it reduces use of reserves in the short term and offers the strong possibility of reserves increasing by circa £4m.

- 4.2. Improvement in the ongoing revenue budget could be achieved if the claim for a refund is materially successful and the income is invested to produce a return. A decision (which is not recommended) to use the one-off refund to meet ongoing expenditure would increase financial risk.

## 5. Conclusion

5.1 The success of the Council's case against HMRC improves its finances and reduces risk, but only if the resource is not used to fund additional expenditure.

5.2 Payment by HMRC of a sizeable VAT refund in 2023/24 looks highly likely. However, there is still a need to determine with HMRC the size of the claim, which makes budgeting for it inappropriate at this time. The use of the of a refund should be considered in the July MTFS report.

### List of appendices:

Appendix 1 Council Tax Resolution

### Background papers:

None

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### Corporate Implications

Legal/Constitutional: None

Financial: As set out.

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: Financial resilience will matter discussed in the Budget report to January Cabinet.

Equality and Diversity: None

(For new or revised policies or procedures has an equalities impact assessment been carried out? If not, explain why)

Health and Safety: None

Digital: None

Other: None

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### Consultees: None

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**Relevant Policies and Strategies:**  
Budget Report 2023/24

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## COUNCIL TAX RESOLUTION

### INTRODUCTION

To set the 2023/24 Council Tax for Chelmsford City Council, the Council is asked to approve the information as set out in this Resolution.

#### Council Tax

The Council Tax Requirements for this Council and the precepts for the other precepting authorities are detailed below.

Chelmsford City Council's council tax requirement is £15,219,409, after allowing for a deficit balance on the Collection Fund of £193,099. This results in an average Band D Council Tax of £215.08.

The Parish Tier Council precepts are detailed in the recommendation below and total £3,244,516. This results in an average Band D Council Tax figure of £45.85.

Essex County Council has set a precept at £102,618,220, after allowing for a deficit balance on the collection fund of £1,077,662. This results in a Band D Council Tax of £1,450.17.

Police, Fire and Crime Commissioner for Essex has set a precept at £16,520,304, after allowing for a deficit balance on the collection fund of £166,677. This results in a Band D Council Tax of £233.46.

Essex Police, Fire and Crime Commissioner Fire and Rescue Authority has set a precept at £5,680,845, after allowing for a deficit balance on the collection fund of £58,479. This results in a Band D Council Tax of £80.28.

The formal Council Tax Resolution is given below. If the Resolution is approved the Council Tax for 2023/24 will be as follows.

	2022/23	2023/24	Increase	Increase
	£	£	£	%
Chelmsford City Council (average)	208.86	215.08	6.22	2.98%
Essex County Council	1,401.12	1,450.17	49.05	3.50%
Police, Fire and Crime Commissioner for Essex	218.52	233.46	14.94	6.84%
Essex Police, Fire & Crime Commissioner Fire & Rescue Authority	75.33	80.28	4.95	6.57%
	1,903.83	1,978.99	75.16	
Parish Tier Councils (average)	41.93	45.85	3.92	9.35%
<b>TOTAL</b>	1,945.76	2,024.84	79.08	

**RECOMMENDED** that in accordance with the provisions of the Local Government Finance Act 1992 as amended ("the Act"):

The following be approved :-

1	(a)	Council Tax Requirement for 2023/24	£
		Chelmsford City Council	15,219,409
		Parish Tier Councils	3,244,516
		Total Council Tax requirement	<u>£18,463,925</u>
(b)	The individual Parish budgets were set out in Table 11 of the Council report		
2		It be noted that the Accountancy Services Manager, under delegated authority, calculated the following amounts as its Council Tax base for the year 2023/24 in accordance with regulation 3 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 made under Section 31B(3) of the Act.	
(a)		The amount calculated by the Council, in accordance with regulation 3 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the year.	<u>70,762.89</u>
(b)		Part of the Council's area (Parish Tier Council, or the City Centre)	<u>2023/24</u>
			Tax Base
			(Band D
			equivalent)
		BOREHAM	1,431.09
		BROOMFIELD	2,128.63
		CHELMER	3,419.25
		CHELMSFORD GARDEN	3,306.76
		CHIGNAL	317.07
		DANBURY	2,443.38
		EAST HANNINGFIELD	494.18
		GALLEYWOOD	2,117.71
		GOOD EASTER	179.79
		GREAT & LITTLE LEIGHS	1,166.56
		GREAT BADDOW	5,454.79
		GREAT WALTHAM	940.96
		HIGHWOOD	333.23
		LITTLE BADDOW	876.71
		LITTLE WALTHAM	535.41
		MARGARETTING	390.79
		MASHBURY	44.50
		PLESHEY	139.55
		RETTENDON	827.19
		ROXWELL	476.92
		RUNWELL	1,980.96
		SANDON	777.53
		SOUTH HANNINGFIELD	1,220.76
		SOUTH WOODHAM FERRERS	6,092.15
		SPRINGFIELD	2,903.53
		STOCK	1,230.68
		WEST HANNINGFIELD	539.10
		WOODHAM FERRERS & BICKNACRE	1,258.77
		WRITTLE	2,024.22
			45,052.17
		special expense area of	
		CITY CENTRE (non Parished area)	<u>25,710.72</u>
			<u>70,762.89</u>

Being the amounts calculated by the Council, in accordance with regulation 6 of these Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

3		The following amounts be now calculated by the Council for the year 2023/24 in accordance with Sections 30 to 36 of the Act:-	
			£
(a)		The aggregate of the amounts which the Council estimates for the items set out in Section 31A (2)(a) to (f) of the Act	140,499,055
(b)		The aggregate of the amounts which the Council estimates for the items set out in Section 31A (3)(a) to (d) of the Act	-122,035,130
(c)		The amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its council tax requirement for the year (including parish precepts)	18,463,925
(d)		The amount at 3(c) above divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its council tax for the year (including parish precepts)	260.93
(e)		The aggregate amount of all special items referred to in Sections 34(1) and 35 of the Act	5,255,324
(f)		The amount at 3(d) above less the amount given by dividing the amount at 3(e) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates (excluding parish precepts)	186.66

(g) Part of the Council's area (Parish Tier Council, or the City Centre)

*	Basic Council Tax per Band D £	<--- Special Items --->		TOTAL per Band D £
		Special Expenses per Band D £	Parish Precepts per Band D £	
BOREHAM	186.66	5.58	66.69	258.93
BROOMFIELD	186.66	26.73	94.68	308.07
CHELMER	186.66	38.97	54.81	280.44
CHELMSFORD GARDEN	186.66	22.86	58.77	268.29
CHIGNAL	186.66	34.56	25.56	246.78
DANBURY	186.66	2.61	147.51	336.78
EAST HANNINGFIELD	186.66	25.56	73.80	286.02
GALLEYWOOD	186.66	31.95	53.46	272.07
GOOD EASTER	186.66	20.16	59.58	266.40
GREAT & LITTLE LEIGHS	186.66	36.81	28.26	251.73
GREAT BADDOW	186.66	9.09	84.42	280.17
GREAT WALTHAM	186.66	25.20	89.64	301.50
HIGHWOOD	186.66	22.68	120.15	329.49
LITTLE BADDOW	186.66	22.32	56.79	265.77
LITTLE WALTHAM	186.66	30.51	78.21	295.38
MARGARETTING	186.66	22.77	31.77	241.20
MASHBURY	186.66	20.16	0.00	206.82
PLESHEY	186.66	20.16	59.31	266.13
RETTENDON	186.66	28.26	56.61	271.53
ROXWELL	186.66	1.71	34.56	222.93
RUNWELL	186.66	20.79	59.67	267.12
SANDON	186.66	25.29	49.95	261.90
SOUTH HANNINGFIELD	186.66	22.05	77.04	285.75
SOUTH WOODHAM FERRERS	186.66	27.09	72.63	286.38
SPRINGFIELD	186.66	39.24	71.55	297.45
STOCK	186.66	21.87	41.94	250.47
WEST HANNINGFIELD	186.66	22.05	56.52	265.23
WOODHAM FERRERS & BICKNACRE	186.66	22.32	79.74	288.72
WRITTLE	186.66	4.14	78.84	269.64
special expense area of CITY CENTRE (non Parished area)	186.66	38.79	0.00	225.45

The amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate. The effect on individual banded properties is shown in Annex A.

(h) Valuation Bands

That the amounts detailed in Annex A being the amounts given by multiplying the amounts at 3(f) and 3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 4 It be noted that for the year 2023/24 Essex County Council, the Police, Fire and Crime Commissioner for Essex and the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown below:-

<u>PRECEPTING AUTHORITY</u>	<----- VALUATION BANDS ----->							
	A £	B £	C £	D £	E £	F £	G £	H £
Essex County Council	966.78	1,127.91	1,289.04	1,450.17	1,772.43	2,094.69	2,416.95	2,900.34
Police, Fire and Crime Commissioner for Essex	155.64	181.58	207.52	233.46	285.34	337.22	389.10	466.92
Essex Police, Fire and Crime Commissioner Fire and Rescue Authority	53.52	62.44	71.36	80.28	98.12	115.96	133.80	160.56

- 5 Having calculated the aggregate in each case of the amounts at 3(h) and 4 above, the Council, in accordance with Section 30(2) of the Act, hereby sets the amounts detailed in Annex B attached as the amounts of council tax for the year 2023/24 for each of the categories of dwellings shown.



**ANNEX A: Chelmsford City Council - Council taxes 2023/24 - Excluding Essex County Council, Police, Fire & Crime Commissioner for Essex & Essex Police, Fire and Crime Commissioner Fire and Rescue Authority**

Parish of:-	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
BOREHAM	172.62	201.39	230.16	258.93	316.47	374.01	431.55	517.86
BROOMFIELD	205.38	239.61	273.84	308.07	376.53	444.99	513.45	616.14
CHELMER	186.96	218.12	249.28	280.44	342.76	405.08	467.40	560.88
CHELMSFORD GARDEN	178.86	208.67	238.48	268.29	327.91	387.53	447.15	536.58
CHIGNAL	164.52	191.94	219.36	246.78	301.62	356.46	411.30	493.56
DANBURY	224.52	261.94	299.36	336.78	411.62	486.46	561.30	673.56
EAST HANNINGFIELD	190.68	222.46	254.24	286.02	349.58	413.14	476.70	572.04
GALLEYWOOD	181.38	211.61	241.84	272.07	332.53	392.99	453.45	544.14
GOOD EASTER	177.60	207.20	236.80	266.40	325.60	384.80	444.00	532.80
GREAT & LITTLE LEIGHS	167.82	195.79	223.76	251.73	307.67	363.61	419.55	503.46
GREAT BADDOW	186.78	217.91	249.04	280.17	342.43	404.69	466.95	560.34
GREAT WALTHAM	201.00	234.50	268.00	301.50	368.50	435.50	502.50	603.00
HIGHWOOD	219.66	256.27	292.88	329.49	402.71	475.93	549.15	658.98
LITTLE BADDOW	177.18	206.71	236.24	265.77	324.83	383.89	442.95	531.54
LITTLE WALTHAM	196.92	229.74	262.56	295.38	361.02	426.66	492.30	590.76
MARGARETTING	160.80	187.60	214.40	241.20	294.80	348.40	402.00	482.40
MASHBURY	137.88	160.86	183.84	206.82	252.78	298.74	344.70	413.64
PLESHEY	177.42	206.99	236.56	266.13	325.27	384.41	443.55	532.26
RETTENDON	181.02	211.19	241.36	271.53	331.87	392.21	452.55	543.06
ROXWELL	148.62	173.39	198.16	222.93	272.47	322.01	371.55	445.86
RUNWELL	178.08	207.76	237.44	267.12	326.48	385.84	445.20	534.24
SANDON	174.60	203.70	232.80	261.90	320.10	378.30	436.50	523.80
SOUTH HANNINGFIELD	190.50	222.25	254.00	285.75	349.25	412.75	476.25	571.50
SOUTH WOODHAM FERRERS	190.92	222.74	254.56	286.38	350.02	413.66	477.30	572.76
SPRINGFIELD	198.30	231.35	264.40	297.45	363.55	429.65	495.75	594.90
STOCK	166.98	194.81	222.64	250.47	306.13	361.79	417.45	500.94
WEST HANNINGFIELD	176.82	206.29	235.76	265.23	324.17	383.11	442.05	530.46
WOODHAM FERRERS & BICKNACRE	192.48	224.56	256.64	288.72	352.88	417.04	481.20	577.44
WRITTLE	179.76	209.72	239.68	269.64	329.56	389.48	449.40	539.28
special expense area of CITY CENTRE (non Parished area)	150.30	175.35	200.40	225.45	275.55	325.65	375.75	450.90

**ANNEX B: Chelmsford City Council - Council taxes 2023/24 - At taxpayer level**

Parish of:-	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
BOREHAM	1,348.56	1,573.32	1,798.08	2,022.84	2,472.36	2,921.88	3,371.40	4,045.68
BROOMFIELD	1,381.32	1,611.54	1,841.76	2,071.98	2,532.42	2,992.86	3,453.30	4,143.96
CHELMER	1,362.90	1,590.05	1,817.20	2,044.35	2,498.65	2,952.95	3,407.25	4,088.70
CHELMSFORD GARDEN	1,354.80	1,580.60	1,806.40	2,032.20	2,483.80	2,935.40	3,387.00	4,064.40
CHIGNAL	1,340.46	1,563.87	1,787.28	2,010.69	2,457.51	2,904.33	3,351.15	4,021.38
DANBURY	1,400.46	1,633.87	1,867.28	2,100.69	2,567.51	3,034.33	3,501.15	4,201.38
EAST HANNINGFIELD	1,366.62	1,594.39	1,822.16	2,049.93	2,505.47	2,961.01	3,416.55	4,099.86
GALLEYWOOD	1,357.32	1,583.54	1,809.76	2,035.98	2,488.42	2,940.86	3,393.30	4,071.96
GOOD EASTER	1,353.54	1,579.13	1,804.72	2,030.31	2,481.49	2,932.67	3,383.85	4,060.62
GREAT & LITTLE LEIGHS	1,343.76	1,567.72	1,791.68	2,015.64	2,463.56	2,911.48	3,359.40	4,031.28
GREAT BADDOW	1,362.72	1,589.84	1,816.96	2,044.08	2,498.32	2,952.56	3,406.80	4,088.16
GREAT WALTHAM	1,376.94	1,606.43	1,835.92	2,065.41	2,524.39	2,983.37	3,442.35	4,130.82
HIGHWOOD	1,395.60	1,628.20	1,860.80	2,093.40	2,558.60	3,023.80	3,489.00	4,186.80
LITTLE BADDOW	1,353.12	1,578.64	1,804.16	2,029.68	2,480.72	2,931.76	3,382.80	4,059.36
LITTLE WALTHAM	1,372.86	1,601.67	1,830.48	2,059.29	2,516.91	2,974.53	3,432.15	4,118.58
MARGARETTING	1,336.74	1,559.53	1,782.32	2,005.11	2,450.69	2,896.27	3,341.85	4,010.22
MASHBURY	1,313.82	1,532.79	1,751.76	1,970.73	2,408.67	2,846.61	3,284.55	3,941.46
PLESHEY	1,353.36	1,578.92	1,804.48	2,030.04	2,481.16	2,932.28	3,383.40	4,060.08
RETTENDON	1,356.96	1,583.12	1,809.28	2,035.44	2,487.76	2,940.08	3,392.40	4,070.88
ROXWELL	1,324.56	1,545.32	1,766.08	1,986.84	2,428.36	2,869.88	3,311.40	3,973.68
RUNWELL	1,354.02	1,579.69	1,805.36	2,031.03	2,482.37	2,933.71	3,385.05	4,062.06
SANDON	1,350.54	1,575.63	1,800.72	2,025.81	2,475.99	2,926.17	3,376.35	4,051.62
SOUTH HANNINGFIELD	1,366.44	1,594.18	1,821.92	2,049.66	2,505.14	2,960.62	3,416.10	4,099.32
SOUTH WOODHAM FERRERS	1,366.86	1,594.67	1,822.48	2,050.29	2,505.91	2,961.53	3,417.15	4,100.58
SPRINGFIELD	1,374.24	1,603.28	1,832.32	2,061.36	2,519.44	2,977.52	3,435.60	4,122.72
STOCK	1,342.92	1,566.74	1,790.56	2,014.38	2,462.02	2,909.66	3,357.30	4,028.76
WEST HANNINGFIELD	1,352.76	1,578.22	1,803.68	2,029.14	2,480.06	2,930.98	3,381.90	4,058.28
WOODHAM FERRERS & BICKNACRE	1,368.42	1,596.49	1,824.56	2,052.63	2,508.77	2,964.91	3,421.05	4,105.26
WRITTLE	1,355.70	1,581.65	1,807.60	2,033.55	2,485.45	2,937.35	3,389.25	4,067.10
special expense area of CITY CENTRE (non Parished area)	1,326.24	1,547.28	1,768.32	1,989.36	2,431.44	2,873.52	3,315.60	3,978.72

The increase in Chelmsford City Council's relevant basic amount of Council Tax for 2023/24 is £6.22 (2.98%), which is below the guideline increase issued in accordance with the provisions of section 52ZB Local Government Finance Act 1992. The increase is therefore not excessive.

Parish Tier Council	Council Tax required		<--- Band D --->		Increase %
	2022/23 £	2023/24 £	2022/23 £	2023/24 £	
Boreham	90,882	95,439	63.09	66.69	5.71%
Broomfield	159,444	201,539	57.15	94.68	65.67%
Chelmer	0	187,409	0	54.81	
Chelmsford Garden	0	194,338	0	58.77	
Chignal	8,001	8,104	24.12	25.56	5.97%
Danbury	331,606	360,423	135.00	147.51	9.27%
East Hanningfield	36,439	36,470	73.35	73.80	0.61%
Galleywood	109,765	113,213	51.57	53.46	3.66%
Good Easter	10,714	10,712	59.85	59.58	-0.45%
Great & Little Leighs	33,033	32,967	28.71	28.26	-1.57%
Great Baddow	454,353	460,493	82.89	84.42	1.85%
Great Waltham	73,657	84,348	77.49	89.64	15.68%
Highwood	40,027	40,038	119.79	120.15	0.30%
Little Baddow	47,407	49,788	54.09	56.79	4.99%
Little Waltham	49,518	41,874	55.80	78.21	40.16%
Margaretting	12,408	12,415	31.95	31.77	-0.56%
Mashbury	0	0	0.00	0.00	0.00%
Pleshey	7,484	8,277	54.72	59.31	8.39%
Rettendon	44,372	46,827	54.54	56.61	3.80%
Roxwell	15,981	16,482	33.30	34.56	3.78%
Runwell	113,543	118,204	59.76	59.67	-0.15%
Sandon	36,936	38,838	48.15	49.95	3.74%
South Hanningfield	90,795	94,047	74.16	77.04	3.88%
South Woodham Ferrers	436,981	442,473	71.37	72.63	1.77%
Springfield	430,803	207,748	52.47	71.55	36.36%
Stock	49,149	51,615	40.23	41.94	4.25%
West Hanningfield	26,398	30,470	54.90	56.52	2.95%
Woodham Ferrers & Bicknacre	83,434	100,374	67.05	79.74	18.93%
Writtle	147,705	159,590	72.99	78.84	8.01%
	<u>2,940,835</u>	<u>3,244,516</u>	<u>1,598.49</u>	<u>1,862.46</u>	



Chelmsford City Council

22 February 2023

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## Pay Policy Statement

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Report by:

Cabinet Member for Connected Chelmsford

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Officer Contact:

Daniel Bird, Democracy Team Manager, [daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk), 01245 606523

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### Purpose

To approve the Council's Pay Policy Statement for 2023-24.

### Recommendations

The Council approve the Pay Policy Statement attached as the appendix to this report.

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## 1. Background

The Localism Act 2011 requires that each local authority produce and submit to full Council for approval an annual pay policy statement which should include:

- The Council's policy on the level and elements of remuneration for Council employees including chief officers
- The Council's policy on the remuneration of its lowest paid employee
- The Council's policy on the relationship between the remuneration of its chief officers and other officers
- The Council's policy on other specific aspects of officers' remuneration such as remuneration on recruitment, increases and additions to remuneration, use of

performance related pay and bonuses (where applicable) and termination payment and transparency

- Publication of, and access to, information relating to remuneration of chief officers

## 2. Proposed Policy Statement

The proposed Policy Statement for 2023-24 is attached and the Council is recommended to approve it.

### List of appendices:

Appendix – Pay Policy Statement for 2023-24

### Background papers:

None.

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## Corporate Implications

Legal/Constitutional: An annual pay policy statement needs to be approved by full Council under the Localism Act 2011

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: None

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Relevant Policies and Strategies:

None relevant

CHELMSFORD CITY COUNCIL  
PAY POLICY STATEMENT 2023 - 2024

**Introduction**

1. The Localism Act 2011 requires pay policy statements to include:
  - The Council's policy on the level and elements of remuneration for Council employees including chief officers
  - The Council's policy on the remuneration of its lowest-paid employees
  - The Council's policy on the relationship between the remuneration of its chief officers and other officers
  - The Council's policy on other specific aspects of officers' remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses (where applicable) and termination payment and transparency
  - Publication of and access to information relating to remuneration of chief officers.
2. For the purpose of this policy a chief officer and non-statutory chief officer under section 2 of the Local Government and Housing Act, 1989 includes the Chief Executive as Head of Paid Services and Council Officers on the Council's Management Team and their direct reports, excluding Personal Assistants and Administration Officers.
3. The Chief Executive is responsible for the overall management of the Council and its resources. He has delegated authority to determine pay for all employees of the Council. The appointment and dismissal of Directors and the Statutory Officers are determined under different arrangements which are set out in the Council's Officer Employment Procedure Rules. The Chief Executive leads on the development and the implementation of the Council's strategies and sets the framework for community engagement. He also has responsibility for the management of elections and the functions of the Council's Electoral Registration process and receives an allowance for acting as the Returning Officer at elections.
4. The Council employs three directors who take strategic lead in various Council Services. Details of their responsibilities are outlined in Part 3 section 4 of the Council's Constitution (a copy of the Council's Members' structure chart is also set out in Part 7 of the Council's Constitution).

The Council's Constitution is available through our website:  
<https://www.chelmsford.gov.uk/your-council/councillors-and-decision-making/constitution/>

5. The Council on implementing its Equal Pay and Single Status agreement ensured it had put in place equitable and transparent reward system for its employees. The Council's pay policy statement is therefore underpinned by the principle of equal pay and recognises equal pay between both female and male officers as a legal right under employment law and ensures fair and non-discriminatory remuneration package across the authority. The Council has a

legal duty to report on the gender pay gap. This report is available at the following link <https://gender-pay-gap.service.gov.uk/>

6. This policy statement explains the principles of remuneration and the benefits available to all staff. However, employees' full rights are contained in the standard terms and conditions of employment and their employment contracts (collectively known as "the Council's conditions of service"), but these do not form part of the Council's Pay Policy Statement.
7. Where references are made to links on the Council's Intranet site, copies of those documents can be obtained by contacting the Council's HR team.

### **Strategic Aims**

8. The Council's Pay Policy Statement is supported by the following strategic aims:
  - To demonstrate clarity and transparency around how employees are remunerated whilst ensuring that the Council is well positioned to attract the right calibre of staff with the right skills and experience to respond to the needs of the community.
  - The Council will, at all times, use transparent pay arrangements which are in accordance with current tax legislation
  - The Council strives for excellence in all services and recognises that this will only be achieved by having capable employees in post who are able to deliver the Council's ambitions and priorities.
  - It is the Council's aim to recruit and retain good quality employees and recognises the importance of positioning itself competitively in the market in light of its proximity to London and other neighbouring authorities.
  - To ensure that remuneration package for employees of the Council is affordable, sustainable and achieves value for money for the people of Chelmsford.

### **Scope**

9. The Council's pay policy statement and its principles are applied consistently to all employees. For part-time employees, salary entitlement and the Council's conditions of service are applied pro-rata to comparable full-time employees.
10. Temporary employees' salary entitlement and the Council's conditions of service will be applied on the basis of an equivalent to that of permanent employees.

### **Determination of Job Grades**

11. Chelmsford City Council has adopted the "Hay Job Evaluation Scheme" which systematically establishes the relative values of different jobs. The Scheme has been used to determine the grades of all existing posts and for new posts as they arise. It is the only mechanism within the Council for

determining the grading of posts. Responsibility for administering and coordinating the Job Evaluation Scheme rests with Human Resources.

12. A job can only be considered for re-evaluation where there has been a significant change to the responsibilities and accountabilities of the post. The Manager will need to advise where the changes have come from as another post may be affected resulting in a decrease in the applicable grade of that post. If this results in an increase in grade, this will become effective from the 1st of the month that the authorised job evaluation form was submitted. If this results in a decrease, a pay protection period of 6 months will apply.
13. Any newly created post that is evaluated and result in a total remuneration package valued at £100,000 or more will be subject to full Council approval.
14. If a member of staff disagrees with the assessment of the job evaluation of their post, they will be advised of their right to appeal. A copy of the appeals proforma and the process for appealing is available from the HR team.

## **Remuneration**

15. The Act defines remuneration as including:
  - Pay
  - Charges
  - Fees
  - Allowances
  - Benefits in kind
  - Increases/ enhancements of pension entitlement and
  - Termination Payments.

### **Normal Pay**

16. Normal pay includes all earnings that would be paid during a period of contractual working, but excluding any payments not made on a regular basis.
17. The basic pay of each employee will be based on the grade of the job they are contracted to perform. Grade 2 has a spot rate and Grades 3 and 4 each have two spinal column points. All the other grades consist of four spinal points. The minimum point of a pay grade is not lower than the maximum point of the preceding pay grade. The Council's locally determined pay scales ranges from grade 2 – 20. Jobs with the same evaluation score will be on the same grade.
18. The Council employs apprentices on apprentice pay rates. The lowest graded roles within the Council are grade 2 with a current salary<sup>1</sup> of £20,259. Roles at this grade include cleaners, ice rink assistant, museum assistant, revenues assistant and pitch co-ordinator. The pay for the lowest grade employees is above national minimum pay rates.

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<sup>1</sup> Salary as at April 2022



### National Pay Support

19. The Council will review the guidance related to any government pay support related to national emergency health or other situations and will access support available in accordance with the rules of the scheme.

### Recruitment

20. New entrants will normally be placed at the bottom of the scale unless in exceptional circumstances, it can be demonstrated that they have had experience in the same role with the same level of responsibility in another organisation with the capability to work and function at a high level from the outset. Other considerations to merit an appointment at a higher scale point are when a case is made to establish demonstrable previous skills and experience against proven organisational need. These will need to be agreed by HR in consultation with the Director of Service or the Chief Executive in the case of a Director's appointment. In the case of a Chief Executive appointment, this is covered under part 4 section 8 of the Council's Constitution.

### Progression through the Pay Spine

21. New entrants' salary will be reviewed annually on the anniversary of their start date, and they will move up to the next spinal column point on the salary scale if they demonstrate satisfactory performance. Those appointed at the top of the scale point in their grade will not achieve any movement. This is applicable to all staff below Management Team (Director) level.
22. Those at Director level will have their performance reviewed annually by the Chief Executive.
23. The Leader and the Deputy Leader of the Council will be responsible for reviewing the Chief Executive's performance.

### Pay Negotiation

24. Annual pay negotiations (cost of living increases) for all staff will take place with the Council's recognised Trade Union - UNISON and any agreed proposals presented to full Council as part of the budget process.

### Market Supplements

25. There may be occasions when the evaluated salary for a post fails to attract any suitable candidates and consideration is given to increasing the salary by way of a market supplement. Managers will need to have tried to recruit at the evaluated level and will need to provide HR with salary details of similar jobs within the market.
26. Market supplements will be benchmarked against the salaries for similar jobs annually to ensure they are still required. This will be undertaken by the line manager in conjunction with HR. Should this research result in the market supplement no longer being required, there will be a three month pay protection before withdrawal of the supplement. Directors will then approve these at Management Team.

### Honorarium payments

27. These discretionary payments may be given for the following circumstances:
- Covering part of the duties of a post at a higher level due to the absence of a more senior member of staff (e.g. sickness or secondment) – for 4 weeks' or more
  - An honorarium payment may also be paid in recognition of an employee taking on a special project or role. This work will be evaluated to assess suitable payment.

### Special Responsibility Allowance

28. An additional payment is made to the Council's Section 151 and Monitoring Officers.

### **Other Pay**

29. Information on the Council's policies on Occupational sick pay and maternity, shared parental leave, paternity and adoption leave can be obtained from the Council's Human Resources Team.

### **Pensions**

30. General details of the Local Government Pension Scheme (LGPS) are available from Human Resources. Both the employee joining the scheme and the Council contribute to the scheme.
31. The rules under which auto-enrolment operates will continue to apply to all Council employees. Eligible staff will be automatically enrolled unless they choose to opt out. This exercise will be repeated every three years on the anniversary of each eligible employee's enrolment.
32. The Council's pension scheme is administered by Essex County Council. They are contactable on: 01245 431912, e- mail: [pensionenquiries@essex.gov.uk](mailto:pensionenquiries@essex.gov.uk) or on their website: [www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk)

### **Other Benefits**

33. The Council has a subsidised car leasing scheme in place for some qualifying officers. Eligibility for the scheme can be found in the Driving Policy which is available from Human Resources.
34. Employees on Director level pay bands have the option to opt out of the subsidised car lease scheme for a non-pensionable cash equivalent.
35. There is a health scheme in place for all employees of the Council and they also benefit from an occupational health service provision and an Employee Assistance Programme which provides access to Counselling services for example.
36. Access to subsidised car parking is available to all employees.

### **Reimbursement of Expenditure**

37. All employees are required to make the best use of council resources and are obliged to consider the most cost-effective option when incurring any expenditure in the course of their duties.
38. Subsistence allowances are payable when employees incur additional expenditure on meals because they have been unable to follow their normal meal arrangements whilst out on business.
39. Examples of where an employee may need to incur expenditure on meals are as follows:
- Attendance at training courses or seminars where meals or refreshments are not provided
  - Site visits
  - Meetings to other organisations
  - Travelling to locations as part of official duties.

### **Termination of Employment**

40. In the event of cessation of employment, compensation arrangements are made in accordance with the Council's existing agreed policies in accordance with the Local Government (Early Termination of Employment) (Discretionary compensation) (England and Wales) Regulations 2006.

### **Other Changes**

40. Any recommendation for a general increase or reduction in pay or pay related terms and conditions of employment will be negotiated with the Union by the Director of Connected Chelmsford and a representative from Human Resources.

### **Publicising Senior Salary**

41. The details of senior salary for officers earning in excess £50,000 is available on the Council's website under Transparency.

### **Conclusion**

42. The Localism Act 2011 requires relevant authorities in England and Wales to prepare a Pay Policy Statement for each subsequent financial year. This paper sets out the Council's policy statement on pay for employees and sits alongside the overarching pay policy for the Council. The next statement will be reported to Full Council for their approval next year.
43. Should there be a need to amend the existing Pay Policy Statement during the course of the year an appropriate recommendation will be made to Full Council.



## Chelmsford City Council

22 February 2023

### Report from the Outside Bodies Task and Finish Group

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**Report by:** Overview and Scrutiny Committee from its meeting on 6 February 2023

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#### Officer contacts:

Daniel Bird, Democracy Team Manager [daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk),  
01245 606523

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#### Purpose

To consider the recommendations from the Overview and Scrutiny Committee's Task and Finish Group on Outside Bodies.

#### Recommendations:

1) **Outside bodies that no longer require an appointment:**

- Fields in Trust (no meetings)
- South Woodham Ferrers Swimming Pool Steering Group (no meetings)
- William de Ferrers Centre users Committee (no response from Council representative, although they are a former Councillor)

2) **Outside bodies that need to be added to the list:**

- Chelmer & Blackwater Navigation Advisory Committee (this appointment was made part way through 2022/23 so needs to be added to the main list)
- 

1. The Overview and Scrutiny Committee, considered recommendations from its Task and Finish Group on Outside Bodies.

2. The Committee agreed the recommendations and two relevant ones are now presented to Full Council for their agreement.
  3. The Committee itself also agreed the other recommendations below:
    - That the Overview and Scrutiny Committee receive annual updates from each appointed representative at their February meeting.
    - That the Overview and Scrutiny Committee review the appointments to any outside bodies that do not meet before May 2024.
    - That the Overview and Scrutiny Committee, consider which outside bodies they would like to invite to a meeting, to further understand their role when setting their future work programme.
  4. If agreed the changes will take place ahead of Annual Council in May 2023, where new appointments will be made accordingly.
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#### Appendices

1. Report from the Outside Bodies Task and Finish Group

#### Background Papers

None



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## Chelmsford City Council Overview and Scrutiny Committee

**6 February 2023**

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### Report from the Outside Bodies Task and Finish Group

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#### Report by:

Director of Connected Chelmsford

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#### Officer Contact:

Daniel Bird, [daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk) (01245) 606523

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#### Purpose:

The purpose of this report is to present the final recommendations from the Outside Bodies Task and Finish Group. The Committee are then asked to make recommendations accordingly to Full Council.

#### Recommendations:

1. That the Overview and Scrutiny Committee recommend to Full Council the recommendations detailed in section two of the report.
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## 1. Introduction

- 1.1 The Task and Finish Group was formed in 2022 to look into the Council's appointments to Outside Bodies. The Group was responsible for identifying which appointments continued to be beneficial, which ones may need a different number of representatives and to identify any new ones. The terms of reference are available as annex A to the report.
- 1.2 The group met on three occasions and received information from all of the Councillors who are representatives on outside bodies and the majority of the outside bodies too. The group has considered the information received and made recommendations accordingly.
- 1.3 The group were pleased to see that the vast majority of appointments were beneficial and therefore felt most of them should continue in the future.
- 1.3 The group has now produced a final report for consideration by the Overview and Scrutiny Committee, with recommendations ahead of the next appointments being made in May 2023. These are detailed below.

## 2. Recommendations

### 1) Outside bodies that no longer require an appointment:

- Fields in Trust (no meetings)
- South Woodham Ferrers Swimming Pool Steering Group (no meetings)
- William de Ferrers Centre users Committee (no response from Council representative, although they are a former Councillor)

### 2) Outside bodies that need to be added to the list:

- Chelmer & Blackwater Navigation Advisory Committee (this appointment was made part way through 2022/23 so needs to be added to the main list)

- 3) That the Overview and Scrutiny Committee receive annual updates from each appointed representative at their February meeting.
- 4) That the Overview and Scrutiny Committee review the appointments to any outside bodies that do not meet before May 2024.
- 5) That the Overview and Scrutiny Committee, consider which outside bodies they would like to invite to a meeting, to further understand their role when setting their future work programme.

### 3. Conclusion

- 3.1 The Committee are asked to consider and agree the above recommendations and to make any other suggestions for Full Council to consider in February.
- 3.2 After consideration by Full Council, appointments will then be made accordingly at Annual Council in May.

#### List of appendices:

Appendix 1 – Report from the Outside Bodies Task and Finish Group

#### Background papers:

None

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### Corporate Implications

Legal/Constitutional: None

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None



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Consultees:

- Members of the Task and Finish Group
- Representatives on outside bodies
- Outside bodies

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Relevant Policies and Strategies:

Not applicable

## Report from the Outside Bodies Task and Finish Group – February 2023

### 1. Introduction

The task and finish group met on three occasions, 19<sup>th</sup> October, 28<sup>th</sup> November 2022 and 16<sup>th</sup> January 2023. The group was formed of Cllrs Mascot (Chair), Ashley, Daden, Fuller and Grundy. The group received officer support from Louise Goodwin, Murphie Manning, Daniel Bird and Jan Decena.

The Group sought information from all of the Council's representatives on outside bodies and the outside bodies themselves. This information is detailed in Annexes 2 and 3 to the report. During the meetings the group considered this information and have made recommendations to the Overview and Scrutiny Committee accordingly. During discussions at the meetings the group also developed other ideas of how the process could be monitored in the future and this is detailed in the report.

### 2. Information the group received

The group sent out a Microsoft Form to all of the Council's representatives and a similar form was sent to each of the Outside bodies. The group received responses from all of the Council's representatives and the vast majority of the outside bodies. The Councillor responses are detailed in Annex 2 with the responses from the outside bodies in Annex 3. As detailed in the responses, the vast majority of the representatives and the outside bodies themselves, are happy with current arrangements and are keen for the relationships to continue. There were a few outside bodies which no longer met or have been inactive and the group have made recommendations to stop appointments to these accordingly.

### 3. Main findings

#### *Appointments to continue:*

The group were pleased to see that the vast majority of appointments continued to be viewed as beneficial by both sides. Therefore, as detailed in the recommendations, for many of the outside bodies, no changes are being recommended to the current arrangements.

#### *Future reporting from representatives:*

The group did however feel that there needed to be a greater level of oversight by the Overview and Scrutiny Committee going forward. It was noted that in the past, only those appointments to more significant outside bodies, were asked to report back to the Committee. The group feel it would be beneficial for all Councillors to report on an annual basis to the February meetings. The group are not expecting Councillors to attend, but feel the annual completion of a form should be required.

*Future reporting from outside bodies:*

The group were keen to emphasise that for the outside bodies themselves, there were mechanisms already in place, for those who receive Council funding to report to the Council. Therefore, the group are not recommending that the outside bodies provide annual reports to the Committee, it is felt that the Councillors reports would be sufficient for this. They do however feel that the Committee would benefit from hearing from some of the larger outside bodies, so the Committee can further understand the role that they play. The group feel that this would benefit the outside body and the Committee itself. Therefore, the group are recommending that officers and members of the Committee, look into this when setting future work programmes. Therefore, in the future, outside bodies could be invited to attend a Committee meeting and highlight the work they are undertaking.

*Groups that have not met in recent years:*

The group noted that a few outside bodies have not met in recent years but the representatives felt appointments should continue to be made. These were the Chelmsford Business Board, Danbury Lakes Country Park Forum the Marsh Farm Country Park Forum and the Tech Ambassadors. The group felt that the appointments should continue but both the representatives and officers should monitor the appointments closely in the future to ensure they are beneficial. The group agreed that if the body does not meet by May 2024, that the appointment should be reviewed.

*Number of appointees:*

The group also considered the number of appointees to each outside body. The group noted that in some instances the number was set in the outside body's constitution and therefore could not be altered. The group felt the number of appointees to the outside bodies were suitable but is something that should be kept under review in future years by the representatives.

*Chelmsford Voluntary Service:*

The group sought further information from the CVS as to the specific role they expect from their Councillor representative, this was due to the response provided by the representative. The group heard that the CVS felt having a representative, offered the Council a greater understanding of what they do, and their involvement in work that is sometimes rather hidden otherwise and why critical decisions were made. The group also noted that the representative can be an advocate for the Council too, in terms of explaining why decisions have been made and how challenges might impact on the work by the CVS. The group also heard that the relationships were crucial to the charity. Therefore, the group agreed to continue the appointment, as it was clear it would continue to be beneficial for both parties

## 4. Recommendations

- 1) Outside bodies that no longer require an appointment:
  - Fields in Trust (no meetings)
  - South Woodham Ferrers Swimming Pool Steering Group (no meetings)
  - William de Ferrers Centre users Committee (no response from Council representative, although they are a former Councillor)
- 2) Outside bodies that need to be added to the list:
  - Chelmer & Blackwater Navigation Advisory Committee (this appointment was made part way through 2022/23 so needs to be added to the main list)
- 3) That the Overview and Scrutiny Committee receive annual updates from each appointed representative at their February meeting.
- 4) That the Overview and Scrutiny Committee review the appointments to any outside bodies that do not meet before May 2024.
- 5) That the Overview and Scrutiny Committee, consider which outside bodies they would like to invite to a meeting, to further understand their role when setting their future work programme.

## Annex A – Terms of Reference

<p style="text-align: center;"><b>Overview and Scrutiny Committee</b></p> <p style="text-align: center;"><b>Task and finish group to undertake a review of the Council's appointments to Outside Bodies</b></p> <p style="text-align: center;"><b>DRAFT</b> <b>TERMS OF REFERENCE</b></p>	
<b>Background:</b>	<ul style="list-style-type: none"> <li>- The Council appoints members to be representatives on various outside bodies at Annual Council each year. The Overview and Scrutiny Committee has received reports from those appointed at various intervals which provided an update on the work that had been undertaken. These reports also detailed how many meetings for example had been attended.</li> <li>- Members of the Committee raised at the last meeting that a detailed look into the appointments and their benefit to the Council and outside body would be beneficial.</li> </ul>
<b>Objectives:</b>	<ul style="list-style-type: none"> <li>- Identify which outside body appointments are beneficial to both parties and should continue.</li> <li>- Identify which appointments are no longer beneficial.</li> <li>- Identify any outside bodies that need a lower or higher number of representatives.</li> <li>- Identify any other outside bodies which don't currently have representatives but could benefit.</li> </ul>
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>- To produce an updated list of which outside bodies should have representatives appointed to them ahead of Annual Council in 2023.</li> </ul>
<b>Members:</b>	Councillors TBC (Normally 5 Cllrs)
<b>Director lead:</b>	Director of Connected Chelmsford [Louise Goodwin]
<b>Co-ordinating officer:</b>	Democratic Services Officer [Daniel Bird]

Outside Bodies	Councillor Representatives	What are the main functions or purpose of the outside body?	How many meetings of the body have you attended in the past 12 months?	In summary, what has your role on the outside body involved so far?	Do you feel the Council should continue to appoint a representative to the outside body?	Please detail why you feel a representative should continue or not continue to be appointed?	Any other comments
Age Concern	Ann Davidson	To run a Day Centre (Mon – Fri) for residents over 60, provide them with a 2-course hot lunch using fresh ingredients, to provide an opportunity for socialising and participating in activities and, to help combat loneliness.	I don't attend trustee meetings, but I have now asked to. I've visited the centre 6-8 times over the last year.	I was involved in discussions with the trustees when the building work on the first-floor extension was being built.  I have asked to attend the regular trustee meetings.  I'm working with our Community Sport & Wellbeing Team to set up some indoor activities for those attending the centre to participate in.	Yes	Age Concern applies for an annual grant of £5,000 from CCC, and I think it is important that someone takes an interest in how they use it. They are providing a vital service for the older members of our community who rate it highly. By talking to the regulars, it also gives the opportunity to understand other challenges faced by our older residents in the hope that we may be able to help them with these.	None.
The Business Improvement District	Simon Goldman	Business Improvement Districts are business led partnerships which are created through a ballot process to deliver additional services to local businesses.  They can be a powerful tool for directly involving local businesses in local activities and allow the business community and local authorities to work together to improve the local trading environment.	Approximately 20 meetings	Attending regular meetings to discuss future events in the City and to discuss finances. I have also help steer the direction of the BID.	Yes	We need to maintain the partnership as the BID and CCC are very much interlinked with the events that are going on and we can get a lot more for our buck. We can also help influence how the City centre is shaped in the future.	
Chelmer & Blackwater Navigation Advisory Committee	Richard Lee	Members of the committee are all those who have an interest in the well being of the navigation.	Two meetings	Encouraging Essex Waterways Ltd to continue to invest in our rivers so the residents can enjoy it for pleasure, be it walking or on the river itself.	Yes	It's a valuable group that is willing to listen, and some improvements such as access have been made since joining the group as a result of our influence	Note this does not yet appear on the 'Outside Appointments list', as joined in the summer this year. It has been ok'd both with the leader, Cllr. Robinson and Lorraine Brown. This should be added in the formal list.
Chelmsford Business Board	Marie Goldman	To liaise and build relationships with local businesses about issues affecting them within Chelmsford.	No meetings	Attending meetings - but it hasn't met for a very long time	Yes	It's important to build relationships with local business, but the body has to have a purpose. Although I feel this should continue, it should only be if there is a genuine need for and purpose to the engagement.	None.
Chelmsford Centre for Voluntary Service	Sue Young	Coordination of and support for voluntary organisations in and around Chelmsford. Securing funding for voluntary organisations. Coordinating the recruitment and placing of volunteers through its Volunteer Bureau.	Approximately 4 meetings	My position is as an observer on the Board of Trustees. I have an oversight of operations and financial position of the organisation and often asked for my opinion on a variety of matters. I can influence but have no voting rights.	Unsure	Given that CCVS receives funding from CCC, the ability to oversee the operation is a way to see that the objectives set through any funding grant are achieved. However the Council has in place a monitoring process for those its funds so from that aspect may be this is a doubling up. I can help signpost trustees to the correct person/department. It is not clear exactly what the CCC representative/observer role is/should be unlike other organisations where the CCC representative is a Trustee/board member with voting rights.	It should be clear what the commitment and role of any representative should be from both parties perspective. There should be added value for both CCC and the outside body.
Chelmsford Citizens Advice	Chloe Tron	Citizens Advice Chelmsford offers free, confidential, impartial and independent advice and information on a wide range of subjects.	Trustee meeting every 6 weeks, Trustee strategy day (full-day face to face), a number of ad-hoc meetings as required	Attending trustee meetings, undertaking mandatory training annually, feeding into strategic business plan, being asked to lead on a strategic business plan strand, supporting an employed adviser on an individual basis when going through a challenging time.	Yes	The CAB receives significant grant funding from CCC and I can therefore see why we may want to have councillor representation. However, I feel that 4 is excessive and would also question whether it is necessary for them to be Trustees, could they be advisory positions for example.	My understanding is that 4 elected councillors are appointed as Trustees, and believed this was driven by CCC. However, following a change in the constitution recently (which was agreed by all Trustees), we are now all Trustees in our own right. Remit has grown since I was appointed in 2019, primarily due to a change in Chair of Trustees and a need for Trustees to become more active and involved in supporting the strategic business plan, Leadership Assessment (regular review to determine delivery against key objectives set by National Citizens Advice). My personal view is that the Trustee position for this organisation is a big commitment, both legally and in terms of the time needed to undertake your duties to the required level. All Trustees are now leading on strands of the strategic business plan. For those of us who work full time, it is a bid additional commitment on top of being a councillor.
Chelmsford Educational Foundation	Julia Franscona	To award grants to support students from Chelmsford who are struggling financially to enable them to continue with their studies.	Three meetings	To participate in the meetings where individual applications are discussed and to help shape the general philosophy behind decision making. To support the Board in publicising the support that's available and in ensuring good governance and procedures.	Yes	I think it's a good way for Councillors appointed to gain an insight into the difficulties experienced by some young people in completing their studies. It's also good to have oversight of a body that has financial power to assist specifically Chelmsford residents or those who were mostly educated in Chelmsford.	This is not a party political appointment but I feel it's beneficial to have a Board member who is a sitting Councillor.

Chelmsford Fairtrade Committee	Natacha Dudley	Promoting awareness of the Fairtrade Campaign. Encouraging the purchase of Fairtrade products in Chelmsford via events such as Fairtrade Fortnight.	Five meetings	Attending and chairing meetings	Yes	Yes because Chelmsford is a Fairtrade City.	
Chelmsford Local Highways Panel	Chris Shaw	Decisions on funding within a budget for locally requested small highways schemes not prioritised for funding through other dedicated highways budgets. This includes traffic management improvements, road safety schemes, cycling schemes, passenger transport improvements and improvements to public rights of way.	Three meetings	Taking part in discussions on merits of different schemes and paying particular attention to schemes affecting the area I represent.	Yes	It gives the City Council a say in highways matters affecting Chelmsford, bearing in mind that ECC is the highways authority.	A spread of councillors from different parts of the city helps to ensure that no individual area gets more favourable treatment than other areas.
	Wendy Daden	Recommends and monitors highway improvements within the Chelmsford borough.	Three meetings	I represent Parish Councils on the panel; I have highlighted schemes that parish councils have felt forgotten and been an extra pair of ears to meet, listen and understand why the scheme is important to the parish, and report back to the PCs.	Yes	The more local people, that are members of the LHP, and understand the schemes proposed will make for the best recommendations and spending of the funding. To be able to prioritise correctly needs in touch local knowledge.	The position should continue.
Chelmsford United Charities	Neil Gulliver	Management of Almshouses located in Moulsham Street.	Three meetings	Attending meetings	No	Not of benefit to the council.	None.
	Tom Willis	The running of a group of almshouses	Four meetings	Attendance at meetings of the trustees and visits to the residents, individually and as a group	Yes	I have no doubt that CCC representation should be maintained. It ensures support for a small but significant local charity, whose purpose -the provision for those in need of sheltered housing--is one of the Council's major responsibilities. It ensures that the wider public interest can be brought to bear.	
	Natacha Dudley	The charity manages and maintains the 6 Mildmay Almshouses on Moulsham Street	Two meetings	I am now the deputy chair of the Trustees. My role involves attending meetings and interacting with the Almshouses residents. At meetings, we discuss ongoing maintenance of the buildings and occasionally pastoral issues.	Yes	Firstly because the City has traditionally appointed Trustees for the Almshouses. ( I believe it is a legal requirement of the Trust). Secondly, the Almshouses are located within the City district. Finally, although in my case I do not live in Moulsham, I believe in the past the City Council Trustees were usually Councillors for the Moulsham area.	Existing and former City Councillors form the majority of the current Trustees.
	David Jones	To administer the finances and maintain the properties (Moulsham Street Almshouses) in the best interests of the residents and the Charity's future.	Three meetings	Attending meetings, where the clerk, who visits the residents weekly, updates us on the residents' well-being and advises us on any upcoming issues. We collectively make decisions on matters such as building improvements, ensuring compliance with the listed-building status of the almshouses. We make visits to individual residents on an annual basis to make sure he/she is happy and determine whether any action is necessary. A summer get-together is held between all the trustees and residents.	Yes	Councillors and former councillors are in unique position, with local knowledge and contacts, to be able to assist in the smooth running of the Charity. Councillors are drawn from all walks of life and so able to provide expertise beyond their role as a representative.	An example of the latter point in Q6 would be how, as former water treatment chemist, I was able assist the clerk, in the interpretation of the water systems report carried out by contractors earlier this year.
Chelmsford Youth Strategy Group	Julia Franscona	To bring together representatives of those bodies involved in the welfare of young people in mid Essex, including ECC Youth Service, charitable foundations, the police, youth parliament etc to learn about and scrutinise plans and schemes to support young people, including those with special needs.	Three meetings and two stakeholder events	To contribute to discussions regarding the schemes offered by ECC and to help shape priorities and identify any gaps in provision. Also to engage with stakeholders and to help promote the good work being done in Mid Essex.	Yes	The welfare of young people in Chelmsford is very important, and as CCC is not directly responsible it's valuable to have insight into what is being done to support them and to be able to provide a voice for local youth.	I believe that it's vital to continue to appoint a CCC representative to this body as not to do so would suggest that CCC does not care about provision for young people in our City.
Citizens Advice Chelmsford	Lee Ashley	Registered Charity	Approximately 7 meetings (meetings happen every 6 weeks)	Equality and Diversity and also a sub committee which looks at the Quality Advice side of the organisation. Monitoring the score we have been given by outside accessors. To either raise our score if we need to, or maintain our score. Colour coded Red Amber Yellow and Green.	Yes	Chelmsford citizens advice requires Trustees that have various skills and life experience to ensure the board can cover and discuss the growing need for a free advisory service in the City. The service is much needed in these times, and as a charity is well respected.	There is an ongoing need for new trustees, as Trustees move or retire. Currently all four councillors are from the same party, not that this is an issue, but it would be good to have a Conservative or Independent councillor on the board of Trustees, as obviously it is like all outside bodies non political.

Culture Chelmsford	Julia Franscona	To encourage & support culture in Chelmsford by developing a cultural strategy and by seeking and taking advantage of opportunities to raise funds through grants, sponsorship and other forms of funding. The aim is to support the cultural objectives of CCC for the benefit of all residents of & visitors to Chelmsford.	Six meetings and have also attended informal meetings and interview panels.	Participating in meetings, helping to shape the aims & objectives of the Trust. Interviewing potential trustees. Supporting the Chairman & Secretary in their roles. Communicating with other Councillors including the Leader & relevant Cabinet Member, supporting & explaining the perspective & priorities of the Trust to CCC & vice versa.	Yes	Culture Chelmsford exists for the benefit of Chelmsford residents, to support the cultural development of our City and the objectives of CCC so it's vital that a representative from the Council sits on the board.	I believe that it's a requirement of the Trust that there's a representative from CCC on the Board.
Danbury Lakes Country Park Forum	Richard Hyland	Oversight of Danbury Lakes & Country Park activities, investment and assets	No meetings	Nothing despite continually asking for invites, visiting Danbury Parish Council to understand connections and role a City Councillor plays, no minutes past have been provided or published to my knowledge. I would be interested to hear what Cllr Tom Willis has to say. If his experience has been the same considering he is council incumbent.	Yes	I think Oversight and scrutiny of Danbury Lakes & Country Park activities, investment and assets is in the interest of Chelmsford City Council	I think CCC are failing residents if there is no proper oversight.
Essex Countrywide Traveller Unit	Jannette Sosin	To oversee the finance commitment by the councils involved.	Two meetings	Understanding the role of the rural engagement team and the officers who support travellers to access health and education advice.	Yes	It is an essential role. Because of their lifestyle travellers face considerable lack of understanding by settled communities. Communication and trust are both key. County staff involved with travellers are small in number but are able to give advice and encouragement to access health services. They help children to stay in the school system. They also encourage children to access higher education if possible. The rural engagement team helps unauthorised encampments to be moved on with as little friction as possible and helping the travellers to understand the laws which apply to them.	If it were possible I would increase our involvement with the ECTU. More staff would help enormously to engage travellers and avoid problems. For now most local councils in Essex are paying a small amount with the County paying the most.
Essex Flood Partnership Board	Mike Mackrory	To inform the representative members of all Essex Authorities of all flood prevention works to be undertaken or the progress of works underway. This includes all government bodies and agencies, voluntary organisations and Essex Councils.	Three meetings	Observing so far but an item on the potential flood risk at South Woodham Ferrers is planned at our request	x	Although not strictly a coastal authority Chelmsford CC is subject to tidal rivers and estuaries flooding during exceptional high tides. The residential area most affected is South Woodham Ferrers which is why a presence on the Board is required.	The meetings have been an eye opener for me as I was unaware of the amount of flood prevention work going on or planned in Essex.
Essex Police, Fire and Crime Panel (sub)	Marie Goldman	To consider matters related to the police, fire and crime.	No meetings	Nothing - I have not needed to attend as a substitute.	Yes	It is important that Chelmsford is represented on this panel.	None
Essex Waste Partnership Board	Rose Moore	The Essex Waste Partnership comprises elected members and officers from Essex County Council, the 12 district and borough councils and the unitary authority of Southend-on-Sea Borough Council. In 2019, its purpose was solely to ensure cost-efficient and sustainable waste management services across the county. This is now evidently broader, with a focus on moving towards the Circular Economy in response to the Climate and Ecological Emergency, and recommendations from Essex Climate Commission.  The current priority is to agree a Joint Municipal Waste Strategy for the whole of Essex based on the Circular Economy model. The board is working on a draft strategy now, which will go out to public consultation in 2023.	Four meetings - a mix of online and face-to-face sessions	As Cabinet Member for Greener and Safer Chelmsford, I have contributed to the emerging Joint Municipal Waste Strategy for Essex, developing evaluation criteria for the strategy supported by Keith Nicholson. Interactive workshops led by Ricardo (ECC's partner) have distilled elements of the strategy – the focus is now far more centred around carbon and waste reduction, and the Circular Economy. I have also had the opportunity to highlight best practice by Chelmsford City Council – the wide-ranging kerbside collections, separated streams for recycling, free garden waste collection, bulky items collection, Flats recycling campaign and c. 60% recycling rate.	Yes	The Essex Waste Partnership includes elected members and officers from local authorities across Essex. It is important that Chelmsford continues to be represented in this way on the Board, to gain an understanding of the challenges we face as individual authorities, share potential solutions, best practice, and agree a joint strategy to reduce, re-use and recycle as much as possible. This will benefit everyone living and working in our county and the wider environment. In addition, Chelmsford's robust Climate Action Plan and comprehensive kerbside collection service have set the bar high in Essex. Through representation on the EWP Board, I can encourage and support other elected members who may be considering improving their own systems and operations to reduce carbon emissions. As representatives of Chelmsford, Keith Nicholson and I will continue to push for a strategy that recommends the future design of waste collection and disposal services reflects the provisions of the Environment Act 2021 and is guided by national waste and resources policy, and that the assessment of any options takes an end-to-end, evidence led approach to ensure efficient and effective services for the Essex taxpayer	I have found face-to-face meetings at County Hall to be the most effective platform for discussion when compared to online sessions, but the Board also meets in a hybrid format to reduce travel from across the county, which is admirable.
Fields in Trust	Richard Lee	Supports parks and green spaces by protecting them for people to enjoy in perpetuity.	No meetings.	None	No	Had zero dealings with the organisation. Also, as council we are pretty protective of our open spaces already.	None.
Galleywood Heritage Centre	Richard Hyland	Oversight of Galleywood Heritage Centre activities, investment and assets	Twelve meetings	I have been elected as Chairman and continue to have Oversight of Galleywood Heritage Centre activities, investment and assets	Yes	I think Oversight and scrutiny of Galleywood Heritage Centre activities, investment and assets is in the interest of Chelmsford City Council	CCC need to devise a report back mechanism What is required from representatives whilst not be over onerous
KEGS Foundation Governors	Roy Whitehead	To advance the education of the pupils of the school	Two meetings	To be a member of the Finance sub-committee and to give advice on the City Council's policies when appropriate	Yes	The Foundation requires representatives from both Local Authorities to be appointed under its Constitution	There are currently 4 appointments made by the City Council. However, a new Constitution is being adopted and this will reduce the number appointed to two. As such this is a more suitable number and I would recommend that the City Council continues to make two appointments for a period of four years.  Update as of 27/01/2023: The Foundation Governors are agreeing a new Constitution which will reduce the number of City Councillors to two from the present four. We have a meeting on the 15th February for an update, but all Governors are in agreement



	Andrew Sosin	Providing funds for new assets associated with land and buildings of KEGS (leased to Academy from trust)	Three meetings	Providing advice and commentary to proposals	Yes	Representatives can advise on local plan etc, that might related to trust plans	There is a new Constitution in draft that would reduce City Council representatives to two.
Local Government Association (Assembly, DCN, and East)	Stephen Robinson	To address issues of common concern to all councils.	Five meetings	To ensure that issues of concern to Chelmsford CC are raised at national and regional level	Yes	Now more than ever we need national government to properly understand what councils do.	None
Marsh Farm Country Park Forum	Ian Roberts	Monitoring the operation of the "Marsh Farm Country Park"	No meetings	None.	Yes	We need to get ECC to carry out their agreed works- a name change agreed several years ago	The name change was agreed back in 2014/15 but to date no action by ECC. Marsh Farm is now a separate private fun park business and a change of name was agree to South Woodham Ferrers Country Park - this change leaves the fun Park to use the Marsh Farm name.
One Chelmsford Board	Stephen Robinson	For all statutory services in the district to share concerns. In particular, to fulfil the legal requirement for a Crime & Disorder Reduction Partnership.	Three meetings	Working to get an agreed set of shared objectives.	Yes	Legal requirement	Enables CCC Members and Officers to address issues of common concern with other agencies.
PATROL	Mike Mackrory	To keep LA's with street parking responsibilities informed about changes to legislation and government guidance affecting their work. To enable LA's to make representations on their behalf to the relevant authorities. To share best practice between LA's.	None, they only meet annually to my knowledge.	To receive information and discuss same with the South Essex Parking Partnership Lead Officer, Nick Binder.	Yes	In Chelmsford City Council's best interest.	There is no requirement to actually attend meetings as information is circulated when available.
South Woodham Ferrers Swimming Pool Steering Group	Bob Massey	To oversee the swimming pool in South Woodham Ferrers	No Meetings	I have not been invited to any meetings	No	Not aware of any meetings being held.	None.
	Keith Bentley	Unsure - the group never met during the administration	No meetings	The group has not met	Yes	I feel it is important that there is local oversight but the group must meet at least once a year in order to have proper engagement with the vision and requirements of the swimming pool and other leisure centre facilities in our town. Sadly, this hasn't happened due to a decision made before the current administration took over.	This has been a very disappointing non-experience for me. I put myself forward for this position hoping to get a better feel for the leisure offering in my home town and nothing has been forth-coming.
Springfield United Charities	Ian Fuller	Awarding grants to those in need, hardship and distress	Three meetings	Trustee for the charity. Looking at grant applications and seeking to improve the awareness of the charity to the local community	Yes	It is a requirement of the constitution of the charity that the council should appoint three trustees. The council acts as 'treasurer'.	The charity has appointed a new secretary who has been tasked with raising the charity's profile online and on social media.
	Chloe Tron	To provide grants to families in the Springfield parish who are in need	One meeting	Since being appointed as a Trustee in 2019, I have attended meetings (on average 1 per year) where we have reviewed & agreed the accounts, discussed reviewing the constitution, discussed how we could promote this service further and how we might go about that.	Yes	This is a small charity and I expect that without the appointment of Councillors, it would struggle to find Trustees. The Secretary position has been vacant for some time (although now looks as though it will be filled) and another Trustee has recently retired and stepped down.	It is not particularly onerous as meetings in my experience to date have only been once or twice a year. The meetings (in my experience) have been sufficient so far to discuss what is required and make decisions, so the time taken supporting this charity is not excessive.
Success Essex	Marie Goldman	As one of the federated boards of the South East Local Enterprise Partnership (SELEP), this board is business-led with additional members from Further and Higher Education, as well as local government. It receives reports on strategic economic decisions affecting Essex and makes recommendations on the allocations of funding which is available to SELEP.	Three meetings	Attending meetings and participating in discussions.	Yes	It is important that Chelmsford is represented on this body.	None.
Tech Ambassadors	Martin Bracken	To promote and share the expansion of technological employment and opportunities in Chelmsford	No Meetings	To engage with other technology companies in Chelmsford and facilitate dialogue.	Yes	It is important to the economic development of Chelmsford that we as a council understand what and be able to contribute to developments are ongoing in the technology sector.	Although Covid has meant that Tech Ambassadors have not met for the past year, the body will become active again in the near future.
	Marie Goldman	To bring together the businesses in Chelmsford that specialise in technology and innovation, providing a platform for strategic discussion and networking.	No Meetings	Attending meetings and participating in discussions.	Yes	Although this group has not met recently, there is still enthusiasm for it amongst local businesses. It has sparked some good collaborations, which may not otherwise have happened, and strengthened the Council's relationship with the businesses represented on the group.	None.
YMCA Essex	Chris Shaw	Meeting the needs of children and young people and their families and supporting them to develop and grow. It is an inclusive Christian charity, working across Essex, and runs a nursery, youth clubs, holiday activities, supported housing for young people, out of school clubs and other support activities.	Five meetings	Attending board meetings as a non-voting member, including an away day to discuss future visions for YMCA Essex, contributing to all discussion at meetings, not limited to items directly affecting CCC. Recently being involved in discussions on plans for redevelopment of headquarters building in Chelmsford.	Yes	I feel a representative should continue to be appointed, both to be a part of varied input to the board and also as CCC provides a grant to the YMCA. It also means that any important issues can be fed back to CCC.	I feel that the YMCA do appreciate having a representative from the Council contributing to their discussions.

Outside Bodies	What are the main functions or purpose of the outside body?	How many meetings of the body have you attended in the past 12 months?	Do you feel it has been beneficial for a Chelmsford City Councillor to be appointed to the outside body?	Any other comments
<b>Age Concern Chelmsford</b>	Lunch club for the elderly - meal delivery during covid	Six meetings	Yes	It is important for a member of the Council to be the voice of the elderly and to champion services and charities that cater for their needs.
<b>Chelmsford Business Improvement District</b>	To improve the business community in the city centre	Twelve meetings	Yes	Cllr Goldman has been invaluable as a Director of the BID supporting our projects and events
<b>Chelmsford Citizens Advice Bureau</b>	Provision of free at the point delivery Advice, Information and Guidance and empowering individuals to gain access to services that otherwise they would be unable to do so.	Nine meetings	Yes	As we have direct contact with members of the public, the direction offered by ward members is invaluable in assisting us to deliver the services most beneficial to the City.
<b>Chelmsford CVS</b>	<p>Chelmsford CVS is an independent support and development organisation set up to champion, support and strengthen local charities, voluntary and community groups.</p> <p>We work locally and in collaboration with other partners across Essex, Southend and Thurrock to maximise voluntary and community action, develop strong communities and enhance local wellbeing.</p> <p>We host numerous different projects across Chelmsford City, its villages, South Woodham Ferrers and beyond. From Social Prescribing to a Mens Shed. Find out about each individual project below.</p>	Not known	Yes	<p>Its really important to have a Cllr get involved with the CVS at Board level. It helps the Council get to know in detail what we do, our involvement in work that is sometimes rather hidden otherwise, and why critical decisions are made.</p> <p>The relationship that is built is so important in helping charities like ours to be better understood and supported by the Council. The Cllr can be an advocate for the Council too (often explaining why decisions are made and how your challenges might impact on our work or on the wellbeing of our community).</p> <p>We see our relationship with the Council as one of partnership rather than transactional (and its my understanding that this is a mutual feeling). The relationships enhanced by the observer role are crucial to this charity and we would not wish to be without it.</p>
<b>Chelmsford Educational Foundation</b>	An educational trust that awards grants to individuals to assist with education or training such as books, fees, tools or equipment to help them achieve employment or professional qualification.	Three meetings	Yes	Benefit to have educational background. It is a Constitutional requirement that we have 2 council representatives.
<b>Chelmsford United Charities</b>	Provision of 6 almshouses in Moulsham Street, Chelmsford	Four meetings	Yes	Under our constitution, 6 of our 8 Trustees are appointed by Chelmsford City Council
<b>Chelmsford Youth Strategy Group</b>	To allocate funding to young people community services.	Four meetings	Yes, it is part of the terms of reference.	

<b>Culture Chelmsford</b>	Culture Chelmsford is charity working to develop the city's cultural potential by: fundraising for creative projects that enrich the lives of everyone in Chelmsford, and facilitating a Chelmsford-wide Cultural Strategy	Six meetings	Yes	
<b>Essex Countrywide Traveller Unit</b>	Committee that brings together representatives of Councils that are members of the ECTU, and the Fire and Police Services to oversee the work of the ECTU to bring education, health and welfare services to Gypsies and Travellers and to supervise approved sites.	Two meetings	Yes, as CCC is a partner of the ECTU.	
<b>Essex Flood Partnership Board</b>	The Partnership brings together all key stakeholders to contribute to a strategic overview of matters surrounding flooding in Essex, to ensure a consistent and coordinated approach with regard to flood risk management. The Board meets quarterly and contributes to key decisions on projects, strategies funding and communications. The Partnership comprises an elected member from each of the District, Borough and City councils within Essex and is administrated by Essex County Council.	Four meetings	Yes	Cllr Mike Mackrory is your current rep on Flood Board.
<b>Essex Police, Fire and Crime Panel (sub)</b>	The Essex Police and Crime Panel was established under the Police Reform and Social Responsibility Act 2011. The Panel became known as the Essex Police, Fire and Crime Panel in 2017. What the Panel does: The Panel examines the actions and decisions of the Essex Police, Fire and Crime Commissioner (PFCC). It plays a vital role in holding the Commissioner to account. The Panel's functions are to: •scrutinise the Commissioner's Annual Report and Fire Statement •review and scrutinise the decisions and actions of the Commissioner •review the Commissioner's proposed council tax precept levels and have the power to veto the decision •review the Commissioner's proposed senior appointments and recommend to appoint or not •review the proposed appointment of the Chief Constable and recommend to appoint or not (or veto the appointment) •review the conduct of the Commissioner and Deputy Commissioner, and consider non-criminal complaints against them •appoint an Acting Commissioner, if required.	Six formal Panel Meetings, plus a number of workshops, working groups and sub-committee meetings	Yes, this is part of the balanced appointment objective for membership of the panel, to ensure that all parts of the police force area are represented. Each local authority in the force area is required to appoint a councillor to serve on the panel under the Police Reform and Social Responsibility Act 2011.	I am happy to provide more information on the Panel if required.

<b>Essex Waste Partnership Member Advisory Board</b>	Responsible for the development and steerage of all pan Essex waste management partnership working	Two meetings	Yes	The board has representation from ECC (Waste Disposal Authority), plus all 12 district, borough and city councils (Waste Collection Authorities). Joint working on strategic waste management is essential to delivery of efficient and effective services to the Essex taxpayer and to ensure we have a pan-county response to national policy and legislative change forthcoming.
<b>Galleywood Heritage Centre</b>	To keep and give access to residents in the local vicinity to local Heritage historical information. We also hire out venue to residents for Health, wellbeing and leisure activities.	Nine meetings	Yes, it has been beneficial for a Chelmsford City Councillor to be appointed.	We have appreciated the time the City Councillor appointed has given to our organisation.
<b>KEGS Foundation Governors</b>	To advance the education of the beneficiaries in providing and assisting in the provision of benefits of any kind as the charity trustees deem appropriate to KING EDWARD VI GRAMMAR SCHOOL, Chelmsford.	Two meetings	Yes, the current constitution allows for four appointments	
<b>Local Government Association (District Council's Network)</b>	National representative body for district and borough councils across England	Meetings open to all members happen on a regular basis approx every 2 months. AGMs held four times a year.	Yes- as a representative body we rely on the engagement of our member council Leaders	Leaders at our member councils have traditionally been the appointed representative to DCN and are the council representative empowered to vote on any DCN constitutional matter at our AGMs. We very much appreciate the input and involvement of Leaders from across our network.
<b>Mildmay Almshouses Moulsham Street</b>	To keep the six Armshouses in Moulsham Street in good decorative order and sound as well as keeping an eye on finance's. We also make sure the tenants are happy and have no problems. If there should be anything that they want done or discuss any problem they have our telephone numbers to call. We regularly telephone them and visit their home and this establishes a good relationship.	We have four meetings a year and two social meetings.	Yes as we are able to advise the tenants of what can be available to them from the City Council like healthy eating, fitness and social clubs. We also advise should they need any help financially that the Council may be of assistance.	The tenants are very appreciative of the trustees visits and relationship. They love living in the Armshouses and always express how lucky they are to be more or less in the City center itself. The constitution of Chelmsford United Charities empowers Chelmsford City Council to appoint 6 out of the 8 Trustees.

Susan Trust	<p>To ensure that the Susan Lighter Barge is restored to her original state as she is the only remaining Lighter left in Essex and is part of Chelmsford History. We have done several fundraising events in order to achieve the nearing completion of the Barge. The hull is nearly finished as the boatbuilder is painting the hull with the rudders being fitted. The engine is at Sanford Mill but arrangements are being made to get this transported to the boat yard.</p>	<p>Because of COVID we have been able to keep in touch with each other by zoom or email as to the progress and also the boatbuilder. During this time there have been delays due to the hold up with materials that we need. Meetings or reports are made every couple of months.</p>	<p>Yes it has been valuable as it is Chelmsford's History that "Susan" had played a most valuable asset in the past. We would like her to be used on the river and as an educational resource for the future.</p>	<p>It has taken so long to restore only there were huge problems due to the length of time she remained at Sanford Mill. With the willingness of several volunteers of the boating community it created a social bond as well as the workforce to help restore "Susan".</p>
Success Essex Board	<p>It acts as one of the Federated Boards of the South East Local Enterprise Partnership, specifically focussing on North and Mid Essex. The SEB takes a leading role in driving forward strategic economic growth priorities for Essex; informing key decisions and providing a strong collaborative voice for the private and public sector to lobby for funding and unlock opportunities for the Essex economy. By working together large employers, academic institutions, SMEs, the third sector and local government, provide the leadership to tackle the economic challenges faced. The SEB is non-politically affiliated and is business led. The SEB works proactively and collaboratively to drive economic growth, innovation and prosperity throughout Essex. This is achieved through promoting economic opportunities, lobbying government, using evidence for strategic planning and by setting clear objectives.</p>	<p>Three meetings</p>	<p>Yes</p>	