

Council Meeting Agenda



Wednesday 25 February 2026 at 7pm

**Council Chamber, Civic Centre
Chelmsford**

Membership

The Mayor – Councillor Janetta Sosin
The Deputy Mayor – Councillor Smita Rajesh

and Councillors

C Adutwim, J Armstrong, H Ayres, G Bonnett, N Bugbee, V Canning
N Chambers, D Clark, H Clark, P Clark, P Davey
A Davidson, C Davidson, S Davis, J Deakin, S. Dobson, N Dudley,
D Eley, K Franks, L Foster,
J Frascona, I Fuller, S Goldman, S Hall, J Hawkins, R Hyland, J
Jeapes, A John, B Knight, J Lardge, R Lee, S Manley, L Mascot, B.
Massey, R Moore, M O'Brien, V Pappa, J Potter, J Raven, S
Robinson, E Sampson, S Scott, T Sherlock, M Sismey, A Sosin, M
Steel, S Sullivan, M Taylor, A Thompson, A Thorpe-Apps, C Tron, N
Walsh, R Whitehead, P Wilson, S Young

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MEETING OF CHELMSFORD CITY COUNCIL

25 February 2026

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 3 December 2025

5. Public Questions

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

Any member of the public who wishes to submit a question or statement to this meeting should email it to 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 27 January 2026

7.1 Budget Report 2026/27

To consider the attached report from the Cabinet Member for Finance

7.2 Capital, Treasury and Investment Strategies for 2026/27

To consider the attached report from the Cabinet Member for Finance

7.3 Discretionary Exception to Council Tax Premiums in respect of second homes

To consider the attached report from the Cabinet Member for Finance

8. Pay Policy Statement 2026/27

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

9. Community Governance Review

To consider the attached report from the Leader of the Council

CHELMSFORD CITY COUNCIL
MINUTES OF THE MEETING OF THE COUNCIL
held on 3 December 2025 at 7pm

PRESENT:

The Mayor, J Sosin

Councillors C Adutwim, J Armstrong, H Ayres, G Bonnett, N Bugbee, N Chambers, D Clark, H Clark, P Clark, A Davidson, C Davidson, S Davis, J Deakin, S Dobson, N Dudley, D Eley, K Franks, L Foster, J Frasca, I Fuller, S Goldman, S Hall, R Hyland, J Jeape, B Knight, J Lardge, R Lee, S Manley, L Mascot, B Massey, R Moore, O'Brien, V Pappa, J Raven, S Robinson, S Scott, T Sherlock, M Sismey, A Sosin, M Steel, S Sullivan, M Taylor, A Thompson, A Thorpe-Apps, C Tron, N Walsh, R Whitehead and S Young.

1. Apologies for Absence

Apologies for absence had been received from Councillors Canning, Davey, Hawkins, Potter, Rajesh, Sampson and Wilson.

2. Mayor's Announcements

The Mayor reflected on the sad passing of former Mayor Bob Shepherd in September, it was noted that Bob had served as a Conservative Councillor in the Little Baddow, Danbury and Sandon ward between November 2004 and March 2022. The Council also heard they had chaired the Development Policy Committee for a number of years and had been the Mayor in 2011, it was noted that they would be missed and that thoughts were with their family and friends. Councillors Whitehead and Robinson paid tribute to them and reflected on their previous career in the Police along with their valued work as a dedicated ward Councillor for Little Baddow, Danbury and Sandon, a minutes silence was held in their memory.

The Mayor also noted the sad passing of two former Borough Councillors, Marjorie Gill and Ian Gale, also a past Mayoress Christine Van Tromp, it was noted that thoughts were with their families and friends. The Mayor informed the Council that by the end of November, the Mayorality had attended 180 engagements and that this would be over 200 by the end of 2025. They also detailed upcoming events, including the Civic Carol Service on Friday 12 December and other fundraising events.

3. Declarations of Interest

Members were reminded to declare at the appropriate time, any interests in the business on the meeting's agenda. None were made.

4. Minutes

The minutes of the meeting held on 3 September 2025 were confirmed as a correct record.

5. Public Questions

[Six public questions had been submitted in advance of the meeting, which can be viewed via this link.](#)

The first question asked about concerns regarding a recent event that had taken place on Tindal Square and whether the Council had authorised this and if it complied with booking policies. In response the Leader of the Council confirmed that despite receiving an initial request, the Council had not issued permission for the activity as it related to a protest and did not meet the criteria for booking Tindal Square, instead it had been referred to Essex Police to manage as a protest. The Leader of the Council also added that any concerns about what happened at the protest, would need to be directed to Essex Police.

The second question raised concerns about illegal development activity on Meadow Lane and asked for information about next steps following an outcome in the High Court, whether granting planning permission on another plot was sending a mixed message following the High Court Enforcement Action and what the Council's strategy would be going forward. In response the Cabinet Member for a Greener Chelmsford stated that the High Court Order had included mandatory steps of clearing the land and restoring it to its former condition. It was anticipated that a planning application would be made and if done within three months, then the land could continue to be occupied until 9 months after the date the planning application was refused or any appeal was dismissed. It was also stated that planning applications were dealt with on their own individual merits and on a case by case basis and that an application at Inisheer Farm had limited adverse impacts that had not significantly outweighed the cumulative benefits. The Cabinet Member also stated that an additional vacancy within the planning enforcement team had been advertised, but no suitable candidates had come forward. It was noted that the team would have more high capacity now the injunction had been granted and once another high priority case had been actioned. At that point the team would fully review plots within Meadow Lane, identify those which are in breach of planning control. Recommend and prioritise actions for sites in breach of planning control, take any action as necessary dependent on resourcing and priority, identify plots which could be investigated from a licensing perspective and liaise with Public Health and Protection Services to assist with licensing investigations.

The third question asked when the Council would work with the Home Office to reduce daily bus drop-offs of asylum seekers from the Wethersfield site, why additional funding had been required for policing by the MP if there was no risk as suggested, if the Council would consider a curfew and what measures would be taken to address

concerns. In response the Leader of the Council stated that Local Councils had no say or influence over the housing or transport of asylum seekers, so the question should have been addressed to the Home Office. They stated that if anyone had any evidence, not just speculation or hearsay of crime or anti-social behaviour, that it should be reported to Essex police. They highlighted the Council's strong record on Community Safety, partnership working with Essex Police and the Business Improvement District which made Chelmsford a safe place. They stated that the City had received Purple Flag status for 11 years in a row, recognising that it had an effective community safety partnership and was a safe and vibrant city. They also highlighted CCTV investments along with partnership work on Saturday nights, via the SOS bus, Taxi Marshalls and co-ordinated nights of action with Essex Police. The Council also heard that Chelmsford had been the first area in Essex to develop a Women's Safety Charter, which others across the County had used to follow suit. Work was also highlighted to make Chelmsford safer and more inclusive for women and girls that had been happening in schools, the Make Space for Girls programme and training on tackling misogyny, knife crime, gangs and alcohol advice for 600 students at Chelmsford College.

The fourth question raised concerns about Domestic Abuse being insufficiently prioritised within policing and multi-agency safeguarding in Essex, reported concerns being minimised, inconsistent investigations and stated that the Council had both the legal responsibility and practical ability to drive improvement through oversight, commissioning, policy setting and partnership working. In response the Cabinet Member for a Safer Chelmsford stated that Domestic Abuse was a key priority for the Safer Chelmsford Partnership and for the Council under its corporate safeguarding responsibilities. They highlighted staff training on tackling domestic abuse appropriate to job roles and that staff were aware of all forms of abuse via mandatory safeguarding training. It was noted that staff from Housing Services attended case conferences for those persons at risk of abuse on a regular basis to ensure that they were safeguarded in their homes. They also highlighted that the Council had championed tackling violence against women and girls by being the first Council in Essex to launch a Women's Safety Charter in 2022, followed up by the Active Bystander campaign in 2024. The Council also heard about training on misogyny in schools and that the Overview and Scrutiny Committee were provide with police performance figures, including on domestic abuse annually. [The Cabinet Member also highlighted that a key priority in the current Police and Crime Plan was to "Tackle violence against women and girls and domestic abuse" and detailed the pledges within the plan.](#)

The fifth question stated that the Council provided free use of classes and facilities at tax payer funded leisure centres for asylum seekers and asked about other services which were being provided, when services to residents were being cut due to finances. In response the Leader of the Council stated that asylum seekers were the responsibility of the Home Office, not Local Councils. They stated that along with many other Local Authorities, the City Council had run a scheme for Afghan refugees, providing some activity at off peak times for a maximum three month period. However they were not asylum seekers as the Government had given them permission to come to Britain because in most cases, they had worked for the British Government or Army and that this had later been extended to include Ukrainian refugees. It was noted that the scheme had subsequently been taken up in 2024 by a number of asylum seekers making use of the gym facilities at Riverside, however as the intention of the scheme

had been to support families, the use of the gym had been removed from the list of off peak activities available. The Leader of the Council also highlighted that attendance and membership at the Council's leisure centres had continued to rise, and that they no longer cost the taxpayers anything as the costs were covered by entrance and membership fees.

The sixth question raised concerns that the Council's stance towards Chelmsford's licensed taxi trade was putting public safety at risk, particularly for young women. They asked about significant numbers of Uber vehicles, out-of-area vehicles, permit costs at Beaulieu Park Station leading to an empty rank and vehicle replacement requirements, in summary that the fleet was being weakened and undermining public safety as a result. In response the Cabinet Member for a Safer Chelmsford stated that Uber had been legally permitted to operate in Chelmsford for some time under national legislation, but had now obtained an operator licence like any other operator and all Uber drivers working locally were subject to the same licence controls, standards and enforcement as any other Chelmsford private hire driver. It was also noted that to date no complaints from residents had been received about Uber and that any safety or safeguarding concerns would be addressed through liaison with Essex Police and the relevant Licensing Authority. The Cabinet Member also stated that cross-border hiring was legal and acceptable, but the Council could not directly enforce licence conditions on those vehicles, however concerns about specific drivers or vehicles whether licensed by Chelmsford or not should be reported to the Council and where appropriate to the Police for investigation. The Council heard that 19 permits had been issued for Beaulieu Park Station at £200 for an initial 6 months, to help support the Council's costs in managing the station complex. It was noted that passenger levels had been difficult to predict and initial taxi demand appeared to be low, confirmed by feedback from drivers. It was noted that it was very early days though and the use of the station and rank was under continuous review and monitoring by Council staff, also that the introduction of the scheme had gone through the correct democratic process, which had been an opportunity for members of the public to raise issues. It was also noted that decisions on matters such as Euro 5 vehicle deadlines and other elements of Taxi Licensing Policy were for members of the Regulatory Committee to consider. The Cabinet Member stated that the Council did not accept that it's policies were undermining public safety or disproportionately affecting passengers. It was noted that all local Licensing requirements were designed to maintain high safety and suitability standards for drivers and vehicles, particularly at night and to protect passengers, including women and other vulnerable groups.

6. Cabinet Question Time

The following questions from Councillors were put to members of the Cabinet:

Question from Councillor J Jeapes to the Cabinet Member for Economic Development and Property

You will recall the story in the Daily Telegraph a few weeks ago about a 'Bridge to Nowhere'.

To quote:

A £52m road through the Amazon jungle is being built using British aid that is intended to help the climate. The road in Guyana goes nowhere other than a tiny village and has long been criticised by environmentalists, though it is celebrated by the oil industry. It is just one among hundreds of schemes funded by taxpayers.

The City Council has just opened a bridge to the Waterside peninsular which, as shown in the Council's capital budget produced at October's Cabinet, page 38, has cost a total of £45M. This bridge was originally budgeted to cost £15M, again as shown in the Council's capital budget, so it has cost three times the original estimate.

Is it not a similar 'Bridge to Nowhere', as Waterside does not figure in the current consultation on the Local Plan and the City Council has not published details of how this important brown field site is to be developed?

As Chair of Overview & Scrutiny Committee I plan to put the development of Waterside on to the agenda at its next meeting, but in advance of this:

Can the Cabinet member explain why the final cost is three times the original budget?

Can the Cabinet Member explain why the bridge was built using public money when the cost should have been borne by a developer of this site?

Can the Cabinet Member advise us when a Development Agreement will be signed to enable work to start at Waterside?

In response to the question, the Cabinet Member for Economic Development and Property stated that the site had been allocated for housing led development in the May 2020 adopted Chelmsford Local Plan, specifically the requirement for a new road access over the River Chelmer had been set out in that plan, which had been a long standing strategic infrastructure and policy objective, supported by the current and previous administration. It was noted that it provided the necessary infrastructure first in advance of housing, something Council's were often criticised for otherwise. The Cabinet Member took the Council through the various costs and grants that were part of the scheme, that led to the agreed budget at Full Council in July 2023 of £43.68m for all the infrastructure for Chelmer Waterside. It was noted that Bow Bridge itself had not cost £45m or three times the budget as claimed, the latest position which would be finalised after the 12 months maintenance period in July 2026 was expected to be around £20.9m, £1.7m under the budget approved by Full Council in July 2023. The Cabinet Member also highlighted that the construction of the Bridge had been funded using a combination of the Government's Housing Infrastructure Fund grant, S106 contributions for this purpose and the Community Infrastructure Levy. It was noted that both S106 and Cil were provided by developers, whilst Housing Infrastructure Fund was provided by Central Government. The Cabinet Member highlighted that given the cost of delivering the required infrastructure and the Council's regeneration and affordable housing objectives for the site, expecting the infrastructure costs to be delivered solely by a developer was unrealistic, impractical and undeliverable and would have likely led to the site becoming an undevelopable brownfield site for another 30 years. It was noted that instead, the site was now in the best position possible and attractive to a developer wanting to work with the Council. The Cabinet Member also

clarified that the procurement exercise to secure a development partner through a development agreement structure was underway and that proposals would be considered by Cabinet in the spring, accompanied by a recommendation on the preferred bidder. In response to follow up points from Cllr Jeapes, the Cabinet Member stated that the infrastructure had to be put in first, to allow the building of homes and that the site would have remained empty otherwise.

Question from Councillor M Steel to the Cabinet Member for Greener Chelmsford

The City Council is consulting on the addition of fifteen new sites to address the shortfall in the five-year land supply in the currently adopted Local Plan, apparently caused by delayed actual and forecast delivery of new homes.

The causes, in addition to the poor economic policies of the Labour Government, are said to be major sites which cannot now meet conditions laid down in the Local Plan, due particularly to the cancellation of the A12 widening scheme and the failure of the company proposing to develop the Meadows site in Chelmsford.

It is clear from the national picture that many councils are suffering similar issues and housebuilding is falling behind the Government's unrealistic target of an extra 1.5M new homes in this parliamentary term.

There is a public perception that this council has too readily accepted these higher targets without publishing why there will be shortfall in Chelmsford's five-year housing supply and vitally needed infrastructure.

Will the Cabinet Member advise residents why the adding of the additional sites represents a major change in strategy from large strategic sites to smaller sites that apparently require little extra infrastructure.

These fifteen new sites have been selected mainly on the basis that they can be delivered in the next five years without the need for additional infrastructure. The addition of these new sites is intended to fill a short-term gap.

However, assuming that homes on the existing sites will still eventually be delivered, the new sites would form a permanent addition to the total housing supply.

Would the Cabinet Member confirm that the additional sites now being consulted on could be removed from the plan or reduced if, for example, the Beaulieu development gains pace because the Junction 19 improvements are met by the developers?

In response to the question, the Cabinet Member for Greener Chelmsford stated that the Government had changed the formula for calculating local housing via proposals published in summer 2024. It was noted that the Council had made robust representations to the changes, highlighting that without significant increases in

funding for affordable housing and infrastructure delivery, the big jump in numbers would not be deliverable and would fail to address the housing crisis. The Council heard that the Government reaffirmed the changes though and as such there was a requirement for the Council to address the higher housing numbers, in a managed and plan led way. It was noted that the larger sites within the Local Plan could take 20 years or longer to be built, so in light of the higher targets and sluggish delivery, there was a need to allocated homes that could be built within five years on smaller sites. It was noted that these sites were consistent with the Local Plan's Spatial Strategy and that they would be vital to Chelmsford's sustainable growth. It was also noted that the sites would assist with the overall housing need across the whole plan period and that all Local Plans were reviewed every five years and that future housing allocations would always be considered in that context, however given the significant reduction in the overall housing supply buffer, it was highly unlikely that any deliverable allocated sites or their housing numbers would be removed from the Local Plan.

In response to follow up points from Cllr Steel, the Cabinet Member stated that larger strategic sites were looked at with all partners present, including Homes England and that the consultation on the additional sites would run until the 8th January 2026 and asked that Councillors promote the consultation. They also stated that pressuring developers into building out sites quickly was a delicate and complex negotiation, with a lot of work behind the scenes, but that they had full faith in the Council's expert officers who continued to go above and beyond to ensure sustainable housing delivery across Chelmsford.

7. Reports from the Cabinet on 11 November 2025

7.1 Treasury Management Mid-Year Review 2025/26

The Council received a report outlining the treasury activities undertaken in the first part of the 2025/26 financial year and to report on compliance with the approved treasury management strategy. In response to concerns including external borrowing, the use of assets and specific funds, the Cabinet Member stated that the portfolio had made a profit of over £1m in the last four years, income had been better than cash returns and that it continued to be the right strategy that allowed choices to be made to address issues facing residents. It was also noted that external borrowing had been forecast in 2019, but it had taken much longer than anticipated to actually reach that point and that the key element to consider was that the borrowing was expected to be affordable, in terms of interest payments.

RESOLVED that the contents of the report be noted with no changes required to the ongoing treasury management strategy.

(8.07pm to 8.19pm)

7.2 Local Council Tax Support Scheme

The Council was required to approve a Local Council Tax Support Scheme for 2026/27. The Cabinet on 11 November 2025 had recommended that the 2025-26 scheme be retained in its current form.

RESOLVED that the Local Council Tax Support Scheme for 2025-26 be retained and adopted as the Scheme for 2026-27.

(8.20pm to 8.22pm)

7.3 Statement of Licensing Policy

The Licensing Committee and Cabinet had reviewed the Council's Statement of Licensing Policy under the Licensing Act 2003 and had recommended that it be approved without change.

RESOLVED that the Statement of Licensing Policy as submitted to the meeting be approved without amendment.

(8.23pm to 8.24pm)

8. Annual Report of the Overview and Scrutiny Committee

The annual report of the Overview and Scrutiny Committee on the activity of the scrutiny function of the Council for 2024/25 was submitted for information.

The report outlined the Committee's main areas of work over the past year, which had included updates from Cabinet Members, and performance reviews of individual services. The Committee had also received the annual presentation on the work of Essex Police and the Safer Chelmsford Partnership. Officers were thanked for their support throughout the year. In response to a question, regarding the Corporate Peer Challenge team, it was noted that training had taken place for the Overview and Scrutiny Chair and Committee members and that the review had been delayed slightly due to LGR and that it would be presented to the Corporate Peer Challenge team in the new year.

RESOLVED that the Annual Report of the Overview and Scrutiny Committee for 2024-25 be approved for publication.

(8.25pm to 8.28pm)

9. Community Governance Review – Amended Terms of Reference

The Council were asked to note the amended Terms of Reference for the Community Governance Review, to reflect the minor adjustments made to the timing of the initial consultation.

RESOLVED that the revised Terms of Reference, with the revision to the timing of the initial consultation, to accommodate the additional consultation preparation be approved.

(8.28pm to 8.29pm)

The meeting closed at 8.29pm

Mayor



Chelmsford City Council

25 February 2026

Reports from the Cabinet

Report by: Cabinet Member for Finance

Officer contact:

Dan Sharma-Bird, Democracy Team Manager, 01245 606523, dan.sharma-bird@chelmsford.gov.uk

Purpose

To inform Council of the decisions of the Cabinet on 27 January 2026.

Recommendations:

That the recommendations of the Cabinet on Agenda Items 7.1, 7.2 & 7.3 be approved.

1. Budget Report 2026/27

RECOMMENDED TO THE COUNCIL the Revenue and Capital Budgets for 2026/27, as set out in Appendix 1 including:

- the new **revenue and capital investments in services** identified in **Section 5**;
- the **Capital Programme** in **Section 11**;
- the **Revenue Budgets** in **Section 10**.

- i. An increase in the average Band D level of Council Tax for the City Council to £234.85 (+2.97%), which is within the referendum threshold, in Section 9.
- ii. The movement in reserves and the Medium-Term forecast shown in Section 7 and note the s151 Officer's assessment.
- iii. The inclusion of special expenses, parish-tier council precepts, and other precepting authority charges, once confirmed, as detailed in Section 9. (These will not be available until Full Council.)
- iv. A delegation to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2026/27 within the normal financial delegations.
- v. A delegation to manage the use of the LGR reserve. The proposal is set out in Section 7.

2. Capital, Treasury and Investment Strategies for 2026/27

RECOMMENDED TO THE COUNCIL that they approve the Capital, Treasury Management and Investment Strategies.

3. Discretionary Exception to Council Tax Premiums in respect of second homes

RECOMMENDED TO THE COUNCIL to agree the implementation of additional local discretionary exception to Council Tax premiums imposed on second homes as defined in paragraph 2.4 and to delegate future decisions on such matters to the Director of Connected Chelmsford in consultation with the relevant Cabinet Member (Option 1)

Background papers:

None

Appendices:

None

Corporate Implications

As set out in the original reports to the Cabinet



Chelmsford City Council

25th February 2026

Budget for 2026-27

Report by: Cabinet Member for Finance

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

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 2026/27 budget recommendations of Cabinet, after amendments under delegation to allow for the Government final funding settlement.

Recommendations:

1. That the Council notes the report of the Section 151 Officer on the risks and robustness of the budget in **Section 8 (Appendix 1)**.

2. That the Council approves:

A. The budget report in **Appendix 1**, including:

- i. the new revenue and capital investments in services identified in **Section 5**;
- ii. the Capital Programme in **Section 11**;
- iii. the Revenue Budgets in **Section 10**.
- iv. An increase in the average Band D level of Council Tax for the City Council to £234.85 (+2.97%), which is within the referendum threshold, in **Section 9**.
- v. The movement in reserves and the Medium-Term forecast shown in Section 7 and note the s151 officer's assessment.
- vi. The inclusion of special expenses, parish-tier council precepts, and other precepting authority charges, once confirmed, as detailed in **Section 9**.
- vii. A delegation to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2026/27 within the normal financial delegations.
- viii. A delegation to manage the use of the LGR reserve. The proposal is set out in **Section 7**.

B. The Council Tax Resolution in **Appendix 2** which fulfils the legal requirements to set a Council Tax for 2026/27.

Cabinet Proposal and Amendments.

1.1 This is the first time in many years that a budget report to Council has not had to convey bad news: we have become used to budgets setting out proposals to enable the City Council to survive challenging financial circumstances, real-terms cuts in Government support, choices between cuts to services or increases in fees and charges, and so on. Several of the last few years' budgets have been "the most difficult on record", with each more difficult than the previous year.

So, it's a great relief and a pleasure this year to be able to report good news. The Government Settlement, received just days before Christmas, was very significantly more encouraging than we were expecting. The Government seems to have accepted the strong lobbying from this council, at both Chief Executive and political levels, that funding councils according to need should take account of homelessness as well as deprivation. For the first time in many years, the grant we receive from Government now recognises the high costs the housing crisis causes for Chelmsford's residents and the City Council.

With more money to spend than we expected, we rapidly reviewed the services that have been under greatest pressure, and this report includes proposals to increase spending in areas that we know are of concern to residents. We propose to increase the budgets for:

- street care, so we can replace a valued service that made our streets tidier until Essex County Council withdrew funding, and
- dog bins, so we can increase the number of bins we are able to empty regularly

And we propose to provide some one-off funding, in response to requests from business, to expand initiatives to make our High Street safer and to offer grants to businesses to improve the urban areas, as well as increasing the pot from which we provide grants to charities to support the vital work they do in our communities.

We will also spend the next few months assessing the options and priorities for further investment in the services that residents rely on.

2.1 The final Government grant settlement announced on the 9th February includes significant technical changes. Overall compared to the provisional settlement it has meant adjusting the figures provided to Cabinet as follows:

- 2026/27. Earmarked Housing Prevention grant increased compared to the provisional settlement by £115k. Government Core funding was in total unchanged but there were changes to formula which meant since Cabinet a

£631k reduction to Chelmsford allocation but Government neutralised the loss by increasing overall national funding by £116m.

- The last two years 2027/28 and 2028/29 covered by the final government settlement also changed as follows:
 - In 2027/28, Housing grant has been increased by £0.08m. Core funding has reduced by £0.32m.
 - In 2028/29, Housing grant has been increased by £0.04m. Core funding is unchanged from the provisional settlement.

3.1 The report made to Cabinet has been updated under delegation and is shown in Appendix 1. It allows for:

- The additional housing grant which appears to be earmarked so has been allowed for as additional income and expenditure in the Housing Services budget. This follows the approach of the Cabinet report.
- The change in core funding in 2027/28 means the Financial forecast has been updated. But by 2028/29, the forecast returns to the levels reported to Cabinet.
- The report now includes details of the proposed or approved 2026/27 Council tax levels for all precepting bodies and business rate income.

4.1 The budget report in **Appendix 1**, provides the funding for core Council Services and supports the aims of Our Chelmsford, Our Plan. It also provides resources to start to implement new Unitary Councils.

5.1 **Section 1** of **Appendix 1** provides a summary of the budgetary issues.

6.1 **Section 8** provides the view of budget proposals by the Section 151 officer as required by statute. Members are asked to have regard to that opinion when considering the budget.

7.1 **Appendix 2** fulfils the legal requirements needed to set a Council Tax for 2026/27.

List of appendices:

1. Budget Report 2026/27
2. Council Tax resolution

Background papers:

Nil

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: This report sets out the legal requirements placed on the Council to set a balanced budget and approve a level of Council Tax for the coming year. As is set out in the report Cabinet makes recommendations which fall to Full Council to take the final decision.

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 in the report.

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 2026/27

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1. Introduction to the Council's 2026/27 Budget

Executive Summary

This report has been updated since January Cabinet to allow for:

- changes in the Government funding announced in the final settlement published on the 9th of February
- business rate estimates which must be provided to Government in late January each year
- taxation information from other Councils

The report identifies a sound financial position notwithstanding the continuing risks from inflation, homelessness, and Local Government Re-organisation (LGR) remaining. Improved income generation by the Council and increased government funding allow some investment in enhancing Council services.

The improved financial position should be credited to work that the authority has done to generate more income and lobbying of Government to include in its funding calculation homelessness costs, which has been a factor in higher allocation.

The announcement of the new Government funding arrangements on the 17th of December gave little time to produce a budget by early January but delivered a significant increase in funding. Since then, the Government has consulted on and finalised the settlement. The final settlement was published on the 9th February, providing an increase over the provisional settlement of £115k in Housing grant for 2026/27. Other funding changes compared to those reported to Cabinet are: 2027/28 an overall reduction of £242k but an increase of £40k in 2028/29.

As reported to Cabinet, the implications of the new funding will need further consideration during 2026/27. It should be noted the three-year allocations are not completely fixed. Changes to 2027/28 and 2028/29 funding could occur if the data supporting the allocations is updated by Government. The extent that Government intends to revise data is not clear but changes to Homelessness figures seems likely.

Some specific funding in the Council's budget has been provided to enhance the following services: homelessness prevention, dog waste bins, and street care. Given the limited time available, the details of how these operational enhancements will be implemented will be made by directors in consultation with the appropriate Cabinet members. This will be after the budget has been approved. This reflects the lack of time to consider the Government funding settlement.

The budget also includes the reinstatement of a significant annual contribution from the revenue budget for capital asset replacement. The contributions were ceased due to the financial pressures on the Council. These new contributions will result in some £7m less borrowing over next 7 years.

The Council continues its practice in this budget of increasing charges and Council tax, but these have been restricted to an average of 3% in most services. The exceptions are shoppers' car parking tariffs and Crematorium charges which have been frozen.

The Council's reserves are judged by the s151 officer to remain healthy and there is some capacity for using reserves for one-off investment in services.

Looking beyond 2026/27, the forecast for 2027/28 shows only a relatively small deficit which should not require significant action to manage provided the Council remains prudent with its spending. However, LGR does mean the position becomes more complex in 2028/29 as Chelmsford City Council will merge with other authorities.

The s151 officer judges the estimates in the report to be robust and the reserves adequate. However, the last decade of political and economic turmoil across the globe has shown forecasts to be fallible and members should remain vigilant and flexible to circumstances as they change.

Background

It is expected that in March the City Council will be informed of the Government's decision on the new unitary-council configurations for the Essex region. LGR has been shown elsewhere to dominate all aspects of a council's decision-making until the mergers take place (vesting day), which for Essex councils is on the 31st March 2028.

During 2026/27, the Council is expected to move to a form of joint governance for material financial transactions with those councils who will form the new unitary. It is not possible at this time to identify how decision-making may change in practice. Members should note that 2027/28 will be the last budget set by Chelmsford City Council and, in practice, the creation of the new unitary council in May 2027 will constrain financial decision-making further. This report identifies in **Section 7** a new specific financial reserve to help manage the one-off LGR costs, and **Section 8** provides some explanation of the nature of the restrictions on financial decision-making. Much of the cost of LGR will fall post-Vesting day and, even up to that point, costs may well be shared amongst the constituent authorities of the new unitary.

The budget process for 2026/27 started in early spring of 2025 in the context of considerable uncertainty.

- New local funding allocations 2026/27 were being planned by Government but with local authorities in the dark over how each individual authority would be affected. These new allocations were expected to reduce funding for district councils in the South-East and East of England, redirecting resources to councils that provide social care and to more deprived areas.
- The Government had announced that Local Government Reorganisation would be taking place in the period up to 1st April 2028, but it was unclear how this process would work.
- It was unclear if inflationary pressures would continue to ease. This was a significant issue given that costs in the Council tend to rise faster than its income.

The financial outlook did start to improve as spring passed as the previous actions and policies implemented by the Council were delivering significant financial gains over the assumptions made in the 2025/26 budget. For example:

- additional funding of £0.8m above budget from Extended Producer Packaging levies was received. This was in part due to the extensive recycling arrangements the City Council operates.
- Garden waste income is now expected to be net £0.9m higher than budgeted. This reflects the widespread public acceptance of the charge.
- The Council's leisure and cultural services are now expected to deliver £0.7m more than originally budgeted for. This is due to continued growing demand.

By the time of the October Cabinet, which received an update on the Council's finances, there were indications that the City Council might gain from the proposed changes to Government funding. This was a surprise, given the Government intention was to provide more funding to assist social care authorities and deprived areas. The Council's financial plans reflected the assumption of frozen

Government funding but recognised there was a potential upside. Previous experience from the National Insurance compensation funding, which fell far short of the cost, had shown the risk of taking any pre-final announcement commentary at face value.

The final three-year settlement has a number of changes including reducing the amount of funding going nationally to District Councils, and it has directed more funding to Unitary and County Councils. The Government, however, provided extra funding (£116m nationally) so it is believed that no Council has lost funding in 2026/27 compared to the provisional settlement. For Chelmsford, core grant was reduced by £0.6m, but the new additional funding completely offset the loss. Overall, the three-year settlement has increased Chelmsford's funding from Government.

After allowing for housing and all core funding, the final settlement increases the City Council's income by £3.41m for 2026/27 compared to its 2025/26 budget. It is now expected that Chelmsford's overall grant funding for 2027/28 is £0.112m lower than 2026/27 but then increases by £0.469m in 2028/29. The reasons for the gains are complex, and **Section 2** explains the new funding arrangements.

There are some caveats to the £3.41mm headline funding gain:

- The additional funding includes a £0.8m increase earmarked for housing services excluding temporary accommodation but including homelessness prevention. This has been passported through to the service budget and so does not provide support for other existing budget issues. In the longer term, the extra funding may reduce the demand for temporary accommodation.
- The Government committed last January to provide greater freedom for local authorities to set their own planning charges with implementation expected in 2026/27. Unfortunately, this has not happened, which means that the Council is £0.8m worse than its financial planning assumed for 2026/27. Indications from Government now suggest the change will still happen but not until 2027/28.

After considering the expected budget position and the above caveats, the final settlement provides net additional funding of £1.8m to support existing services (excluding homelessness prevention funding).

The improved finances should be used to make the Council more financially resilient and provide scope to enhance several targeted services. This will help undo some of the damage done by years of austerity and growing service demand. More certainty also means there is an opportunity to free up reserves to meet the initial costs of LGR.

Key Actions Proposed in the 2026/27 Budget

More time is needed for the organisation to effectively understand the implications of the revised financial position. During 2026/27, there will need to be a reconsideration of the budget and financial outlook, but in many respects that is the normal process.

Below is a list of the key actions in the proposed 2026/27 budget:

- Increasing homelessness prevention funding by £1.956m including the £0.8m of Government funding.
- Investing in maintaining and improving service standards £1.259m detailed in **Section 5**.
- Re-establishing annual revenue contributions of £1m to fund replacement equipment (Asset Replacement reserve), resulting in £7m less external borrowing than would have otherwise been the case.
- Increasing Council tax by just under 3%, the increase assumed in the Government funding settlement mechanism.
- Increasing fees and charges in most service areas by on average 3%, the exceptions being
 - shoppers' car parking tariffs; and
 - Crematorium charges: both of which are proposed to be frozen in 2026/27.

- Creation of a £6m reserve to fund LGR costs. The impact of the planned Section 24 restrictions on the Council is still unclear. A flexible response to LGR is needed.
- Freeing up reserves that are no longer needed to manage the risks of Government funding loss. Members will need to consider in 2026/27 the wider financial strategy and any appropriate additional reserve use.

Budget 2026/27 and Multi-year Forecast

The table below is a summary of the changes from the 2025/26 budget to arrive at the 2026/27 budget. It also provides a forecast of the later years. The development and planning of the new Unitary Councils require the City Council's financial position to be projected beyond the point it will cease to exist. The table also identifies the sections in this report where more detailed explanations of the figures are available.

Table 1

Budget Gap Budget 2026/27 and Forecast (change from preceding year)						
	See Report Section	Budget 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s	New Forecast 2030/31 £000s
Summary Variances						
A) Change in Government Funding	Sec 2, pg9	-3,410	-3	-546	-187	-187
B) Cost Pressures and change in activity levels						
Pay & Cost - inflation & retention pressures	Sec 3, pg13	2,420	1,712	1,524	1,572	1,624
Homelessness Prevention and Temporary Accommodation	Sec 3, pg15	2,071	861	824	784	784
LGR Funded from Reserves	Sec 7, pg41	140	5	-145	0	0
Other Material variations	Sec 3, pg15	-391	-470	-218	0	0
Net Income (non-price -growth/+loss)	Sec 4, pg17	-1,888	-1,915	-200	0	0
New Service Enhancement & Capital Investment	Sec 5, pg19	1,259	-211	-98	136	136
Unapproved Unfunded Initiatives	Sec 6, pg34	0	-60	341	283	1
Capital Financing (including contributions to capital)	Sec 6	1,145	883	976	315	-10
Total Budget Gap before actions		1,346	802	2,458	2,903	2,348
C) Changes in Reserve Use						
Reserve changes - Additional use (lower contributions) / + less use (increased contribution)	Sec 7, pg39	904	1,533	596	152	241
Budget Gap remaining		2,250	2,335	3,054	3,055	2,589
D) Funding Generated By Council to Meet Gap						
Income - New and increased Fees and Charges	Sec 4, pg18	-1,257	-1,140	-1,174	-1,209	-1,245
Council tax increase and growth	Sec 9, pg51	-632	-625	-646	-669	-693
Council Tax deficit variations	Sec 9, pg51	-362	-16	0	0	0
Funding Generated By Council		-2,251	-1,781	-1,820	-1,878	-1,938
E) Annualised Budget Gap forecast		0	554	1,234	1,177	651
F) Net Gap, If the prior year is not balanced		0	554	1,788	2,965	3,616

Commentary on the table

Table 1 shows changes over each preceding year in thousands of pounds. The budget and projections are made at this point in time, and income and expenditure can be expected to vary as events unfold.

Row A: Government Funding: There is a gain of £3.41m identified a further increase by the end of 2028/29. The new funding arrangements are complex and discussed in more detail in **Section 2** of this report.

Row B: These are additional net amounts required to fund the cost pressures needed to maintain existing service plans. It also allows for growth in income volumes before any price increases are factored in.

Row C: Reserves are used to fund expenditure. Also, contributions can be made to set aside money to manage future risks. This row shows the budget gap after changes in reserve use over the preceding year. The row above C, a positive (cost) is a result of less use of reserves or increased contributions to reserves. A negative figure is where reserve use is increased or contributions reduced compared to the previous year.

Rows below D: The movements shown in items A to C result in a budget shortfall of £2.25m in 2026/27. This requires the additional funding which is identified in rows headed D including fees and charges and Council Tax increases.

Row E Annualised budget gap: The 2026/27 budget is fully balanced, so is zero. However, forecasts of later years are shown. The 2027/28 gap of £0.55m is relatively small to the size of the Council and given there will be forecasting error. The later years will be a matter discussed as the LGR process occurs.

Row F cumulative gap: This shows the consequence if no attempt was made to balance the budget.

Medium-term Financial Strategy

As noted earlier in the report, the financial position is more positive than that seen for many years. Forecasting the financial position beyond 2026/27 is hindered by the lateness of the Government funding announcement and the difficulties LGR creates.

The Council financial strategy is summarised below and is identified in **Section 7**, alongside identifying reserves to manage risk. The following key actions should be considered by the City Council:

- A relatively small forecast deficit of £0.55m in 2027/28 which does not currently require significant action.
- The financial planning does assume Council Tax and fees and charges will continue to be increased on average by 3% per annum.
- The 2026/27 budget includes £0.8m of extra funding passported through to the Homelessness prevention function. It should be noted that the 2026/27 budget includes significant investment in homeless prevention activities. A review of these budgets will take place in 2026/27, and the outcomes will be part of the 2027/28 budget.
- Reserves and their use will need to be considered in the light of all the prevailing financial issues, including LGR. The use of reserves should continue to only fund short-term financial issues or one-off investment in services.
- The s151 officer continues to recommend a minimum balance of £9m in the general reserve (contingency) which is expected to be exceeded in the forecast period. The current forecast is a balance of circa £12m across the planning period and consideration should be given to any appropriate use of surplus reserves.
- Continue to maintain financial discipline to protect reserve levels and ensure the forecast budget gaps remain manageable in size.
- As a matter of good practice, budget planning on a longer-term basis should be undertaken, but many of the decisions and actions to start to address the deficits for 2028/29 and beyond will be for the new Unitary Council. At the earliest opportunity, the City Council will engage with the merging authorities to develop options to balance the 2028/29 budget and develop appropriate governance arrangements.

- For Capital Planning, there are significant items that will need to be considered by the Council's members up to vesting day:
 - Replacement and refurbishment costs. These cost issues should be considered when developing plans for the Unitary authority, as asset rationalisation should be targeted as part of the LGR process.
 - Crematorium and Cemetery; the existing facilities are approaching the end of their useful life, and the cemetery is running out of burial plots. A business case report is being prepared for a future Council meeting to consider the costs and options. The revenue forecasts in this report would be misleading without making an allowance for the possible significant future costs for maintaining this service. For the sake of simplicity, the central case assumption is a full replacement on a new site (this is not a decision being made in this report). Indicative market evidence suggests a planning/forecast capital cost of £12m should be allowed for, with £0.7m per annum in revenue financing cost. The cost and timing of any scheme will of course be subject to change based on the decisions of the Full Council.
 - Civic centre office accommodation. A review has shown some office space is below an acceptable standard for staff to work in. Also working from home has provided an opportunity to use freed up civic building space to achieve financial and community benefits. A business case is being developed to assess how these issues can be dealt with and is likely to be the subject of report during the first half of 2026.
 - Disposal of Chelmer Waterside; no proceeds have been allowed for in the forecasts. As the site is currently being marketed

Appendix 1 Report contents.

This Report is split into sections to explain how the budget for 2026/27 was balanced, the risks, and the outlook. The report also updates the capital programme.

Section 2 identifies the main Government funding sources for 2026/27 and later years.

Section 3: Inflation and Financial Pressures. This provides more detail on the budget variances.

Section 4: Increased Charges. This provides an overview of some of the actions necessary to fund the cost pressures and inflation.

Section 5: Identifies the new investments in services that are funded by capital resources in the 2026/27 budget proposals.

Sections 6 to 8: Identifies 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 8**.

Section 9: 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.

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The budget includes proposals to increase an average band D Council Tax by £6.78 per year after allowing for rounding of Council Tax bills into ninths.

Sections 10 & 11 contain the budgets for revenue services and the capital programme.

2. Government Funding

Funding Settlement / Core Funding (spending power)

The Council received a provisional Government funding settlement for 2026/27 in the week before Christmas, announcing provisional funding allocations for the next three financial years.

The final settlement published on the 9th February did change the funding allocations compared to those reported to Cabinet. The change over the Cabinet figures for 2026/27 is a net increase of £115k but with a reduction for 2027/28 of £242k and an increase of £40k to 2028/29 figures. This section of report reflects the final settlement.

For the past decade, annual settlements were based on the 2013/14 assessment of need and not reflective of current circumstances. The sector has consistently called for an updated formula as well as multi-year settlements to enable more effective financial planning. This is the first multi-year funding settlement using a new formula with updated methodology and data to assess each council's need and align funding accordingly. The revised approach aims to simplify the calculation by reducing the number of formulas within it. There are now, specific formula for temporary accommodation, using homelessness and TA demand indicators, to recognise the key cost pressure for district authorities. This will have been a factor in the improved funding for Chelmsford and is a point the Council lobbied the Government to recognise.

As part of the funding review, the Government has also decided to simplify the grant distribution by rolling several grants either into the main Revenue Support Grant (RSG) or as a consolidated grant covering a specific area. For Chelmsford, this mainly affected grants received for housing services.

The Housing Prevention grant is made up of two parts and will be split: the element of the grant intended to support TA costs will be consolidated into the RSG; the remainder of the grant will be merged into a separate Homelessness, Rough Sleeping and Domestic Abuse grant with other grants for housing services. There is a risk with any grant consolidated into the RSG that any future reductions in Government spending will result in a reduction in the RSG and therefore a loss of funding.

A core element of the funding review is a reset of the Business Rate Retention system. Since the introduction of the current business rates scheme in 2013/14, individual councils benefited by being able to retain a proportion of growth in their business rates above the frozen 2013/14 baseline. The scheme also allowed councils to form pools with neighbouring authorities and those pools benefited from an even higher proportion of the growth retained locally. Chelmsford's 2025/26 budget included £2.25m for income from business rates above the baseline, including pool benefit. Under the reset, the baseline will be set at 2025/26 estimated income, effectively removing any benefit of growth since the scheme started.

To avoid cliff-edge loss in funding, the settlement includes transitional arrangements phasing change in funding for each authority over 3 years in equal amounts. The baseline for 2025/26 includes business growth lost as part of the reset.

The Government settlement is determined by the Government's measure of local authority funding, 'Core Spending Power' (CSP), which combines various funding streams available to each authority including assumed Council tax income. Increases in CSP should, according to the

Government, capture a more rounded picture of the financial position of an authority. The CSP was restated to match the Government’s new funding methodology .

Under the revised methodology, the Government have removed business rates income from growth in tax base and consolidated several grants into the overall funding assessment. However, Chelmsford has been identified as a council with high local need and has benefited from the redistribution of the funding. Findings from an external analytics provider, show Chelmsford as one of the few outliers even within Essex authorities to have gained additional funding under the new methodology. The increase is primarily reflected in the RSG element of the funding which has risen by £3.1m. The amount of business rates the council can retain locally has also increased from £4.5m to £6.3m, but this gain largely offsets the loss of business rates growth that has now been reset. Overall, total funding has increased by £3.4m compared to 2025/26.

As this is the first settlement using the new methodology, it was anticipated that councils experiencing funding reductions would lobby during the consultation period for revisions. The government responded with technical adjustments to the 2025/26 business rates funding baseline, revising the approach to distributing pooling gains among business rates pool members. This adjustment altered Chelmsford’s final allocations for 2026/27 and 2027/28. To ensure authorities did not need to make late adverse budget adjustments, the change in 2026/27 is fully offset by additional funding through Adjustment Support Grant (£0.6m). However, the final 2027/28 allocations include a £0.3m reduction in funding available through Revenue Support Grant compared with the provisional settlement.

The provisional finance settlement had already included an increase to grant funding for housing. This funding was further uplifted compared to figures reported to Cabinet report for Chelmsford by an additional £0.115m in 2026/27, £0.077m in 27/28, and £0.040m in 2028/29.

Table 2 below shows the restated baseline and the movement in funding to budget and the restated 2025/26 baseline.

	New to CSP?	2025/26 Finance		Final 2026/27 Finance Settlement			
		Core spending power	Funding included in the budget ext Council Tax	Core Spending power - New Baseline	Core Spending power	Additional/- Reduced funding in CPS (new baseline)	Additional/- Reduced funding in the budget ext Council Tax
		2025/26 £m	2025/26 £m	2025/26 £m	2026/27 £m	2026/27 £m	2026/27 £m
Grant funding							
RSG	No	0.208	0.208	0.208	6.504	6.296	6.296
Adjustment Support Grant					0.631	0.631	0.631
RSG - New grants rolled in	Yes			0.907		-0.907	0.000
Employer NIC compensation grant	Consolidated	0.263	0.282	0.263		-0.263	-0.282
Temporary Accommodation element of HPG	Yes		0.875			0.000	-0.875
New homes bonus	Consolidated	1.046	1.046	1.046		-1.046	-1.046
2025/26 Funding floor	Consolidated	1.650	1.650	1.650		-1.650	-1.650
							3.074
Business rates							
BRR funding baseline	No	3.753	3.753	3.753	6.287	2.534	2.534
S31 grant for multiplier compensation	No	0.725	0.725	0.725		-0.725	-0.725
Retained business rates above CSP baseline	Yes		2.250	3.597		-3.597	-2.250
							-0.440
Grants not in RSG							
Prevention & relief element of HPG and other housing grants	Yes	0.037	0.876	1.119	1.653	0.534	0.776
							0.776
Core Spending Power excluding Council Tax		7.682	11.665	13.268	15.075	1.807	3.410
Council Tax	No	16.439		16.439	17.144	0.705	
Core Spending Power		24.121	11.665	29.707	32.219	2.512	3.410

A short description of each element of the funding is below:

- A. Settlement Funding Assessment is split between RSG, an un-ringfenced grant and Baseline Funding Level. The amount is determined by a needs assessment which includes estimates of local resources such as council tax, population, and other local data. The Council collects over £85m of business rates but will only retain £6.3m locally.
- B. Grants rolled into RSG – some grants previously received by the Council but outside of CSP calculations are now included. For Chelmsford, this represents £0.9m of various grants for housing services. There is a risk that these grants could be lost if there are reductions in funding in later years when CSP is cut or frozen and they are no longer allocated based on old grant allocation assessments. Grants rolled into CSP outside RSG – again, some grants previously received outside of the CSP calculation are now included, but remain as separate, stand-alone grants outside RSG. These individual grant elements will continue to be allocated based on their existing methodologies. For Chelmsford, these are predominately grants for housing services.
- C. Council Tax Requirement excluding parish and tier precepts – This is not a government grant, but instead the amount of Council Tax the Government assumes the city will generate using the maximum increase allowable in Council tax under the Council tax referendum principles. The Government assumes that authorities will apply the full increase each year of the multi-year settlement.

Other Key Funding Outside Core Spending Power

Retained Business Rate Growth (Above Baseline Funding)

Under this scheme, the Government allows local authorities to retain some of the growth in Business rate income in their area. Gains and losses can occur in year but do not feed fully into the Council's finances for up to two years. Following the funding reset, the new baseline is based on the estimated 2025/26 business rates income set in January 2024. Unless an authority has experienced growth since, there is unlikely to be any additional gain. There is, however, an increased risk of underperformance against the baseline due to volatility in business rates income, mainly driven by ratepayers appeals. To prevent local authorities suffering from unmanageable losses in income, the Government provides protection through the 'safety net' mechanism. For 2026/27, the safety net is set at 100%, ensuring no council loses funding if income falls below the baseline. This will reduce to 97% for 2027/28 and return to pre-reset levels of 92.5% from 2028/29 onwards.

The actual estimate for business rate income for the coming year can only be made in late January under the scheme rules. Consequently, the January Cabinet report and budget must be based on assumptions for business rate retention.

Given this is the first year after new valuations, it is reasonable to assume there will be limited or no growth (gains) achieved in 2026/27. So, the budget does not include any retained income to support ongoing service expenditure. Any unexpected losses after 2026/27 will be managed through the general fund reserve.

In previous years, there has been an Essex business rate pool which enabled member councils to retain more business rate growth locally. The scheme rules have been amended by Government for 2026/27 and is no longer forecast to provide a benefit to Essex authorities, so the pool has been disbanded.

Future Funding beyond 2026/27

The Council is in a much stronger position than in previous years to plan for future years of funding, as the Government has provided a three-year settlement. This provides figures for 2027/28 and 2028/29 alongside next year's allocation. While this offers greater certainty, there remains a risk that some of the data may be updated during the multi-year period, resulting in potential changes.

Table 3 below shows CSP allocations over the next three financial years.

	Core Spending power - New Baseline	Core Spending power	Core Spending power	Core Spending power	Additional/- Reduced funding in CPS	Additional/- Reduced funding in CPS
	2025/26	2026/27	2027/28	2028/29	2027/28	2028/29
	£m	£m	£m	£m	£m	£m
Funding within Central budgets:						
RSG	3.168	6.504	6.864	7.194	0.360	0.330
Adjustment Support Grant		0.631			-0.631	0.000
RSG - Grants rolled in	0.907				0.000	0.000
BRR funding baseline	8.075	6.287	6.432	6.561	0.144	0.130
Prevention & relief element of HPG and other housing grants	1.119	1.653	1.667	1.676	0.015	0.009
Core Spending Power excluding Council Tax	13.268	15.075	14.963	15.432	-0.112	0.469
Change year on year			-0.112	0.469		
Council Tax	16.439	17.144	17.879	18.645	0.735	0.766
Core Spending Power	29.707	32.219	32.842	34.077	0.623	1.235

3. Key Financial Pressures & Expenditure Variations

This section details the main inflation and cost pressures identified when drafting the 2026/27 budget.

Pay & Cost – Inflation & Pressures

Inflation and cost pressures felt across the Council are included in the table below, with commentary explaining the key variances. Housing temporary accommodation costs are excluded from this table and are covered in more detail in the next section.

Table 4 Pay and Cost Pressures 2026/27 (changes + adverse/-favourable from 2025/26 budget)

Pressure	Budget 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s	Forecast 2029/30 £000s	Forecast 2030/31 £000s
Pay Inflation/Pressures: 3.5% in 26/27, 3% in 27/28, then 2.5% from 28/29	1,574	1,413	1,216	1,254	1,295
Other Inflation	609	243	248	255	262
Software - additional Costs	237	56	60	63	67
Total	2,420	1,712	1,524	1,572	1,624

Pay Inflation

The cost of the annual pay award has for the last few years been heavily influenced by high inflation and by significant annual increases in the National Living Wage (NLW) which is set by Government.

Unlike other parts of the public sector, the Government does not fund council increases in NLW or pay. The increases in NLW were 6.62% in 2022/23, 9.68% in 2023/24, 9.79% in 2024/25, 6.73% in 2025/26, and for 2026/27 it will be 4.10%. All these increases are significantly above the pay awards offered by the Council, highlighting the pressure this puts on the budget. The 2025/26 pay award allowed for changes to the bottom points of the Council pay grades to provide future proofing against changes to the NLW, meaning that the 2025/26 minimum scale point hourly rate is already above the 2026/27 proposed NLW of £12.71 an hour.

The budget for 2026/27 includes an additional £1.574m to fund an assumed 3.5% pay award (£1.512m), and other minor cost pressures from staffing (£0.062m).

The annual average pay award at the Council 2010-2021 was 1.25%. This low level may have created a catch-up factor affecting future awards. At the time, these small increases helped to close budget gaps. As the last few years' pay awards have been above the amount included in the budget, the forecast for 2027/28 assumes a 3% pay award and then falls in 28/29 to 2.5% as pay pressures are expected to ease. New unitary councils will be in place from 1st April 2028, and any pay awards will be at their discretion. There will be a need to equalise grades between the merging authorities.

Other Inflation

The Council is a complex organisation with many different activities being undertaken. Each activity will experience different rates of inflation and demand pressures. In the two decades before the pandemic (used as a time marker, not necessarily the cause), the Council budget did not require

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significant budget increases for inflation. However, inflation on non-pay spend is now a financial problem. The table below sets out the changes in the 2026/27 required to fund inflation on non-pay costs and the general allowance for inflation. Beyond 2026/27, inflation is still assumed to be a problem but a lesser one.

Table 5 – Other Inflation

Other Inflation	Budget 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s	Forecast 2029/30 £000s	Forecast 2030/31 £000s
Building Maintenance @ 2.5% post 26/27	111	64	65	67	68
Insurance Realignment and Tender in 2026/27	93	0	0	0	0
Fleet Repair & Maintenance @ 2%	16	16	17	17	18
NDR @ 2%	41	66	68	69	70
Other Inflation	348	97	98	102	106
Total	609	243	248	255	262

Software Additional Costs

Software is a key area of spend across the Council, with a total budget of £2.35m proposed for 2026/27. A significant number of software licence contracts are linked to inflation and so increase each year, and other licences that have come up for renewal have been renewed at a higher price.

The £237k additional budget required in 2026/27 should cover the new renewal prices of the larger contracts with future years' increases expected to be annual inflationary increases.

Homelessness Prevention and Temporary Accommodation

The Council is estimated to need to spend £7.6m in 2026/27 on Housing services which mostly relates to temporary accommodation (TA) for the homeless and prevention work.

Homelessness costs have risen from £1.365m, or 7.23%, of net spend Council spend in 2020/21 to 26.75% of net council spend in 2026/27.

The numbers of households in temporary accommodation are difficult to predict. Housing Services are working on several new initiatives both in 2025/26 and 2026/27, particularly around Supported Housing schemes, that are expected to limit the extent of TA increases for those years. A prudent approach of an extra 40 cases per year for 2027/28 onwards has been assumed given the uncertainty and difficulty around TA projections.

The most significant reason for increasing the budget for Housing in 2026/27 is the additional cost per case. The average cost of a new case for the 2025/26 budget was assumed at £13k per year, whereas the current rate now sits at slightly over £15k a year. This results in a £713k increase being needed for 2026/27 compared to the 2025/26 budget. A level of inflation has been allowed for in future years for further increases in cost per case. The increase in cost per case is a result of demand exceeding supply for temporary accommodation.

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From 2026/27, the government has increased central funding for prevention of homelessness by £0.8m. This is a ringfenced grant and the spend associated has been added into the service budget in 2026/27 onwards. As the Government funding announcement was so late, officers will, during 2026/27, identify how this new funding can be effectively used, with the aim of limiting growth or reducing numbers in temporary accommodation. Given increasing caseload and the need for work on homelessness prevention, additional staff are being put forward in the 2026/27 budget., These have been mostly approved by supplementary estimates in 2025/26.

The Government has a national policy of dispersing asylum seekers and providing accommodation. It provides grants to the local authorities affected, to cover incidental costs. For the City Council, current forecasts for 2026/27 are £264k in dispersal funding and we also receive £253k for Ukrainian refugees. In previous years, only the Ukrainian refugee funding formed part of the Council's budget.

Table 6 – Homelessness, Prevention and Temporary Accommodation

Pressure	Budget 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s	Forecast 2029/30 £000s	Forecast 2030/31 £000s
Cost per case (catch- up in 2026/27)	713	184	184	184	184
Caseload from 2027/28 40 extra per year	232	600	600	600	600
Supported Housing & Other Grants	418	0	0	0	0
Ringfenced Spend from Grant Funding	813	77	40	0	0
Staffing	159	0	0	0	0
Asylum Seeker Grant Income	-264	0	0	0	0
Total	2,071	861	824	784	784

Other Material Variations

There are several other material expenditure variations that apply to 2026/27 budgets as shown in the table below.

Table 7

Other Material Variations	Budget 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s	Forecast 2029/30 £000s	Forecast 2030/31 £000s
Pensions Primary Rate Reduction	-176	-220	-218	0	0
Energy Price and Usage Changes	-462	0	0	0	0
Insurance Claims Realignment	50	0	0	0	0
Other	197	-250	0	0	0
Total	-391	-470	-218	0	0

The contribution rate paid by the City Council for employees who are members of the Local Government Pension Scheme is reducing in 2026/27 with further falls in the following two years. At that point, a new valuation will be made, and rates are not expected to increase. The latest actuarial review of the fund has identified a strong position, with a surplus of assets over expected liabilities. Regulations regarding such matters are cautious and a small valuation surplus is seen as the ideal position.

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Energy is now bought over a longer time period of up to 2 years in advance, therefore allowing for more opportunity to access cheaper prices when available and reducing budget risk. Energy costs for 2026/27 are lower than 2025/26 budgeted costs. Not all the energy has been purchased yet for 2026/27, but a significant proportion has been at a lower price than the 2025/26 prices. A reserve of £0.5m is in place to cover the risk of fluctuations as the forward energy is purchased.

An actuarial review of the Council's insurance claims provision highlighted that further claims could be felt in future years and so a further £50k increase has been added to this budget for 2026/27 onwards.

The other line in the table above mostly covers one-off items that will be incurred in 2026/27 and then reversed in 2027/28 (local plan costs rose in 2026/27 and are expected to fall in 2027/28).

4. Income Generation and Increased Charges

Income Variations – Non-Price Related

Table 8 identifies additional income to be generated by extra activity (not price), compared to the 2025/26 budget. Negative figures are gains over the 2025/26 budget and positive numbers are lower income. All figures are presented in net terms so may include some expenditure variations that are directly needed to generate the income stream.

The further changes expected in 2027/28 and later years from the Council’s commercial property income as buildings are re-let, plus the expected introduction by government of rules allowing the council to fully recover the cost of Planning.

Items of note in 2026/27 are:

- The reduction in Crematorium income due to reduced caseload because of new local competitors such as a new crematorium at Maldon and from national direct (simple) cremations. The Crematorium will be the subject of a business case later in 2026/27 and the issues will be explored further in that.
- Planning income was expected to rise in line with inflation or to allow full cost recovery however only the discretionary elements have been increased, reflecting the failure of Government to legislate to allow this.
- Leisure centre income: this has seen significant volume growth in the last few years and is expected to continue in 2026/27 at 4%.

Table 8

Net Income Gains	Budget 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s	Forecast 2029/30 £000s	Forecast 2030/31 £000s
Crematorium	916	0	0	0	0
Trade Waste	76	0	0	0	0
Garden Waste Subscription Charge	-918	0	0	0	0
Extended Producer Responsibility Grant	-837	0	0	0	0
Leisure Centres	-306	0	0	0	0
Theatres	-375	0	0	0	0
Property	-307	-897	-200	0	0
Planning Cost Recovery Charges	0	-800	0	0	0
Other Income	-137	-218	0	0	0
Total	-1,888	-1,915	-200	0	0

Income Variations – Price Changes and New Charges (table 9 next page)

The table below shows the gains resulting from increased and new charges across the Council. The average increase is 3% except for new charges on theatre ticketing and frozen prices for the Crematorium and shoppers’ car parking tariffs.

Table 9

New and Increased Fees and Charges	Budget 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s	Forecast 2029/30 £000s	Forecast 2030/31 £000s
Leisure Centres	-471	-321	-328	-340	-385
Car Parks	-195	-251	-258	-266	-274
Recycling Sales, Credits, Trade & Food Waste	-155	-105	-115	-119	-122
Theatres and Museums	-106	-103	-106	-109	-112
Garden Waste Subscription Charge	-80	-80	-83	-85	-88
Cemetery & Crematorium	0	-51	-53	-54	-56
Planning and Local Land Charges	-8	-57	-65	-69	-71
Theatre New Ticketing Fee Structure	-150	0	0	0	0
Other Income	-92	-172	-166	-167	-137
Total	-1,257	-1,140	-1,174	-1,209	-1,245

5. 2026/27 Service Enhancement & Capital Investment

This section summarises the additional revenue and capital investments included in the 2026/27 budget to support service delivery, address population growth pressures, and maintain or improve Council assets. The total net revenue impact of these proposals is £1.259m in 2026/27, as shown in **Table 10**.

Table 10

Service Enhancement & Capital Investment	Budget 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s	Forecast 2029/30 £000s	Forecast 2030/31 £000s
Revenue Items					
Supplementary Estimates Approved in 2025/26	314	0	0	0	0
Supplementary Estimate Central Provision	200	0	0	0	0
City Growth (Recycling & Waste, Parks & Street Care)	124	106	106	106	106
Other Revenue Service Enhancements	208	0	0	0	0
One-Off Revenue Items	250	-250	0	0	0
Capital Items (Revenue Impact)					
One-Off Revenue Impact of Capital Schemes	162	-162	0	0	0
New Capital Proposals ongoing financing	0	95	96	30	30
Purchase of Housing Units (surplus) over financing (see capital programme)	0	0	-300	0	0
Total	1,259	-211	-98	136	136

Revenue Investments in Services

The budget must allow for the additional costs either to improve services or to fund the consequence of the City's growing population:

Supplementary Estimates Approved in 2025/26:

- £20,000 for Voicescape texting service for Council Tax reminders
- £96,500 for Cyber Security contract
- £59,400 for Planning Enforcement post
- £112,300 for Benefits Officers
- £26,200 for Health and Safety post

The central supplementary estimate provision has also been increased by an ongoing £200k for 2026/27 budgets to allow for further new initiatives to be drawn up throughout the year. There is already a £300k central provision for supplementary estimates in place.

City Growth:

- £43,800 to Street Care for City Growth
- £80,300 to Waste and Recycling for City Growth

Other Revenue Service Enhancements:

These enhancements are directed to specific services. The late Government funding announcement means directors, in consultation with Cabinet, will determine how the funding is to be used in 2026/27.

Ongoing Revenue service enhancements

- £55,000 for increased provision for Dog Bins across the Council area
- £85,000 for increased Street Care provision
- £68,000 for Theatre expenditure to support income generation

One-Off Revenue Items:

- £100,000 towards additional initiatives aimed at reducing anti-social behaviour
- £100,000 towards an urban area grant scheme
- £50,000 towards additional discretionary grants for 2026/27

Capital Investments in Services

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 6** of this report. The costs in **Table 10** are the revenue financing or associated costs of new capital proposals, and the new schemes are identified in **Tables 11** and **12** below. The replacement programme and existing scheme budgets have been revised for cost and are shown in **Section 11**.

Approval of New Capital Schemes

Table 11a shows the new capital schemes budgets with any internal or external funding for which approval is sought. Until tendered, many costs are provisions, which means that they are being approved before they are fully robust estimates. Variations in costs should be expected as officers develop firmer scoped works. **Table 11b** identifies any external funding or existing funding being used.

The ongoing impact of the new schemes (**Table 11c**) is an additional net revenue cost of £202k per year. This is the full ongoing effect of the impact of the proposed schemes. The impact of the new schemes on revenue budgets is allowed for in **Section 6**.

Table 12 provides a narration and indicates for each scheme the delegation arrangements.

Table 11a

CAPITAL PROGRAMME - New Schemes Identified for Approval

Spend Details	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Later Yrs	Total Spend
	£000s	£000s						
New Schemes (see table 12 narrative for details)								
Unfunded Proposals								
1 Chelmsford Sports and Athletics Centre (CSAC) Various Enhancements		82						82
2 RiversideLeisure Centre Various Enhancements		30						30
3 Riverside Sports Hall Roof Solar Panels		570						570
4 Theatre Roof Solar Panels		60						60
5 * Modular Units x 18 Units on Meteor Way Car Park	50	4,436						4,486
6 * Supported Housing/Temporary Housing Provision		7,650						7,650
New Schemes to be Funded from Grants, CIL or S106								
7 Springfield Hall Park New 3G Pitch		1,030						1,030
8 Pool Pods Riverside and SWFLC and Associated Works (DFG Grant Underspend)		100						100
9 CHESS Grant Assisted Laundry Facilities (DFG Underspend)		85						85
10 CSAC Air Conditioning Studio 1 (neighbourhood CIL)		17						17
11 Purchase Allotments Princes Road (neighbourhood CIL)		64						64
12 Purchase Lake Central Park (neighbourhood CIL)		133						133
13 Making Spaces for Girls - 4 proposed sites Savernake, John Shennan, Lionmede and Melbourne (neighbourhood CIL/CAP CIL)		60	60					120
14 Melbourne Park Conversion of Toilet Block to Operational Parks Building (neighbourhood CIL/CAP CIL and S106)		128						128
15 City Centre Park Improvements - Central Park Chess Garden and associated planting and seating £35k and Strategic Cycle Rack Provision £8k (neighbourhood CIL/S106)		43						43
16 Melbourne Park 3G Pitch Surface replacement (S106)		337						337
17 Restoration Works Central Park Bridge (S106)	126							126
18 Rivers and Waterways Art Project (S106)		36						36
19 City Centre Public Art Project (S106 and Neighbourhood CIL)	5	107						112
Provision for Works Identified from Building Condition Surveys - Various Works - delegation to Officers to spend								
20 Civic Centre - Various		297	221	73		336	32	959
21 Parks' Pavilions - Beaulieu Park		21						21
22 Chelmsford Sports and Athletics Centre			10	74			84	168
23 Hylands Pavilion							105	105
24 South Woodham Ferrers Leisure Centre (SWFLC)		18	273	121	147			559
25 Theatre - Various		79	503					582
26 Car Parks		192	175	110	221			698
Sub Total	181	15,575	1,242	378	368	336	221	18,301

*Schemes where Delegation to Cabinet to agree a Business Case. Then officers undertake the project

Table 11b

Funding Details		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Later Later Yrs	Total Spend
		£000s	£000s						
Gross Cost New capital Scheme Proposals			15,575	1,242	378	368	336	221	18,301
Previously Approved Capital Budget									
3,4	Solar panels - Green Initiatives Fund		-630						-630
7	Housing Initiatives -Kingfisher House budget Vired		-7,650						-7,650
19	City Centre Public Art Project S106	-5	-57						-62
5	Modular Units - Brownfield Land Release Grant	-50	-192						-242
Funding From Revenue									
N/A									0
Funding From S106 Already Received									
7	Springfield Hall New 3G Pitch		-270						-270
14,16-19	See above	-126	-394						-520
Funding from Neighbourhood CIL and Cap CIL Already Received and Agreed as suitable use by Community Funding Panel 18/11/2025									
10-15	See above		-424	-60					-484
19	City Centre Public Art Project		-50						-50
Funding from Grants Already Held									
8	Pool Pods -DFG Underspend		-100						-100
9	CHESS Accessible Laundry Grant - DFG Underspend		-85						-85
Potential Funding									
7	Springfield Hall New 3G Pitch Football Foundation		-660						-660
7	Springfield Hall New 3G Pitch - Springfield Football Club		-100						-100
Balance of New Scheme Proposals -shortfall requires additional borrowing		0	4,963	1,182	378	368	336	221	7,448

* Scheme delegation to Cabinet

Any additional funding from the Community Infrastructure Levy (CIL) or S106 that is subsequently identified will be applied and reported at outturn in July 2026.

Table 11c

New Schemes Identified for Approval - Revenue Impact of Scheme	Estimated Ongoing Impact on Revenue	
	Ongoing Net Impact	Notional Impact on Band D Property
	£000s	
1 CSAC Enhancements	9	0.12
2 Riverside Enhancements	2	0.03
3 Riverside Sports Hall Roof Solar Panels	-66	-0.91
4 Theatre Roof Solar Panels	-9	-0.12
5 Modular Units x 18 Units on Meteor Way Car Park	0	0
6 Supported Housing/Temporary Housing Provision	0	0
New Schemes to be Funded from Grants, CIL or S106		
7 Springfield Hall New 3G Pitch	0	0
8 Pool Pods Riverside and SWFLC (DFG Grant Underspend)	4	0.06
9 CHESS Accessible Laundry Facility		0
10 CSAC Air Conditioning Studio 1 (neighbourhood CIL)	0	0
11 Purchase Allotments Princes Road (neighbourhood CIL)	-1	-0.01
12 Purchase Lake Central Park (neighbourhood CIL)	0	0
13 Making Spaces for Girls - 4 proposed sites Savernake, John Shennan, Lionmede and Melbourne (neighbourhood CIL)	0	0
14 Melbourne Park Conversion of Toilet Block to Operational Parks Building (neighbourhood CIL and S106)	0	0
15 City Centre Park Improvements (neighbourhood CIL)	0	0
16 Melbourne Park 3G Pitch Surface replacement (S106)	0	0
17 Restoration Works Central Park Bridge (S106)	0	0
18 Rivers and Waterways Art Project (S106)	0	0
19 City Centre Public Art Project (S106 and Neighbourhood CIL)	0	0
Provision for Building Condition Surveys Various Works		
20 Civic Centre - Various		
21 Parks' Pavilions - Beaulieu Park		
22 Chelmsford Sports and Athletics Centre		
23 Hylands Pavilion	263	3.62
24 SWFLC		
25 Theatre - Various		
26 Car Parks		
Total Estimated Additional Revenue Impact	202	£2.79
Total Financing Costs		

The ongoing net impact relates to the period after 2031/32.

Table 12 – New Capital Proposals Narratives

Overview of Capital Bid Proposals 2026/27 and Later Years

Scheme Proposals Requiring New Borrowing

1. Chelmsford Sports and Athletics Centre Enhancements £82k

This will upgrade flooring, replace carpet with a rubber surface.

Office Air Conditioning - Both offices this summer have reached in excess of 35 degrees, window reflective vinyl and blackout blinds have been installed to reduce the heat and this has helped but temperatures have still been above 28 degrees.

Fall Protection and Access Equipment - Due to a recent update to legislation, some of the roof access and fall arrest equipment failed its yearly service inspection. The proposal is to replace most of the roof access and fall arrest equipment with modern, compliant, up-to-date facilities to ensure compliance, safety, and reduce future maintenance.

It is requested that delegated authority is given to the relevant Director to spend within the approved budget.

2. Riverside Ice and Leisure Centre Enhancements £30k

This includes upgrades to cleaning systems, ice rink barriers system, pool speaker systems and redecoration of parts of ice rink.

It is requested that delegated authority is given to the relevant Director to spend within the approved budget.

3. Riverside Ice and Leisure Centre – Sports Hall Roof Solar Panels £570k

This proposal is to install solar panels on the sports hall roof at Riverside Ice and Leisure Centre. Estimated array size 400 kWp. Estimated annual saving would be £66k.

4. Theatre Roof Solar Panels £60k

This proposal is to also install solar panels on the theatre roof, of about 50kWp, which would save £9k in revenue for a full year.

Proposals 3 and 4 are reliant upon the re-roofing of the two buildings. The budget for Riverside roof is included in the existing building condition surveys provision and the budget for the theatre is being requested and included in scheme numbers 20-26 Various Condition Survey Works.

There is a budget provision in the Green Initiatives Fund in the approved capital schemes which will be used for the solar panels.

Net Zero Carbon – Both schemes will have a positive effect on climate change by reducing the Council's reliance on grid electricity which is currently purchased from grid average mix (not specifically from renewable sources). The reduction in carbon emissions from generating our own electricity also lowers the Council's carbon emissions, contributing to the Council's net zero aims.

For both schemes 3 and 4 it is requested that delegated authority is given to the appropriate Director to spend within the approved budgets.

5. Modular Units Meteor Way Car Park Site £4.486m

This is a proposal to increase the provision of temporary accommodation available by providing 18 modular units on the car park site at Meteor Lane. There will need to be groundworks to make the site viable and services will also need to be established on the site. There is currently an approved budget of £250k funded by a government grant towards the cost of the site preparation with costs likely to come in at around £800k.

It is requested that delegated authority is given to Cabinet to approve a business case which shows the proposal generate savings and to spend within the approved budget.

6. Supported Housing/Temporary Accommodation Provision £7.650m

Following the result of a full survey, the Council has had to withdraw from the purchase of a block of flats which would have been used for supported housing. It is proposed that the existing budget is amended to enable officers to look for different suitable property to be purchased to reduce the cost of providing temporary accommodation. A business case would need to demonstrate a significant saving from the purchase.

It is requested that delegated authority is given to Cabinet to approve business cases which show any proposals generate savings and to spend within the approved budget.

Proposed New Schemes to be Funded from Grants, S106 and CIL

It should be noted that the Community Funding Panel has reviewed the requests for the use of Neighbourhood CIL and strategic CIL at a meeting on the 18th November 2025. It was agreed that the schemes proposed were an appropriate use of the funding and should be taken forward to Cabinet for approval. See item 10.1 elsewhere on this agenda.

It is requested that delegated authority is given to the relevant Director to spend within the approved budget and to use agreed contributions towards the cost of the proposals.

7. Springfield Hall Park New 3G Pitch £1.030m

The Football Foundation has identified a significant shortfall in available floodlit artificial grass pitches. There are currently 4 full-sized floodlit artificial grass pitches/facilities available in the district and up to 8 additional facilities are required to meet current and medium-term demand. This proposal is for the construction and commissioning of a new 3G artificial pitch at Springfield Hall Park for community use and use by Springfield Football Club. This will be fully funded by a grant from the Football Foundation, Springfield Football Club and S106. The overall aim of the project is to add wider capacity to artificial grass availability across the district but also to relieve pressure of grass pitches; for example, by providing evening floodlit training opportunities. There is currently little or no evening sports facility use at Springfield Hall Park and the addition of the proposed artificial pitch will enable evening use. It is proposed that the facility will be owned, managed, and maintained by the City Council with club and community access arrangements similar to the Melbourne Park pitch, providing hire-fee income to the City Council to offset management, maintenance and future carpet replacement costs.

8. Riverside Ice and Leisure Centre and South Woodham Ferrers Leisure Centre - Pool Pods and Associated Works £100k

This proposal is to purchase pool pod platform lifts for the learner pool at Riverside and the pool at South Woodham Ferrers to make them more accessible. This proposal has been

approved by ECC as an appropriate use of the Disabled Facility Grant (DFG) funding as a Social Care Capital Project.

This proposal will be funded from the DFG balance.

9. CHESS Grant for Provision of Assisted Laundry Facilities - up to £85k

This proposal is to provide a grant to CHESS to enable them to provide accessible facilities for the homeless. The funding will help homeless people, including disabled, to maintain their personal hygiene. Providing laundry facilities that are accessible to a disabled person housed at New London Road will help in building their independence and feeling of self-worth. The site is owned and managed by CHESS Homeless. This proposal has been approved by ECC as an appropriate use of the DFG funding as a Social Care Capital Project.

This proposal will be funded from the balance held on Disabled Facility Grants.

10. Chelmsford Sports and Athletics Centre – Air Conditioning Studio 1 £17k

Studio 1 air conditioning needs to be upgraded and improved with a system that can cool to UK active guidance of 16-19 degrees. This will have a positive impact on staff and members of the community who use the space for classes. Estimated life span of 15 years prior to replacement.

This proposal will be funded from Neighbourhood CIL and has been agreed by the Community Funding Panel.

11. Purchase Allotments Princes Road Chelmsford - £64k

This proposal is to purchase land fronting Princes Road and adjoining John Shennan Playing Fields totalling approx. 2.9 acres. The land will continue to be leased to the Princes Road Allotment Association, but at an enhanced rent receivable of £1k per annum subject to annual RPI increases. The purchase will safeguard the allotments as another buyer could consider development and bring the tenancy to an end.

This proposal will be funded from Neighbourhood CIL and has been agreed by the Community Funding Panel.

12. Purchase Lake Central Park £133k

Currently, the Council occupies land in Central Park from Network Rail originally let by way of a lease for a term of 20 years from 13th Sep 1997. The original rent was £3k per annum, now £5.5k. The land comprises the lake adjacent to the viaduct and land directly beneath and adjoining the viaduct arches (approx. 5.5 acres). The opportunity arose to purchase the freehold interest, allowing the Council complete control of the land with no rent liability. The land directly beneath the viaduct will continue to be held by way of a long lease as Network Rail may require occasional access for operational reasons.

This proposal will be funded from Neighbourhood CIL and has been agreed by the Community Funding Panel.

13. Making Space for Girls - 4 Proposed Sites £120k

This proposal is to roll out the Make Space for Girls project in Savernake Park (Waterhouse Farm), John Shennan Playing Field (Moulsham Lodge), Lionmede Recreation Ground (Trinity), and Melbourne Park (St Andrews). These locations are based on analysis of crime statistics, antisocial behaviour, and local need. The project provides safe and inclusive locations within our green spaces, for girls and gender-diverse young people, that are designed through consultation with our local students and young people. The Partnership

has chosen to work with Hylands School (based on need and deprivation, and with the school catchment covering both Savernake and Melbourne Park) for the full consultation, with light-touch consultation in the other areas. Allocation of £30k including contingency is requested per site to deliver a project such as seating, swings, lighting, and associated planting.

This proposal will be funded from Neighbourhood CIL (£110k) and CIL Cap (£10k) and has been agreed by the Community Funding Panel.

14. Melbourne Park Conversion of Toilet Block to Operational Parks Building £128k

This proposal is to repurpose the disused public toilet block to provide staff welfare accommodation, storage and garaging to support the grounds maintenance operation. Part of the existing changing room and toilet building is unsafe and is closed for future use and the garaging and grounds maintenance part of the building is non-compliant with water regulations. The repurposing of the existing building will also avoid future demolition cost estimated at £35-£40k. The estimated cost to keep part of the Melbourne Pavilion currently used for the grounds' maintenance operation is estimated to be £38k – this would not be required in the short term if the project to repurpose the disused public toilets goes ahead.

This proposal will be funded from Neighbourhood CIL (£6k) and CIL Cap (£100k) and has been agreed by the Community Funding Panel. The balance will be from S106 £22k.

15. City Centre Park Improvements £43k

Strategic Cycle Rack Provision £8k - To provide 2 areas of new cycle rack provision within two parks: at Central Park adjacent to the café, and at Tower Gardens adjacent to the new cycling proficiency track area. This is to assist with encouraging cycle use and to provide safe/secure location for cycle storage commensurate with park use requirements.

Central Park Chess Garden and Associated Planting and Seating £35k - To provide a community space that is focused on chess as an activity for all ages and abilities that can be used at all times of the year. The space will create opportunities for social inclusion and assist in improving the environment.

These proposals will be funded from either S106 or Neighbourhood CIL.

16. Melbourne Park 3G Pitch Surface £337k

The original Melbourne 3G facility, carpet and equipment was commissioned in July 2013. The carpet lifespan has on average a 10-year lifespan and, whilst appropriate management and maintenance of the facilities has extended its lifespan to 13 years, it is anticipated the replacements are required in 2026. Without a new surface, the facility will become unsafe and will not pass Football Association accreditation which is necessary for competitive sports use. The replacement of the 3G carpet and associated sports equipment is a funding condition from when the Football Foundation first provided the grant funds to construct the facility.

This proposal will be funded from S106 contributions.

17. Restoration Works Central Park Bridge £126k

Seymour Street Bridge is of architectural and historic interest, recognised from a national perspective by being grade II listed. It requires extensive repairs, which would ensure its

long-term future. This would maintain the busy pedestrian crossing and would avoid long-term health and safety issues and more costly repairs in the future.

This proposal will be funded from S106 contributions.

18. Rivers and Waterways Art Project £36k

This proposal is for the installation of painted artwork on the Barrack Square bridge façade and surrounding area to improve visual appearance of the current concrete façade and make improvements to the river frontage in Bell Meadow to add to the wider City Centre River environment. It will also improve the access platforms by Essex Records Office to enable continued navigation and recreational river use.

This proposal will be funded from S106 contributions

19. City Centre Public Art Project £107k

The proposal is to boost the budget for a public art project for the City Centre at the location of either Cornhill (adjacent to Market Square and High Chelmer) or the Meadows Retail Car Park stair tower. The City Centre environment is in constant need of new investments in the public realm to keep the public interested and stimulated to ensure people return and for new visits.

This proposal will be funded from Neighbourhood CIL £50k which has been agreed by the Community Funding Panel and the balance from S106.

20-26 Provision for Works Identified from Building Condition Surveys £3.092m

Building Services has identified additional works that are required to keep the Council's owned and operated estate safe and operationally reliable. These are for works to be undertaken in 2026/27 and later years.

There are still further assets which have been identified as in poor condition but are not included for funding because the operational future of the buildings is not assured. Examples of these include the air conditioning units at the end of their life at the crematorium and boiler and other works required at Waterhouse Lane depot. These assets have been discussed with the relevant Heads of Service and will be kept under review for essential Health and Safety requirements.

The next round of condition surveys is due in 2028/29 and will improve the accuracy of costs and longer-term forecasting. The works have been packaged into a number of different budgets reflecting timing and complexity of delivery.

Net Zero Carbon – the Council is not currently pursuing Air Source Heat Pump (ASHP) technology as a replacement for existing fossil fuel boilers due to the current high cost. Boilers will be replaced with like-for-like technology as they are at the end of their predictable/operational life for the next 5 years. These should be more energy efficient. The switch from gas boilers to electric heaters/calorifiers will reduce the Council's reliance on fossil fuels.

These spends will be monitored, and any slippage managed.

Given the high inflation and need to work up proposals further and in some cases to tender, it is important to note there is still uncertainty regarding costs and it is requested that a

provision is established that can be drawn down as costs and timing of projects become more certain. The projects could also be impacted by decisions made during the LGR process.

The estimated cost of these works is £3.1m for 49 works packages across the sites shown on **Table 11a**. These works include some larger items such as car park resurfacing and roof replacements. To maintain the operation of facilities, it is important to get approval of budgets for the projects as soon as possible. Many of the projects in later years are not fully costed, and further development of schemes is needed. Variations to the budget will be dealt with via the normal processes.

20 Civic Centre Various Works £959k – Roof, Boiler Room refit, Air Handling Units, External Traffic Safety works.

21 Parks Pavilions Beaulieu Park £21k – Cold Water System.

22 Chelmsford Sports and Athletics Centre £168k – Air handling heating and cooling improvements.

23 Hylands Pavilion £105k – Air Conditioning System.

24 South Woodham Ferrers Leisure Centre £559k – Roof and exterior works, Air handling units and associated works and Staff facilities.

25 Theatres £582k – Back of House essential works to maintain facilities to commercially expected standards.

26 Car Parks £698k – Resurfacing Fairfield Road, Coval Lane, Parkway and Baddow Road. Waterproofing and concrete repairs Meadows and Townfield Street MSCPs.

The five largest estimated packages, which make up 37% of the £3.1m, are:

Fairfield Road Car Park Resurfacing £221k
Council Chamber Air Handling Unit Roof Replacements £184k
Civic Centre and Theatre Flat Roof £221k
Civic Centre Old Library Building Boiler Room Refit £263k
South Woodham Ferrers Leisure Centre Roof £263k

The works packages will be scheduled following liaison with the Heads of Service/Premises Managers depending on the operational requirements of the service areas.

It is requested that delegated authority is given to the relevant Director in consultation with the appropriate Cabinet members. to deliver the works within the budget provision identified.

6. The impact of Capital Expenditure on the Revenue Budget

The Council is required by statute to produce a Capital Strategy each year that must be approved by Council at the same time as the budget, but not in the same report. The strategy gives an overview of how capital expenditure, capital financing and treasury management activities contribute to the provision of local public services. It also identifies how the associated risks are managed and the implications on the financial sustainability of the Council.

The strategy commits the Council to 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 key consideration when approving the capital programme is the cost of financing capital expenditure and this section of the budget report identifies that cost.

The Council's capital programme is shown in **Section 5 (Table 11a, 11b and 11c**, proposed new schemes) and **Section 11** (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 actual methods of financing capital expenditure can differ from the estimates depending on the life of assets being financed, 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 impact on the Council's revenue budget from 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. Borrowing costs. Interest and principal repayments (Minimum Revenue Provision (MRP)) are a revenue cost.
 - B. Direct Revenue Financing of capital schemes. An expenditure line in the Council's Revenue budget which, in effect, funds capital expenditure.
 - C. Feasibility or design works spent on schemes that no longer qualify as capital cost. Any expenditure that does not result in creation of an asset for the Council, or for a third party, will need to be charged to revenue resources. This is a requirement under government accounting practice.

A. Borrowing Costs

For any scheme that is not self-financing or where the Council does not have enough capital receipts, grants, or external contributions available to fund it, the Council must either internally borrow surplus cash held or borrow externally. Both types of borrowing have revenue implications.

The Council's capital programme does require the use of borrowing. The revenue cost of borrowing is split into two parts. The first part is the interest forgone from not investing surplus cash that the Council internally borrowed, or if the Council externally borrowed, the interest cost on any external loans.

The second part is that the Council is required under regulation to set aside instalments to pay down debt. This is a charge to the revenue budget called the Minimum Revenue Provision (MRP) and is payable on internal and external borrowing.

The capital programme is split between one-off schemes and replacement programmes for vehicles, plant, and equipment, needed to run the Council's services. The useful life of the asset determines how quickly we need to repay the debt through MRP. As most equipment tends to have a relatively short useful life, the MRP we charge to the revenue for the cost of borrowing for the replacement programme is significantly higher than MRP for longer-life asset such as land (see **Table 16**).

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 occurred, which is mostly due to expenditure occurring later than expected and timing of CIL receipts. This risk remains, so MRP and interest costs could be less than those shown.

The MRP charge is made to revenue in the year after the asset is complete or becomes operational.

Borrowing costs for leases related to Private Social Landlord (PSL) properties are not reflected in the tables below as the costs associated with these leases are reflected in service revenue budget alongside income from the tenants using those properties. This is to ensure that the complete cost of housing services can be reported.

Table 13 Borrowing for existing capital programme and replacement items

Existing Schemes and Replacements-Internal and External Borrowing Combined	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£ms						
Opening Cumulative Borrowing Exc. PSL's	37.576	41.160	44.536	70.447	76.731	81.683	80.553
New Annual Borrowing Approved Schemes	4.666	4.660	27.557	8.415	7.850	2.358	2.596
Less MRP Repaid	-1.082	-1.284	-1.646	-2.131	-2.898	-3.488	-3.818
Cumulative Borrowing Existing Schemes Exc. PSL's	41.160	44.536	70.447	76.731	81.683	80.553	79.331

Table 14 Borrowing Forecast including New Schemes

Section 5 of this report lists the proposed new capital schemes in **Table 11a**. The impact of these schemes on borrowing can be seen in the following table.

New Scheme Proposals (see section 5)	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£ms						
Cumulative Borrowing New Scheme Proposals	0.000	0.000	4.963	5.916	5.996	6.033	6.003
Cumulative Borrowing Existing and Proposed Schemes Exc. PSL's	41.160	44.536	75.410	82.647	87.679	86.586	85.334

The increase in borrowing in 2026/27 of £31m is mostly caused by the following:

- Housing Initiatives – to support delivery of temporary housing accommodation will be self-financing £8.6m
- Purchase of Granary Car park £4m, an income-generating scheme
- Replacements £3.2m
- Maintenance of Existing Property Assets £5.1m
- Purchase of assets for future development of sites £1.3m
- Acquisition of land for new cemetery £2.9m
- New schemes as detailed in **Section 5** £5.0m

While net borrowing is projected to increase to £85.3m by 2030/31, several of the asset investments will be either self-financing or generate income. The breakdown in **Table 15** below sets out borrowing by asset type:

Table 15

Breakdown of Total Cumulative borrowing by type of investment	£ms
Self-financing or income generating schemes - mostly to reduce TA costs	37.4
Investment toward improving environment and Flood defences	7.9
Chelmer Waterside Side land assessmbly	4.7
Maintenance and improvements of assets to continue Council's operations	17.8
Assets replacement programme to continue Council's operations	11.5
New schemes as detailed in Section 5	6.0
Total Cumulative borrowing	85.3

The amount of borrowing was increased as result of Covid. The capital programme at the time of Covid was due to be funded by some £10m of revenue reserves. Instead of using revenue reserves, borrowing was undertaken. This enabled the Council to have a higher level of reserves to respond to the loss of income and costs of Covid. This does mean borrowing is £10m higher than would have been the case. Most of the borrowing was made against spend classified as improvement to assets.

Table 16

Breakdown MRP Repaid - short term and long term	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£ms						
Capital Schemes Approved	0.496	0.665	0.752	1.005	1.194	1.318	1.402
Capital Schemes MRP	0.496	0.665	0.752	1.005	1.194	1.318	1.402
Capital Replacements life less than 10 years	0.013	0.019	0.120	0.487	0.922	1.306	1.492
Capital Replacements Finance Leases	0.573	0.600	0.774	0.639	0.782	0.864	0.924
Capital Replacements MRP	0.586	0.619	0.894	1.126	1.704	2.170	2.416
Total MRP Repaid in Year	1.082	1.284	1.646	2.131	2.898	3.488	3.818

The table above is debt repayment (MRP) split into the cost of funding approved capital schemes and the replacement programme (equipment and vehicles). The additional financing costs of the new schemes are not included in the above but are identified in **Section 5** in the forecast for 2027/28 and later years.

Table 17 below

The Council earns interest on its cash balances when investing them or forgoes it when internally borrowing as increased borrowing reduces balances held and interest that the council can earn on them. The cost of financing the programme is combined with interest (investment) income earned below to show the net cost of financing. This rises from £2.4m in 2026/27 to £4.6m in 2030/31. Replacement equipment costs make up more than half of the 2030/31 cost.

For some existing schemes, there will be savings elsewhere in the budget or income will be received that will fund the cost of financing. This contribution is netted off in the below financing table as self-financing schemes.

Table 17

Budgeted Net Revenue Costs Changes - financing costs of Capital Programme	24/25	25/26	26/27	27/28	28/29	29/30	30/31
	£ms						
Estimate Gross interest income	-1.835	-0.925	-0.800	-0.816	-0.747	-0.759	-0.787
Interest Paid							
Estimate interest costs all borrowing Excluding PSL	0.142	1.178	1.545	2.268	2.406	2.240	1.912
Other funds held interest	0.213	0.124	0.068	0.063	0.060	0.060	0.060
Income gain from existing schemes - removed Self-financing schemes		-0.113	-0.046	-0.382	-0.381	-0.382	-0.370
Sub-total interest paid	0.355	1.189	1.567	1.949	2.085	1.918	1.602
MRP							
Estimated Existing MRP schemes and leases	1.082	1.284	1.646	2.131	2.898	3.488	3.818
Income gain/saving from existing schemes MRP (self financing not in service budget)		-0.013	-0.003	-0.033	-0.035	-0.068	-0.072
Total MRP	1.082	1.271	1.643	2.098	2.863	3.420	3.746
Cost of financing capital programme excl PSLs	1.437	2.460	3.210	4.047	4.948	5.338	5.348
Net financing costs	-0.398	1.535	2.410	3.231	4.201	4.579	4.561
Change Year on year		1.933	0.875	0.821	0.970	0.378	-0.018

The interest cost falls from 2029/30 to 2030/31. This reflects internal borrowing of expected CIL receipts; however, a transfer is made to reserves elsewhere in the budget to pay for this internal borrowing. The interest transferred into reserve for internal borrowing of CIL will be available to fund future capital expenditure. The CIL interest for Garden Community and South Woodham Ferrers is earmarked for spending in those areas only.

Table 18 Strategic CIL table

A key resource to the Council is the Community Infrastructure Levy (CIL), which can in some cases be used to finance capital expenditure. The current balance and expected receipts are shown below and have been used when planning the budget:

Strategic CIL Table	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£ms						
Balance 31/3/2024	-22.163						
Forecast CIL receipts to be received	-3.128	-1.799	-2.102	-5.560	-10.695	-9.732	-17.347
Ringfenced Income not available to use			0.411	2.787	4.597	5.240	10.647
CIL receipts committed to Capital Schemes	13.619	7.650	1.220	1.554	2.739	0.000	0.000
Cumulative un-ringfenced CIL	-11.672	-5.821	-6.292	-7.511	-10.870	-15.362	-22.062

Change in CIL Forecast	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£ms	£ms	£ms	£ms	£ms	£ms
Current	-1.8	-2.1	-5.6	-10.7	-9.7	-17.3
Previous (MTFS Budget Report)	-2.1	-5.5	-9.4	-11.1	-11.9	-27.2
+lower expected CIL in year/-higher expected CIL in year	0.3	3.4	3.8	0.4	2.2	9.9
+Cumulative lower expected/- higher expected CIL receipt	0.3	3.7	7.5	7.9	10.1	20.0

The forecast CIL income has decreased compared with previous projections, primarily due to delays in the commencement of developments. CIL receipts collected on schemes within Chelmsford Garden Community and South Woodham Ferrers are, under council policy, ringfenced to be spent on schemes within those respective locations.

Based on current estimates, there will be an unringfenced surplus of £22.1m by 2030/31 that has not yet been committed to fund planned expenditure. Any interest on the surplus balance will be taken to reserves to fund future capital expenditure. The management and commitment of CIL will become a matter for the LGR process.

B. Direct Revenue Financing of capital schemes

The revenue budget for 2026/27 contains contributions from revenue to fund capital (direct revenue financing of capital), which have been increased by £1m to £1.369m in 2026/27, to fund replacement equipment. Additional contributions of CIL from non-earmarked areas are also added to this contribution. The total planned contributions from revenue to capital are shown in **Table 19** below.

C. Schemes Feasibility or Design Works that are no longer a capital cost

The Council can charge feasibility, and design works to capital resources only when they result in the creation of an asset. Should a scheme not continue to completion, any costs previously charged to capital are required under Government accounting practice to be charged to revenue. This risk can be managed by maintaining an earmarked reserve to alleviate the consequences, which is detailed in **Section 7**.

Table 19 below details capital expenditure funded from reserves and revenue.

Table 19

Reserves use to fund capital	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£ms	£ms	£ms	£ms	£ms	£ms
Ongoing Revenue Contributions to reserves to fund capital	0.369	1.369	1.369	1.369	1.369	1.369
Transfer of CIL interest to fund capital	0.059	0.131	0.185	0.244	0.361	0.526
Total revenue contribution to reserves to fund capital	0.428	1.500	1.554	1.613	1.730	1.895
Capital funded from Revenue (reserves)	-2.340	-1.464	-1.487	-1.491	-1.395	-1.399

Unfunded Capital priorities

The Council cannot currently afford from within its existing resources all the capital expenditure priorities it requires to fund Our Chelmsford, Our Plan. A list of unfunded priority schemes can be found in Annex 1 of the Treasury Management, Investment and Capital Strategies report elsewhere on this agenda. The creation of a full list is now going to need to be addressed in the LGR work streams. The forecast revenue budget does allow the assumed financing of costs of a new crematorium and the benefits of additional car parking on the old riverside site. These are not approved but are indicative of possible outcomes.

7. Budget Forecast & Reserves

Revenue Budget Forecast

The medium-term revenue forecast supports the proposed 2026/27 budget and demonstrates whether the Council's plans are affordable and sustainable.

The forecast is shown in **Table 20** and reflects the Council's best estimate of income and expenditure over the period to 2030/31. Forecasts are inevitably prepared at a point in time and will change as assumptions are updated. The explanations of the movements are referenced to the appropriate section of this report.

Table 20

Budget Gap Budget 2026/27 and Forecast (change from preceding year)						
	See Report Section	Budget 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s	New Forecast 2030/31 £000s
Summary Variances						
A) Change in Government Funding	Sec 2, pg9	-3,410	-3	-546	-187	-187
B) Cost Pressures and change in activity levels						
Pay & Cost - inflation & retention pressures	Sec 3, pg13	2,420	1,712	1,524	1,572	1,624
Homelessness Prevention and Temporary Accommodation	Sec 3, pg15	2,071	861	824	784	784
LGR Funded from Reserves	Sec 7, pg41	140	5	-145	0	0
Other Material variations	Sec 3, pg15	-391	-470	-218	0	0
Net Income (non-price -growth/+loss)	Sec 4, pg17	-1,888	-1,915	-200	0	0
New Service Enhancement & Capital Investment	Sec 5, pg19	1,259	-211	-98	136	136
Unapproved Unfunded Initiatives	Sec 6, pg34	0	-60	341	283	1
Capital Financing (including contributions to capital)	Sec 6	1,145	883	976	315	-10
Total Budget Gap before actions		1,346	802	2,458	2,903	2,348
C) Changes in Reserve Use						
Reserve changes - Additional use (lower contributions) / + less use (increased contribution)	Sec 7, pg39	904	1,533	596	152	241
Budget Gap remaining		2,250	2,335	3,054	3,055	2,589
D) Funding Generated By Council to Meet Gap						
Income - New and increased Fees and Charges	Sec 4, pg18	-1,257	-1,140	-1,174	-1,209	-1,245
Council tax increase and growth	Sec 9, pg51	-632	-625	-646	-669	-693
Council Tax deficit variations	Sec 9, pg51	-362	-16	0	0	0
Funding Generated By Council		-2,251	-1,781	-1,820	-1,878	-1,938
E) Annualised Budget Gap forecast		0	554	1,234	1,177	651
F) Net Gap, If the prior year is not balanced		0	554	1,788	2,965	3,616

Commentary on Table 20

The table identifies the sections of this report where each row is explained in detail. So rather than repeat that detail, summarised issues are:

- The 2026/27 budget is fully balanced.
- A relatively small forecast deficit of £0.55m is identified for 2027/28. Given the size of the Council's budget and normal forecasting uncertainty, this does not currently require significant corrective action.
- Beyond 2027/28, the forecast becomes more uncertain due to Local Government Reorganisation (LGR) and the transition to a unitary authority.

The forecast assumes:

- Council Tax and fees and charges increase by around 3% per annum, consistent with Government funding assumptions.
- Inflation gradually eases after 2026/27.
- Ongoing pressures remain in areas such as homelessness and the financing of asset replacement and refurbishment.

Risks to the Forecast: As clearly evidenced by events over the last few years, forecasts are fallible, and the financial strategy must manage the unexpected.

- Homelessness and the demand for and costs of temporary accommodation costs, which remain volatile despite increased investment in prevention.
- Capital financing costs, particularly for replacement and refurbishment of ageing Council assets.
- Government funding changes, from the risk of revisions to the data used in settlement figures.
- Local Government Reorganisation, which introduces uncertainty beyond 2027/28 and will constrain future decision-making.

Section 8 identifies the view of the s151 officer regarding the approach needed to reduce the budget gap and manage the financial risks.

Recommended Financial Approach

- Monitor closely the small 2027/28 forecast deficit during 2026/27 with a full review of the financial position to be reported to Cabinet in October 2026.
- Continue the annual review of fees and charges to ensure income keeps pace with costs where appropriate.
- Officers should review housing and temporary accommodation forecasts following the significant investment in the service in the 2026/27 budget.
- Reserves and their use will need to be considered in the light of all the prevailing financial issues, including LGR. The use of reserves should continue to be only to fund short-term financial issues or one-off investment in services.
- The s151 officer continues to recommend a minimum balance of £9m in the general reserve (contingency) which is expected to be exceeded in the forecast period. The current forecast is a balance of £12m across the planning period and consideration should be given to any appropriate use of surplus reserves.
- Continue to maintain financial discipline to protect reserve levels and ensure the forecast budget gaps remain manageable in size.

- Budget planning on a longer-term basis should be undertaken, but many of the decisions and actions to start to address the deficits for the 2028/29 and beyond will be for the new Unitary Council. At the earliest opportunity, the City Council will engage with the merging authorities to develop options to balance the 2028/29 budget and develop appropriate governance arrangements.
- Capital Planning: there are significant items that will need to be considered by the Council's members up to vesting day:
 - Replacement and refurbishment costs. These cost issues should be considered when developing plans for the Unitary authority, as asset rationalisation should be targeted as part of the LGR process.
 - Crematorium and Cemetery. The existing facilities are approaching the end of their useful life, and the cemetery is running out of burial plots. A business case report is being prepared for a future Council meeting to consider the costs and options. The revenue forecasts in this report would be misleading without making an allowance for the possible significant future costs for maintaining this service. For the sake of simplicity, the central case assumption is a full replacement on a new site (this is not a decision being made in this report). Indicative market evidence suggests a planning/forecast capital cost of £12m should be allowed for, with £0.7m per annum in revenue financing cost. The cost and timing of any scheme will of course be subject to change based on the decisions of the Full Council.
 - Civic centre office accommodation. A review has shown some office space is below an acceptable standard for staff to work in. Also, working from home has provided an opportunity to use freed-up civic building space to achieve financial and community benefits. A business case is being developed to assess how these issues can be dealt with and is likely to be the subject of report during the first half of 2026.
 - Disposal of Chelmer Waterside. No proceeds are currently allowed for in the forecasts. As the site is currently being marketed

Reserves

The Reserves are intended to:

- fund planned and unplanned one-off expenditure or loss of income
- fund one-off investment in services

In **Section 8**, the s151 officer provides their professional assessment of reserves. In this section the reserves are identified as they form part of the budget proposals. Members should read and consider the s151 officer's recommendations before reaching a conclusion on the adequacy of the reserves.

The s151 officer has categorised reserves to help members assess whether the level of reserves is appropriate:

Earmarked reserves:

- Corporate Investment costs: these are reserves set aside to fund expected costs such as the local plan development. This also includes a new reserve for LGR costs.
- Capital Programme funding: these are sums set aside to
 - help fund replacement and refurbishment,
 - project evaluations, and
 - interest earned on CIL receipts is saved for future use.
- Risk management: These are sums set for funding specific risks when they are realised such as insurance claims.

Unearmarked Reserve:

This is most often referred to as the General Fund balance. It is to cover all remaining risks and costs. The s151 officer recommends a level for this reserve which is currently £9m. The reserve is forecast to remain above that level throughout the forecast period, so there is some scope to fund additional temporary/one-off expenditure.

Business rate timing reserve

This reserve is more like a debtor. It holds funds from the business rate retention scheme that are due to be paid to Government over the next two years. The money is not therefore available for funding Council activities and is treated in the budget as a memorandum item. The figures will also be revised in January under delegation by the s151 officer to reflect the statutory estimation of business rate income.

The level of reserves is considered in the **Section 8**, a statutory report by the s151 officer. This includes explanation of the main changes recommended.

Table 21 over the page shows the budgeted and projected reserves and explains the LGR reserve in more detail.

Table 21

	2025/26	2026/27 (Forecast)				2027/28 (Forecast)				2028/29 (Forecast)				2029/30 (Forecast)				
	Estimated Closing £000s	Transfers £000s	+contribution £000s	-Use £000s	Closing £000s	£000s	contrib. £000s	-Use £000s	Closing £000s	£000s	contrib. £000s	-Use £000s	Closing £000s	£000s	contrib. £000s	-Use £000s	Closing £000s	
Earmarked																		
Corporate Investment																		
Cultural Support 'Fund'	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hylands House Reserve	3	3	0	0	3	3	0	0	3	3	0	0	3	3	0	0	3	
DPO Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Local Development Plan	232	232	500	-220	512	512	0	-120	392	392	0	-80	312	312	0	-150	162	
Supplementary estimate Reserve	0	0	600	-300	300	300	0	-300	0	0	0	0	0	0	0	0	0	
New: LGR Reserve	0	0	6,000	-140	5,860	5,860	0	-145	5,715	5,715	0	0	5,715	5,715	0	0	5,715	
	<u>235</u>	<u>235</u>	<u>7,100</u>	<u>0</u>	<u>-660</u>	<u>6,675</u>	<u>0</u>	<u>-565</u>	<u>6,110</u>	<u>6,110</u>	<u>0</u>	<u>-80</u>	<u>6,030</u>	<u>6,030</u>	<u>0</u>	<u>-150</u>	<u>5,880</u>	
Capital Programme																		
Project Evaluation Reserve	177	177	500	-89	588	588	0	0	588	588	0	0	588	588	0	0	588	
Infrastructure fund (to be closed)	542	542	-542	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sinking Fund for let property	57	57	0	50	107	107	50	0	157	157	50	0	207	207	50	0	257	
New : Earmarked CIL interest reserve	0	0	0	7	7	7	43	0	50	50	68	0	118	118	0	77	195	
Chelmsford development & Asset Replacement	36	36	73	1,500	-1,537	72	1,554	-1,487	139	139	1,613	-1,491	261	261	1,730	-1,395	596	
	<u>812</u>	<u>812</u>	<u>31</u>	<u>1,557</u>	<u>-1,626</u>	<u>774</u>	<u>1,647</u>	<u>-1,487</u>	<u>934</u>	<u>934</u>	<u>1,731</u>	<u>-1,491</u>	<u>1,174</u>	<u>1,174</u>	<u>1,780</u>	<u>-1,318</u>	<u>1,636</u>	
Risk Management																		
Insurance	798	798	402	0	1,200	1,200	0	0	1,200	1,200	0	0	1,200	1,200	0	0	1,200	
Investment Reserve	736	736	0	0	736	736	0	0	736	736	0	0	736	736	0	0	736	
Pension deficiency	1,240	1,240	-690	0	550	550	0	0	550	550	0	0	550	550	0	0	550	
Park and Ride	298	298	0	0	298	298	0	0	298	298	0	0	298	298	0	0	298	
Vehicle Fuel Reserve (closed)	300	300	-300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Utility Costs Reserves	1,500	1,500	-1,000	0	500	500	0	0	500	500	0	0	500	500	0	0	500	
Government funding and Business Rates																		
Contingency Reserve	4,068	4,068	-4,068	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Rent income (temporary loss of tenant)	2,062	2,062	-101	0	-913	1,048	1,048	0	-15	1,033	1,033	0	1,033	1,033	0	0	1,033	
New: EPR Funding Reserve	779	779	0	0	779	779	0	0	779	779	0	0	779	779	0	0	779	
	<u>11,781</u>	<u>11,781</u>	<u>-5,757</u>	<u>0</u>	<u>-913</u>	<u>5,111</u>	<u>5,111</u>	<u>0</u>	<u>-15</u>	<u>5,096</u>	<u>5,096</u>	<u>0</u>	<u>5,096</u>	<u>5,096</u>	<u>0</u>	<u>0</u>	<u>5,096</u>	
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Earmarked Reserves	<u>12,828</u>	<u>12,828</u>	<u>1,374</u>	<u>1,557</u>	<u>-3,199</u>	<u>12,560</u>	<u>12,560</u>	<u>1,647</u>	<u>-2,067</u>	<u>12,140</u>	<u>12,140</u>	<u>1,731</u>	<u>-1,571</u>	<u>12,300</u>	<u>12,300</u>	<u>1,780</u>	<u>-1,468</u>	<u>12,612</u>
Unearmarked																		
General Fund	14,061	14,061	-1,374	0	-311	12,376	12,376	0	0	12,376	12,376	0	0	12,376	12,376	0	0	12,376
Recommended level £9m	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	<u>14,061</u>	<u>14,061</u>	<u>-1,374</u>	<u>0</u>	<u>-311</u>	<u>12,376</u>	<u>12,376</u>	<u>0</u>	<u>0</u>	<u>12,376</u>	<u>12,376</u>	<u>0</u>	<u>0</u>	<u>12,376</u>	<u>12,376</u>	<u>0</u>	<u>0</u>	<u>12,376</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total reserves	<u>26,889</u>	<u>26,889</u>	<u>0</u>	<u>1,557</u>	<u>-3,510</u>	<u>24,936</u>	<u>24,936</u>	<u>1,647</u>	<u>-2,067</u>	<u>24,516</u>	<u>24,516</u>	<u>1,731</u>	<u>-1,571</u>	<u>24,676</u>	<u>24,676</u>	<u>1,780</u>	<u>-1,468</u>	<u>24,988</u>
Memorandum																		
The business rate timing reserve holds Business rate income due to the Government.. For clarity it is not included in the above table of reserves. It is shown below and will be revised in January once statutory process to finish Business Rate income estimates is complete.																		
Business Rates Timing Reserve	1,312	1,312	0	0	-1,312	0												

The forecast for 2030/31 is a balance above £12m for the General Fund Balance.

Reserves	Purpose	Delegation
Cultural Support 'Fund'	To contribute to Cultural Services costs	Relevant Director & Cabinet member
Local Development Framework	To meet expenditure on the LDF	Relevant Director & Cabinet member
Supplementary estimate Reserve	To fund a normal level of supplementary estimates	Relevant Director & Cabinet member
DPO Reserve (reserve being closed)	The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process	Chief Executive
New: LGR reserve	One off costs of Local Government Reorganisation	Supplementary estimate rules
Hylands House Reserve	To contribute to Hylands House and Estate costs	Relevant Director & Cabinet member
Project Evaluation Reserve	The capital programme includes scheme which require further feasibility and business work, so this reserve enables production of robust business plans	Management Team
Sinking Fund for let property	Provide resilience due to the volatility of properties that generate rent income	Budget Decision. Cabinet
Infrastructure Provision (being merged into the Project evaluation reserve)	To manage the risk of Capital costs becoming chargeable to revenue	Section 151 & cabinet member for a Finance
New: earmarked CIL interest Reserve	Development in SWF and Garden Community will generate CIL receipts. The financial policy adopted is to accumulate interest earned on those CIL receipts in this reserve. The use of the reserve will be to support development infrastructure in those areas only.	Budget Decision. Cabinet
Chelmsford development and Asset Replacement Reserve	To support the ongoing development of the Chelmsford City area. And to assist in the funding of replacement and refurbishment of Council assets	Section 151 & cabinet member for finance
Insurance	To meet losses and policy excesses where more appropriate to insure internally than externally.	Relevant Director & Cabinet member
Investment Reserve	To manage the fluctuations in value of the Council's investment in Pooled funds	Used at Outturn as part of accounts closure. S151 officer and Cabinet member for finance
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.	Chief Executive, Director of Corporate Services for one off staff costs.
Park and Ride	Contingency to smooth management contract costs of Park and Ride	Relevant Director & Cabinet member
Vehicle Fuel Reserve	To be used as part of the budget process to alleviate the temporary increase in vehicle fuel	Used at Outturn as part of accounts closure. S151 officer and Cabinet member for finance
Utility Reserve	To be used as part of the budget process to alleviate the temporary increase in energy costs	Used at Outturn as part of accounts closure. S151 officer and Cabinet member for finance
Business Retention Reserve (now being closed)	The reserve was need to manage the risk of the business rate retention scheme and possible loss of Government funding. The new funding arrangements means this reserve is not needed	
Rent income (temporary loss of tenants)	To be used as part of the budget process and closure of Accounts to alleviate the temporary loss of rent	Budget Decision. Cabinet. Used at Outturn as part of accounts closure. S151 officer and Cabinet member for finance
New: EPR Funding Reserve	To cover the risk of fluctuations in EPR funding, while the national scheme is bedding in.	Budget Decision. Cabinet
General Fund	These are uncommitted working balances to meet the unforeseen needs of the Council.	Normal Supplementary estimate rules (within constitution)

Table 22

Chelmsford City Council LGR Reserve and potential costs

Items in Budget Proposals	£000s	Unitary							Total £000s
		2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s	2030/31 £000s	2031/32 £000s	2032/33 £000s	
Project Management		140	145	TBC	TBC	TBC	TBC	TBC	285
									0
									0
Total In budget		140	145	0	0	0	0	0	285
Budgeted Reserve	6,000	5,860	5,715	5,715	5,715	5,715	5,715	5,715	5,715
<u>Possible items - expected to be approved under delegation</u>									
Commitments upto and including investing day									0
Work undertaken to date to fund Business case (City Council Share, estimated and to be finalised)		50							50
Share of Elections for Shadow Authority			TBC						0
Training									0
Legal and Governance									0
Procurement (additional resourcing)									0
Staff Retention packages		TBC	TBC	TBC					0
Allowance for Staff exit costs, initial unification			TBC	TBC	TBC	TBC	TBC	TBC	0
System Unification (CCC share of)		TBC	0						
<u>Also could include</u>									
Press and communication									0
Contribution to joint project management		TBC	0						
Other									0
Total unbudgeted expected costs		50	0	0	0	0	0	0	50
Reserve after commitments & Budgeted spend	6,000	5,810	5,665	5,665	5,665	5,665	5,665	5,665	5,665

Proposed Delegation

The Chief Executive will be responsible for monitoring this reserve and it will be spent in consultation with the Leader of the Council up to sums of £200k. It is assumed any multi-year costs will be approved based on their annual cost, not cumulative.

Amounts between £200k and £1m are Cabinet decisions.

Requests over £1m are matters for Council.

The s151 officer and Cabinet Member for Finance will be consulted on any proposed use of the reserve.

Exceptions:

Staff termination costs: the council is currently reviewing the constitution and decision-making process in relation to the required controls for the Council to agree staff termination costs. It may become necessary for Full Council to approve some termination agreements. However, as no exit payments arising from LGR or otherwise are expected in the next few months, consideration of the appropriate controls will be deferred until later in 2026.

8. Section 151 Officer Report – Risks & Robust Budget

Introduction

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer (s151) to have responsibility for those arrangements.

This section of the budget report is made by the s151 officer and is non-political. It aims to provide members with an understanding of the s151's view of the Council's financial position and fulfils statutory reporting requirements. The factors the s151 has considered are:

- A. Background; Legal Context and Duties of the s151 (Chief Financial Officer)**
- B. Financial Management Arrangements**
- C. Financial Outlook and Budget Uncertainties (Risks)**
- D. Adequacy of Reserves and Overall Financial Standing**
- E. Conclusion**

A) Background; Legal Context and Duties of the Chief Financial Officer

It has been established by legal case law that the s151 is not simply an officer of the authority, but holds a responsibility to the local taxpayers. This duty has been expanded over time by Legislation as discussed below.

The Local Government Act 2003 Section 25 includes a specific personal duty on the Chief Financial Officer (CFO) 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.

Sections 32 and 43 of the Local Government Finance Act 1992 also require authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the net budget requirement.

There are also a range of safeguards in place intended to prevent local authorities from overcommitting themselves financially. These include:

- The CFO's s114 powers, which require a report to the Cabinet and to all members of the local authority if there is or is likely to be unlawful expenditure or an unbalanced budget.
- The Prudential Code, which has applied to capital financing since 2004/05.
- Section 26 of the Act gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State stated that 'the provisions are a fall back against the circumstances in which an authority does not act prudently, disregards the advice of its Chief Financial Officer and is heading for serious financial difficulty.'

These safeguards should be further reinforced through detailed scrutiny by the Council's external auditors. There is a requirement on the auditor to form a conclusion on the arrangements that the Council has in place to secure economy, efficiency, and effectiveness in its use of resources (value for money). In addition, the external auditors review the underlying assumptions used to

support material estimates within the Council's financial statements, such as reserves, valuations of property assets, and pension liabilities. Clearly, the nationwide failure of audit firms to carry out timely audits of local authority accounts currently makes this control less effective. However, from 2025 onwards external auditors are making annually to November Audit committees Value For Money reports on the council's activities in the previous year. This is a much needed improvement, and the City Council has been told by its auditors there is no significant weakness (a clean bill of health). However, like most Councils in England, our auditors will most likely disclaim the audit of the accounts due to the auditor not being able to validate figures from previous periods when no audits were undertaken. It remains unclear when audit arrangements will return to normal.

B) Financial Management Arrangements

When understanding the budget and financial position, Members of the Council need to be aware of the arrangements for financial management and control.

CIPFA, who, working with Government, provide best practice advice on financial management to local authorities, have made a statement on the role of the Chief Financial Officer in a public sector organisation:

- i) is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest,
- ii) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities, and risks are fully considered and in alignment with the organisation's financial strategy,
- iii) must lead the promotion and delivery by the whole organisation of good financial management so that public money is always safeguarded and used appropriately, economically, efficiently, and effectively.

To deliver these responsibilities, the CFO:

- iv) must lead and direct a finance function that is resourced to be fit for purpose,
- v) must be professionally qualified and suitably experienced.

As section s151, I can demonstrate over 30 years post qualification experience as a finance professional in a local authority.

As s151, I believe the role is adequately resourced but, post vesting day with a much larger unitary authority, it would be advisable that the s151 is part of the top management team. This would provide more timely and direct advice to Management Team and Members.

In-year expenditure and income monitoring against the budget: the Council has established and continually updates its system of budget monitoring and financial control with reports made to the Audit & Risk Committee (a year-end review) and Cabinet (mid-year review). Monitoring reports are produced for Management team and Cabinet members four times a year for revenue and three times for capital. These reports identify variances against the budget, risks to the forecast, and, where possible, actions to alleviate adverse variances. Additionally, high risk and high value revenue income and expenditure are reported monthly to Management and Cabinet

members. These arrangements are currently being reviewed by internal audit, and it is expected that during 2026/27 any recommended changes will be made.

The Council has due regard to both statutory and non-statutory guidance including the Prudential Code for Capital Finance in Local Authorities and related MHCLG Investment Guidance and these are report in the Capital, Investment and Treasury Strategies. Additionally, the Council has a long-established Treasury Management and Investment sub-committee. These arrangements ensure cash investments, non-cash investments, and borrowing decisions are made by officers in appropriate manner.

The Council has a corporate risk register that is kept continuously up-to date, and this is used to support financial planning, ensuring risks are identified and managed.

The Council's budget planning process has almost always identified that, in each year of forecast, a funding shortfall will occur unless actions are taken e.g. savings or increased charges. Historically, the Council's financial plans have in practice dealt only with the next year's budget deficit which is common among many Councils. This was a weakness identified by Peer Review and has been mentioned over the last few years in the commentary by the s151 officer. Given the imminent merger of the Council and favourable position forecast for 2027/28, this weakness is not likely to be addressed. And in the circumstances is a manageable risk.

Financial planning would also be more resilient with longer-term capital planning. The advent of greater information from condition surveys demonstrates there are gaps in processes. The move through LGR will inevitably lead to a reduction in assets and costs. Also, it should lead to more joined-up planning of infrastructure to support housing growth. The ongoing improvement in foresight over capital asset costs, will continue and reduce risks in financial planning. The need to invest more in refurbishment, repair and replacement is common across the public sector reflecting the tendency of public organisation to reduce or limit capital spend in the face of funding squeezes.

Independent Review of Financial Management is undertaken by:

- External Audit. The disclaimers and lateness of external audit reports mean the budget is being set without external validation of the reserve balances. The s151 officer does sign off the accounts with confidence that financial reporting (including reserves) is materially correct, but it is of great importance that timely external scrutiny of the accounts takes place. The external audit process now does prioritise a Value For Money Assessment, which for 2024/25 was completed and reported to Audit and Risk Committee in November 2025. This does provide an increased level of external assurance.
- The scrutiny of financial management is also undertaken by Internal Audit, the 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.

Impact of LGR & Section 24 on the Council's Financial Management

The budget preparation arrangements for 2027/28 will need to change and include consultation with other authorities due to the introduction of the LGR section 24 notice. However, Officers currently intend to continue to make the Mid-year Financial Review and updated financial projections to October Cabinet.

The section 24 notice will not be published by the Government until after the minded-to decision announcing proposed Unitary configurations expected in March 2026. Previous section 24 notices put in place the control that written consent from the successor council (or joint committee with other merging authorities) will be required for:

- land disposals worth more than £100,000,
- entering contracts of more than £1,000,000 for capital; and
- entering contracts of more than £100,000 for non-capital (whole life costs).

The Council will need to work with partner authorities to develop and manage these controls. Data held on contracts has not been sufficiently centralised in the past to pro-actively manage this process. The s151 expects centralising this data will be undertaken but will require additional officer resource, which could be funded from the LGR reserve.

Statement by the s151 officer on the robustness of Financial Management arrangements: I consider the Council's financial management arrangements and planned changes to be sufficiently robust to maintain adequate and effective control of the Council finances in 2026/27.

C) Financial Outlook and Budget Uncertainties (Risks)

In **Section 7** of this report there is an updated financial forecast for the next five years. The forecast should be considered in conjunction with the comments from the s151 officer below.

The budgets and forward financial forecasts are an assessment of the costs of providing service levels based on the council's existing policies and priorities. The estimates and forecasts use assumptions about pay, inflation, and demand for services. These assumptions are the best available given the significant political and economic uncertainties the Council operates within.

Below is a discussion of the key assumptions, uncertainties and how they are to be managed:

- i) Local Government reorganisation. The experience of authorities who have undertaken LGR is that the process consumes most of the spare capacity of management and financial resource. The budget proposes a £6m reserve to manage LGR costs pre- and post-vesting day. There is a delegation described in **Section 7** to enable the Council to respond flexibly to developing issues. The section also identifies the types of additional costs that may be expected. The financial resource will need to be monitored and reviewed as plans become more certain. The wide range in the overall costs of LGR identified by the various business case submissions to Government highlights the need to accept the high level of financial risk associated with LGR.
- ii) Government Funding. The Government has provided a three-year financial settlement, which includes additional funding for the Council. However, there is a risk of change to allocations over that 3 year time-period:
 - a. The Government, on the 9th of February, provided a final finance settlement. The budget report reflects the revised allocations updated from those identified to Cabinet. The increased funding and certainty have reduced financial risk compared to previous years.
 - b. The funding allocations are based on statistical data such as population or people held in temporary accommodation. The Government may choose to update the data during the next three years. It is unclear from the settlement consultation what data may be revised in the next three years and what the impact would be.

- It is reasonable to assume that the impact would not be catastrophic should data be updated and there is scope for funding to go up, as well as down.
- iii) Housing Service costs: This pressure is due to structural issues in the UK economy and therefore levels of demand is difficult for the Council to control or predict. The budgeted cost of each new additional TA case is around £15,000. The budget proposals include significant new spend on prevention measures. However, the result of the additional funding and expenditure on prevention spend is an unknown positive factor. The estimates are based on historic experience of caseload increases, which is the best approach in the circumstances. There remains a risk of under or overspend on this budget which could run into hundreds of thousands of pounds. The general fund balance covers this risk.
- iv) Capital financing: the revenue budget contains the financing the costs of the capital programme.
- The net cost of financing will rise year-on-year; the main causes being investment in initiatives which are self-financing (e.g. to keep the cost of homelessness down) and the cost of funding replacement equipment and keeping our building operational. These issues have been raised in previous budget reports. Improvements in the Council's data gathering on building conditions and replacement equipment has resulted in additional costs being identified and this trend may continue. I would expect, as part of LGR, there will be a review of merging councils' assets which could ease this financial pressure.
 - The potential financial gains from Chelmer Waterside Development have not been included in financial planning. A report is expected to be made imminently to Cabinet on the results of the initial procurement process.
 - Crematorium & cemetery. The Council 2026/27 budget includes assumes a decline of £0.9m net income to the 2025/26 budget. It is believed the reduction is due to increased competition from nearby newly constructed crematorium and new direct (simple) cremations. The forecast budgets in this report include an indicative financing cost of a completely new build facility on a new site. The inclusion of this financing cost reflects the s151 understanding from the service that the facility is approaching the end of its useful life and significant investment or closure of the crematorium are necessary in the coming years. Alternative options may or may not be possible and that will be the subject of a business case report to a future Cabinet and Council. The revenue forecasts are there to assist members in understanding the potential financial outlook. The forecast is not an approval to undertake any project or action.
- v) Inflation: the level of inflation as measured by CPI is expected to continue to fall to near the 2% Bank of England target. However, it remains the case that the political and economic environment across the world is volatile. Within the 2026/27 budget, there is a small inflationary contingency (£0.2m). For context, a 1% cost increase in all Council revenue expenditure is around £0.8m. The budget makes an allowance for inflation on the more inflation-prone cost items. A significant issue in the recent past has been energy costs. The reserves proposals contain a provision for energy costs of £0.5m. The overall budget for utility energy is £1.6m and is now subject to forward buying (fixing tranches) for up to three years ahead.
- Pay: 3.5% growth is planned in 2026/27 and 3% in 2027/28. For the years after, it is assumed pay increases (allowing for National Living Wage) rise at 2.5% per year as

general inflationary conditions improve. The general fund balance would meet any short (in-year) costs of higher than budgeted pay awards.

- vi) Rent Income. This is discussed in the reserve section as the risk is managed by the council holding a specific revenue reserve.
- vii) Sales, Fees and Charges. The Council is highly reliant on generating its own income. £38m is expected in 2026/27. The income generated by the income is diverse, e.g. car parking, leisure charges and Bereavement services. The table below shows the largest income streams and what a fall in income of 2% and 5% would mean. The General Fund balance can, in the short term, manage fluctuations in income but, in the longer term, permanent solutions would need to be found.

Table 23

Sales, fees and charges			
Activity Description	26/27 Budget £m's	2% Variation £m's	5% Variation £m's
Gyms and Leisure	9.396	0.188	0.470
Car Park Operations	8.828	0.177	0.441
Materials Sales & Recycling Credits	1.119	0.022	0.056
Other Recycling & Waste Income (excl. above)	4.469	0.089	0.223
Theatre	4.124	0.082	0.206
Planning	2.755	0.055	0.138
Cemetery And Crematorium	1.826	0.037	0.091
Hylands Park (incl. Festival, excl. Car Park)	1.555	0.031	0.078
Public Health & Protection Services	0.772	0.015	0.039
Other	3.005	0.060	0.150
Total	37.848	0.757	1.892

- viii) The Council's financial strategy has been, and continues to be, to look to increase income to balance new budget pressures. This has enabled the Council to continue to provide high quality services, but economic theory does suggest this practice cannot continue indefinitely. When prices rise to a point, which is not predictable in advance, increasing charges can reduce demand and overall income. The Council General balance reserve would have to meet any in year shortfall.
- ix) Insurance Arrangements: this is discussed under reserves in **Section 8** below.
- x) Extended Producer Responsibility (EPR) funding: this is discussed in the reserve adequacy section below.
- xi) Cashflow. The Council must have sufficient cash (liquidity) to pay its suppliers and staff. The most volatile part of the council's cashflow is the funding of the capital programme. The payment for capital schemes has historically taken place later than estimated resulting in higher cash balances and less external borrowing. Each year this results in significant savings in the revenue budget on capital financing. The estimates on capital financing for 2026/27 have sought to allow for greater slippage in expenditure, but these are judgements and the risk of significant reductions remains high. The Treasury Management and Investment Sub-Committee will receive further reports to review practices and risks regarding cashflow during 2026/27.
- xii) Interest Rates: these matters are covered in the Treasury, Capital and Investment Strategies elsewhere on the agenda.

- xiii) Other risks. These are potential risks, and these will be managed via maintaining unearmarked reserves as near as possible to the £9m target, and where possible, setting aside funding for specific risks where affordable and appropriate.

Based on the factors above, I consider that these budget proposals take due regard to risk, including those arising from the financial and economic environment, and that the assumptions within the budget are reasonable and the estimates used for 2026/27 are, in the round, robust.

D) Adequacy of Reserves and Overall Financial Standing

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 legal duty placed does not provide any specific requirements on which to make this assessment.

The assessment of reserves must recognise the existing and new risks now facing the Council, but also the reduction in risk in a number of areas such as Government funding.

In the draft budget there are over 20 reserves for specific purposes. These have been grouped into categories and sub-categories. These are important when assessing the adequacy of the reserve levels:

- Earmarked reserves
 - Corporate Investment (sub-category)
 - The cultural support, Hylands House Reserve and DPO reserve are not financially significant and are a minor source of funds for service investment. The reserves can be judged adequate.
 - Local Development Plan: this is money set aside to fund the cost of developing and maintaining the local plan. The reserve is usually topped up every 2 to 3 years after an assessment of the expected costs. This review took place during 2025, and the reserve now reflects the best and most recent information, so is adequate.
 - Supplementary estimate reserve: this was established to fund the inevitable requests in-year for additional budget from services which arise as circumstances change. The budget assumes an annual usage of £0.3m, which was intended to be target. However, in practice, this has usually been insufficient, and in 2025/26 to date some £1.2m has been requested. The budget also contains an additional £0.2m funded from ongoing resources to finance new costs identified during 2026/26. The reserve is also supplemented by the new LGR reserve. LGR is likely to drive most of the additional funding requests in 2026/27 and a £6m reserve has been established in this budget. The reserve position is adequate.
 - LGR reserve: the reserve is for cost pre-vesting day and is to set aside money for post-unification. This is a significant sum, and it represents what is affordable currently within the Council's own reserve position. The merging of authorities brings both costs and resources. The reserve is adequate currently.
 - Capital Programme
 - Project evaluation reserve and the Sinking fund for let property. At the time of drafting the report, there are no proposals for their use, so these reserves are adequate.

- Earmarked CIL Interest reserve; as a matter of policy, any interest earned on unspent CIL balance is now transferred into reserves. For SWF and Garden Community, that interest is earmarked to be spent on infrastructure in those areas only.
- Chelmsford Development and Asset Replacement reserve. These are funded by contributions from revenue £1.4m and interest earned on unspent unearmarked CIL receipts. These contributions are considered affordable within the budget. They can be judged adequate as the capital funding can be financed by other methods including borrowing.
- Risk Management
 - Insurance reserve: the amount set aside has been determined by an external actuarial review in 2025. It is therefore adequate.
 - Investment Reserve: this alleviates the risk of losses on the Council investments in multi-asset funds falling on the ongoing revenue resources. The current valuations suggest it is adequate.
 - Pension deficiency reserve: the Council pension fund is now in surplus and is, by the end of the next valuation cycle, targeted to remain so. The Reserve is being maintained at £0.55m given volatility in valuations and is judged adequate.
 - Park and Ride Reserve; the City Council manages the park and ride facilities in Chelmsford on behalf of the ECC. This reserve is held to cover possible contractual costs. The reserve is likely not to be necessary post LGR. The reserve is adequate.
 - Utility Cost Reserve: the Council has moved to three purchase agreements for energy. The reserve reflects recent volatility in energy markets. The reserve requirement has been reduced to £0.5m from £1.5m. There is now more certainty over energy pricing due to the forward purchase arrangements, so a lower level of reserve is considered adequate. For context, the Council spent £1.5m on energy in 2026/27.
 - Rent Income reserve; overall rent income from commercial tenants in the 2026/27 Council budget is £3.8m. The budget assumes One Springfield Lyons remains unlet and reserves are temporarily used to support service expenditure. Should One Springfield Lyons be let during 2026, the reserve use will be materially lower and income higher (commercially sensitive figure so not stated). The reserve has a £1m uncommitted balance, which is adequate to deal with annual fluctuations and known tenancy renewals.
 - Extended Producer Responsibility Grant: the Government levy on packaging producers is shared amongst councils. The City Council gains circa £1.8m a year from this scheme in 2025/26. A reserve has been established as it is not clear if income from the scheme will decline or fluctuate in later years. The reserve represents nearly 50% of annual income and is considered adequate.

Un-Earmarked General Balance: this covers all risks not managed by the earmarked reserves. The s151 (Chief Finance) recommends a target level. The s151 after assessing the risks in the budget recommends £9m, which should cover in year and to some extent financial risk in the following year. To provide context, a 5% reduction in all sales, fees

and charges would come at cost of around £1.9m and 5% percent increase in non-benefit spend would be around £4.5m. The general reserve will need to cover the last year, 2025/26, of the risk from the current business rate retention system. Recent years income does suggest the risk is not high or particularly financially large. The final position will not be known until late May when all the Essex authorities in the business rate pool report their positions. There is no Essex business rate pool in 2026/27; the new scheme rules and reset of the retention scheme does not make a pool favourable. The forecast value of the General Fund balance is £12m, which is judged by the s151 officer to remain more than adequate, and this gives some capacity for using reserves for one off investment in services.

Several reserves have been removed or merged reflecting the change in risks identified above.

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

E) Conclusions

As noted in the budget report, the LGR process will bring significant changes to financial management but at this stage the exact nature of the changes remains unknown.

Taking all the above into account, as the Council's Chief Financial Officer, I am satisfied that, overall, 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 in the current year and years up to vesting day.

Phil Reeves - s151 Officer/Chief Financial Officer

9. Council Tax & Business Rates

Council tax provides a significant and stable component £17m of the Council’s annual income (£17m in 2026-27). The Council has only limited discretion to increase Council Tax as the Government annually sets a threshold which, if exceeded, requires a local referendum.

This section identifies the issues arising from Business Rates and Council Tax when setting the Council’s Budget for 2025/26.

Council Tax Referendums

The Government has announced that Council Tax increases up to the greater of 3% or £5 for district authorities will not be subject to a local referendum. The budget includes proposals to increase band D Council Tax by £6.78 (2.97%) per year, which is within this limit. This generates some £490k extra per year before allowing for increases in taxbase.

Council Tax & Special Expenses Proposal 2026/27

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 2026/27 is 72,682.79, which is 604.30 higher than last year. The increase in the number of properties generates an extra £142k.

A summary of the known Council Tax charges from each of the precepting authorities (an average is shown for Parish and Tiers) is shown below in Table 24.

Special expenses have not allowed for the new revenue service enhancements as highlighted in Section 5 for 2026/27 as they have not yet been identified to individual areas. These will be allowed for in 2027/28 when more detail is known.

Table 24

	2025/26	2026/27	Increase	Increase
	£	£	£	%
Chelmsford City Council	228.07	234.85	6.78	2.97%
Essex County Council	1,579.59	1,641.96	62.37	3.95%
Police, Fire and Crime Commissioner for Essex	260.37	275.31	14.94	5.74%
Essex Police, Fire & Crime Commissioner Fire & Rescue Authority	87.57	92.52	4.95	5.65%
	<hr/>	<hr/>	<hr/>	
	2,155.60	2,244.64	89.04	
Parish Tier Councils (average)	51.38	55.54	4.16	8.10%
	<hr/>	<hr/>	<hr/>	
TOTAL	2,206.98	2,300.18	93.20	4.22%

After allowing for the tax base and the 2.97% increase, some £632k extra income from Council Tax can expected in 2026/27.

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 considered when determining the Council Tax for the following year. Chelmsford City Council's share of the Council Tax deficit for 2026/27 is £17k, a favourable variation of £362k.

Business Rate Surplus or Deficit

To meet the legal requirements when setting the budget for 2026/27, the Council is required to declare, by the 31st of January 2026, a Business Rate Retention Surplus or Deficit after submitting a return (NNDR1) to Government.

The government is guaranteeing 100% of the Council's baseline funding provided in the final settlement due to the reset of funding and the business rates system, so income is guaranteed at this level for 26/27.

Table 25

CHARGES TO PARISH AND TIER COUNCIL AREAS

Table 25

PARISH TIER COUNCIL	2025/26								2026/27							
	←-- PARISH PRECEPTS -->				←----- BAND D EQUIVALENTS ----->				←-- PARISH PRECEPTS -->				←----- BAND D EQUIVALENTS ----->			
	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	117,445	-40	117,405	195.21	6.39	201.60	82.53	284.13	132,126	-9	132,117	201.96	6.30	208.26	92.34	300.60
Broomfield	228,478	0	228,478	195.21	31.14	226.35	106.20	332.55	237,067	-78	236,989	201.96	31.23	233.19	109.35	342.54
Chelmer	219,161	133	219,294	195.21	44.10	239.31	64.08	303.39	230,000	4	230,004	201.96	44.37	246.33	67.14	313.47
Chelmsford Garden	244,444	118	244,562	195.21	26.19	221.40	62.01	283.41	379,163	34	379,197	201.96	26.19	228.15	92.16	320.31
Chignal	7,000	6	7,006	195.21	40.86	236.07	21.87	257.94	7,000	-14	6,986	201.96	41.31	243.27	21.87	265.14
Danbury	412,344	-7	412,337	195.21	2.70	197.91	167.13	365.04	432,746	100	432,846	201.96	2.70	204.66	175.23	379.89
East Hanningfield	43,308	-4	43,304	195.21	29.07	224.28	75.87	300.15	45,810	11	45,821	201.96	28.80	230.76	77.49	308.25
Galleywood	130,303	-77	130,226	195.21	37.17	232.38	61.47	293.85	142,545	-62	142,483	201.96	37.26	239.22	66.87	306.09
Good Easter	11,349	0	11,349	195.21	23.76	218.97	62.28	281.25	12,834	-3	12,831	201.96	23.85	225.81	70.83	296.64
Great & Little Leighs	42,000	-45	41,955	195.21	42.66	237.87	36.00	273.87	45,000	42	45,042	201.96	42.75	244.71	38.25	282.96
Great Baddow	525,237	214	525,451	195.21	10.53	205.74	96.21	301.95	546,246	173	546,419	201.96	10.53	212.49	99.54	312.03
Great Waltham	101,614	21	101,635	195.21	29.61	224.82	107.37	332.19	106,592	-23	106,569	201.96	29.61	231.57	111.60	343.17
Highwood	40,030	4	40,034	195.21	26.55	221.76	119.52	341.28	40,030	14	40,044	201.96	26.64	228.60	120.87	349.47
Little Baddow	54,911	-36	54,875	195.21	26.19	221.40	62.73	284.13	60,402	26	60,428	201.96	26.19	228.15	69.03	297.18
Little Waltham	56,486	22	56,508	195.21	35.64	230.85	102.42	333.27	62,296	7	62,303	201.96	35.64	237.60	111.78	349.38
Margaretting	14,420	-17	14,403	195.21	26.55	221.76	35.10	256.86	15,100	2	15,102	201.96	26.55	228.51	36.27	264.78
Mashbury	0	0	0	195.21	23.76	218.97	0.00	218.97	0	0	0	201.96	23.85	225.81	0.00	225.81
Pleshey	13,250	0	13,250	195.21	23.76	218.97	93.78	312.75	14,742	2	14,744	201.96	23.85	225.81	105.84	331.65
Rettendon	49,660	-16	49,644	195.21	32.76	227.97	59.40	287.37	52,242	25	52,267	201.96	32.85	234.81	61.83	296.64
Roxwell	22,500	17	22,517	195.21	1.98	197.19	47.07	244.26	22,500	-6	22,494	201.96	1.89	203.85	46.71	250.56
Runwell	148,600	20	148,620	195.21	24.39	219.60	70.56	290.16	148,550	18	148,568	201.96	24.48	226.44	70.56	297.00
Sandon	41,974	3	41,977	195.21	29.25	224.46	54.18	278.64	43,653	-35	43,618	201.96	29.16	231.12	54.63	285.75
South Hanningfield	104,125	11	104,136	195.21	25.74	220.95	82.80	303.75	130,000	-28	129,972	201.96	25.83	227.79	102.42	330.21
South Woodham Ferrers	465,465	-266	465,199	195.21	31.23	226.44	76.23	302.67	468,080	-138	467,942	201.96	31.32	233.28	76.32	309.60
Springfield	238,602	-21	238,581	195.21	45.27	240.48	82.17	322.65	268,427	93	268,520	201.96	45.72	247.68	92.70	340.38
Stock	52,930	21	52,951	195.21	25.65	220.86	42.48	263.34	54,288	11	54,299	201.96	25.65	227.61	43.20	270.81
West Hanningfield	32,382	13	32,395	195.21	25.83	221.04	57.06	278.10	34,002	25	34,027	201.96	25.83	227.79	58.59	286.38
Woodham Ferrers & Bicknacre	102,546	47	102,593	195.21	26.01	221.22	78.12	299.34	107,622	43	107,665	201.96	26.10	228.06	80.73	308.79
Writtle	182,721	-88	182,633	195.21	4.77	199.98	89.91	289.89	197,339	-80	197,259	201.96	4.50	206.46	96.57	303.03
City Centre (Non-Parished Area)				195.21	45.09	240.30	0.00	240.30				201.96	45.09	247.05	0.00	247.05
TOTALS	3,703,285	35	3,703,320						4,036,402	155	4,036,557					
AVERAGE						228.07	51.38	279.45						234.85	55.54	290.39

10.Revenue Budget

Table 26 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET

2024/25 Actual £000s		2025/26 Original £000s	2026/27 Estimate £000s
	EXPENDITURE		
42,771	Employees - Salaries	45,628	48,362
426	Employees - Other	163	329
9,367	Premises	9,864	9,512
19,063	Supplies and Services	17,786	20,347
2,705	Transport and Plant	2,532	2,640
4,671	Third Party Payments	2,958	3,432
35,919	Benefit Payments	36,693	34,868
114,922	TOTAL CONTROL EXPENDITURE	115,624	119,491
	INCOME		
-33,951	Government Grants	-35,030	-36,014
-5,755	Other Grants and Reimbursements	-4,490	-4,228
-2,384	Sales	-2,241	-2,228
-30,110	Fees and Charges	-32,723	-35,620
-13,515	Rents	-13,049	-10,826
-1,651	Other	-1,733	-1,760
-87,367	TOTAL CONTROL INCOME	-89,265	-90,675
27,555	NET CONTROL EXPENDITURE	26,359	28,816
	INTERNAL RECHARGES		
29,322	Service Management and Overheads	30,907	33,238
-29,551	Recharges	-31,159	-33,493
-229		-252	-256
27,326	SERVICE EXPENDITURE	26,107	28,560
	OTHER ITEMS		
-2,876	Interest Receivable & Investment Income	-925	-882
1,439	Interest Payable & MRP	2,460	3,213
-3,000	Net Business Rate Retention Impact	-2,250	-
3	Direct Revenue Financing of Capital	1,188	1,537
-4,434		473	3,868
	USE OF RESERVES AND BALANCES		
-1,071	Contributions - from / to Earmarked Reserves	-2,474	-1,642
2,327	Contributions - from / to Unearmarked Reserves	-383	-311
1,256		-2,856	-1,953
24,149	BUDGET REQUIREMENT	23,724	30,475
	LESS GOVERNMENT SUPPORT		
-8,458	Collection Fund (Surplus) / Deficit	-7,664	-13,422
156		379	17
15,847	CALL ON COLLECTION FUND	16,439	17,070

TABLE 27 - SUMMARY OF REVENUE ESTIMATES

2025/26 Original Estimate £'000	Original Estimates 2026/27	2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
443	Chief Executive	460	0	460
554	Corporate Mngmt & Democratic Represent	1,351	-355	996
1,025	Cabinet Deputy for Cultural Services	4,939	-4,320	618
-2,262	Cabinet Member for Economic Development & Property	1,749	-3,915	-2,166
7,981	Cabinet Deputy for Support Services	8,888	-285	8,602
-5,648	Cabinet Deputy for Sustainable Transport	3,147	-9,137	-5,989
3,671	Cabinet Member for a Greener Chelmsford	11,705	-6,724	4,984
7,178	Cabinet Member for a Safer Chelmsford	19,080	-12,877	6,201
319	Cabinet Member for an Active Chelmsford	10,713	-11,190	-474
4,278	Cabinet Member for Finance	37,738	-33,268	4,469
7,790	Deputy Leader and Cabinet Member for a Fairer Chelmsford	18,629	-8,600	10,033
1,032	Leader and Cabinet Member for Communications & Engagement	1,091	-8	1,082
26,359	Service Expenditure	119,490	-90,679	28,816
	Other General Fund Items			
-252	- Charges to SEPP			-256
-925	- Interest Income			-882
2,460	- Minimum Revenue Provision & Interest Paid			3,213
1,188	- Revenue Funding of Capital			1,537
-2,250	- Net Impact of Business Rates Retention Scheme			0
26,580	Net Expenditure			32,428
-2,474	Contributions to / -use of Other Earmarked reserves			-1,642
-383	Contribution to / -from Balances			-311
23,723	Budget Requirement			30,475
-7,664	Government Support			-13,422
379	Council Tax -Surplus/+Deficit			17
16,439	Income from Council Tax			17,070

Service Budgets (Expenditure and Income) for 2025/26 (Table 28)

COUNCIL SERVICE BUDGETS

Chief Executive

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
443	Chief Executive	460	0	460
443	Total	460	0	460

Leader - Corporate Management & Democratic Representation

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
554	CM & DRM	1,351	-355	996
554	Total	1,351	-355	996

Cabinet Deputy for Cultural Services

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
107	Culture	113	0	113
117	Theatres	3,795	-4,124	-328
801	Museum	1,030	-196	833
1,025	Total	4,938	-4,320	618

Cabinet Deputy for Economic Development & Property

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
513	Economic Development & Implementation	887	-251	636
-3,238	Property Holdings	371	-3,658	-3,287
463	Property - Support Services	491	-6	485
-2,262	Total	1,749	-3,915	-2,166

Cabinet Deputy for Support Services

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
310	Connected Director	320	0	320
291	Elections	307	-2	305
875	Democratic Services	928	0	928
1,137	Legal and Democratic Services	1,414	-146	1,269
856	Human Resources	943	-80	863
118	Payroll	127	-3	124
3,577	Digital Services	4,047	-55	3,991
817	Customer Services	802	0	802
7,981	Total	8,888	-286	8,602

Cabinet Deputy for Sustainable Transport

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
-9	Park and Ride	321	-329	-7
187	Parking Support	195	0	195
-5,825	Car Parks	2,632	-8,807	-6,177
-5,648	Total	3,148	-9,136	-5,989

Cabinet Member for a Greener Chelmsford

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
-8	Allotments	18	-28	-10
6	Amenity Green Space & Other Green Infrastructure	194	-182	12
280	Building Control	712	-366	346
184	Director of Sustainable Communities	209	0	209
-1,869	Cemetery And Crematorium	875	-1,825	-951
166	Development Management	2,359	-1,984	375
236	Ground Maintenance - Crematorium	243	0	243
3,113	Ground Maintenance Operations	3,605	-421	3,185
688	Parks & Heritage Customer & Business Support	698	0	698
-77	Parks Events & Activities	1	-78	-77
90	Parks Gardens & Recreation Grounds	150	-58	92
950	Planning Policy	1,571	-600	971
136	Play Areas	136	0	136
-307	Hylands Park & Estate	207	-535	-328
2	Natural & Semi-Natural Green Space	14	-20	-6
-24	Outdoor Sports & Playing Fields	426	-453	-27
-15	Local Land Charges	163	-171	-8
121	Tree Inspection & Maintenance	125	-1	124
3,671	Total	11,706	-6,722	4,984

Cabinet Member for a Safer Chelmsford

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
497	Vehicle Maintenance Workshop	656	-88	568
-395	Trade Waste	1,118	-1,451	-333
1,998	Street Cleaning	2,327	-95	2,230
70	Street Services	131	-36	95
1,112	Waste & Garden Composting	3,450	-3,237	213
197	Love Your Chelmsford	200	0	200
-13	Market	539	-552	-13
-156	Licensing	229	-423	-194
1,231	Freighter House Customer & Business Support	1,264	0	1,264
361	Freighter House Depot	338	-9	329
-10	Housing Standards	21	-57	-36
13	Pest Control	32	-19	13
215	Public Conveniences	226	0	226
1,727	Public Health & Protection Support	2,021	-107	1,914
34	Public Health Protection	157	-9	149
-351	Recycling - MRF, General & Food	5,610	-6,638	-1,026
-7	Scientific	39	-49	-10
30	Health & Safety	30	0	30
71	Highways	63	0	63
-5	Animal Welfare	12	-17	-5
370	CCTV	486	-61	425
53	Business Compliance	6	0	6
135	Community Safety	124	-31	93
7,178	Total	19,079	-12,879	6,201

Cabinet Member for an Active Chelmsford

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
327	Community Sports & Wellbeing	486	-128	358
246	Chelmsford Sports And Athletic Centre	1,297	-1,243	54
-135	Cultural Events	0	-250	-250
41	Dovedale Leisure Centre	500	-456	44
379	South Woodham Ferrers Leisure Centre	1,344	-1,136	208
84	Hylands House & Visitors Centre	1,555	-1,425	130
-873	Riverside Ice And Leisure	5,232	-6,550	-1,318
250	Voluntary Grants	300	0	300
319	Total	10,714	-11,188	-474

Cabinet Member for Finance

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
105	Procurement	156	-67	89
97	Insurance & Risk	79	0	79
217	Internal Audit	243	0	243
1,502	Revs and Bens	2,880	-1,184	1,697
117	Housing Benefit Subsidy	32,103	-31,993	110
1,093	Finance CM & DRM	1,074	-23	1,051
1,149	Accountancy	1,203	-2	1,200
4,278	Total	37,738	-33,268	4,469

Deputy Leader and Cabinet Member for a Fairer Chelmsford

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
1,394	Building Services - Properties	1,513	-184	1,329
619	Building Services - Support	656	0	656
300	Energy & Contract Management	327	0	327
16	Housing Needs	27	-10	18
86	Strategic Housing	3,168	-2,347	822
175	Strategic Housing - RDS	175	0	175
5,199	Temporary Accommodation	12,763	-6,059	6,706
7,790	Total	18,629	-8,600	10,033

Leader and Cabinet Member for Communications & Engagement

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
1,032	Marketing & Communication	1,091	-8	1,082
1,032	Total	1,091	-8	1,082

Total Council Budgets

2025/26 Original Budget £'000		2026/27 Estimated Spend £'000	2026/27 Estimated Income £'000	2026/27 Net Estimate £'000
26,359	Total	119,490	-90,679	28,816

11. Capital Budgets

This section contains:

- Revisions to Existing Approved Capital Schemes – Details in **Table 29** and **Table 30**
- Revisions to the Asset Replacement Programme 2025/26 and proposals for new budgets for 2026/27 and 2027/28 – Details in **Table 31** and **Table 32**

Existing Approved Capital Schemes

Project Officers have been monitoring schemes and the updated budgets in **Table 29** reflect the latest estimated cost information. In addition to Project Officers monitoring the current schemes, Management Team keep under review approved schemes that have not yet commenced. This is to ensure that, wherever possible, spend on schemes is delayed or removed to reduce the ongoing revenue costs of financing. Removing or delaying schemes will delay or reduce the requirement to borrow as it potentially also frees up resources that can be applied to alternative schemes. Where schemes are removed, they are included on the 'Unfunded Priorities List'. The total estimated cost of the programme is £135.824m.

New budget approvals since last reported are scheme no. 46, which is £4.035m to purchase an operational car park, and £7.650m (£4.438m virement from scheme no. 32 and £3.212m additional budget) for the cost of purchasing a block of flats for supported housing (see scheme no. 33).

A summary of variations for the current approved total scheme costs across all years is a net increase of £3.440m. Most of this variation is £3.862m for the balance on the provision for various condition survey works. The revenue impact of this provision has already been included in budgets.

Details of the £3.440m net increase are shown in **Table 29** with further details in **Table 30** where those variations are more than £25k.

Schemes included on the Council's Unfunded Priorities List will be kept under review for consideration as to whether they will be added back into the programme as the schemes become affordable. The Unfunded Priorities List can be found in Annex 1 of The Capital, Treasury Management and Investment Strategies 2026/27.

As part of the amendments to programme, it is proposed to use £7.65m from scheme no.33, where a budget has been approved for the purchase of a block of flats which is no longer progressing, to establish a new unallocated provision for Supported and Temporary Housing.

An opportunity has also arisen to enter into a long lease agreement for 1 Springfield Lyons which would result in a saving on the refurbishment cost to the Council as the lessee has indicated that they would undertake the refurbishment themselves with a contribution from the Council towards the cost. A report will be prepared for approval when the lease negotiations have been completed. See scheme no 45.

Scheme no. 48 – Cemetery and Crematorium Proposed new facility. This budget is for the costs to prepare the planning application. A report will be taken to Council to review options and to request the approval of a budget for the works.

Capital scheme costs have not always been assessed and approved on the latest costs and there is a risk that costs could increase above estimates when tenders are undertaken. Before commencing, schemes should be reviewed for affordability and outcomes and referred for additional approval where necessary. The costs of any un-started capital schemes are kept under review.

Asset Replacement Programme

To maintain the existing level of service delivery, it is necessary to replace items of equipment and vehicles on a regular basis. In some circumstances, to maintain or increase income and enhance customer satisfaction, it may become necessary to enhance those assets being replaced rather than replacing on a like-for-like basis.

Council is requested to approve the latest forecast cost of the current year plus two additional years (2026/27 and 2027/28). This will enable more flexibility for the service to order assets with long lead-in times (some specialist vehicles can have a year lead-in time for delivery).

An estimated overall cost of the asset replacement programme will be kept under review for future years beyond 2027/28 for forward planning purposes to enable the monitoring of the resource position.

All Service Managers are requested to challenge the need for scheduled replacements to take place, with a view to either removing or delaying the spend. **Section 6** highlighted the requirement for borrowing against short-term assets due to be purchased in 2026/27 and the impact on the revenue budget of borrowing against short-life assets.

Asset Replacements

Table 31 provides details of the asset replacement programme. It shows the forecast cost for three years: 2025/26, 2026/27, and 2027/28. The forecast for 2025/26, 2026/27, and 2027/28 was £17.998m. Approval is now sought for all three years and is forecast as a total of £19.372m. This is a net increase on the previously forecast spend for the same period of £1.374m. **Table 31** provides a breakdown of this variation by type. Unfunded increases in costs are £1.354m and this is due to reviews of the prices of some assets which have increased and additional items which have been identified from service reviews as requiring replacement.

Table 32 provides further details for those variations more than £25K over the three-year period.

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 2026/27 identify the capital resources position and the Prudential Indicators. The Medium-Term Financial Forecast in **Section 7** identifies the revenue budget position allowing for financing costs.

Table 29

		CAPITAL SCHEMES			VARIATION IN TOTAL CAPITAL SCHEME COSTS				
		Latest Approved Budget - Approved October 2025 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval				
Net Spend to 31/03/2025		Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
	LEADER								
	<i>Economic Development and Special Projects (deputy)</i>								
32	1 Public Realm Wayfinding Signs Phase 3	150	5	155		155	No	Previously reported - Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23. Still waiting for ECC confirmation that grant will be provided.	
647	2 Chelmsford Flood Resilience Programme	4,833	0	4,833		4,833	Business case to be developed with EA	Previously reported - This is the unspent budget from the withdrawn Environment Agency (EA). A new programme of works will be brought back to Cabinet at a later date. Agreement for S106 grants to be paid over to the EA £647k paid over to date.	
5,034	3 Public Realm Tindal Square Design and Construction	160	4,874	5,034		5,034	Completed - final account for works agreed	Previously reported - Final account still to be paid	
32,596	4 Chelmer Waterside Infrastructure - Bow Bridge and Road, Remediation of Land and GPRS Relocation.	15,500	27,810	43,310		43,310	Bridge Completed GPRS Works ongoing	Previously reported - £15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £11m budget to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing. £375k approved July 2022 Council for increased design fees and appointment of Project Manager. As noted on previous reports to Cabinet and Council, the cost of scheme is expected to increase significantly above the approved budget. A £9m increase was previously discussed and officers believe it may be materially higher when a report is made Council in July for a decision as to how to progress the works. An additional £16.410m was approved by Council in July 2023. The bridge is complete and the remaining works for the GPRS are ongoing.	
12,369	5 S106 Beaulieu Park Station	3,017	18,982	21,999		21,999	Complete	Previously reported -The expenditure on this scheme will be funded by S106. Additional S106 collected or due to be collected for Beaulieu Station and agreement to pay staged payments over to ECC towards cost of station.	
	6 Rural England Prosperity Fund- Supporting Businesses and Communities Grant 2025/26		120	120		120	2025/26 Third party grant applications	Previously reported - October 2025 New funding has been provided for 2025/26.	
	7 UK Shared Prosperity Fund 2025/26 - Various Grant Funded Schemes		71	71		71	2025/26 Third party grant applications	Previously reported- New funding has been provided for 2025/26.	
55	8 Automatic Floodgates and Provision of Locks - Feasibility		55	55		55	No	Previously reported - Budget approved September 2020 Cabinet. Feasibility completed and remaining budget vired from Rivers and Waterways Improvements.	

Net Spend to 31/03/2025 £000s		Original Approved Scheme Budget £000s	Additional/ Reduced (-) Approved Budget £000s	Latest Approved Budget £000s	More/(Less) Than Approved Budget £000s	Proposed Budget £000s	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
83	9 Civic Offices Improvement Programme	460	11	471	8	471	Under Review	Previously reported - Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme. October 2023 £31k vired from replacement scheme. November 2024 £20k vired to Coval Lane Co Working Space scheme. £383k uncommitted balance will be used towards the accommodation strategy and a business case will be required to release the funding.
238	10 Green Initiatives Phase 1	500	-182	318		318	Business Cases to be Developed	Previously reported - 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, they will decide on the preferred schemes. £102k vired towards cost of electric vehicle - approved February 2023. October 2023 £43k vired to fund additional cost of electric sweepers. 2023/24 £37k budget transferred to revenue in relation to spend not capital. Majority of spend on LED lighting upgrades.
108	11 Green Initiatives Fund Phase 2	6,500	-3,100	3,400		3,400	Business Cases to be Developed	Previously reported - Approved in principal Council Feb 2023 with delegated authority is given to the Director of Public Places, who after consultation with the Cabinet Member for Safer Chelmsford, will agree on the 6 year programme commencing 2024/25 for various schemes which will help the organisation achieve its objective of being Net Zero Carbon by 2030 and to ensure the spend is within the approved budgets. October 2023 Programme reviewed for affordability, budget reduced. Spend on LED lighting upgrades and SWF Pool heating initiatives. Update - £630k from this budget is being used for funding installation of solar panels in 2026/27 see proposed new schemes.
	12 CIL NE Bypass Bridge Forward Funding	1,500		1,500		1,500	Dependent on Third party	Previously reported - Forward funding grant to ECC to be made 2021/22. Approved Council May 2021. Still awaiting agreement from ECC for payment to be made.
	<u>Sustainable Transport (deputy)</u>							
	13 High Chelmer Car Park Lifts	355	71	426		426	Yes	Previously reported - Approved by Council February 2023. Scheduled for 2025/26.
	14 High Chelmer MSCP Improvement Works	148	-46	102		110	No	Previously reported - approved by Council February 2024. Works scheduled for 2024/25. Funded by Contribution from SEPP. Scheduled for 2025/26.
	ACTIVE							
	<u>Leisure and Heritage</u>							
145	15 Dovedales Sports Centre Refurbishment	1,464	670	2,134		2,134	Scheduled for completion 2025/26	Previously reported - 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. October 2023 scheme deferred to 2025/26 although work will progress on design. Scheme approved by Urgency November 2024 additional £710k - £644 works and £66k on equipment (see replacement schedule).
	16 CSAC Activity Room	14		14	14	Completed	Previously reported - Approved at Council February 2025.	
567	17 S106 Strategic Borough Sports		1,575	1,575	1,575	Unspecified	Previously reported - Runwell Sports and Social Club grant to cover costs of scheme. Funding agreement in place.	

Net Spend to 31/03/2025		Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
	<u>Voluntary and Community Sector Support</u>							
	18 CIL Grant Chelmsford Society Model Engineers	5		5		5	No - dependent on Third party	Previously reported - CIL funding approved December 2021. Spend approved Council February 2022.
	19 CIL Mencap		2	2		2	Yes	
	20 CIL Grant St John's Church		10	10		10	No - dependent on Third party	Previously reported - CIL funding agreed
	21 CIL Grant St Luke's Church Roof		10	10		10	No - dependent on Third party	
	22 CIL Grant FONS Outdoor Storage			0	7	7		
	23 CIL Grant Sanctus - Oven			0	9	9		
54	24 CIL Green Initiatives - Various Schemes	15	58	73		73	No - dependent on Third party	Previously reported - £100k CIL funding approved December 2021 for green initiatives grant funding. Spend approved Council February 2022. £100k pot is drawn down following approval of applications for funding.
	<u>Cultural Services (deputy)</u>							
3,157	25 Theatres' Modernisation	1,000	2,198	3,198		3,198	Main works complete - final account agreed but still outstanding work items to complete	Previously reported - 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. £20k transferred to revenue as spend did not qualify for capital, budget reduced 2023/24.
	26 Oaklands Museum Staff Room and Kitchen Refit	24		24		24	Yes	Previously reported - Approved by Council February 2023 and scheduled for 2024/25. October 2023 following review rephased to 2026/27
	27 Oaklands Museum Roof Works	63		63		63	Yes	Previously reported - Approved at Council February 2024. Works scheduled for 2025/26.
	28 Great Baddow Hoard Gold Coins		180	180		180	Yes	Heritage Lottery Fund Grant
	29 Great Baddow Hoard Gold Coins Display Case		22	22		22	Yes	Heritage Lottery Fund Grant
	30 S106 City Centre Public Art			0	62	62	Unknown	Update - Approved use of S106 via delegation September 2025
	FAIRER							
	<u>Housing Services</u>							
7,085	31 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Acquisition 20 x Houses	7,094		7,094	40	7,134	Refurbishment of final property outstanding	Previously reported - Original budget approved at Council February 2022 £8.2m and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Budget for purchase of 20 houses. 17 properties purchased remaining budget deferred to 2023/24. Remaining budget to purchase 1 additional property deferred to 2025/26 due to delays in completion. £1.106m budget not required removed and used to establish new pooled fund. Last house purchased in 2024/25 remaining budget for refurbishment.

Net Spend to 31/03/2025		Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
32	Housing Initiatives Future schemes to be developed	6,964	-6,907	57	-57	0	See scheme 35 and 36	October 2023 - Review of housing delivery being undertaken. All unallocated/unspent housing initiatives budgets have been pooled into one single pot, £6.964m which will be used to assist in the delivery of any new policy determined from the review to assist in the delivery of temporary accommodation. Approved Council February 2024. MT review October removed balance £1.094m. Update December 2025 budget being used towards purchase of property to be used for supported housing see scheme 33 and increased costs of other schemes, see schemes 35 and 36.
33	Supported Housing/Temporary Housing Provision		7,650	7,650		7,650	Refer to New Schemes Schedule	December 2025 Budget approved under urgency November 2025 to purchase block of flats for supported housing. Proposed purchase now not progressing. Refer to new schemes narrative, new pot to be established using this budget provision.
8 34	Housing Initiatives - Modular Units Groundworks		250	250		250	Yes	Previously reported - Use of housing initiatives pot. £250k Brownfield Land release Funding secured. Update December 2025 New scheme included on new schemes schedule for proposed modular unit scheme at Meteor Way Car Park site. This budget will be used towards the cost of the scheme.
35	Housing Initiatives - Sandford Mill House Refurbishment for use as TA		125	125	40	165	Yes	Previously reported - Use of housing initiatives pot - scheme 32.
36	Purchase Medway Garages			0	17	17	Completed	Previously reported - Use of housing initiatives pot - scheme 32.
37	Housing Initiatives - Grant to YMCA		1,000	1,000		1,000	Yes	Previously reported - Use of housing initiatives pot - scheme 32.
38	Initiatives to increase the provision of Affordable Housing Funded by S106 - Grants	1,643	-1,323	320		320	Dependent on Third party	Previously reported - 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. £318k grant for CHP approved by delegation. £1.325m budget has been removed and the S106 funding redirected to the purchase of land for affordable housing.
39	Initiatives to increase the provision of Affordable Housing Funded by S106 - Grant to CHP for development Lower Anchor Street	600		600		600	Dependent on Third party	Previously reported - Approved Cabinet April 2025 to enable development of 15 units for affordable rent.
40	Local Authority Housing Fund Round 3		3,583	3,583		3,583	Grant Conditions	Previously reported - LAHF3 Grant awarded and will be paid over to CHP for acquisition of properties.
	Corporate Property							
206 41	Land Development Site Investigations - Waterside	365	-39	326	60	386	Under review	Previously reported - Approved Cabinet November 2021. Additional £50k approved by Council February 2024. £90k transferred to revenue 2024/25 1st Marketing exercise. New marketing exercise currently being undertaken.
42	Riverside Outdoor Pool Site Design and Options			0	26	26	Delivery times not yet agreed	

Net Spend to 31/03/2025			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
4,377	43	Enabling Lockside Growth Area	450	5,706	6,156		6,156	In Negotiations - Late delivery	Previously reported - 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. October 2023 delay in purchase of properties now delayed until 2024/25. Acquisition of remaining 2 properties delayed to 2025/26 and potentially later into 2026/27 Update December 2025 - one further property purchase complete and the remaining property will need to be acquired through CPO and will not complete until 2026/27
44	44	Land Acquisition Cemetery/Crematorium	1,800	1,400	3,200		3,200	To identify potential Land Site	Previously reported - Approved at Council February 2019. Additional £1.8m approved Council February 2020. Additional £2.4m approved July 2022 Council. October 2023 Potential site identified, surveys for suitability being undertaken, budget adjusted for estimated cost of land Council February 2024.
26	45	Refurbishment of Commercially Leased Properties - 1 Springfield Lyons	720	2,230	2,950	-634	2,316	No	Previously reported - Approved at Council February 2024. Delegation to Cabinet to approve a business case following feasibility and to spend within the approved budget. Works required to enable reletting of property. A new approval will be required by Council following tender exercise. Additional £950k budget approved April 2025.
	46	Acquisition Granary Car Park		4,035	4,035		4,035	Yes	£4.035m Budget approved by Urgency November 2025
		<u>Building Services</u>							
	47	Various Condition Survey Works		798	798	3,862	4,660	Scheduled over 2 years	Previously reported - A provision was established and approved at February Council for a sum of £4.7m identified from Building Services 5 yearly schedule of condition surveys for works to various buildings. A delegation was put in place. The sum of £601k has been approved via delegation in April 2025 for the first phase of works. The provision will be approved by delegation or business case and has already been included in the revenue financing implications. Update December 2025 A further £197k has been approved via delegation September 2025.
		<u>Greener Chelmsford</u>							
		<u>Parks and Green Spaces</u>							
3	48	Cemetery and Crematorium Infrastructure - proposed new facility	6,800	-6,500	300		300	Spend to get scheme to planning approval	Previously reported - Approved Council February 2020 with a delegation for Cabinet to approve a final scheme. MT review October 2024 - decision to remove scheme to Unfunded Priorities List as uncertainty with scheme and scheme costs.

Net Spend to 31/03/2025 £000s		Original Approved Scheme Budget £000s	Additional/ Reduced (-) Approved Budget £000s	Latest Approved Budget £000s	More/(Less) Than Approved Budget £000s	Proposed Budget £000s	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
40	49 Chancellor Park Pavilion Works	46		46		46	No	Previously reported - Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works to 2024/25.
14	50 Beaulieu Pavilion Health and Safety Works	33		33		33	No	Previously reported - Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.
	51 Rivers and Waterways Improvements	600	-55	545		545	No - Scheme to be developed	Previously reported - Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Originally programmed over 3 years commencing 2021/22. Start of three year programme deferred to 2024/25. MT Review October 2024 deferred scheme to 2027/28. £52k vired from underspend on Lockgates Feasibility scheme number 8.
610	52 Mass Tree planting and Woodland Creation	4,400	-2,690	1,710		1,710	Reviewed Annually	Previously reported - Approved at Council February 2020 £4.4m with delegated authority to Director of Public Places, S151 Officer and the relevant Cabinet Members. Funding to be sought circa £2m. Three year programme scheduled wef 2021/22. Spend will now occur over longer period to 2029/30. Budget reduced £2.6m reduction reported to Council February 2024. Spend in relation to revenue transferred and budgets reduced annually. £23k transferred to revenue in 2024/25. Forecast spend increased by £100k over remaining years.
	53 S106 Beaulieu Park Sport Pitches Top up	800		800		800	Dependent on third party	Previously reported - Approved February 2025 Council
	Planning							
283	54 Garden Communities Infrastructure Fund		290	290		290	Main Works complete	Previously reported - Various schemes will be grant funded
	SAFER							
	Community Safety							
	55 Market Road Conveniences Accessibility	20		20		20	No	Previously reported - Approved by Council February 2023. Scheduled for 2023/24.
114	56 Public Convenience Refurbishment - Admirals and Central Park	168	50	218		218	No	Previously reported - Approved by Council February 2023 £84k each site. Two year programme scheduled to commence 2023/24. Central Park completed £114k. Remaining budget for Admirals Park £54k. Virement from scheme 52 £50k
151	57 Community Flood Improvements	184	1	185		185	Works Completed Monitoring to continue	Previously reported - Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017.

Net Spend to 31/03/2025		Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
	Waste Management and Recycling							
550	58 Chelmsford Indoor Market Refurbishment	500	50	550		550	Complete	Previously reported - 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.
	59 Retail Market Drainage Improvements	31		31		31	Deferred to 2025/26	Previously reported - Approved by Council February 2022. Delegated authority to Director to spend within approved budget.
	60 Retail Market Traders' Conveniences Remodelling	102		102		102	Agreed to defer to 2026/27	Previously reported - Approved Council February 2023. Scheduled for 2023/24. October 2023 reviewed and deferred to 2026/27.
	61 Retail Market Canopy Roof Liquid System	90		90		90	Deferred to 2026/27	Previously reported - Approved by Council February 2024. Works scheduled for 2025/26. MT review October 2024 deferred scheme to 2026/27
58	62 Freighter House Depot Resurfacing Works	216		216		216	No	Previously reported - Approved at Council February 2023. Five year programme scheduled to commence 2024/25.
	Support Services (deputy)							
	N/A							
68,654	Grand Total	69,334	63,050	132,384	3,440	135,824		
				Net Variation	3,440			
		Summary of Changes Since Previous Council Report October 2025						
						£000's		
						Latest Approved Budget October 2025	124,868	
						New Schemes Approved	7,247	
						Supplementary Estimates Approved for Existing Scheme	269	
						Total Approved Budget	132,384	
						Latest Forecast Variations shown above		
						Balance on Provision for building condition works	3,862	
						Increased Budgets Require Approval	94	
						Increased Budgets Require Approval Funded	118	
						Decreased budgets Scheme Delivery Changed	-634	
						Latest Forecast Budget December 2025	135,824	0

Table 30

Reasons for Variations Greater Than £25,000							
	Scheme Description	Latest Approved Budget	Estimated Budget Required	Variation	Variation Type	Percentage Change	Reason
		£000's	£000's	£000's			
30	S106 City Centre Public Art	0	62	62	New provision fully funded	Note 1	Use of S106 contribution approved by officer delegation.
31	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Acquisition 20 x Houses	7,094	7,134	40	Increased budget fully funded	0.56%	The final property purchased has been refurbished to allow full accessibility and this will be funded by a contribution from an underspend held from a prior year for Disabled Facility Grants (DFG).
32	Housing Initiatives Future schemes to be developed	57	0	-57	Budget vired	-100.00%	This provision has been vired to use against the increase estimated costs of schemes 35 and 36.
35	Housing Initiatives - Sandford Mill House Refurbishment for use as TA	125	165	40	Increased budget vired from Housing Initiatives Provision	32.00%	Refurbishment of property to bring back into use for temporary accommodation. The works required were more extensive than first estimated.
41	Land Development Site Investigations - Waterside	326	386	60	Increased budget	18.40%	The services required to enable the future use of the Waterside site have proved to be more complex than first anticipated and professional services' costs have increased.
42	Riverside Outdoor Pool Site Design and Options	0	26	26	New budget	100.00%	In order to progress a potential scheme on this site the services of professionals have been instructed to provide designs and scheme costs.
45	Refurbishment of Commercially Leased Properties - 1 Springfield Lyons	2950	2316	-634	Reduced budget	-21.49%	An opportunity has arisen to enter into a long lease for this property with a potential saving on the refurbishment cost due to it being replaced by a contribution to the lessee.
47	Various Condition Survey Works	798	4,660	3,862	Previously agreed Provision now reported with cost of capital scheme	Note 2	The £3.862m is the remaining balance on the provision and has already been included in previous financing costs. The £3.862m needs to be approved either by delegation or business case submitted to Cabinet to release the funding for works to commence.
Note 1	The percentage change in this scheme has not been shown. This is an adjustment to ensure that there is approval in place to enable future agreed staged payments to be made in line with previously agreed funding.						
Note 2	The percentage change in this scheme has not been shown. This is an adjustment to show how much of the previously approved provision has been authorised to spend by delegation in place.						

Table 31

3 YEAR CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME 2025/26 - 2027/28 Approved and Forecast												
CAPITAL ASSET REPLACEMENT PROGRAMME	2025/26			2026/27			2027/28			Total for period		
	Latest Approved Budget 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget for 2025/26	Last Forecast 2026/27	Variance for 2026/27 + Cost / - Saving	Total Proposed Budget for 2026/27	Latest Approved Budget 2027/28	Variance for 2027/28 + Cost / - Saving	Total Proposed Budget for 2027/28	Last forecast 2025/26 to 2027/28	Variance for period + Cost / - Saving	Total Proposed Budget for 2025/26 to 2027/28
SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
LEADER												
<i>Sustainable Transport (Deputy)</i>												
1 Car Park Pay on Foot Equipment	341	0	341	0	0	0	0	0	0	341	0	341
2 Car Park Vehicles and Equipment	54	-54	0	3	51	54	0	0	0	57	-3	54
3 Car Parks CCTV	0	0	0	0	0	0	124	0	124	124	0	124
Active												
<i>Leisure and Heritage</i>												
4 Dovedales Replacement Equipment	220	-4	216	3	7	10	4	-4	0	227	-1	226
5 Riverside Replacement Equipment	75	-8	67	103	90	193	82	5	87	260	87	347
6 Riverside Dryside Locker Keyless System	11	0	11	0	0	0	0	0	0	11	0	11
7 Riverside Ice Rink Seating	21	0	21	0	0	0	0	0	0	21	0	21
8 Riverside Magic Water System	14	0	14	0	0	0	0	0	0	14	0	14
9 Riverside Studio 2 Upgrade - AV Equipment	5	0	5	0	0	0	0	0	0	5	0	5
10 Riverside Plant	122	-13	109	38	7	45	0	0	0	160	-6	154
11 CSAC Replacement Equipment	38	-35	3	16	53	69	0	0	0	54	18	72
12 CSAC Expansion Fitness Room Equipment	45	0	45	0	0	0	0	0	0	45	0	45
13 CSAC Plant	30	-25	5	0	25	25	30	0	30	60	0	60
14 SWFLC Replacement Programme	31	-31	0	3	31	34	51	0	51	85	0	85
15 SWFLC Plant Replacement	97	3	100	6	9	15	527	0	527	630	12	642
16 SWF 3G Pitch	21	-21	0	400	21	421	0	0	0	421	0	421
17 Hylands House Mechanical and Electrical	25	2	27	0	0	0	0	0	0	25	2	27
18 Hylands Pavilion Infrastructure	34	-34	0	0	33	33	0	0	0	34	-1	33
19 Hylands Pavilion Equipment	60	-50	10	0	55	55	0	0	0	60	5	65
20 Hylands House Equipment	30	-18	12	8	15	23	1	9	10	39	6	45
<i>Cultural Services (Deputy)</i>												
21 Theatres' Equipment	148	-6	142	824	-446	378	282	1,386	1,668	1,254	934	2,188
22 Theatres' Plant	6	-6	0	0	0	0	0	0	0	6	-6	0
23 Museum Equipment and Vehicles	34	-34	0	84	16	100	0	0	0	118	-18	100

CAPITAL ASSET REPLACEMENT PROGRAMME	2025/26			2026/27			2027/28			Total for period		
	Latest Approved Budget 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget for 2025/26	Last Forecast 2026/27	Variance for 2026/27 + Cost / - Saving	Total Proposed Budget for 2026/27	Latest Approved Budget 2027/28	Variance for 2027/28 + Cost / - Saving	Total Proposed Budget for 2027/28	Last forecast 2025/26 to 2027/28	Variance for period + Cost / - Saving	Total Proposed Budget for 2025/26 to 2027/28
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
SCHEME DESCRIPTION												
Fairer												
<u>Building Services</u>												
24 Civic Centre Equipment	0	0	0	0	0	0	14	0	14	14	0	14
25 Civic Centre Plant	0	0	0	0	0	0	0	0	0	0	0	0
26 Civic Centre Pool Cars	0	0	0	50	0	50	0	0	0	50	0	50
27 Civic Centre Stairlift	0	0	0	9	0	9	0	0	0	9	0	9
28 Print and Post Room Replacement Equip.	19	-19	0	0	16	16	0	0	0	19	-3	16
29 Street Lighting	0	5	5	0	0	0	0	0	0	0	5	5
Greener												
<u>Parks and Green Spaces</u>												
30 Crematorium Equipment	170	-33	137	119	-83	36	48	122	170	337	6	343
31 Crematorium Columbarium	14	-14	0	14	0	14	0	0	0	28	-14	14
32 Cemetery Plant	0	0	0	0	0	0	0	0	0	0	0	0
33 Play Area Replacements	378	-259	119	254	83	337	198	-35	163	830	-211	619
34 Parks and Sports Grounds Heating Systems	0	0	0	43	0	43	0	0	0	43	0	43
35 Parks Replacement Vehicles and Equipment	877	-442	435	429	147	576	170	181	351	1,476	-114	1,362
36 Melbourne 3G Pitch	16	-16	0	3	16	19	0	0	0	19	0	19
37 Hylands Estate Car Park Equipment	0	0	0	8	-8	0	102	8	110	110	0	110
38 Hylands Estate Sewerage pump	0	0	0	0	0	0	25	0	25	25	0	25
38 Hylands Kiosk and Play Area CCTV	0	0	0	0	0	0	6	-6	0	6	-6	0
39 Chelmer Park Artificial Pitch	0	0	0	0	0	0	220	-220	0	220	-220	0
Safer												
<u>Community Safety</u>												
40 CCTV Replacement Equipment	141	-11	130	279	-192	87	105	-16	89	525	-219	306
41 CCTV Various Schemes Sites CIL	3	-2	1	0	0	0	0	0	0	3	-2	1
42 PHPS Vehicles	0	0	0	28	0	28	90	0	90	118	0	118
43 PHPS Air Monitoring Equipment	68	-58	10	0	58	58	0	0	0	68	0	68
44 Healthy Home Loans	2	1	3	0	0	0	0	0	0	2	1	3
45 Discretionary Loans DFG Funded	0	0	0	0	0	0	0	0	0	0	0	0
46 RIA Loans DFG Funded	0	0	0	0	0	0	0	0	0	0	0	0
47 RIA Grants DFG Funded	0	37	37	0	0	0	0	0	0	0	37	37
48 Disabled Facility Grants (fully externally funded)	1,367	-37	1,330	0	1,367	1,367	0	0	0	1,367	1,330	2,697
49 Social Capital Funding Projects DFG funded	63	-40	23	0	0	0	0	0	0	63	-40	23
50 Housing Standards	0	0	0	0	0	0	0	0	0	0	0	0

CAPITAL ASSET REPLACEMENT PROGRAMME		2025/26			2026/27			2027/28			Total for period		
		Latest Approved Budget 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget for 2025/26	Last Forecast 2026/27	Variance for 2026/27 + Cost / - Saving	Total Proposed Budget for 2026/27	Latest Approved Budget 2027/28	Variance for 2027/28 + Cost / - Saving	Total Proposed Budget for 2027/28	Last forecast 2025/26 to 2027/28	Variance for period + Cost / - Saving	Total Proposed Budget for 2025/26 to 2027/28
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
SCHEME DESCRIPTION													
<u>Waste Management and Recycling</u>													
51	Scootas for the Disabled	7	-7	0	20	7	27	8	0	8	35	0	35
52	Town Centre Bins	0	0	0	32	0	32	0	0	0	32	0	32
53	Retail Market Equipment	0	0	0	0	0	0	0	0	0	0	0	0
54	Retail Market Plant	0	0	0	0	0	0	0	0	0	0	0	0
55	Route Optimisation System	0	0	0	0	0	0	45	0	45	45	0	45
56	Freighter House Equipment	0	0	0	0	0	0	16	0	16	16	0	16
57	Street Cleansing Vehicles	644	-644	0	0	953	953	193	-193	0	837	116	953
58	Street Cleansing Equipment	3	-3	0	0	3	3	0	0	0	3	0	3
59	Street Cleansing Gully Cleanser	0	0	0	220	0	220	0	0	0	220	0	220
60	Street Cleansing Crane Vehicle	88	-88	0	0	100	100	0	0	0	88	12	100
61	Wet Team Equipment	107	-107	0	0	117	117	0	0	0	107	10	117
62	Hit Squad Replacements	89	-89	0	0	72	72	0	0	0	89	-17	72
63	Refuse Vehicles	975	-38	937	690	0	690	0	0	0	1,665	-38	1,627
64	Vehicle Maintenance	14	-14	0	38	14	52	38	4	42	90	4	94
65	Recycling Vehicles	952	-26	926	993	0	993	1,374	-19	1,355	3,319	-45	3,274
66	Recycling MRF	20	-20	0	20	0	20	0	20	20	40	0	40
67	Food Vehicles	0	0	0	0	0	0	0	0	0	0	0	0
68	Prov. for Replacement with Electric Veh.	0	0	0	170	-100	70	0	100	100	170	0	170
69	Love Your Chelmsford Van	0	0	0	32	0	32	0	0	0	32	0	32
70	Public Convenience Van	0	0	0	32	0	32	0	0	0	32	0	32
<u>Support Services (Deputy)</u>													
71	Digital Services Replacement Programme	12	-12	0	6	12	18	566	142	708	584	142	726
72	Digital Storage	68	-16	52	0	0	0	0	0	0	68	-16	52
73	Digital Servers	0	0	0	48	0	48	42	0	42	90	0	90
74	Website Upgrade	6	-1	5	139	1	140	0	0	0	145	0	145
75	System Upgrade	9	-9	0	0	9	9	9	0	9	18	0	18
76	System Security	20	-20	0	0	20	20	0	0	0	20	0	20
77	Networks	0	0	0	0	0	0	12	0	12	12	0	12
78	Wifi Hardware	115	0	115	0	0	0	0	0	0	115	0	115
79	Investment in Digital Technology - DPO	150	-150	0	218	-98	120	125	-125	0	493	-373	120
80	Provision for Increases in Prices - Proposed Delegation to S151 Officer	0	0	0	150	0	150	100	0	100	250	0	250
Totals		7,859	-2,466	5,393	5,532	2,481	8,013	4,607	1,359	5,966	17,998	1,374	19,372

CAPITAL ASSET REPLACEMENT PROGRAMME	2025/26			2026/27			2027/28			Total for period		
	Latest Approved Budget 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget for 2025/26	Last Forecast 2026/27	Variance for 2026/27 + Cost / - Saving	Total Proposed Budget for 2026/27	Latest Approved Budget 2027/28	Variance for 2027/28 + Cost / - Saving	Total Proposed Budget for 2027/28	Last forecast 2025/26 to 2027/28	Variance for period + Cost / - Saving	Total Proposed Budget for 2025/26 to 2027/28
SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Rephasing of Schemes to/from years		-2,201			933			451				-817
Variations Increases Require Approval		18			283			1,053				1,354
Variations Cost Decreases		-68			-18			-19				-105
Reduced Demand		-180			-84			-126				-390
Supplementary Estimates Funded New Require Approval		5			1,367			0				1,372
Virement of budget		-40			0			0				-40
		-2,466			2,481			1,359				1,374

Table 32

Scheme Description	Latest Approved Budget	Estimated Budget Required	Variation	Variation Type	Percentage Change	Reason
	£000's	£000's	£000's			
Riverside Plant	260	347	87	Price Variation	33.46%	Higher replacement cost than budgeted.
Theatres' Equipment	1,254	2,188	934	Price Variation	74.48%	Review of replacement programme identifying additional replacements.
Play Area Replacements	830	619	-211	Rephasing and Price Variation	-25.42%	£229K Replacement moved to later year and £18K inflationary costs allowed for.
Parks Replacement Vehicles and Equipment	1,476	1,362	-114	Rephasing and Price Variation	-7.72%	£164K Replacements moved to later year and £50K higher replacement costs.
Chelmer Park Artificial Pitch	220	0	-220	Rephasing	-100.00%	Replacement moved to later year
CCTV Replacement Equipment	525	306	-219	Rephasing	-41.71%	Replacement budget moved to later year as camera lasting longer than standard life assumed of 6 year
DFG funded expenditure (Externally funded)	1,430	2,757	1,327	Price Variation & additional spend Grant funded	92.80%	It has been assumed that the Council will be awarded the same DFG Grant allocation of £1,367K for 2026/27 and 40K virement to capital property refurbishment scheme to provide accessible temporary accommodation
Street Cleansing Vehicles	837	953	116	Price Variation	13.86%	Higher replacement cost than budgeted.
Refuse Vehicles	1,665	1,627	-38	Price Variation	-2.28%	Lower replacement cost than budgeted.
Recycling Vehicles	3,319	3,274	-45	Price Variation	-1.36%	Lower replacement cost than budgeted.
Digital Services Replacement Programme	584	726	142	Price Variation	24.32%	Higher replacement cost than budgeted mainly resulting from assumed higher costs of laptop replacements.
Investment in Digital Technology - DPO	493	120	-373	Reduced Demand on Capital	-75.66%	Pot has been reduced due to it not being drawn down as projects not identified or funded from revenue budgets.

COUNCIL TAX RESOLUTION**INTRODUCTION**

To set the 2026/27 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 £17,069,500, after allowing for a deficit balance on the Collection Fund of £16,784. This results in an average Band D Council Tax of £234.85.

The Parish Tier Council precepts are detailed in the recommendation below and total £4,036,557. This results in an average Band D Council Tax figure of £55.54.

Essex County Council has set a precept at £119,342,234, after allowing for a deficit balance on the collection fund of £94,872. This results in a Band D Council Tax of £1,641.96.

Police, Fire and Crime Commissioner for Essex has set a precept at £20,010,299, after allowing for a deficit balance on the collection fund of £15,638. This results in a Band D Council Tax of £275.31.

Essex Police, Fire and Crime Commissioner Fire and Rescue Authority has set a precept at £6,724,612, after allowing for a deficit balance on the collection fund of £5,260. This results in a Band D Council Tax of £92.52.

The formal Council Tax Resolution is given below. If the Resolution is approved the Council Tax for 2026/27 will be as follows.

	2025/26	2026/27	Increase	Increase
	£	£	£	%
Chelmsford City Council (average)	228.07	234.85	6.78	2.97%
Essex County Council	1,579.59	1,641.96	62.37	3.95%
Police, Fire and Crime Commissioner for Essex	260.37	275.31	14.94	5.74%
Essex Police, Fire & Crime Commissioner Fire & Rescue Authority	87.57	92.52	4.95	5.65%
	<u>2,155.60</u>	<u>2,244.64</u>	<u>89.04</u>	
Parish Tier Councils (average)	51.38	55.54	4.16	8.10%
TOTAL	<u><u>2,206.98</u></u>	<u><u>2,300.18</u></u>	<u><u>93.20</u></u>	4.22%

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 2026/27	£
	Chelmsford City Council	17,069,500
	Parish Tier Councils	<u>4,036,557</u>
	Total Council Tax requirement	<u><u>£21,106,057</u></u>
(b)	The individual Parish budgets were set out in Table 22 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 2026/27 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>72,682.79</u>
(b)	Part of the Council's area (Parish Tier Council, or the City Centre)	2026/27 Tax Base (Band D equivalent)
	BOREHAM	1,430.77
	BROOMFIELD	2,167.25
	CHELMER	3,425.73
	CHELMSFORD GARDEN	4,114.55
	CHIGNAL	319.42
	DANBURY	2,470.16
	EAST HANNINGFIELD	591.32
	GALLEYWOOD	2,130.74
	GOOD EASTER	181.15
	GREAT & LITTLE LEIGHS	1,177.58
	GREAT BADDOW	5,489.44
	GREAT WALTHAM	954.92
	HIGHWOOD	331.30
	LITTLE BADDOW	875.39
	LITTLE WALTHAM	557.37
	MARGARETTING	416.39
	MASHBURY	42.81
	PLESHEY	139.30
	RETTENDON	845.33
	ROXWELL	481.57
	RUNWELL	2,105.56
	SANDON	798.42
	SOUTH HANNINGFIELD	1,269.01
	SOUTH WOODHAM FERRERS	6,131.32
	SPRINGFIELD	2,896.66
	STOCK	1,256.93
	WEST HANNINGFIELD	580.77
	WOODHAM FERRERS & BICKNACRE	1,333.64
	WRITTLE	<u>2,042.65</u>
		46,557.45
	special expense area of CITY CENTRE (non Parished area)	<u>26,125.34</u>
		<u><u>72,682.79</u></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 2026/27 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	165,280,633
(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	-144,174,576
(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)	21,106,057
(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)	290.39
(e)	The aggregate amount of all special items referred to in Sections 34(1) and 35 of the Act	6,427,041
(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)	201.96

(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	201.96	
BROOMFIELD	201.96	31.23	109.35	342.54
CHELMER	201.96	44.37	67.14	313.47
CHELMSFORD GARDEN	201.96	26.19	92.16	320.31
CHIGNAL	201.96	41.31	21.87	265.14
DANBURY	201.96	2.70	175.23	379.89
EAST HANNINGFIELD	201.96	28.80	77.49	308.25
GALLEYWOOD	201.96	37.26	66.87	306.09
GOOD EASTER	201.96	23.85	70.83	296.64
GREAT & LITTLE LEIGHS	201.96	42.75	38.25	282.96
GREAT BADDOW	201.96	10.53	99.54	312.03
GREAT WALTHAM	201.96	29.61	111.60	343.17
HIGHWOOD	201.96	26.64	120.87	349.47
LITTLE BADDOW	201.96	26.19	69.03	297.18
LITTLE WALTHAM	201.96	35.64	111.78	349.38
MARGARETTING	201.96	26.55	36.27	264.78
MASHBURY	201.96	23.85	0.00	225.81
PLESHEY	201.96	23.85	105.84	331.65
RETTENDON	201.96	32.85	61.83	296.64
ROXWELL	201.96	1.89	46.71	250.56
RUNWELL	201.96	24.48	70.56	297.00
SANDON	201.96	29.16	54.63	285.75
SOUTH HANNINGFIELD	201.96	25.83	102.42	330.21
SOUTH WOODHAM FERRERS	201.96	31.32	76.32	309.60
SPRINGFIELD	201.96	45.72	92.70	340.38
STOCK	201.96	25.65	43.20	270.81
WEST HANNINGFIELD	201.96	25.83	58.59	286.38
WOODHAM FERRERS & BICKNACRE	201.96	26.10	80.73	308.79
WRITTLE	201.96	4.50	96.57	303.03
special expense area of CITY CENTRE (non Parished area)	201.96	45.09	0.00	247.05

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 2026/27 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	1,094.64	1,277.08	1,459.52	1,641.96	2,006.84	2,371.72	2,736.60	3,283.92
Police, Fire and Crime Commissioner for Essex	183.54	214.13	244.72	275.31	336.49	397.67	458.85	550.62
Essex Police, Fire and Crime Commissioner Fire and Rescue Authority	61.68	71.96	82.24	92.52	113.08	133.64	154.20	185.04

- 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 2026/27 for each of the categories of dwellings shown.

**ANNEX A: Chelmsford City Council - Council taxes 2026/27 - 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	200.40	233.80	267.20	300.60	367.40	434.20	501.00	601.20
BROOMFIELD	228.36	266.42	304.48	342.54	418.66	494.78	570.90	685.08
CHELMER	208.98	243.81	278.64	313.47	383.13	452.79	522.45	626.94
CHELMSFORD GARDEN	213.54	249.13	284.72	320.31	391.49	462.67	533.85	640.62
CHIGNAL	176.76	206.22	235.68	265.14	324.06	382.98	441.90	530.28
DANBURY	253.26	295.47	337.68	379.89	464.31	548.73	633.15	759.78
EAST HANNINGFIELD	205.50	239.75	274.00	308.25	376.75	445.25	513.75	616.50
GALLEYWOOD	204.06	238.07	272.08	306.09	374.11	442.13	510.15	612.18
GOOD EASTER	197.76	230.72	263.68	296.64	362.56	428.48	494.40	593.28
GREAT & LITTLE LEIGHS	188.64	220.08	251.52	282.96	345.84	408.72	471.60	565.92
GREAT BADDOW	208.02	242.69	277.36	312.03	381.37	450.71	520.05	624.06
GREAT WALTHAM	228.78	266.91	305.04	343.17	419.43	495.69	571.95	686.34
HIGHWOOD	232.98	271.81	310.64	349.47	427.13	504.79	582.45	698.94
LITTLE BADDOW	198.12	231.14	264.16	297.18	363.22	429.26	495.30	594.36
LITTLE WALTHAM	232.92	271.74	310.56	349.38	427.02	504.66	582.30	698.76
MARGARETTING	176.52	205.94	235.36	264.78	323.62	382.46	441.30	529.56
MASHBURY	150.54	175.63	200.72	225.81	275.99	326.17	376.35	451.62
PLESHEY	221.10	257.95	294.80	331.65	405.35	479.05	552.75	663.30
RETTENDON	197.76	230.72	263.68	296.64	362.56	428.48	494.40	593.28
ROXWELL	167.04	194.88	222.72	250.56	306.24	361.92	417.60	501.12
RUNWELL	198.00	231.00	264.00	297.00	363.00	429.00	495.00	594.00
SANDON	190.50	222.25	254.00	285.75	349.25	412.75	476.25	571.50
SOUTH HANNINGFIELD	220.14	256.83	293.52	330.21	403.59	476.97	550.35	660.42
SOUTH WOODHAM FERRERS	206.40	240.80	275.20	309.60	378.40	447.20	516.00	619.20
SPRINGFIELD	226.92	264.74	302.56	340.38	416.02	491.66	567.30	680.76
STOCK	180.54	210.63	240.72	270.81	330.99	391.17	451.35	541.62
WEST HANNINGFIELD	190.92	222.74	254.56	286.38	350.02	413.66	477.30	572.76
WOODHAM FERRERS & BICKNACRE	205.86	240.17	274.48	308.79	377.41	446.03	514.65	617.58
WRITTLÉ	202.02	235.69	269.36	303.03	370.37	437.71	505.05	606.06
special expense area of CITY CENTRE (non Parished area)	164.70	192.15	219.60	247.05	301.95	356.85	411.75	494.10

ANNEX B: Chelmsford City Council - Council taxes 2026/27 - At taxpayer level

Parish of:-	VALUATION BANDS							
	A £	B £	C £	D £	E £	F £	G £	H £
BOREHAM	1,540.26	1,796.97	2,053.68	2,310.39	2,823.81	3,337.23	3,850.65	4,620.78
BROOMFIELD	1,568.22	1,829.59	2,090.96	2,352.33	2,875.07	3,397.81	3,920.55	4,704.66
CHELMER	1,548.84	1,806.98	2,065.12	2,323.26	2,839.54	3,355.82	3,872.10	4,646.52
CHELMSFORD GARDEN	1,553.40	1,812.30	2,071.20	2,330.10	2,847.90	3,365.70	3,883.50	4,660.20
CHIGNAL	1,516.62	1,769.39	2,022.16	2,274.93	2,780.47	3,286.01	3,791.55	4,549.86
DANBURY	1,593.12	1,858.64	2,124.16	2,389.68	2,920.72	3,451.76	3,982.80	4,779.36
EAST HANNINGFIELD	1,545.36	1,802.92	2,060.48	2,318.04	2,833.16	3,348.28	3,863.40	4,636.08
GALLEYWOOD	1,543.92	1,801.24	2,058.56	2,315.88	2,830.52	3,345.16	3,859.80	4,631.76
GOOD EASTER	1,537.62	1,793.89	2,050.16	2,306.43	2,818.97	3,331.51	3,844.05	4,612.86
GREAT & LITTLE LEIGHS	1,528.50	1,783.25	2,038.00	2,292.75	2,802.25	3,311.75	3,821.25	4,585.50
GREAT BADDOW	1,547.88	1,805.86	2,063.84	2,321.82	2,837.78	3,353.74	3,869.70	4,643.64
GREAT WALTHAM	1,568.64	1,830.08	2,091.52	2,352.96	2,875.84	3,398.72	3,921.60	4,705.92
HIGHWOOD	1,572.84	1,834.98	2,097.12	2,359.26	2,883.54	3,407.82	3,932.10	4,718.52
LITTLE BADDOW	1,537.98	1,794.31	2,050.64	2,306.97	2,819.63	3,332.29	3,844.95	4,613.94
LITTLE WALTHAM	1,572.78	1,834.91	2,097.04	2,359.17	2,883.43	3,407.69	3,931.95	4,718.34
MARGARETTING	1,516.38	1,769.11	2,021.84	2,274.57	2,780.03	3,285.49	3,790.95	4,549.14
MASHBURY	1,490.40	1,738.80	1,987.20	2,235.60	2,732.40	3,229.20	3,726.00	4,471.20
PLESHEY	1,560.96	1,821.12	2,081.28	2,341.44	2,861.76	3,382.08	3,902.40	4,682.88
RETTENDON	1,537.62	1,793.89	2,050.16	2,306.43	2,818.97	3,331.51	3,844.05	4,612.86
ROXWELL	1,506.90	1,758.05	2,009.20	2,260.35	2,762.65	3,264.95	3,767.25	4,520.70
RUNWELL	1,537.86	1,794.17	2,050.48	2,306.79	2,819.41	3,332.03	3,844.65	4,613.58
SANDON	1,530.36	1,785.42	2,040.48	2,295.54	2,805.66	3,315.78	3,825.90	4,591.08
SOUTH HANNINGFIELD	1,560.00	1,820.00	2,080.00	2,340.00	2,860.00	3,380.00	3,900.00	4,680.00
SOUTH WOODHAM FERRERS	1,546.26	1,803.97	2,061.68	2,319.39	2,834.81	3,350.23	3,865.65	4,638.78
SPRINGFIELD	1,566.78	1,827.91	2,089.04	2,350.17	2,872.43	3,394.69	3,916.95	4,700.34
STOCK	1,520.40	1,773.80	2,027.20	2,280.60	2,787.40	3,294.20	3,801.00	4,561.20
WEST HANNINGFIELD	1,530.78	1,785.91	2,041.04	2,296.17	2,806.43	3,316.69	3,826.95	4,592.34
WOODHAM FERRERS & BICKNACRE	1,545.72	1,803.34	2,060.96	2,318.58	2,833.82	3,349.06	3,864.30	4,637.16
WRITTLÉ	1,541.88	1,798.86	2,055.84	2,312.82	2,826.78	3,340.74	3,854.70	4,625.64
special expense area of CITY CENTRE (non Parished area)	1,504.56	1,755.32	2,006.08	2,256.84	2,758.36	3,259.88	3,761.40	4,513.68

6 The increase in Chelmsford City Council's relevant basic amount of Council Tax for 2026/27 is £6.78 (2.97%), 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 %
	2025/26 £	2026/27 £	2025/26 £	2026/27 £	
Boreham	117,405	132,117	82.53	92.34	11.89%
Broomfield	228,478	236,989	106.20	109.35	2.97%
Chelmer	219,294	230,004	64.08	67.14	4.78%
Chelmsford Garden	244,562	379,197	62.01	92.16	48.62%
Chignal	7,006	6,986	21.87	21.87	0.00%
Danbury	412,337	432,846	167.13	175.23	4.85%
East Hanningfield	43,304	45,821	75.87	77.49	2.14%
Galleywood	130,226	142,483	61.47	66.87	8.78%
Good Easter	11,349	12,831	62.28	70.83	13.73%
Great & Little Leighs	41,955	45,042	36.00	38.25	6.25%
Great Baddow	525,451	546,419	96.21	99.54	3.46%
Great Waltham	101,635	106,569	107.37	111.60	3.94%
Highwood	40,034	40,044	119.52	120.87	1.13%
Little Baddow	54,875	60,428	62.73	69.03	10.04%
Little Waltham	56,508	62,303	102.42	111.78	9.14%
Margaretting	14,403	15,102	35.10	36.27	3.33%
Mashbury	0	0	0.00	0.00	0.00%
Pleshey	13,250	14,744	93.78	105.84	12.86%
Rettendon	49,644	52,267	59.40	61.83	4.09%
Roxwell	22,517	22,494	47.07	46.71	-0.76%
Runwell	148,620	148,568	70.56	70.56	0.00%
Sandon	41,977	43,618	54.18	54.63	0.83%
South Hanningfield	104,136	129,972	82.80	102.42	23.70%
South Woodham Ferrers	465,199	467,942	76.23	76.32	0.12%
Springfield	238,581	268,520	82.17	92.70	12.81%
Stock	52,951	54,299	42.48	43.20	1.69%
West Hanningfield	32,395	34,027	57.06	58.59	2.68%
Woodham Ferrers & Bicknacre	102,593	107,665	78.12	80.73	3.34%
Writtle	182,633	197,259	89.91	96.57	7.41%
	<u>3,703,320</u>	<u>4,036,557</u>	2,096.55	2,250.72	



Chelmsford City Council Cabinet

27th January 2026

Capital, Treasury Management & Investment Strategies 2026/27

Report by:

Cabinet Member for Finance

Officer Contact:

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Purpose

To recommend an approach for managing the Council's cash and other types of investment including property; and

to explain how capital expenditure, capital financing and treasury management activities will contribute to the provision of services, how risk is managed, and the implications for future financial sustainability.

Options

1. Accept the recommendations contained within the report and appendices.
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 Cabinet in January 2026. The strategy is not reviewed by the Treasury Management and Investment Sub-committee. The strategy should support the Council's objectives in 'Our Chelmsford Our Plan' and sets the framework in which the capital programme is planned. It enables the Council to prioritise the use of limited resources to support long-term priorities whilst balancing services' operational requirements. The strategy reports on deliverability, affordability and the risks associated with the strategy. The aim of this Capital Strategy is also to ensure that members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risks.

1.3. Treasury and Investment Strategies

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

1.4. The Ministry of Housing, Communities and Local Government 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 out how this strategy will support the Council towards achieving 'Our Chelmsford Our Plan'.
- 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 and the cost to the revenue budget.
- Identifies how processes will limit risks associated with the strategy.
- Will ensure that members understand the Capital Strategy requirements, governance procedures and risks.

Treasury Strategy

Investments

- Increase liquidity balance from £5m to £10m to improve cashflow resilience during the year. As the Council's cash balances have reduced, the Council will enter a period of borrowing, additional balance will be needed to ensure Council cash holdings are sufficient to cover risks. This target may be adjusted by officers during the year if liquidity management requires it.
- Reduction of the limit for balances held in Multi-Asset Funds from £12m to £8m.
- No other material changes from the previous year.
- Cash available for investment is expected to reduce as the Council funds the capital programme.
- Prior to completion of the budget, gross interest income of circa £800k is expected for 2026/27 based on an assumed interest rate of 3.71% across the Council's portfolio.

Borrowing

- No material changes from the previous year.
- Borrowing will only be undertaken for the purpose of managing temporary liquidity or to fund the capital programme.
- Limits for external borrowing will be set in the Capital Strategy which will be reported to Cabinet and then Council as part of the 2026/27 Budget.
- Under the Constitution, the Section 151 Officer manages investments and borrowings, so will undertake any borrowing as needed. Prior to

completion of the budget, the Council's cashflow planning forecast estimated £20m of borrowing by the end of the March 2026. Projections suggest external borrowing of £60m by March 2027 may be needed.

- Recognises there are significant risks to the borrowing forecasts given historic experience of slippage in the capital programme.

Non-Cash Investments (Investment Strategy)

- No changes to the principles of last year's investment 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 2025/26 Strategy.
- The strategy has provision to allow for the creation of a stand-alone housing company if needed and subject to appropriate approvals.
- The monitoring of non-treasury investments is undertaken by the Treasury Management and Investment Sub-committee.

3. Conclusion

3.1. Cabinet is asked to accept the endorsement by Treasury Management and Investment Sub-committee and to recommend to the Council the Treasury Management and Investment Strategies.

3.2. Cabinet is asked to recommend the Capital Strategy to Council. This strategy should be reviewed regularly and reported on during the year.

List of appendices:

Appendix 1 - Capital Strategy 2026/27

Appendix 2 – Treasury Management Strategy 2026/27

Appendix 3 – Investment Strategy 2026/27

Background papers:

Nil

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 and its Capital Strategy.

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

N/A

Consultees:

Management team, Section 151 Officer and Monitoring officer

Relevant Policies and Strategies:

Our Chelmsford Our Plan

Capital Strategy 2026/27

- 1.1 This capital strategy report provides 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.

It should be noted that this strategy has not included future receipts which will be realised from disposals of strategic sites such as Chelmer Waterside as the amount and timing of the receipts is not currently known. Future forecasts and outlook should be judged considering the potential upside from these receipts when realised.

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.

Local Government Reorganisation (LGR) is currently under way, and Chelmsford will become part of a larger unitary authority from April 2028. As part of this transition, it is anticipated that a spending restraint order, known as 'Section 24 notice', will take effect at some point during 2026. This notice will impose restriction on both revenue and capital spend.

2026/27 is the last year that the Council will be setting its budget without any constraints. However, even projects within the existing capital programme could still be affected if the contractual commitment is not in place prior to the commencement of the Section 24 notice. It is likely that once the Section 24 notice is in place, a new joint committee made up of members from all merging councils will need to approve any capital spend over £1m, prior to entering into contractual agreements.

Once a new unitary authority is established, further implications are expected for the management of the Council's assets, as asset rationalisation is likely to take place. This will need to be considered during the transition period when decisions on assets and investments are made. Furthermore, during transition, strategies for all merging councils will need to be aligned to form a new unified strategy for the new unitary authority.

- 1.2 Capital expenditure is where the Council spends money on items, such as property or vehicles, that will be used for more than one year. The majority of these assets are used in service delivery. 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. It includes software, vehicles, plant, equipment, grants and improvement loans which are budgeted for annually.

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

Details of the approved capital schemes, replacement programme and new scheme proposals included in this strategy can be found elsewhere on the agenda as part of the Budget 2026/27 report.

The Prudential Code requires that authorities demonstrate that they make capital spending and investment decisions in line with service objectives and have proper stewardship arrangements, provide value for money, and are prudent, sustainable and affordable.

The Council's constitution and financial regulations govern the capital programme.

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's constitution.
- Capital expenditure must comply with the statutory definition.
- The Capital Programme is approved by Full Council as part of the Council's annual budget report. It reports on the revenue cost of financing the capital expenditure to ensure that it is affordable. This is kept under review and updates are reported to Cabinet and approved by Full Council when required during the year.
- All schemes are formally approved into the capital programme by following an agreed process (see below).
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations.
- Each scheme must be under the control of a responsible person/project manager.

New Capital Spending – Prioritisation and Approval

New capital spending should only be considered where the proposals are fully funded from new external sources, from internal resources currently available, or where capital financing costs are offset from income/savings generated from the proposal or when increasing revenue costs is considered affordable.

It is always difficult to make choices between competing priorities and with reduced resources this is more challenging. To assist, during 2026/27 it is proposed that monitoring of capital programme projected costs will also include monitoring of resources to ensure the use of limited resources are prioritised.

Funding of new capital projects will require the production of a business case. An annual process is in place where Service managers bid in September for new capital scheme proposals and replacement items to be included in the Council's capital programme.

Business cases are collated by Accountancy who review the proposals and ensure that financial elements are validated and calculate any financing and/or running costs.

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

The Council has introduced a corporate Project Management Toolkit to support good project management practice across the Council. The toolkit provides templates for business cases and guidance on all aspects of project management.

In determining viability, capital business cases must include:

- details of how the proposal will help to achieve the corporate priorities;
- details of the intended outcomes and potential running costs;
- a 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
- robust/validated costs. Proposals will not be taken forward for approval where costs are indicative.

If the above items cannot be included, then the service manager should consider whether a feasibility study should be undertaken prior to submission of the business case.

Due to the impact that the financing of capital schemes has on the revenue budget, all future one-off schemes that are not self-financing (produce income or savings at least equivalent to the additional revenue costs of the proposal), will be automatically included on an Unfunded Priorities list.

Management team will review proposals on the Unfunded Priorities list as part of the budget estimates' cycle. Schemes management team consider as a priority will be progressed to a feasibility study to gain a clearer understanding of potential costs and therefore affordability of the scheme.

The Unapproved Priorities list has been produced in Annex 1 and will be maintained and updated on an annual basis. This list will take time to fully establish but will contain details of potential future schemes linked to the priorities in 'Our Chelmsford Our Plan'. When schemes become 'affordable' and of sufficient priority they will be brought forward for approval following submission of a business case and included in the Capital programme. This list will need to be reviewed with reference to LGR and spending constraints introduced by the Section 24 notice.

Wherever possible, proposals will only be taken forward for approval and added to the capital programme when there is certainty with the cost and outcomes of the proposal. This may be based on quotes or in some cases a full tender exercise. The full cost of the proposal must be identified, including the revenue consequences and financing costs, to ensure that the scheme is affordable. As the timing of the feasibility and tender works will not always align with the budget approval timetable it is likely that approval for the one-off schemes will be sought throughout the year.

Following approval, the agreed Corporate Project Management Toolkit should be used to ensure successful delivery of the project.

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 these will need approval in line with financial rules.

Governance and reporting arrangements, including risk management, will be reviewed to ensure that it remains fit for purpose and is in line with best practice.

1.4 Funding the Costs of Capital Expenditure

Below 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. The Council seeks to maximise the level of these resources, which will be available to support the Council's plans. The use of cash proceeds from disposals up to £100k will be prioritised to fund assets with the shortest useful life, such as vehicles and equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost. The use of more strategic disposals, which will result in larger receipts, should be considered with a view to paying down debt and reducing financing costs. Relative benefits of the disposal of assets in exchange for non-cash benefits, such as housing nomination rights which may reduce future Council revenue costs, will also be assessed on a site-by-site basis.
- **Leasing:** This is where we can use an asset in exchange for making a series of payments over several years. Leasing is treated as a debt on the balance sheet. Leasing differs from traditional debt as more often than not the leasing company/property owner retains legal ownership of the asset. Companies are able to obtain capital allowances to reduce the cost to the Council. Leasing will be used following due diligence, comparing the financial and non-financial benefits and risks to the Council versus owning such assets outright.
- **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)). Before the start of each financial year the Council should prepare a statement of its policy on charging MRP in respect of that financial year and submit it to full Council for approval. The statement should describe how it is proposed to discharge the duty to make prudent MRP charges during that year. The method to calculate MRP is set out in section 1.6 below 'The 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 set aside to fund capital expenditure.
- **Grants:** there are Government grants and grants from external organisations. These can be used towards specific works that the Council can often bid for or can be non-specific.
- **Section 106 agreements and Community Infrastructure Levy (CIL):** if a new development is undertaken within the City, the Council is legally entitled

to ask for assets or money to mitigate the impact of the development. Wherever possible these contributions are used towards the financing of eligible capital spend.

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.

1.5 Cost of the Capital Programme

In the 2026/27 budget, the Council is planning capital expenditure as summarised below:

	2024/25 actual	2025/26 forecast	2026/27 budget	2027/28 budget	2028/29 budget
Replacement Programme Updated Budgets Require Approval	£3.558m	£5.393m	£8.013m	£5.966m	£6.337m
Capital Projects – Forecast Variations Require Approval	£31.213m	£26.853m	£22.482m	£5.401m	£5.943m
New Capital Submissions 2026/27 – Additional Budget Requires Approval	£0.000m	£0.126m	£6.439m	£0.060m	£0.000m
Existing Provision for Building Condition Works – Require Approval	£0.000m	£0.812m	£3.207m	£0.641m	£0.000m
New Provision for Building Condition Works – Require Approval	£0.000m	£0.000m	£0.607m	£1.182m	£0.378m
TOTAL	£34.771m	£33.184m	£40.748m	£13.250m	£12.658m

Details of the programme can be found in the Budget Report 2026/27.

This forecast expenditure has been assessed following a full review of the existing programme by Management team. Some schemes previously removed from the approved programme remain on the Unapproved Priorities list as they are considered as possibly being unaffordable or the expected costs have not been validated. An example of this: the proposal for the new cemetery and crematorium infrastructure was removed until an updated business case is brought forward.

Basis for Estimating Future Costs

The above table reflects the forecast capital programme including new scheme proposals and known replacement items. These costs are reflected in the Budget Report 2026/27 and variations from previously reported costs require approval.

The replacement programme will be approved for the years 2026/27 and 2027/28. The two-year approval provides services with the ability to better manage their replacements. They can move items between the two years should it be necessary and are able to place orders in advance as some vehicles have over a year lead-in time for delivery. As the budgets will be approved in advance of spend, a provision for increases in price has been included. Use of this provision will be delegated to the s151 Officer.

There is a high risk that scheme costs will increase due to inflation and supply and demand. Annual reviews of approved scheme budgets will be undertaken to identify and seek approval for the consequences of inflation.

The table includes provisions for works which have been identified from building condition surveys. Decisions will need to be taken on the affordability and priority of these works. Feasibility and option appraisals will be carried out and business cases will need to be completed for some of the larger more complicated projects such as the Riverside Chiller Unit. A delegation is in place to enable the provision to be drawn down as more certainty of the costs is achieved.

The building condition surveys are carried out as part of a rolling programme so additional provisions will be required in future years.

The replacement programme is continually being reviewed by Service Managers to ensure that there is a full cycle of replacements included in the programme. This review has led to an increased replacement programme cost and further reviews could result in additional cost.

This capital programme has been based on what is affordable. Long-term unfunded priorities will only be included when they become affordable.

The planned financing of the whole programme and replacement items is shown in the table below.

	2024/25 Actual	2025/26 Forecast	2026/27 Budget	2027/28 Budget	2028/29 Budget
Capital Receipts	£1.655m	£0.470m	£0.200m	£0.200m	£0.200m
Grants and Contributions	£28.337m	£25.714m	£6.564m	£1.966m	£2.739m
Revenue Contributions	£0.003m	£2.340m	£1.464m	£1.487m	£1.491m
Borrowing	£4.464m	£4.430m	£30.932m	£9.507m	£6.464m
Finance Leases	£0.312m	£0.230m	£1.588m	£0.090m	£1.764m
TOTAL	£34.771m	£33.184m	£40.748m	£13.250m	£12.658m

1.6 Borrowing strategy

The table above shows that the Council will need to borrow to fund its Capital spending.

For details on the governance for Council borrowing, please see Appendix 2 of the Treasury Management Strategy.

Impact of IFRS16 Implementation

Changes to accounting regulations came into effect on the 1st April 2024 which required conversion and restatement of operational leases and contract hire to finance leases. The effect of this conversion is that the outstanding liability on the leases is now shown as a debt on the balance sheet. The conversion increased the level of debt held on the Council's balance sheet.

The converted debt balances at 31st March each year for Private Sector Landlord (PSL) Leases are shown in the table below as they need to be reported and included in the Authorised Limit and Operational Boundary borrowing limits. The costs and income associated with these leases are reflected in service revenue budgets to ensure that the complete cost of housing services can be shown.

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.

The table below highlights the requirement for external borrowing to finance the capital programme.

Estimates of Gross Debt and the Capital Financing Requirement	31.3.2025 Actual	31.3.2026 Forecast	31.3.2027 Budget	31.3.2028 Budget	31.3.2029 Budget
Leasing (Debt)	£1.537m	£1.086m	£1.900m	£1.351m	£2.333m
IFRS16 Conversion PSL Debt on Balance Sheet	£4.288m	£3.506m	£2.692m	£1.838m	£0.941m
External Borrowing	£11.000m	£20.000m	£60.000m	£68.000m	£68.000m
Total "External Borrowings"	£16.825m	£24.592m	£64.592m	£71.189m	£71.274m
Total Capital Financing Requirement (CFR)	£45.448m	£48.017m	£78.077m	£84.460m	£88.595m
Internal Borrowing (makes up the difference between CFR and external borrowings)	£28.623m	£23.425m	£13.485m	£13.271m	£17.321m

Although new borrowing to finance capital spend is forecast to be £31m, the Council is expected to increase its external borrowing by £40m in 2026/27. This is because resources such as CIL that had been used as internal borrowing for previous expenditure are now funding (applied to) new expenditure, so internal borrowing becomes externalised.

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 those short-term assets with a life of less than 10 years an average life year rate will be applied. When calculating the MRP charge, Interest based on the PWLB annuity rate for a loan with a term equivalent to the life of the asset will be used. For assets acquired under leases, the principal repayment inherent in the lease will be used as the basis for MRP in respect of those assets. When this is not available PWLB rates will be used. 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 the one in which the expenditure is incurred or the first year following the one in which the asset becomes operational.

Affordability of the Capital Programme

The table overpage 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 and whether it is affordable. There are limited sources of new capital financing available, so some additional capital spending will be financed by borrowing. The Council will only commit to additional capital spending where it is affordable. The Council must take a prudent approach to new borrowing, any business cases brought forward must be robust and include forward predictions of affordability, with the aim that projects should be self-funding.

The table provides an indication of the cost to the revenue budget of repaying borrowing, both MRP and interest on external borrowing. Some of the capital schemes, earmarked for being financed by borrowing, will provide an income which will offset the cost of the MRP and interest. The revenue budgets for these schemes have not yet been included. These financing costs could vary due to the timing of the capital spend and the interest rate when the financing is sourced. The borrowing costs included below assume interest rate assumptions made in the Treasury Management Strategy.

Affordability Indicator: Financing Costs to Net Revenue Stream

This is an indicator we are obliged to publish under the Prudential Code. This is the cost for finance arranged for borrowing (MRP, Interest and all leasing including PSLs) and does not include income generated by those assets.

	2024/25 Actual	2025/26 Forecast	2026/27 Budget	2027/28 Budget	2028/29 Budget
Total Financing Costs (excludes income generated by capital schemes)	£2.407m	£2.830m	£4.226m	£5.658m	£6.629m
Affordability Indicator					
Net Revenue Stream	£29.186m	£29.770m	£30.365m	£30.972m	£31.590m
Ratio of financing costs to Net Revenue Stream	8.25%	9.51%	13.92%	18.27%	20.98%

The net revenue stream does not take into account the income generated on capital schemes which understates the cost benefit from self-financing schemes and overstates the ratio.

The table below provides a reconciliation back to table 17 in the 2026/27 Budget Report. The adjustments include the removal of PSLs. The costs and income associated with these leases are reflected in service revenue budgets to ensure that the complete cost of housing services can be shown.

	2024/25 Actual	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Total Financing Costs of Capital Programme from Table above	£2.407m	£2.830m	£4.226m	£5.658m	£6.629m
Technical adj. and new schemes financing removed to tie back to budget includes adj. for PSLs, interest and Self-financing schemes	-£2.805m	-£1.295m	-£1.816m	-£2.427m	-£2.428m
Net Revenue Financing Costs	-£0.398m	£1.535m	£2.410m	£3.231m	£4.201m

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 is shown in the table below.

	2025/26 limit	2026/27 limit	2027/28 limit	2028/29 limit
Authorised limit – total external debt	£50m	£85m	£90m	£90m
Operational boundary – total external debt	£28m	£68m	£72m	£72m

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 potential external borrowing.

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 strategies and review year-end performance.

1.7. Sustainability – Capital Funding

Capital Receipts from Disposals

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 provides Members with the ability to gain assurance of the affordability and sustainability of the capital expenditure plans.

The Council has a plan for disposals of assets. The Council will be considering plans to dispose of several sites in the period up to the end of March 2029. Not all disposals will result in a capital receipt and there may be other benefits such as nomination rights for the use of affordable housing developed by Registered Social landlords (RSLs) on previously owned Council sites. There could be revenue costs associated with the disposal of assets and a loss of income which should be considered before a decision is made on the disposal.

Sites Under Consideration for disposal are listed below. Individual values of estimated receipts are not shown for commercial reasons.

1. Chelmer Waterside
2. St Michaels Drive Roxwell Garage Site
3. Pease Place East Hanningfield
4. Glebe Road South Car Park
5. Rectory Lane East Car Park
6. Medway Close Garage Site
7. George Street Car Park
8. Railway Street Car Park
9. Odeon Meadows Land
10. Waterhouse Lane Petrol Station

11. Writtle Street Car Park (Land at Cricket Club)
12. Commercial site Land at Westway
13. Various Council owned dwellings currently used as temporary accommodation

Reports have been approved for disposal of items 2-8 and 11 above.

A more cautious approach to the timing of receipts has been taken to move towards a 'worst-case' funding assumption reflecting economic conditions. The development potential of some larger sites is being considered but, due to the uncertainty of the developments and the timing, no receipts are being shown for the period up to 31/3/2029.

On the 31/3/2029 there are no forecast material holdings of capital receipts from asset sales. All of the smaller receipts collected will have been applied 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 and the affordability of borrowing will need to be kept under review.

Where a disposal results in a receipt it should be carefully considered how that receipt should be applied to the funding of the capital spend.

Funding of the Replacement Programme

The Council will need to borrow against shorter-life assets to fund them. The forecast borrowing for 2026/27 is £30.9m where replacements for short-life assets is approximately 10% of this but represents 26% of the MRP charge for this spend. This is due to the MRP on short-life assets being spread over a shorter number of years resulting in higher annual MRP charges relative to longer-life one-off capital.

From 2026/27, the ongoing contribution from revenue to fund capital has been increased from £0.369m to £1.369m and this has been included in the budgets. This additional £1m revenue funding will be used to fund short-term replacement assets which will reduce the financing cost of the capital schemes. £1m of borrowing on short-term assets with a 7-year life would result in interest and MRP costs of an estimated £175k per annum.

Although an additional £1m contribution from revenue will be used towards funding short-term assets from 2026/27, it is expected that there will still be a need for short-term replacement assets to be funded by borrowing. The table below provides details of the proposed funding of the replacement programme.

Funding Capital Replacements	2025/26 forecast	2026/27 budget	2027/28 budget	2028/29 budget
Funded Spend	£4.215m	£3.241m	£1.626m	£1.610m
Borrowing	£1.178m	£4.772m	£4.340m	£4.727m
Percentage of replacements funded by borrowing	22%	60%	73%	75%

2026/27 budget includes £1.4m Disabled Facility Grant (DFG) spend funded by grant not included in later years.

As part of LGR, merging authorities will rationalise assets, including short-life assets. The cost of the capital will be reviewed and amended by the new authority.

Risk

To reduce the risk of overspends, it is intended that wherever possible budgets should only be approved following completion of a business case when validated/robust scheme costs have been identified allowing for suitable contingencies and inflation. Once schemes are approved, regular monitoring is undertaken to identify those schemes at risk of overspending or not being delivered on time so that appropriate action can be taken. To support risk management, a corporate project management “tool kit” for officers undertaking large projects is available.

As part of capital planning, a number of potential future projects or needs for additional funding have been identified. These are included in the Unapproved Priorities List (Annex 1). The list will be kept under review, which should improve planning of capital financing and minimise the risk of allocating resources against lower-priority schemes. This will likely be impacted by LGR and the introduction of the section 24 notice.

The updating of building condition surveys has reduced the risk of not identifying high-need capital spend in a timely manner and improved prioritisation in the short term. As these are carried out on a rolling programme there remains a risk that future capital costs have not been included in later years. The next round of condition surveys is due in 2028/29 which will improve the accuracy of longer-term forecasting of costs.

As the Council continues to improve its identification of replacement and refurbishment need, this could result in additional cost. The extra cost will be from services identifying items for replacement which have not been included previously in plans and the need replacement with a higher modern equivalent specification.

The resourcing of the capital spend has been based on assumptions of receipts, grants and contributions being received and applied. To minimise risk, these assumptions have been prudent, however circumstances outside of the Council’s control, such as economic environment, may impact on the timing of receipt of resources.

Future decisions in relation to the method of application of Community Infrastructure Levy to priority schemes may lead to an increase in borrowing costs but may aid prioritisation of funding long-term priorities.

Summary

The responsibility for decision-making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with Full Council. The level of the Council’s borrowing is significant, reaching a forecast £88.6m by March 2029 with a rising revenue cost, but these matters will be addressed as part of LGR when councils are merged and capital programmes reviewed.

All members need to be fully informed as to all implications of capital investment decisions, in particular those funded from borrowing. Council is asked to approve the ‘Authorised Limit for External Debt’ as shown in the table in section 1.6, £85m in 2026/27.

The borrowing and financing figures discussed do not include any costs for scheme proposals on the Unfunded Priorities list (Annex 1). These should be reviewed and brought forward for consideration on the basis of priority and affordability.

Due to the timing and uncertainty of receipts from disposals, this strategy is currently based on the assumption that there will not be any large receipts in the period covered by the report. If capital receipts are realised for some of the larger strategic sites, such as Chelmer Waterside, within this period, there will be significant benefits to the forecast.

Regular reporting and reviews of capital schemes costs, condition surveys and resources will ensure capital plans remain affordable.

Treasury Management Strategy

- 1.1 Treasury Management at Chelmsford City Council is conducted within the code/framework set by the Chartered Institute of Public Finance and Accountancy. *Treasury Management in the Public Services: Code of Practice 2021 Edition* 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 arises 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 purely to invest or lend on to make a return is unlawful and this Council will not engage in such activity. The borrowing to fund the capital programme is allowed and including borrowing up to a year in advance to secure the funding or de-risk the interest rates. Officers will aim to minimise borrowing costs by investing surplus cash based on forecast cashflow needs.
- 1.5 In the event of unforeseen major changes to the external environment or financial plans of the authority, 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 and debt management activity arising from the organisation's cashflows, taking into account the capital programme. Non-treasury investments will be covered separately under the Investment Strategy (Appendix 2). The monetary limits on borrowing will be set in the Capital Strategy which forms part of the 2026/27 budget papers going to Cabinet and Council in January and February.

2. External Context

- 2.1 The macroeconomic environment has a significant impact on the Council's treasury operations via inflation, interest rate and counterparty risks.

The Council obtains advice on macro-economic issues from its Treasury advisor, MUFG Corporate Markets, and public news sources.

The Economic Environment and Interest Rate Forecast

- 2.2 The Bank Base Rate was maintained at 4.00% in November 2025 by the Bank of England's Monetary Policy Committee (MPC) where the last cut was in August 2025 of 0.25%. At the December meeting the Bank Rate was reduced to 3.75%. Interest rates are generally expected to fall further.
- 2.3 GDP growth for 2025-2028 is currently forecast by the Office for Budget Responsibility to be in the region of 1.5%.

CPI inflation continued to drop in November to 3.2% from 3.6% in October, whilst core inflation fell to 3.2%. Services inflation fell at 4.4%. A further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.

The number of job vacancies in the three months to November 2025 stood at 729,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.

A looser labour market is driving softer wage pressures. The 3-month year-on-year rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.6% in September. The rate for the private sector slipped from 4.3% to 4.2%.

- 2.4 The Council has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. MUFG Corporate Markets. Below is their latest forecast after the Bank of England rate change in December. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps. The table does not reflect the Bank of England interest rate cut in December. MUFG Corporate Markets will be revising their interest rate forecast after the December MPC meeting. In summary interest rates are expected to fall.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

3. Forecast cashflow and external borrowing for the City Council

- 3.1 Forecast year-end investment balances are in the table below. These are best estimates at this stage (*Please note: if any changes are made to the capital programme in the budget, then the figures below will be amended before the report is presented to Council by the s151 officer.*)

	31/03/2025 Actual (£m)	31/03/2026 Forecast (£m)	31/03/2027 Forecast (£m)	31/03/2028 Forecast (£m)	31/03/2029 Forecast (£m)
Year-end investment held	23	12	17	17	17
Cumulative External Borrowing	11	20	60	68	68

In practice, the amount of borrowing could well be lower than the forecast due to slippage in capital expenditure and CIL incoming arriving earlier than expected. The forecasts made by officers over the last few years have shown the correct trend but significantly overstated the amount of borrowing needed.

Within the £40m of increase in external borrowing forecast in 2026/27, the value of items certain to occur is £10m and the balance £30m of items can be said to be likely to be spent. However, historic experience does highlight the risk that this type of assessment can be materially wrong leading to overstating the level of external borrowing. The TMISC has been provided with confidential details on the assumptions made in the cashflow forecasting.

- 3.2 Cash/ Investment forecast:

During most months, the cash balance can rise and fall by up to £15m due to receipt of various income and payments including precepts to other Essex bodies. The Council should therefore aim to keep sufficient cash in hand to manage these fluctuations and allow for unknown risks.

The Government consulted on proposed changes to the Council Tax regime, and it is expected that, from 2026/27, Council Tax will be collected over 12 instalments by default rather than the 10 instalments that we have been previously used to. The result of this is the Council will no longer benefit from a lift in cashflow at the beginning of the year and fall later in the last two months when traditionally less Council tax income would come in.

A minimum of £10m of investments needs to be held by the Council to satisfy money market regulations (MiFID II requirements required £10m to enable the Council to maintain its professional client status). An investment balance below £10m will reduce the counterparties (banks etc) willing to transact with the Council. £10m should therefore be the minimum average balance targeted.

The Council's officers will aim to hold a continuous £17m of cash and investments made up of £10m cash held for liquidity and a maximum £7m of long-term investments. The Council will borrow where necessarily to maintain its liquidity balance.

The £17m reflects a proposal to increase the liquidity allowance from the previous £5m to £10m due to the Council entering a period of borrowing and advice from the treasury

advisors suggesting the £5m is low. The long-term investments are supported by reserves and other balances in section 4.

The principles to establish how we borrow are in Section 3 below and how investments should be managed are discussed in Section 4 below.

3.3 Borrowing Forecast:

The Capital Strategy published with the Revenue 2026/27 budget papers will include debt limits reflective of the 2026/27 budget.

The CFR (Capital Financing Requirement) is the amount of capital expenditure the Council has financed by (internal and external) borrowing. The capital strategy will update the forecast of the CFR. The table below shows current estimates. This may be amended by s151 before this report is taken to Council.

	March 2025 Actual £m	March 2026 Forecast £m	March 2027 Forecast £m
Capital Financing Requirement	45.4	48.0	78.1
Made up of:			
Surplus cash internally borrowed	28.6	23.4	13.5
External Debt (leasing)	5.8	4.6	4.6
External Borrowing	11.0	20.0	60.0

The Council does reduce investments by internally borrowing the cash (balance sheet resources) to fund the capital programme instead of external loans. This can lower financing costs payable by the revenue budget compared to external borrowing.

4.0 How we intend to Borrow

4.1 This section of the strategy sets out the Council's methods to borrow. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. Long-term borrowing is only used to fund the capital programme so the level of borrowing will never exceed the CFR (Capital Financing Requirement) for any meaningful amount of time. As previously stated in Section 3.3, the CFR is the amount of capital expenditure the Council has which will be financed by internal or external borrowing. The CFR will be determined by the decisions in Budget Report 2026/27.

4.2 The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with external loan debt, as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels. The Section 151 Officer will monitor the position to determine the optimal mix of internal and external borrowing. To seek to strike a balance between minimising interest costs, securing certainty of borrowing costs and ensuring sufficient liquidity.

- 4.3 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 4.4 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).

- 4.4 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 PWLB will not lend to an authority that plans to buy investment assets primarily for yield. The Section 151 Officer must certify to the PWLB 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 purchase of investment assets primarily for yield should not be considered. This is recommended not only due to the reduced rates available through PWLB but due to the backstop accessibility of this source of borrowing.

- 4.5 Officers can undertake borrowing within the constraints the following debt indicators, the amounts for each are approved 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 of external debt is lower, 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. A sustained or regular trend above the Operational Boundary would require investigation and appropriate action.

The calculations are linked to the CFR (the overall borrowing needed to fund the capital programme).

During the financial year TMISC will receive reports on how any borrowing compares to the indicators.

In Annex 3 of this report, Prudential Borrowing and Investment indicators are shown.

- 4.6 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

5 How we intend to Invest

5.1 Investment objectives are in order of priority:

- 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 2026/27 a target of at least £10m 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.

5.2 **Annex 3** sets out the background detail relating to counterparties, also limits of size of investment and durations. These are unchanged from previous years.

5.3 The institutions the Council can invest with are well-capitalised. General credit conditions across the sector are expected to remain benign, limiting the chances of losses to the Council. However, 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.

5.4 Public Bodies provide much less risk as investment counterparties, but yields can vary depending on the liquidity available within the market. The Council will consider security, liquidity and return when reviewing new investments over different organisations and different investment categories (pooled funds, public bodies, etc.) to provide a satisfactory balance of security of capital and return. The City Council will avoid lending to councils that have a section 114 notice but there is no evidence that a s114 notice makes a loss of investment more likely.

5.5 Changes in valuation of the multi-asset fund holding under IFRS9 accounting standards are chargeable to a company's profit and loss in the financial year. For a Council, if IFRS9 were applied, it would mean the local taxpayer meeting valuation changes through the general fund as cost or gain even if they were due to temporary volatility. The Government has extended the IFRS9 statutory override to apply to existing local authority investments in pooled investment funds that were made before 1st April 2024. The government has extended this specific override for these existing investments until 1st April 2029, to provide local authorities with additional time to manage their investment strategies.

However, any new investments in pooled investment funds made on or after 1st April 2024 are subject to the standard IFRS9 accounting requirements, meaning fair value movements must be recognised directly in the general fund. The override prevents these "paper" fluctuations from immediately impacting the authority's revenue accounts and annual balanced budget requirement.

Additionally, IFRS9 impacts the write-down in the valuation of impaired loans.

5.6 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 Council's approach does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.

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.

Therefore, externally managed funds will be required have regard for ESG, but this is not possible for internally managed bank deposits and short-term investments (money market funds).

5.7 The Council's cashflow and need to borrow mean officers expect investments during 2026/27 to be relatively short in duration with main purpose to manage liquidity, with the exception of the multi-assets funds which are regarded as long-term holdings but kept under review by s151 and who is delegated to make decisions regarding their use.

5.8 In practice:

- officers will most likely invest in short-dated money-market funds, as they offer the best way to manage liquidity and reduce investment risk (by spreading counterparties).
- The use of multi-asset funds would probably be reduced over the next few years, given the gradual move to long-term borrowing. However, there will be significant changes to cash and debt holdings due to LGR over the next three years. The decisions regarding the continued use of multi-asset funds will need to be assessed in that light and fund performance.

The indicative budget for interest income for 2026/27 is £800K based on an average investment portfolio of £21m at an interest rate of 3.7%. If actual levels of investments or actual interest rates differ from those forecasts, performance against the budget could be significantly different. The interest income is highly dependent on the timing of capital programme expenditure

6 Role of the Treasury Management and Investment Sub-committee

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

6.2 Reporting and reviewing of treasury management activity will include

- Monitoring Treasury management indicators (**Annex 4**): The code requires local authorities to have regard to certain treasury indicators. The indicators will assist in measuring and managing the Council's exposure to Treasury Management risk in 2026/27. The 2021 Prudential Code introduced Prudential 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 reporting is three times a year to TMISC or Cabinet. Officers believe the existing 3 meetings of the TMISC are sufficient.
- The indicators include some limits and some indicators. Limits should not be breached, and if they are, TMISC should report that to Full Council, whereas

indicators can be breached during the year if necessary. TMISC should seek clarification on why an indicator is breached and seek appropriate actions.

Investment Strategy

This document ensures compliance with the requirements of the CIPFA Prudential Code and the Ministry of Housing, Communities and Local Government (MHCLG) guidance on local authority investment. The CIPFA code and MHCLG 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

1. The types of non-cash investments
2. How Council monitors performance
3. The role of the sub-committee

1 The types of non-cash investments

1.1 Investment Primarily for Yield (overarching principle)

Guidance from the PWLB issued in 2020/21 bans any local authority from borrowing from it if, in the current or following 2 years, the authority has plans in its capital programme to invest in assets to be held 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. 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 CIPFA 2021 Prudential and Treasury Management best practice code is explicit that authorities must not borrow for the primary purpose of earning a financial return.

1.2 Service Investments: Loans and Shareholdings

These cover making loans to, and buying shares in, local service providers, local small businesses to promote economic growth, and, for some authorities, subsidiary companies that provide services. Considering 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. 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: -

Category of borrower	31 March 2025 Actual			2025/26	2026/27
	Balance owing	Loss allowance	Net figure in accounts	Forecast	Approved Limit
Chelmsford City Football Club	£0.021m	£0.021m	£0.000m	£0.000m	£0.0m
CHESS (Support for Homeless Service)	£0.478m	Nil	£0.478m	£0.462m	£0.467m
Maximum New loans if required.	Nil	Nil	Nil	Nil	£10.000m
TOTAL LIMIT	£0.499m	£0.083m	£0.478m	£0.462m	£10.467m

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 football club has made the final payment during 2025/26, and the loan repayment has been cleared.

CHESS took out a loan from the Council in March 2025 of £0.478m that is secured against their asset. Repayments of this loan started in April 2025 and all monthly payments have been made to date.

The Council will monitor the financial position of the recipient or potential recipient using (but not limited to) 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 an allowance for losses on 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.

There may be times to approve items outside this process, due to urgent health and safety issues for example, or the need to respond quickly to market opportunities. These changes will need approval in line with the constitution.

1.3 Commercial Investments:

MHCLG 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 or refurbishment works.

There was a fall in valuation mainly resulting from the transfer of Lockside land into Surplus and the valuation on 1 Springfield Lyons building as a result of property being

vacant and refurbishment works to the building. The value of Meadows Retail Shopping Centre fell due to low rents and occupancy.

Property Type	31.03.2024	31.3.2025 Actual				
	Value in accounts	Acquisitions In Year	Disposals In Year	Transfers to PPE in Year	Works/ Additional Gains or (losses)	Value in accounts
Office	£15.65m	£0.00m	£0.00m	£0.03m	£-1.52m	£14.16m
Other	£4.65m	£0.00m	£0.00m	£-2.38m	£0.12m	£2.38m
Retail	£33.79m	£0.00m	£0.00m	£0.00m	£-0.04m	£33.75m
Industrial	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m
TOTAL	£54.09m	£0.00m	£0.00m	£-2.35m	£-1.44m	£50.29m

Property Type	31.03.2025	31.3.2026 Expected				
	Value in accounts	Acquisitions In Year	Disposals In Year	Transfers to PPE in Year	Works/ Additional Gains or (losses)	Value in accounts
Office	£14.16m	£0.00m	£0.00m	£0.00m	£0.19m	£14.35m
Other	£2.38m	£0.00m	£0.00m	£0.00m	£0.03m	£2.41m
Retail	£33.75m	£0.00m	£0.00m	£0.00m	£0.03m	£33.78m
Industrial	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m	£0.00m
TOTAL	£50.29m	£0.00m	£0.00m	£0.00m	£0.25m	£50.54m

The Council will consider the purchase of 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.

1.4 Loan Commitments and Financial Guarantees

The Council has entered into a new loan agreement with CHESS (Support for Homeless Services) of £478K to help finance their redevelopment of a Homeless Accommodation in March 2025.

2 How Council monitors performance

2.1 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 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 & Investment Strategies create. The Council therefore provides training for members on the appropriate issues by providing advice and access to MUFG, 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 MUFG as Treasury Management Advisors and external property valuers are engaged when undertaking material purchases.

2.2 Investment Indicators (Limits or Indicators)

The Authority must set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure because of its investment decisions.

1) Total investment risk exposure (indicator): 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.

Total investment exposure	31.03.2025 Actual	31.03.2026 Forecast	31.03.2027 Forecast
Treasury management investments	£22.8m	£11.6m	£16.6m
Service investments: Loans	£ 0.5m	£0.5m	£0.4m
Commercial investments: Property	£50.3m	£50.5m	£58.4m
TOTAL INVESTMENTS	£73.6m	£62.6m	£75.4m

The commercial property forecast values shown above are projected changes. It has been assumed that valuations remain relatively static in 2025/26, with increase in 2026/27 resulting from the planned reletting of 1 Springfield Lyons.

2) How investments are funded (indicator): Investments funded from borrowing have more risk than those funded from surplus resources, so Government guidance is that there should be indicators on how investments are funded. Since the Authorities do not normally associate particular assets with specific borrowing liabilities, this guidance is difficult to comply with. However, the following table probably best describes any borrowing link to investments.

Investments funded by borrowing	31.03.2025 Actual	31.03.2026 Forecast	31.03.2027 Forecast	31.03.2028 Forecast
Service investments: Loans	£0.5m	£0.5m	£0.5m	£0.4m
Commercial investments: Property*	£6.7m	£7.9m	£9.5m	£9.3m
Total funding by borrowing	£7.2m	£8.4m	£10.0m	£9.7m

In 2019/20 to alleviate the temporary costs of the pandemic, the Council choose not to make revenue contributions to capital. 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 in 2027 relates to remodelling works to existing properties and development of existing sites.

3) Rate of return received (indicator): This indicator shows the net investment income received less the associated costs, including the cost of borrowing where appropriate, calculated as a proportion of the sum initially invested.

The increase in income for 2026/27 assumes the let of 1 Springfield Lyons.

Investments net rate of return (income)	2024/25 Actual	2025/26 Forecast	2026/27 Forecast
Treasury management investments	4.9%	4.1%	3.6%
Service investments: Loans	N/A	5.4%	5.4%
Commercial investments: Property	5.8%	6.1%	6.3%
Treasury Management Income (draft estimate 26/27)	£1.8m	£1.0m	£0.8m
Investment Rent Income (draft estimate 26/27)	£2.9m	£3.1m	£3.7m

4) Other investment indicators

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

Estimates	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Income from Treasury Management as Percentage of Net Revenue Stream	3.9%	2.2%	1.6%	1.6%	1.4%
Commercial Income as percentage of Net Revenue Stream	11.8%	12.2%	14.0%	13.7%	13.5%
Total Borrowing Undertaken to Fund Investment Properties	£6.7m	£7.9m	£9.5m	£9.3m	£9.2m

The estimates/indicators reflect historic decisions, and the schemes included in the proposed/approved Capital programme.

5) Investment Indicator Limits

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 any further investments except for short-term Treasury Management activity until appropriate alleviation of the breach is undertaken.

Limits	2025/26 Limit	2026/27 Limit	2027/28 Limit	2028/29 Limit
Commercial Income as percentage of Net Revenue Stream	19%	19%	19%	19%

3 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.

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

Unfunded Priorities List Identified December 2025

	Proposed Schemes	Brief Overview of Proposal
	<u>Leader</u>	
1	Accommodation Strategy – Coval Lane Building	To relocate staff in Coval Lane to Duke Street with the intention to rent out the majority of the Coval Lane Building with the aim of covering fixed costs whilst also generating a rental income.
	<u>Active Chelmsford</u>	
2	SWF Leisure Gym & Studio expansion	To convert existing "gym" to enhance health & fitness facilities to enable daytime use in line with the swimming pool
3	Hylands Walled Garden	To bring walled garden into use (TBA) with a commercial partner. Feasibility, followed by market testing – will likely need some CCC financial input.
	<u>Strategic Outdoor Sports Provision</u>	
4	Melbourne Park Changing Room Pavilion, Flood lighting and surface replacement of multi-sport Courts	Enhancement of existing community facility
5	Coronation Park additional Rugby Pitch	Provision of additional facility for community
6	Additional 3G Pitch – Warren Farm Sports Area additional floodlit artificial pitch	Provision of additional facility for community
7	Saltcoats Park and Compass Gardens – new cricket and football facilities and sports pavilion	Provision of additional facility for community
	<u>Connected Chelmsford</u>	
8	Museum Re-imagining The Bothy, Oaklands Park	Adaptations to expand use of asset
	<u>Greener Chelmsford</u>	
9	Sandford Mill Future Use of Area	
10	Rivers, Waterways and bridges – development and improvement	Parks, Green Spaces and Waterways Strategy 2022 and Improvement Plan for Rivers and Waterways Policy Board 2022
11	Cemetery and Crematorium Infrastructure	To enable provision of current service at new location
	<u>Growing Chelmsford</u>	
12	Local Plan Digital Platform	Replacement digital solution to engage, prepare, consult and monitor future Local Plan
13	Public Realm – Market Square (1)	Enhancement to Market Square to make the space more attractive and active
14	Public realm – Half Moon Square to Stone Bridge (2)	Improve public realm in city centre
15	Public Realm – Stone Bridge to Baddow Road (3)	Improve public realm in city centre

16	Public Realm – Springfield Road (4)	Improve public realm in city centre
17	ECC Army and Navy Contribution	Contribution to ECC to enable development of highways
18	ECC East Chelmsford Cycling & Walking Connectivity	Contribution to ECC to enable works
19	Q-Tech Park	Economic development initiative
20	Car Parking – Future requirements	Potential decked car park
21	North-East Chelmsford Garden Community Infrastructure Ringfenced CIL	New development
22	South Woodham Ferrers Town Infrastructure – Ringfenced CIL	Improve facilities
23	Land Bank	To create a provision to acquire new land for the future (not from CIL)
24	Park and Ride	Additional facility

Treasury Investment Types

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 days' notice to withdraw funds.

The Council invests short-term cash in several AAA-rated money market funds. These funds provide a rate of interest (3.97%-4.04% at 12th December 2025) 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 investment over many financial institutions, so reducing risk. Historically the funds have proved very safe.

UK Public Bodies. Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts are all investments with the UK Central Government. These are the safest possible form 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.

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 to which the Council lends have either remained the same or improved because of ringfencing. The Council believes that it is prudent to invest with banks who are on MUFGE suggested lists. MUFGE only suggest investments with UK banks for up to 6 months for the majority of those listed. The Council differs from MUFGE advice in terms of the length of investment, up to a period of 365 days. But only if the credit rating criteria (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 MUFGE list.

Unsecured building society investments. MUFGE recommend a pool of Building Societies that it suggests clients could invest with. Where our criteria do differ to MUFGE relates to the suggested duration periods where MUFGE only recommend up to a maximum of 6 months. The Council current policy goes beyond MUFGE 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 MUFGE. 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 MUFGE based on duration.

Unsecured Non-UK bank investments. MUFGE has different the approach for investment with non-UK banks compared to UK banks. This reflects the different risks and ownership structures that affect the security of the investment. The Council first uses MUFGE 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 MUFG advice in terms of the length of investment, if the credit rating criteria above are met. The Council will not invest with any bank that is not on the suggested MUFG list. In practice, the Council's approach is more conservative than MUFG 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 MUFG where the suggested duration is up to 2 years for the non-UK banks with a rating of AA-.

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.

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 MUFG 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.

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 which concluded that Multi-Asset, Bond and Property funds provide a suitable method to invest Council funds.

As at the end of November 2025, the Council has an investment of around £6.6m in 2 Multi-Asset funds.

Counterparty – Duration and Monetary Limits

The Council uses credit ratings and MUFG's advice to determine suitable counterparties. MUFG 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.

Link 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 result is a series of colour-coded bands which indicate the relative creditworthiness of counterparties.

The Council's policy has been and is recommended to differ from MUFG 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 and slightly less Counterparties than suggested by MUFG, but still maintains diversification of investments and security of the Council's assets.

The duration that an investment is made affects the amount 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's 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:

Specified Investments				
- 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).				
Specified Counterparty	Minimum Credit Criteria	Max. Limit £m	Max. maturity period	Change from Prev. approach
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 Treasury Bills or Gilts	UK Government	No Limit	365 days	None
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 2025/26 is £3m per financial institution and it is recommended that this is retained for 2026/27. 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 many institutions who will not accept £3m from the Council as this is too small for them.

Non-specified Investments

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.

Counterparty	Min. Credit Criteria	Max. Limit £m	Max. maturity period	Change from existing approach
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

Treasury Management Indicators

Limits

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

Price Risk Indicator	2024/25	2025/26	2026/27
Limit on total principal invested beyond year end	£10m	£10m	£10m
Investment Funds	£8m	£8m	£8m

The £8m shown is a maximum limit for investment funds which have no fixed maturity date such as Multi Asset. 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, which is unlikely.

- 2) **Counterparty limit** – The Council will be informed whether investments have been made within the approved limits for counterparties and any breaches will be reported during the year. The limits are shown in Annex 3.

3) Maturity structure of borrowing:

These gross limits set to reduce the Authority’s exposure to large amounts falling due for refinancing in a short space of time. Officers will have regard to prevailing interest rate assumptions when undertaking borrowing.

The Council is asked to approve the following treasury indicators and limits: -

Maturity structure of fixed interest rate borrowing 2026/27		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	50%
10 years to 25 years	0%	50%
25 years to 50 years	0%	50%
Maturity structure of variable interest rate borrowing 2026/27		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	50%
10 years to 25 years	0%	50%
25 years to 50 years	0%	50%

The borrowing limits are set within the capital strategy and the above shows the maturity structure of loans.

Indicators that are Targets

- 1) **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	Target
Total minimum cash available within 35 days	£10m

2) Liability Benchmark (indicator):

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	31/03/25 Actual (£m)	31/03/26 Forecast (£m)	31/03/27 Forecast (£m)	31/03/28 Forecast (£m)	31/03/29 Forecast (£m)
1	Capital Financing Requirement (CFR)	45	48	78	84	89
2	Less: Balance sheet resources	57	33	28	26	31
3	Net loans requirement (Negative shows surplus cash/ Positive are external borrowing requirement)	-12	15	50	58	58
4	Plus: Liquidity allowance.	14	5	10	10	10
5	Liability benchmark (Total forecast external borrowing) (Negative shows net surplus cash/ Positive are external borrowing requirement)	2	20	60	68	68

<----- Forecast - Externally borrowed ----->

The table above shows

Row 1 our capital financing requirement, being total external and internal borrowing needed to fund the capital programme. The forecast 31/03/26 has capital programme needing £48m of borrowing with forecast external loans borrowing of £20m (ref/row 5).

Row 2: shows the balance sheet resources (cash) available to use as internal borrowing instead of external debt. Where most of the resource is cash from revenue reserves and capital grants.

Row 3 A positive figure means external borrowing is being forecast. However, further allowance must be made to ensure the Council has a minimum level of liquidity cash available (row 4). The higher borrowing than actually needed in 2024/25 meant the Council had more cash to invest resulting in increased liquid funds held in row 4, £14m compared to the £5m minimum liquidity target.

Row 5 shows the forecasts year end external borrowing required. The new projection shows external borrowing needed of £20m at end of 2025/26 and £60m at the end of 2026/27.



Chelmsford City Council Cabinet

27 January 2026

Discretionary Exception to Council Tax Premiums in respect of second homes

Report by:
Cabinet Member for Finance

Officer Contact:
Rob Hawes, Revenue and Benefit Services Manager, 01245 606695,
robert.hawes@chelmsford.gov.uk

Purpose

To determine whether to apply an additional local discretionary exception to Council Tax premiums imposed in respect of second homes and to consider whether to delegate such decisions to Officers in future.

Options

- 1 To agree a limited local discretionary exception to Council Tax premiums imposed on second homes and to recommend the delegation of future such decisions to Officers
- 2 To refuse to agree to extend local discretionary exceptions to Council Tax premiums imposed on second homes
- 3 To not recommend the delegation of future such decisions on discretionary exceptions to Officers

Recommendation

That Cabinet recommends to Full Council to agree the implementation of an additional local discretionary exception to Council Tax premiums imposed on second homes as defined in paragraph 2.4 and to delegate future decisions on such matters to the Director of Connected Chelmsford in consultation with the relevant Cabinet Member (Option 1)

1. Background

- 1.1. At its meeting on 21 February 2024 Full Council agreed to impose a council tax premium of 100% on properties where there is no resident occupier and which are substantially furnished (commonly known as 'second homes') with effect from 1 April 2025. At its meeting on 18 December 2024, Council agreed a range of discretionary exceptions to the application of the 'second home' premium, which extended the statutory exceptions and exemptions created by legislation.
- 1.2. The 'second home' premium has now been in place for ten months and the statutory and discretionary exceptions have served their intended purpose to reduce hardship in cases where it would be unfair or unreasonable to increase the Council Tax liability.
- 1.3. Inevitably there are situations which were not foreseen either by legislators or Officers and this report requests that Cabinet approves a specific technical amendment to the existing discretionary exceptions (Option 1).

2. Proposed discretionary exception to the application of the second home premium

- 2.1. Billing authorities are prevented by statute from charging council tax following the death of the liable person whilst probate or letters of administration are still outstanding. Once probate or letters of administration have been granted, and council tax can again be charged, there is a further 12-month exemption period when the second home premium cannot be charged if the property remains unoccupied but furnished. There is a clear legislative intention not to impose additional charges immediately after a bereavement.
- 2.2. However, where a property is owned by a third party and occupied by a person who has no material interest in that property nor any sort of formal licence to occupy it, such as a tenancy agreement, the exemptions and exceptions in paragraph 2.1 do not apply. Council tax continues to be

charged after the death of the occupier and a second home premium is applied immediately.

2.3. It is proposed that a very specific local discretionary exception is introduced in these circumstances to allow the owner of the property some time to come to terms with the death of the occupier, who is often a close friend, and to decide what to do with the property. It is not possible to override the statutory requirement to levy council tax in this particular circumstance, but the Council does have the discretion not to apply the second home premium.

2.4. The proposal is that the 100% second home premium shall not be applied for a period of six months after:

- an occupier has died and leaves a property, which they neither owned nor had a contractual right to occupy (via tenancy or licence or some other recognised legal instrument), furnished and unoccupied; *and*,
- the owner of the property becomes liable for council tax; and,
- that owner is a private individual; *and*,
- the deceased person was a relative by blood or marriage or some other close personal connection: *and*,
- no council tax probate or statutory second home premium exception can be granted

2.5. The reason for such specificity in the definition is that there is already a statutory exception to the second home premium if a property is put up for let, which would be the situation with respect to a property routinely let on a commercial basis. This proposal gives the owner a breathing space, following a personal bereavement, to decide on their next course of action now that their second home is unoccupied.

2.6. It is not anticipated that there will be many of these cases as only one has arisen since 1 April 2025. The potential financial loss to the Council by not charging the second home premium for six months is less than the cost of using alternative discretionary methods to mitigate the premium once charged. This is because the benefit to the Council of charging the premium is 12% of the total charged, whereas the Council bears the full cost of awarding discretionary hardship relief to cancel out the premium once it has been levied.

3. Delegation to Officers in respect of future local discretionary exceptions to the long term empty or second home premiums

3.1 It is possible that further discretionary exceptions may become desirable in the future and these are likely to be narrow and highly specific in scope. That being the case, Cabinet is requested to recommend to Full Council that a delegation is agreed to allow Officers to define and implement future

discretionary exceptions, subject to consultation and agreement with the relevant Cabinet Member.

4 Conclusion

4.1 This report seeks Cabinet's agreement to implement an additional discretionary exception to the second home council tax premium to reduce residents' emotional and financial distress in limited circumstances. It also suggests delegation of future technical exceptions to Officers so that the Council can react swiftly in appropriate cases.

List of appendices:

None

Background papers:

None

Corporate Implications

Legal/Constitutional: All relevant constitutional and legal considerations are addressed within the body of the report and the proposed policy.

Financial: Implementing discretionary exceptions to empty property premiums will cause a minor financial loss.

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

(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:

Consultees:

Director of Connected Chelmsford, Legal and Democratic Services Manager,

Relevant Policies and Strategies:

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

Chelmsford Housing Strategy 2022-2027



Chelmsford City Council

25 February 2026

Pay Policy Statement

Report by:

Cabinet Member for Safer Chelmsford

Officer Contact:

Dan Sharma-Bird, Democracy Team Manager, dan.sharma-bird@chelmsford.gov.uk, 01245 606523

Purpose

To approve the Council's Pay Policy Statement for 2026-27 and to consider the pay package for two new posts in accordance with para 13 of the pay policy.

Recommendations

The Council approves the Pay Policy Statement and the pay for the two Assistant Director posts.

1. Pay policy statement

1.1 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

1.2 The proposed Policy Statement for 2026-27 is attached and the Council is recommended to approve it.

2. Proposed pay for new posts

2.1 The Council currently employs three directors who take strategic lead in various Council Services. Due to the forthcoming retirement of one of the Directors the Council proposes to delete the retiring Director's post, move existing responsibilities of the retiring Director to the remaining two Directors and add two Assistant Directors to the structure that will each report into one of the two Directors.

2.2 The proposed new posts are for an Assistant Director, Culture, Leisure and Open Space and an Assistant Director, Planning and Place Shaping. These posts have been evaluated in accordance with the Council's job evaluation scheme at the Council's Grade 16, currently £109,995 - £121,212 per annum. As these are new posts with a remuneration over £100,000, they are subject to approval by members as per para 13 of the pay policy statement.

List of appendices:

Appendix 1 – Pay Policy Statement for 2026-27

Background papers:

None

Corporate Implications

Legal/Constitutional: An annual pay policy statement needs to be approved by full Council under the Localism Act 2011. In accordance with that pay policy posts with a total remuneration package over £100K require approval of Full Council.

Financial: The retiring Director's post will be deleted and replaced with two Assistant Director positions. There will be no increase in overall cost from this change as internal candidates are being sought for the roles with no intention to backfill. The

higher costs of the new deputy directors can therefore be met by the deletion of the retiring director post.

Potential impact on climate change and the environment: None

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

Personnel: It is hoped that these posts can be recruited to from existing staff.

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: None

Relevant Policies and Strategies:

Employment, pay and recruitment policies and procedures.

Appendix 1

CHELMSFORD CITY COUNCIL PAY POLICY STATEMENT 2026 - 2027

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 Chief Officers (including Deputy Chief Officers) 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). Due to the forthcoming retirement of one of the Directors the Council proposes to move existing responsibilities of the retiring Director to the remaining two Directors and add two Assistant Directors to the structure that will report into each Director. This proposal is subject to Full Council approval (see para 13 below).

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 salary¹ of £24,567. 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.

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.

¹ Salary as at April 2025

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 (Assistant Director) level.
22. Those at Director level will have their performance reviewed annually by the Chief Executive. The performance of Assistant Directors is reviewed annually by Directors.
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 Officer.

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 or on their website: 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 once they have passed probation 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 together information on the pay multiple.

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

25 February 2026

Community Governance Review

Report by:

Leader of the Council

Officer Contact:

Lorraine Browne, Legal & Democratic Services Manager & Monitoring Officer,
email: lorraine.browne@chelmsford.gov.uk, tel: 01245 606560

Purpose

To further review the timetable and Terms of Reference for the Community Governance Review (CGR) in light of transitional provisions for local government reorganisation. This includes consideration of the Council retaining the legal power to make a reorganisation of community governance order so it can complete the process (e.g. to create a new parish).

Recommendations

1. That Council approves the revised Terms of Reference, with the revision to the timing of decisions and second stage consultation.

1. Background

- 1.1. At an extraordinary meeting of Full Council on 3rd September 2025, the Council approved the commencement of a CGR of its own volition, alongside the relevant Terms of Reference. Minor amendments were also made to the timetable for the first consultation stage at Full Council in December 2025.
- 1.2. As a result of transitional provisions relating to local government reorganisation it is necessary to further review the timetable.

2. Transitional provisions for local government reorganisation

- 2.1. The Terms of Reference for the CGR include an indicative timetable for the process, which provides for the final decision to be taken late 2026. After the final decision is taken by members ordinarily the Council (as principal council) would then make a reorganisation of community governance order to complete the CGR process.
- 2.2. During local government reorganisation the power to make a reorganisation of community governance order remains with the principal council until a transitional period commences due to a Structural Change Order (SCO) being made.
- 2.3. The transitional period will start on “the first date on which any action is required to be taken in accordance with the Structural Change Order”.
- 2.4. Once the SCO transition period commences, only a successor council (which includes a shadow council) can make the reorganisation of community governance order. In practice, this is done by the principal council making a recommendation to the successor council that the result of the CGR is implemented in a certain way.
- 2.5. It is anticipated that the transitional period in Essex will commence in the early Autumn with the SCO being laid before Parliament prior to summer recess. Accordingly, changes to the timetable are recommended to enable the Council to complete the CGR process before the “transitional period” referred to in the regulations for LGR commences.
- 2.6. This timetable is challenging and as a result there would not be time for the matter to be considered by Governance Committee prior to Full Council. There is no legal requirement for this additional meeting and consideration to take place. Accordingly, the terms of reference have been updated to remove this meeting from the process. It should be noted that the matter will be considered by the working group prior to Full Council.

3. Conclusion

- 3.1. The revised Terms of Reference (Appendix 1) have been updated to reflect a new timetable which would enable the Council to retain the legal power to make a reorganisation of community governance order following the completion of the CGR as opposed to transferring this to the new successor council for decision.

List of appendices:

Appendix 1 – Draft Revised Terms of Reference

Background papers:

Joint Statutory Guidance on Community Governance Reviews (2010)

Corporate Implications

Legal/Constitutional: A community governance review is a non-executive function which falls within the terms of reference for Full Council.

In undertaking a CGR the council must comply with the statutory process laid down in the 2007 Act, the published guidance and its own Terms of Reference. This sets out the criteria that must be considered in taking decisions and consulting.

Regulation 2 of the Local Government (structural Changes) (Transitional Arrangements) Regulations 2008 set out the transitional arrangements referred to in this report.

Financial: There are no financial implications of the adjustments made to the Terms of Reference for the CGR.

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: A risk register has been drafted for the completion of this review and the adjustment of the timetable was considered and monitored as part of this.

Equality and Diversity: No amendments to the Equality and Diversity Impact Assessment for the CGR are necessary in adjusting the timetable.

Health and Safety: None

Digital: None

Other: None

Consultees:

Leader of the Council

Relevant Policies and Strategies:

Our Chelmsford Our Plan – Bringing people together, empowering local people and working in partnership to build community capacity, stronger communities through

encouraging participation in local democracy, increasing representation of community interests to help people feel better represented at a local level and more involved in deciding how best the interests of their community can be met.

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Appendix 1



Chelmsford City Council

Community Governance Review 2025

Terms of Reference

1. Introduction

- 1.1. Chelmsford City Council has resolved to undertake a Community Governance Review (CGR) under the provisions of Part 4 of the Local Government and Public Involvement in Health Act 2007 (“the 2007 Act”). A CGR provides the principal authority (Chelmsford City Council) the opportunity to review community governance arrangements in the area included in the review.
- 1.2. Chelmsford currently has 29 parished areas (25 parish councils, one town council, one village council, one community council and one parish meeting). There is also currently an ‘unparished’ city centre area. The last full review of the arrangements across the whole of the authority area was conducted in 2021/22.
- 1.3. This review primarily seeks to consider whether the currently ‘unparished’ area would benefit from the introduction of a form of recognised community governance in light of Local Government Reorganisation (LGR) in Essex. However, other matters, such as electoral arrangements, and the boundaries between the unparished area and adjacent civil parishes will also be included in the review.
- 1.4. The review will comply with the legislative and procedural requirements set out in Part 4 of the 2007 Act as well as any statutory guidance (this currently includes Joint Guidance produced in 2010 by the Department for Communities and Local Government and the Local Government Boundary Commission for England). It will follow the approach set out in the Terms of Reference, including the indicative timetable.
- 1.5. The Connectivity and Local Democracy Working Group will support the review and draft recommendations for consideration by [Governance Committee and](#) Full Council for approval.

3. Scope of Community Governance Reviews

3.1. A CGR evaluates any existing, as well as the introduction of new community governance arrangements within the area under review. A CGR can take place for the whole of the council area, or specific parishes and areas. It may consider:

- The creation, merging, altering or abolition of a parish tier council.
- The creation of area committees, community forums, neighbourhood associations and other forms of community governance.
- The boundaries of a parish tier council.
- Naming of parish tier councils, and the style of any newly created parish tier council
- The number of Councillors that may represent a parish tier council.
- The warding of a parished area.
- Amending the ordinary year of election.
- Grouping or ungrouping parish tier councils.
- The ordinary year in which elections are held

3.2. Section 93 of the 2007 Act requires principal councils to ensure that community governance within the area under review will be:

- a) reflective of the identities and interests of the community in that area; and
- b) effective and convenient to the community in that area.

In doing so the review is required to take into account:

- a) the impact of community governance arrangements on community cohesion; and
- b) the size, population and boundaries of the local community or parish.

They therefore must consider the geographical and population size of the area, as well as social cohesion.

3.3. A CGR cannot consider Local Government or Parliamentary boundaries.

3. Reasons for undertaking a review

3.1. A CGR should be completed at least every 10 to 15 years. They can be considered more frequently than this in response to local issues e.g. significant community growth through housing developments, a request from the public and other social changes.

3.2. In December 2024, the Government produced a White Paper on devolution on England. This set out plans to devolve greater power and funding to local areas and to deliver LGR in areas currently operating in a two-tier system of local government, including Essex. This means that Chelmsford City Council, Essex County Council and the other thirteen Councils in Essex are to be abolished and will be replaced by between [threewe](#) and five unitary authorities, delivering all services for the residents in their area. This programme is due to be delivered by April 2028.

- 3.3. This is a significant change for residents in Chelmsford and will mean that residents in the city centre may no longer have local community representation as there will be no lower tier of local government, below that of the new unitary authority. With this in mind, Chelmsford City Council want to ensure that residents have the opportunity to consider the options available to them and to have a say in how they are represented.
- 3.4. In order to preserve the historic property, privileges, rights and traditions presently enjoyed by the residents of the area, the new arrangements establish Charter Trustee areas in the unparished parts of the town with effect from 1 April 2027. The trustees have the power to carry out ceremonial functions but they are not intended to act as administrative units and will have no power in respect of general functions or services. Once elections are held to any new Parish-tier Council then the privileges, rights and traditions are transferred to the Parish-tier Council.

4. Areas under consideration

- 4.1. As a full review was conducted in 2021/22, the Council intends to limit this review to the city centre, or the 'unparished' area, and any parish tier council area that currently adjoins this. This includes: Broomfield, Chelmer, Chignal, Galleywood, Great Baddow, Margaretting, Springfield, Stock and Writtle. A map representing this can be found under section six, and a list of the areas included in the review is shown below.
- 4.2. Table one below outlines the electorate in within the area that the review is considering. Any of the other 20 parish areas within Chelmsford that are not listed in this table are not part of the review and will not be considered. The electorate of the area included in this review is 90,692, included in this figure are 51,536 electors in the currently unparished area.

	<i>Parish Area</i>	<i>Households (1 July 2025)</i>	<i>Electorate (1 July 2025)</i>
1	Broomfield	2514	4017
2	Chelmer	3940	6757
3	Chignal	293	515
4	Galleywood	2469	4271
5	Great Baddow	6762	11,032
6	Margaretting	384	660
7	Springfield	3692	6269
8	Stock	1047	1731
9	Writtle	2816	3904
10	Chelmsford City Centre (currently unparished)	32,807	51,536
	TOTAL	56,724	90,692

Table one

The unparished part of Chelmsford city centre currently comprises the following wards of Chelmsford City Council:

	<i>Ward</i>	<i>Households (1 July 2025)</i>	<i>Electorate (1 July 2025)</i>
1	Goat Hall	2590	4580
2	Marconi	4179	5906
3	Moulsham and Central	7745	10,000
4	Moulsham Lodge	2259	4307
5	Patching Hall	3969	6721
6	St. Andrews	3957	6583
7	The Lawns	2592	4174
8	Trinity	2668	4581
9	Waterhouse Farm	2848	4684
	TOTAL	32,807	51,536

Table two

- 4.3. In conducting the review Chelmsford City Council will use the current electoral statistics whilst taking into consideration any likely changes to the electorate in the next five years, through community development and growth.
- 4.4. Whilst the CGR is undertaken primarily to consider options for the unparished part of the Council area, it is emphasised that all of the parishes listed above are included in the CGR, and any of the options listed at 4.2 above are included in the scope of this review.

5. Consultation

- 5.1. Consultation and community engagement is a vital part of this review, the Council hopes to engage local residents and special interest groups to ensure that we effectively capture the priorities of the community. We shall ensure that we comply with the statutory consultative requirements by:
- Consulting local government electors and other persons or bodies who appear to the Council to have an interest in the review
 - Informing the County Council of the review, and sending them a copy of this Terms of Reference document
 - Taking into account any representations received in connection with the review
 - Notifying consultees of the outcome of the review
 - Publishing all decisions taken and the reasons for such decisions.

The Council will also be pleased to receive comments from any other person or body that wishes to make representations

- 5.2. The review will include two stages of formal consultation. The first stage will gather initial views to help the Council formulate their recommendations, which will then be taken to a second round of consultation with the public before being considered for approval. The Council will take such steps as it considers sufficient to ensure that persons who may be interested in the review are informed of the recommendations and the reasons behind them.
- 5.3. The Council will develop a webpage for the review, outlining the purpose of the review and the key milestones. This area will be updated as the review progresses to include maps and statistical information in relation to any recommendations. Documents related to the view can also be viewed in person at: Chelmsford City Council, Civic Centre, Duke Street, Chelmsford, Essex, CM1 1JE during opening hours.
- 5.4. Notice of the review will be sent to all affected existing parish councils as well as any local community groups in the relevant area. Residents will receive notice of the review through the post during the initial consultation and through targeted social media campaigns throughout. The main response mechanism shall be online, with paper versions available on request.
- 5.5. All relevant consultation responses, available evidence and legal considerations (including those referred to above) will be used to help inform the decisions made during this review.

6. Other forms of community governance

- 6.1 The Council is required by law to consider other forms of community governance. There may be other arrangements for community representation or community engagement in an area, including area committees, neighbourhood management programmes, tenant management organisations, area or community forums, residents' and tenants' associations or community associations, which may be more appropriate to some areas than parish-tier councils.
- 6.2 The Council will be mindful of such other forms of community governance in its consideration of whether parish governance is most appropriate. However, the Council also notes that what sets parish-tier councils apart from other kinds of governance is the fact that they are a democratically elected tier of local government with directly elected representatives, independent of other council tiers and budgets, and possessing specific powers for which they are democratically accountable.

7 Legal Framework

- 7.1 In undertaking this review the Council will be guided by:
- Part 4 of the Local Government and Public Involvement in Health Act 2007
 - the relevant parts of the Local Government Act 1972
 - Guidance on Community Governance Reviews issued in accordance with section 100(4) of the Local Government and Public Involvement in Health Act 2007 by the Department of Communities and Local Government and the Local Government Boundary Commission for England in March 2010
 - Local Government (Parishes and Parish Councils) (England) Regulations 2008
 - Local Government Finance (New Parishes) Regulations 2008

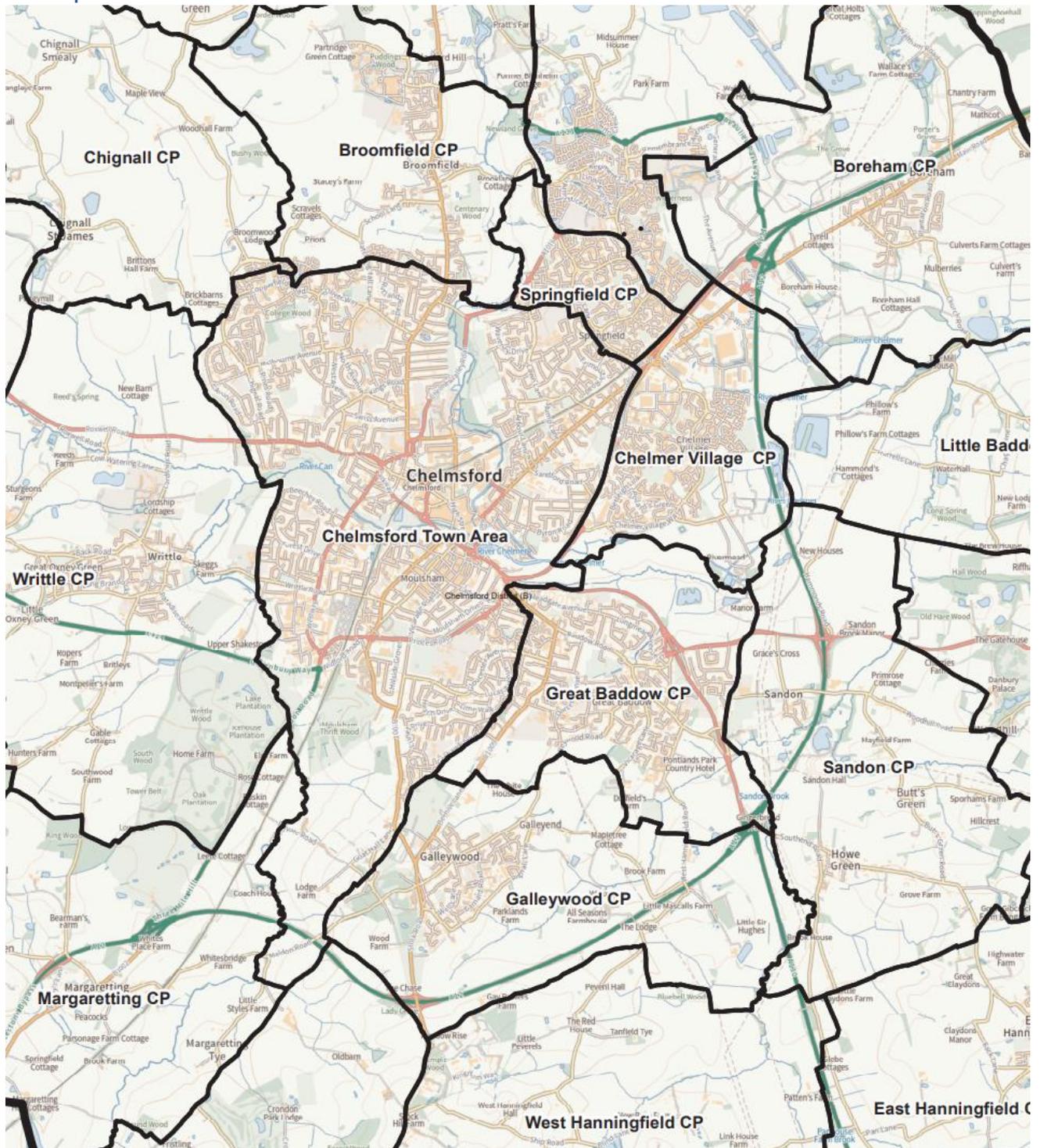
8. Consequential Matters

- 8.1 The Council notes that a Reorganisation Order may cover any consequential matters that appear to the Council to be necessary or proper to give effect to the Order. These may include:
- The transfer and management or custody of property;
 - The setting of precepts for new parishes;
 - Provision with respect to the transfer of any functions, property, rights and liabilities;
 - Provision for the transfer of staff, compensation for loss of office, pensions and other staffing matters.

- In these matters the Council will be guided by the 2007 Act and the Regulations that have been issued under it, including the Local Government (Parishes and Parish Councils) (England) Regulations 2008 and the Local Government Finance (New Parishes) Regulations 2008

8.2 In particular the Council notes that Regulations regarding the transfer of property, rights and liabilities require that any apportionments shall use the population of the area as estimated by the Proper Officer of the Council as an appropriate proportion. Furthermore, the Council notes that the Regulations regarding the establishment of a precept for a new parish require the Council to calculate the first anticipated precept for a newly constituted parish-tier council and for the amount of that precept to be included in the Reorganisation Order.

9. Map



10. Indicative timetable

Commencement of Community Governance Review and Terms of Reference Agreed	3 rd September 2025
Initial Consultation	13th October 2025 – 4 th January 2026
Consideration of initial consultation and draft recommendations prepared	January 2026 – May 2026
Draft recommendations considered by Governance Committee	Mid June 2026
Draft recommendations considered by Full Council	May 2026 Mid July 2026
Second consultation (on draft recommendations)	Mid May – June 2026 July 2026 – mid October 2026
Consideration of second consultation and drafting of final recommendations	June – early July 2026 Mid October 2026 – mid November 2026
Final Recommendations considered by Governance Committee	Mid November 2026
Final Recommendations considered by Full Council	July Early December 2026
Preparation of Community Governance Order	Summer 2026 December – February 2027
Community Governance Order considered by Full Council	Mid February 2027
Community Governance Order takes effect (new councils exist)	April 2027

Publication

This document is being published on our website. A copy of this document will be sent to the Chief Executive of Essex County Council upon publication.

How to contact us

If you would like to say how you view potential future arrangements under these Terms of Reference please respond to the online consultations on the Chelmsford City Council website: www.chelmsford.gov.uk/CGR2025