



Chelmsford City Council Cabinet

27th January 2026

Budget Report 2026/27

Report by:
Cabinet Member for Finance

Officer Contact:

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Purpose

The primary purpose is to make recommendations to Council for the 2026/27 Revenue and Capital Budgets, including the level of 2026/27 Council Tax

Options

To agree or vary the proposals contained within this report whilst paying regard to the financial sustainability of any amendments.

Preferred option and reasons

Recommend the report to Council for consideration so meeting statutory obligations

Recommendations

1 That Cabinet recommends to 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 That Cabinet approves:

- i. A delegation to the Section 151 Officer, in consultation with the Cabinet Member for Finance, to update the budget report as required to reflect:
 - final Government funding announcement
 - parish-tier council precepts; and
 - Business Rate Retention income following submission of the NNDR1 return.

Any resulting budget variations will be managed through the use of, or contribution to, reserves to maintain a balanced budget.

- ii. A delegation to the s151 Officer after consultation with the Cabinet Member for Finance to prepare a formal budget and council tax resolution for submission to Full Council.

Background

- .1. Each year, Cabinet is required to make a proposal to Council to agree:
 - Chelmsford City Council Tax rates; and
 - Revenue and Capital budgets for the next financial year.This report contains such proposals for a budget for 2026/27. Full details of the budget are in Appendix 1.

Summary

- .2. The budget report in Appendix 1 provides the funding for core Council services, which support the aims of Our Chelmsford, Our Plan.
- .3. This is anticipated to be the last budget to be set by Chelmsford City Council that is not constrained by Local Government Reorganisation (LGR). The budget process for 2027/28 is expected to be significantly more restricted due to the anticipated imposition of a Section 24 notice as part of the LGR process. This will introduce joint controls with partner authorities over many material financial decisions and transactions. While the precise arrangements are not yet known, the report discusses how Section 24 restrictions have operated in previous reorganisations elsewhere in the country.
- .4. The budget proposal sets a legally balanced budget for 2026/27. Forecasts of the expected deficits for the years up to 2030/31 are included in the report. The

Council's current financial position is significantly stronger than anticipated at the time of the February 2025 budget, reflecting improved income generation initiatives and higher-than-expected Government funding.

- .5. The Budget is shown in Appendix 1 in this report and is divided into sections. **Section 1** provides a high-level summary of the budget, which is not repeated here.
- .6. Legally, the Council must receive a Council Tax proposal in February. This report therefore makes that recommendation. The Government rules allow Chelmsford City Council to raise Council Tax by up to 3% or £5.00, whichever is greater, without triggering a local referendum. It is proposed to increase the City Council's Council Tax by 2.97% or just over 13 pence per week (£6.78 per year) in 2026/27, which reflects the long-standing practice of increasing Council Tax in line with the assumptions the Government makes when allocating funding to local government.
- .7. The report does not yet include special expenses, the precepts from Parish/Tier councils, Essex Police, Fire and Crime Commissioner and Essex County Council as the precepts are not yet available.

Commentary from the Cabinet Member for Finance

This is the first time in many years that a January budget report to Cabinet 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 what appears to be good news. The draft 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 have 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 area, 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.

Conclusion

- .8. Cabinet is asked to review the Budget Report and agree to the recommendations.
- .9. The financial position forecast in this report is perhaps the best it has been in over a decade but risks remain, including:
 - ongoing pressures on homelessness services;
 - uncertainty arising from the LGR process; and
 - the need to place the new unitary authority on a sound financial footing.Maintaining financial discipline during 2026/27 will be essential.
- .10. During 2026/27 officers and members should consider if any temporary or one-off investment in services is needed. Any investment must provide the new Unitary Council with the best possible start to benefit the residents of Chelmsford.

List of appendices:

Appendix 1 – Budget Report 2026/27

Appendix 2 - Council tax resolution (intentionally blank)

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: As detailed in the report

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

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

Personnel: Within the Budget, employee costs are the largest single expenditure. The limited financial resources and increasing inflationary pressures will make it difficult to maintain existing staffing levels

Risk Management: A review of the risks is identified

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:

Capital, Investment and Treasury Management Strategies 2026/27



Budget report 2026/27

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

Executive Summary

The report identifies a sound financial position notwithstanding the continuing risks from inflation, homelessness, and Local Government Reorganisation (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 have been a factor in higher allocation.

The announcement of the new Government funding arrangements on the 17th of December makes producing a budget by early January challenging. More time is needed for the organisation to effectively understand the implications of the revised financial position, and this work will need to continue beyond the legal deadline to set a budget for 2026/27. It is important to note the Government settlement is provisional and could be changed before Council in February 2026. If necessary, reserves will be used under delegation by the s151 officer, in consultation with the Cabinet Member for Finance, to balance the budget.

Some specific funding 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 the 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 minor 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 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.
- 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 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 provisional settlement announced on the 17th December shows that Chelmsford is one of a minority of district councils who have gained significantly. The Government has provided significant three-year transitional protection to all Councils who lose under the provisional settlement, so losses have not yet been fully realised.

Provisionally, the City Council's headline gain in 2026/27 over its 2025/26 budget is £3.3m a year. The Government has also provided a three-year settlement, so the Council now has strong indications of Government funding for 2 years post 2026/27, which means an increase of £0.245m in 2027/28 and a further £0.187m in the following year. The reasons for the gains are complex and not yet fully transparent. **Section 2** explains the new funding arrangements.

There are some caveats to the £3.3m headline funding gain:

- The figures are provisional so could be reduced between now and the February Council meeting, if the losing authorities manage to obtain concessions from Government.
- The additional funding includes a £0.7m increase earmarked for 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 these caveats, the provisional 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 £0.7m 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. The provisional funding settlement could be revised down early in 2026, which may mean higher reserve use than currently budgeted.

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 | -3,295 | -245 | -187 | -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 | 1,956 | 784 | 784 | 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 | 483 | 2,777 | 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 | 2,016 | 3,373 | 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 | 235 | 1,553 | 1,177 | 651 |
| F) Net Gap, If the prior year is not balanced | | 0 | 235 | 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 provisional gain of £3.3m identified and small 'inflationary' increases in the following years. 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 in maintaining 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 £0.235m is minor relative 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 in the next few years.

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 small forecast deficit of £0.2m 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 £0.7m of extra funding passported through to the Homelessness prevention function. It should be noted that the 2026/27 budget includes significant investment in homelessness 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.
 - 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.

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.

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.

Agenda Item 8.1

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 £3.3m compared to 2025/26.

As this is the first settlement using the new methodology, it is anticipated that councils experiencing funding reductions will lobby for revisions. The government may respond with adjustments that may alter final allocations between now and February Council.

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

Table 2

| | New to CSP? | 2025/26 Finance Settlement | | Provisional 2026/27 Finance Settlement | | | |
|---|--------------|----------------------------|--|--|---------------------|-------------------------------------|--|
| | | Core spending power | Funding included in the budget exl Council Tax | Core Spending power - New Baseline | Core Spending power | Additional/- Reduced funding in CPS | Additional/- Reduced funding in the budget exl 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 | 7.135 | 6.926 | 6.926 |
| 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 | 4.524 | | -4.524 | -2.250 |
| | | | | | | | -0.440 |
| Grants not in RSG | | | | | | | |
| Prevention & relief element of HPG and other housing grants | Yes | 0.037 | 0.876 | 1.119 | 1.538 | 0.419 | 0.662 |
| | | | | | | | 0.662 |
| Core Spending Power excluding Council Tax | | 7.682 | 11.665 | 14.195 | 14.960 | 0.765 | 3.295 |
| Council Tax | No | 16.439 | | 16.439 | 17.144 | 0.705 | |
| Core Spending Power | | 24.121 | 11.665 | 30.634 | 32.104 | 1.470 | 3.295 |

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 £6.2m 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 provisional 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. As the Council is not subject to loss of funding through transitional arrangements, funding is expected to remain stable over the 3 years, with modest annual increases mainly driven by inflation adjustments.

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

Table 3

| | Core Spending power - New Baseline 2025/26 £m | Core Spending power 2026/27 £m | Core Spending power 2027/28 £m | Core Spending power 2028/29 £m | Additional/- Reduced funding in CPS 2027/28 £m | Additional/- Reduced funding in CPS 2028/29 £m |
|---|--|--|--|--|---|---|
| Funding within Central budgets: | | | | | | |
| RSG | 3.168 | 7.135 | 7.183 | 7.194 | 0.048 | 0.011 |
| RSG - Grants rolled in | 0.907 | | | | 0.000 | 0.000 |
| BRR funding baseline | 9.002 | 6.287 | 6.432 | 6.561 | 0.144 | 0.130 |
| Prevention & relief element of HPG and other housing grants | 1.119 | 1.538 | 1.591 | 1.637 | 0.053 | 0.046 |
| Core Spending Power excluding Council Tax | 14.196 | 14.960 | 15.205 | 15.392 | 0.245 | 0.187 |
| Change year on year | | | 0.245 | 0.187 | | |
| Council Tax | 16.439 | 17.144 | 17.879 | 18.645 | 0.735 | 0.766 |
| Core Spending Power | 30.635 | 32.104 | 33.084 | 34.037 | 0.980 | 0.953 |

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

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(used as a time marker, not necessarily the cause), the Council budget did not require 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 | 69 |
| Insurance Realignment and Tender in 2026/27 | 93 | 0 | 0 | 0 | 0 |
| Fleet Repair & Maintenance @ 2% | 16 | 16 | 17 | 17 | 17 |
| NDR @ 2% | 41 | 66 | 68 | 69 | 70 |
| Other Inflation | 348 | 97 | 98 | 102 | 104 |
| Total | 609 | 243 | 248 | 255 | 260 |

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 £7.5m 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.

From 2026/27, the government has increased central funding for prevention of homelessness by £0.7m. This is a ringfenced grant and the spend associated has been added into the service budget in

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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 Council receives various grant funding for asylum seeker accommodation in Chelmsford. Previously, much of this grant was unbudgeted and now a level of this grant income has been assumed for 2026/27 onwards, which is less than the amount received in 2025/26 as the government plans to reduce the use of hotels.

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 | 698 | 0 | 0 | 0 | 0 |
| Staffing | 159 | 0 | 0 | 0 | 0 |
| Asylum Seeker Grant Income | -264 | 0 | 0 | 0 | 0 |
| Total | 1,956 | 784 | 784 | 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.

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

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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 below)

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 £000s | 2026/27 £000s | 2027/28 £000s | 2028/29 £000s | 2029/30 £000s | 2030/31 £000s | Later Yrs £000s | Total Spend £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 | £000s | £000s | £000s | £000s | £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. CRESS Grant for Provision of Assisted Laundry Facilities - up to £85k

This proposal is to provide a grant to CRESS 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 CRESS 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 UKactive 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 | £ms | £ms | £ms | £ms | £ms | £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 | £ms | £ms | £ms | £ms | £ms | £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 | £ms | £ms | £ms | £ms | £ms | £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 | £ms | £ms | £ms | £ms | £ms | £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 | £ms | £ms | £ms | £ms | £ms | £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 | -3,295 | -245 | -187 | -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 | 1,956 | 784 | 784 | 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 | 483 | 2,777 | 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 | 2,016 | 3,373 | 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 | 235 | 1,553 | 1,177 | 651 |
| F) Net Gap, If the prior year is not balanced | | 0 | 235 | 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 small forecast deficit of £0.2m 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, including the risk of revisions to provisional 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 | £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 | 0 |
| Hylands House Reserve | 3 | 3 | 0 | 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 | 0 |
| Local Development Plan | 232 | 232 | 500 | 0 | -220 | 512 | 512 | 0 | -120 | 392 | 392 | 0 | -80 | 312 | 312 | 0 | -150 | 162 |
| Supplementary estimate Reserve | 0 | 0 | 600 | 0 | -300 | 300 | 300 | 0 | -300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New: LGR Reserve | 0 | 0 | 6,000 | 0 | -140 | 5,860 | 5,860 | 0 | -145 | 5,715 | 5,715 | 0 | 0 | 5,715 | 5,715 | 0 | 0 | 5,715 |
| | 235 | 235 | 7,100 | 0 | -660 | 6,675 | 6,675 | 0 | -565 | 6,110 | 6,110 | 0 | -80 | 6,030 | 6,030 | 0 | -150 | 5,880 |
| Capital Programme | | | | | | | | | | | | | | | | | | |
| Project Evaluation Reserve | 177 | 177 | 500 | 0 | -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 | 0 |
| Sinking Fund for let property | 57 | 57 | 0 | 50 | 0 | 107 | 107 | 50 | 0 | 157 | 157 | 50 | 0 | 207 | 207 | 50 | 0 | 257 |
| New : Earmarked CIL interest reserve | 0 | 0 | 0 | 7 | 0 | 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 | 72 | 1,554 | -1,487 | 139 | 139 | 1,613 | -1,491 | 261 | 261 | 1,730 | -1,395 | 596 |
| | 812 | 812 | 31 | 1,557 | -1,626 | 774 | 774 | 1,647 | -1,487 | 934 | 934 | 1,731 | -1,491 | 1,174 | 1,174 | 1,780 | -1,318 | 1,636 |
| Risk Management | | | | | | | | | | | | | | | | | | |
| Insurance | 798 | 798 | 402 | 0 | 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 | 0 | 736 | 736 | 0 | 0 | 736 | 736 | 0 | 0 | 736 | 736 | 0 | 0 | 736 |
| Pension deficiency | 1,240 | 1,240 | -690 | 0 | 0 | 550 | 550 | 0 | 0 | 550 | 550 | 0 | 0 | 550 | 550 | 0 | 0 | 550 |
| Park and Ride | 298 | 298 | 0 | 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 | 0 |
| Utility Costs Reserves | 1,500 | 1,500 | -1,000 | 0 | 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 | 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 | 0 | 1,033 | 1,033 | 0 | 0 | 1,033 |
| New: EPR Funding Reserve | 779 | 779 | 0 | 0 | 0 | 779 | 779 | 0 | 0 | 779 | 779 | 0 | 0 | 779 | 779 | 0 | 0 | 779 |
| | 11,781 | 11,781 | -5,757 | 0 | -913 | 5,111 | 5,111 | 0 | -15 | 5,096 | 5,096 | 0 | 0 | 5,096 | 5,096 | 0 | 0 | 5,096 |
| | 0 | | | | | 0 | | | | | | | | | | | | |
| Total Earmarked Reserves | 12,828 | 12,828 | 1,374 | 1,557 | -3,199 | 12,560 | 12,560 | 1,647 | -2,067 | 12,140 | 12,140 | 1,731 | -1,571 | 12,300 | 12,300 | 1,780 | -1,468 | 12,612 |
| | 0 | | | | | 0 | | | | | | | | | | | | |
| Unearmarked | | | | | | 0 | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | |
| | 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 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total reserves | 26,889 | 26,889 | 0 | 1,557 | -3,510 | 24,936 | 24,936 | 1,647 | -2,067 | 24,516 | 24,516 | 1,731 | -1,571 | 24,676 | 24,676 | 1,780 | -1,468 | 24,988 |
| 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 infrastrcuture 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 asist 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 flucatuions 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 cosed) | The reserve was need to manage the risk of the business rate retention scheme and possible loss of Government funding. The new funding arrangements mena 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 flucautions in EPR funding, while the national scheem 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

| | | Unitary | | Unitary | Unitary | Unitary | Unitary | Unitary | Total |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | |
| Items in Budget Proposals | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Project Management | | 140 | 145 | TBC | TBC | TBC | TBC | TBC | 285 |
| | | | | | | | | | 0 |
| | | | | | | | | | 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 | TBC | TBC | TBC | TBC | TBC | TBC | 0 |
| <u>Also could include</u> | | | | | | | | | |
| Press and communication | | | | | | | | | 0 |
| Contribution to joint project management | | TBC | TBC | TBC | TBC | TBC | TBC | 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. A balanced budget is one where proposed expenditure is fully funded by reserves and income.
- 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 provided a provisional finance settlement for consultation. The allocations will not be finalised until early February. There is a risk of change as losing authorities may lobby government. The general balance reserve would be used to balance the budget if funding declined or increased. The budget position would be reviewed during 2026/27.
 - 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. The table will be completed when all the information is available.

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 | | | |
| Police, Fire and Crime Commissioner for Essex | 260.37 | | | |
| Essex Police, Fire & Crime Commissioner Fire & Rescue Authority | 87.57 | | | |
| | <hr/> | | | |
| | 2,155.60 | | | |
| Parish Tier Councils (average) | 51.38 | | | |
| | <hr/> | | | |
| TOTAL | 2,206.98 | | | |
| | <hr/> | | | |

A Council Tax resolution will be drafted for Council upon receipt of the precepts from other bodies.

After allowing for the tax base and the 2.97% increase, some £632k extra income from Council Tax can be 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 Business Rate Retention figures contained in this report reflect estimates which will be reviewed on completion of the NNDR1.

Table 25

| CHARGES TO PARISH AND TIER COUNCIL AREAS | | | | | | | | | | Table 25 | | | | | | | |
|--|-----------------|--------------------|-----------------|------------------------------------|------------------|------------------|--------------------|--------------------------|--|-------------------------|--------------------|-----------------|------------------------------------|------------------|------------------|--------------------|--------------------------|
| 2025/26 | | | | | | | | | | 2026/27 | | | | | | | |
| <-- PARISH PRECEPTS --> | | | | | | | | | | <-- PARISH PRECEPTS --> | | | | | | | |
| BAND D EQUIVALENTS | | | | | | | | | | BAND D EQUIVALENTS | | | | | | | |
| PARISH TIER COUNCIL | Precept Request | Rounding to ninths | Rounded Precept | CCC charge (excl Special Expenses) | Special Expenses | Total CCC charge | Net Parish Precept | Total Charge to Parishes | | Precept Request | Rounding to ninths | Rounded Precept | CCC charge (excl Special Expenses) | Special Expenses | Total CCC charge | Net Parish Precept | Total Charge to Parishes |
| | (1) £ | (2) £ | (3) £ | £ | (5) £ | £ | (4) £ | (6) £ | | (1) £ | (2) £ | (3) £ | £ | (5) £ | £ | (4) £ | (6) £ |
| Boreham | 117,445 | -40 | 117,405 | 195.21 | 6.39 | 201.60 | 82.53 | 284.13 | | | | | | | | | |
| Broomfield | 228,478 | 0 | 228,478 | 195.21 | 31.14 | 226.35 | 106.20 | 332.55 | | | | | | | | | |
| Chelmer | 219,161 | 133 | 219,294 | 195.21 | 44.10 | 239.31 | 64.08 | 303.39 | | | | | | | | | |
| Chelmsford Garden | 244,444 | 118 | 244,562 | 195.21 | 26.19 | 221.40 | 62.01 | 283.41 | | | | | | | | | |
| Chignal | 7,000 | 6 | 7,006 | 195.21 | 40.86 | 236.07 | 21.87 | 257.94 | | | | | | | | | |
| Danbury | 412,344 | -7 | 412,337 | 195.21 | 2.70 | 197.91 | 167.13 | 365.04 | | | | | | | | | |
| East Hanningfield | 43,308 | -4 | 43,304 | 195.21 | 29.07 | 224.28 | 75.87 | 300.15 | | | | | | | | | |
| Galleywood | 130,303 | -77 | 130,226 | 195.21 | 37.17 | 232.38 | 61.47 | 293.85 | | | | | | | | | |
| Good Easter | 11,349 | 0 | 11,349 | 195.21 | 23.76 | 218.97 | 62.28 | 281.25 | | | | | | | | | |
| Great & Little Leighs | 42,000 | -45 | 41,955 | 195.21 | 42.66 | 237.87 | 36.00 | 273.87 | | | | | | | | | |
| Great Baddow | 525,237 | 214 | 525,451 | 195.21 | 10.53 | 205.74 | 96.21 | 301.95 | | | | | | | | | |
| Great Waltham | 101,614 | 21 | 101,635 | 195.21 | 29.61 | 224.82 | 107.37 | 332.19 | | | | | | | | | |
| Highwood | 40,030 | 4 | 40,034 | 195.21 | 26.55 | 221.76 | 119.52 | 341.28 | | | | | | | | | |
| Little Baddow | 54,911 | -36 | 54,875 | 195.21 | 26.19 | 221.40 | 62.73 | 284.13 | | | | | | | | | |
| Little Waltham | 56,486 | 22 | 56,508 | 195.21 | 35.64 | 230.85 | 102.42 | 333.27 | | | | | | | | | |
| Margaretting | 14,420 | -17 | 14,403 | 195.21 | 26.55 | 221.76 | 35.10 | 256.86 | | | | | | | | | |
| Mashbury | 0 | 0 | 0 | 195.21 | 23.76 | 218.97 | 0.00 | 218.97 | | | | | | | | | |
| Pleshey | 13,250 | 0 | 13,250 | 195.21 | 23.76 | 218.97 | 93.78 | 312.75 | | | | | | | | | |
| Rettendon | 49,660 | -16 | 49,644 | 195.21 | 32.76 | 227.97 | 59.40 | 287.37 | | | | | | | | | |
| Roxwell | 22,500 | 17 | 22,517 | 195.21 | 1.98 | 197.19 | 47.07 | 244.26 | | | | | | | | | |
| Runwell | 148,600 | 20 | 148,620 | 195.21 | 24.39 | 219.60 | 70.56 | 290.16 | | | | | | | | | |
| Sandon | 41,974 | 3 | 41,977 | 195.21 | 29.25 | 224.46 | 54.18 | 278.64 | | | | | | | | | |
| South Hanningfield | 104,125 | 11 | 104,136 | 195.21 | 25.74 | 220.95 | 82.80 | 303.75 | | | | | | | | | |
| South Woodham Ferrers | 465,465 | -266 | 465,199 | 195.21 | 31.23 | 226.44 | 76.23 | 302.67 | | | | | | | | | |
| Springfield | 238,602 | -21 | 238,581 | 195.21 | 45.27 | 240.48 | 82.17 | 322.65 | | | | | | | | | |
| Stock | 52,930 | 21 | 52,951 | 195.21 | 25.65 | 220.86 | 42.48 | 263.34 | | | | | | | | | |
| West Hanningfield | 32,382 | 13 | 32,395 | 195.21 | 25.83 | 221.04 | 57.06 | 278.10 | | | | | | | | | |
| Woodham Ferrers & Bicknacre | 102,546 | 47 | 102,593 | 195.21 | 26.01 | 221.22 | 78.12 | 299.34 | | | | | | | | | |
| Writtle | 182,721 | -88 | 182,633 | 195.21 | 4.77 | 199.98 | 89.91 | 289.89 | | | | | | | | | |
| City Centre (Non-Parished Area) | | | | 195.21 | 45.09 | 240.30 | 0.00 | 240.30 | | | | | | | | | |
| TOTALS | 3,703,285 | 35 | 3,703,320 | | | | | | | | | | | | | | |
| AVERAGE | | | | | | 228.07 | 51.38 | 279.45 | | | | | | | | | |

To be calculated on receipt of the last Parish precept

10.Revenue Budget

Table 26 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET

| 2024/25 Actual £000s | | 2025/26 Original £000s | 2026/27 Estimate £000s |
|-------------------------------------|--|------------------------------|------------------------------|
| EXPENDITURE | | | |
| 43,082 | Employees - Salaries | 45,629 | 48,375 |
| 426 | Employees - Other | 163 | 328 |
| 8,484 | Premises | 9,864 | 9,511 |
| 19,290 | Supplies and Services | 17,786 | 20,231 |
| 2,713 | Transport and Plant | 2,532 | 2,639 |
| 4,671 | Third Party Payments | 2,958 | 3,431 |
| 35,919 | Benefit Payments | 36,693 | 34,867 |
| 114,585 | TOTAL CONTROL EXPENDITURE | 115,625 | 119,382 |
| INCOME | | | |
| -33,951 | Government Grants | -35,030 | -35,900 |
| -5,755 | Other Grants and Reimbursements | -4,490 | -4,229 |
| -2,384 | Sales | -2,241 | -2,229 |
| -30,110 | Fees and Charges | -32,723 | -35,621 |
| -13,515 | Rents | -13,049 | -10,827 |
| -1,651 | Other | -1,733 | -1,761 |
| -87,366 | TOTAL CONTROL INCOME | -89,265 | -90,567 |
| 27,219 | NET CONTROL EXPENDITURE | 26,360 | 28,815 |
| INTERNAL RECHARGES | | | |
| 29,322 | Service Management and Overheads | 30,907 | 33,238 |
| -29,588 | Recharges | -31,159 | -33,493 |
| -265 | | -252 | -256 |
| 26,954 | SERVICE EXPENDITURE | 26,108 | 28,559 |
| OTHER ITEMS | | | |
| -1,835 | Interest Receivable & Investment Income | -925 | -882 |
| 1,439 | Interest Payable & MRP | 2,460 | 3,213 |
| 755 | Net Business Rate Retention Impact | -2,250 | -6,287 |
| 3 | Direct Revenue Financing of Capital | 1,188 | 1,546 |
| 362 | | 473 | -2,410 |
| USE OF RESERVES AND BALANCES | | | |
| -1,071 | Contributions - from / to Earmarked Reserves | -2,474 | -1,651 |
| 2,327 | Contributions - from / to Unearmarked Reserves | -383 | -311 |
| 1,256 | | -2,857 | -1,962 |
| 28,573 | BUDGET REQUIREMENT | 23,724 | 24,187 |
| -1,800 | LESS GOVERNMENT SUPPORT | -7,664 | -13,422 |
| 156 | Collection Fund (Surplus) / Deficit | 379 | 17 |
| 26,930 | CALL ON COLLECTION FUND | 16,439 | 10,781 |

A summary of the budget (Table 27)

TABLE 27 - SUMMARY OF REVENUE ESTIMATES

| 2025/26 Original Estimate £'000 | Original Estimates 2025/26 | 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 | 4,938 | -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 | -286 | 8,602 |
| -5,648 | Cabinet Deputy for Sustainable Transport | 3,148 | -9,136 | -5,989 |
| 3,671 | Cabinet Member for a Greener Chelmsford | 11,706 | -6,722 | 4,984 |
| 7,178 | Cabinet Member for a Safer Chelmsford | 19,079 | -12,879 | 6,201 |
| 319 | Cabinet Member for an Active Chelmsford | 10,714 | -11,188 | -474 |
| 4,278 | Cabinet Member for Finance | 37,738 | -33,268 | 4,469 |
| 7,790 | Deputy Leader and Cabinet Member for a Fairer Chelmsford | 18,516 | -8,483 | 10,032 |
| 1,032 | Leader and Cabinet Member for Communications & Engagement | 1,091 | -8 | 1,082 |
| 26,360 | Service Expenditure | 119,378 | -90,560 | 28,815 |
| | 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 | | | 1,546 |
| -2,250 | - Net Impact of Business Rates Retention Scheme | | | -6,287 |
| 26,581 | Net Expenditure | | | 26,149 |
| -2,474 | Contributions to / -use of Other Earmarked reserves | | | -1,651 |
| -383 | Contribution to / -from Balances | | | -311 |
| 23,724 | Budget Requirement | | | 24,187 |
| -7,664 | Government Support | | | -13,422 |
| 379 | Council Tax -Surplus/+Deficit | | | 17 |
| 16,439 | Income from Council Tax | | | 10,781 |

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 | 3,054 | -2,232 | 822 |
| 175 | Strategic Housing - RDS | 175 | 0 | 175 |
| 5,199 | Temporary Accommodation | 12,764 | -6,057 | 6,705 |
| 7,790 | Total | 18,516 | -8,483 | 10,032 |

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 |
|--|--------------|--|---|-------------------------------------|
| 26,360 | Total | 119,378 | -90,560 | 28,815 |

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 £1.1m 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 |
|----------------------------------|--|--|--|---------------------------------|---|--------------------------|---|---|
| | SCHEME DESCRIPTION | | | | | | | |
| 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 | | |
| | | | | | | | | | |
| | | Voluntary and Community Sector Support | | | | | | | |
| | 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. |
| | | Cultural Services (deputy) | | | | | | | |
| 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 | | | | | | | |
| | | Housing Services | | | | | | | |
| 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. |
| | | | | | | | | | |
| | | Greener Chelmsford | | | | | | | |
| | | <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 | | SCHEME DESCRIPTION | 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 | Previouslly 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 | Previouslly 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 | | | | | | | | | | | | | |
|--|---|---|--|--|-----------------------------|--|--|---|--|--|--|---|--|
| | | 2025/26 | | | 2026/27 | | | 2027/28 | | | Total for period | | |
| CAPITAL ASSET REPLACEMENT PROGRAMME | | 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 | | | | | | | | | | | | |
| | Sustainable Transport (Deputy) | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | |
| | Leisure and Heritage | | | | | | | | | | | | |
| 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 |
| | | | | | | | | | | | | | |
| | Cultural Services (Deputy) | | | | | | | | | | | | |
| 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 |

| | | 2025/26 | | | 2026/27 | | | 2027/28 | | | Total for period | | |
|-------------------------------------|--|--------------------------------|--|-----------------------------------|-----------------------|--|-----------------------------------|--------------------------------|--|-----------------------------------|----------------------------------|---------------------------------------|--|
| CAPITAL ASSET REPLACEMENT PROGRAMME | | 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 |
| | 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 |

| | | 2025/26 | | | 2026/27 | | | 2027/28 | | | Total for period | | |
|-------------------------------------|---|--------------------------------|--|-----------------------------------|-----------------------|--|-----------------------------------|--------------------------------|--|-----------------------------------|----------------------------------|---------------------------------------|--|
| CAPITAL ASSET REPLACEMENT PROGRAMME | | 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 |
| | Waste Management and Recycling | | | | | | | | | | | | |
| 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 |
| | Support Services (Deputy) | | | | | | | | | | | | |
| 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 |

| | | <u>2025/26</u> | | | <u>2026/27</u> | | | <u>2027/28</u> | | | <u>Total for period</u> | | |
|-------------------------------------|---|---|--|--|-----------------------------|--|--|---|--|--|--|---|--|
| CAPITAL ASSET REPLACEMENT PROGRAMME | | 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. |

Intentionally Blank - The Council Tax Resolution to be reported to Full Council