

# Council Meeting Agenda

Wednesday, 21 July 2021 at 7pm

Council Chamber, Civic Centre, Duke Street,  
Chelmsford CM1 1JE

## MEMBERSHIP

The Mayor – Councillor Jude Deakin  
The Deputy Mayor – Councillor Linda Mascot

and Councillors

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

Local people are welcome to attend this meeting, where your elected Councillors take decisions affecting YOU and your City. If you would like to find out more, please telephone Brian Mayfield in the Democracy Team on Chelmsford (01245) 606923, email [brian.mayfield@chelmsford.gov.uk](mailto:brian.mayfield@chelmsford.gov.uk), call in at the Civic Centre, or write to the address above.

**Recording of the part of this meeting open to the public is allowed. To find out more please use the contact details above.**

# MEETING OF CHELMSFORD CITY COUNCIL

21 JULY 2021

## AGENDA

### 1. Apologies for Absence

### 2. Mayor's Announcements

### 3. Declarations of Interest

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

### 4. Minutes

Minutes of meetings on 24 February and 19 May 2021

### 5. Public Questions

To receive questions from members of the public in accordance with Council Rules 10.1 to 10.6 on any matter for which the Council is responsible.

### 6. Cabinet Question Time

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

### 7. Reports from the Cabinet Member for Fairer Chelmsford

To consider the attached reports

#### 7.1 Treasury Management Outturn 2020/21

#### 7.2 Capital Programme Update and Provisional Outturn 2020/21

#### 7.3 Medium-Term Financial Strategy

The recommendations of the Cabinet on 13 July on each of the reports under Item 7 will be notified to members before the meeting

#### 8. Annual Report of the Audit and Risk Committee

To consider the attached report from the Audit and Risk Committee on 16 June 2021

#### 9. Annual Report of the Governance Committee

To consider the attached report from the Governance Committee on 16 June 2021

#### 10. Amendments to the Constitution

To consider the attached report from the Governance Committee on 16 June 2021

#### 11. Code of Conduct for Members

To consider the attached report from the Governance Committee on 16 June 2021

#### 12. Amendments to the Terms of Reference of the Community Governance Review

To consider the attached report from the Governance Committee

#### 13. Parliamentary Boundary Review

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

#### 14. Membership of Committees

To consider the attached report from the Leader of the Council

#### 15. Authorised Absence of Members

To consider the attached report from the Leader of the Council

## CHELMSFORD CITY COUNCIL

## MINUTES OF THE MEETING OF THE COUNCIL

held on 24 February 2021 at 7pm

## PRESENT:

The Mayor (Councillor J A Deakin)  
The Deputy Mayor (Councillor L A Mascot)

## Councillors

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

## 1. Attendance and Apologies for Absence

The attendance of members was confirmed. Apologies for absence were received from Councillors N Gulliver and M Watson. Councillors N Chambers and R J Shepherd were unable to participate in part or all of the meeting owing to technical difficulties.

## 2. Mayor's Announcements

The Mayor announced that she had been notified of the death of Keith Andrew, a former Leader of the Council. The Council observed a minute's silence in his memory and Councillor Mackrory paid tribute to Keith Andrew, who had served as a member for the former North Ward from 1979 to 1991.

The Mayor informed the Council that the following residents of Chelmsford had been recognised in the New Year's Honours List:

Barry Hearn OBE for services to sport, Pauline Evans MBE for services to law enforcement, James Greaves MBE for services to football, Asher Thomson MBE for services to the NHS, particularly during the Covid -19 response, and Pamela Swavey BEM for services to the community.

The Mayor congratulated them on the awards.

### 3. Declarations of Interest

Members were reminded to declare at the appropriate time any personal and prejudicial interests in the business on the meeting's agenda.

### 4. Minutes of Previous Meeting

The minutes of the meeting on 9 December were confirmed as a correct record.

### 5. Public Questions

Questions had been received from eight members of the public on matters relating to the Budget for 2021-22, including the proposals to introduce charges for car parking at Hylands Park and the effect this could have on parking in Writtle, and to increase charges for bereavement services.

Two of the questions, which related directly to the Budget for 2021-22, were responded to by the Cabinet Member for a Fairer Chelmsford under Item 8.3 on the agenda. The other questions were from residents and organisations in Writtle, who expressed concern that the introduction of parking charges in Hylands Park would result in vehicles parking in car parks and residential roads in Writtle, causing congestion and preventing users of facilities in the village from accessing them.

The Cabinet Member for a Fairer Chelmsford said that he recognised the possible impact the decision on parking at Hylands Park could have on Writtle and the Council would work with the Parish Council and organisations in the village on the development of arrangements to alleviate their concerns. A public consultation on the introduction of the charges, their amounts and exemptions was underway and the necessary Traffic Regulation Order would be subject to statutory consultation. Any suggestions on the design of the parking arrangements would be welcome.

## 6. Petition on Proposed Car Parking Charges at Hylands Park

The Council received a petition signed by 6,738 people which requested that it abandon a proposal to introduce charges for car parking at Hylands Park and to remove it from the Budget for 2021-22.

The petition was introduced by its organiser, who said that those who had signed it were primarily concerned that:

- There had been no proper debate on the proposal and no consultation with the public before it had been included in the budget before the meeting
- The charge would hamper access to a site much valued by the public, the use of which contributed to the mental and physical wellbeing of residents, especially during the pandemic
- Charging for parking would create inequalities for families who used the park and those who might benefit most from it
- Other more creative ways could be found to meet the cost of maintaining and developing the facilities at Hylands House
- The cost of restoring the House had been met from a number of sources other than Council funds and it benefited from a number of income streams
- The current reduction in revenue from events at Hylands House and Park was temporary but the proposed charges were not
- The charge represented a tax on motorists
- Charging for car parking would have an adverse effect on Writtle by displacing vehicles and resulting in greater use of the residential streets and car parks in that village.

Whilst it was recognised that the Council faced significant budget shortfalls as a result of the pandemic, those who had signed the petition believed that the proposed charges were unfair and unreasonable and that there were better ways to make up the deficit.

The petition was discussed by the Council as part of Item 8.3 on the Budget.

## 7. Questions to Cabinet Members

There were no questions to Cabinet Members for this meeting.

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

### 8.1 Local Council Tax Support Scheme (LCTS) for 2021-22

The Council was required to approve a LCTS scheme for 2021-22. The Cabinet on 26 January 2021 had recommended that the 2020-21 scheme be retained in its current form with the sole addition of a clause which would allow amendment of the scheme during the year in certain circumstances.

RESOLVED that the Local Council Tax Scheme for 2020-21 be retained and adopted as the Scheme for 2021-22, subject to the inclusion of the following wording:

“In the event of unexpected changes to Government welfare benefit regulations which are intended to:

- increase the income of benefit recipients, and
- which are introduced during a financial year,

Chelmsford City Council reserves the right to amend the provisions of its Local Council Tax Support Scheme to ensure that those changes do not negatively impact the entitlements of working age recipients of Council Tax Support.”

(7.28pm to 7.30pm)

## 8.2 Capital, Treasury and Investment Strategies for 2021-22

The Council received a report setting out a proposed approach to the management of its cash, capital investments (the capital expenditure programme) and other types of investment, including property, which the Cabinet on 26 January 2021 had recommended be adopted.

Asked whether the decision referred to in paragraph 4.12 of the Investment Strategy relating to Multi-Asset, Bond and Property Funds was dependent on the decision on the Budget for 2021-22, the Cabinet Member for a Fairer Chelmsford said that the Director of Financial Services had authority to invest in particular funds and it was intended to extend that authority to include Multi-Asset Funds. There were at present no investments in those funds but there could be if the Director considered them appropriate. If it was decided as part of the Budget for 2021-22 no longer to invest in the CCLA Property Fund the Investment Strategy would be amended to reflect that.

RESOLVED that the Capital, Treasury and Investment Strategies 2021-22 as submitted to the meeting be approved.

(7.30pm to 7.40pm)

## 11. Housing Infrastructure Fund – Collaboration and Co-operation Agreement

The Council considered a report on a proposal to indemnify Essex County Council in the arrangements for the delivery of the new housing linked to the Beaulieu Rail Station and Chelmsford North East By-pass being funded by the Housing Infrastructure Fund (HIF).

In response to a question, the Cabinet Member for Sustainable Development said that only the City Council, as the local planning authority, could provide the indemnity and it could not be shared with developers; provided the Council fulfilled its obligations, the indemnity would not fall on it.

RESOLVED that:

1. The Council agrees to provide an indemnity of up to £5 million for capital costs in relation to the Terms of the Collaboration and Co-operation Agreement set out in Section 3 of the report to the meeting.
2. The decision to enter into the agreement be taken by the Chief Executive in consultation with the Director of Financial Services, Legal and Democratic Services Manager, Director of Sustainable Communities, Cabinet Member for Sustainable Development and the Cabinet Member for Fairer Chelmsford.

(7.40pm to 7.49pm)

### 8.3 Budget for 2021-22

The Mayor reminded members that whilst each had a Disclosable Pecuniary Interest in this item, the Governance Committee had granted a general dispensation to allow councillors to speak and vote on the revenue estimates and level of Council Tax for 2021-22.

The Council had before it a report and recommendations from the Cabinet on the revenue budget for 2021-22 and its capital investments for that year. The proposed Council Tax resolution for the 2021-22 budget was included as part of the report to the meeting.

The Cabinet Member for a Fairer Chelmsford opened the debate by making a presentation on the budget, in which he set out the projected spending of the Council in 2020-21, how it had been envisaged that it would be funded when the budget had been set in 2020 and the shortfall of income caused by the coronavirus pandemic, resulting in the need to undertake a number of measures including the use of reserves to balance the budget in the current financial year. The Cabinet Member went on to describe how the estimated deficit of £7.557 million in 2021-22 would be met whilst maintaining core and essential services and spending on the Council's main priorities, including the provision of affordable and temporary housing and addressing the climate change and ecological emergency.

Responding to a question from a member of the public on what measures had been explored to generate income before deciding to introduce charges for parking at Hylands Park, the Cabinet Member said that all possible avenues to balance the budget had been explored, including the use of balances, reducing costs and increasing income from other sources. He accepted that some residents opposed the car parking charges but believed that others recognised the need to make difficult decisions if essential services were to be protected. He wished to ensure that the Council's financial position was not put at risk.



Turning to the petition presented earlier in the meeting, the Cabinet Member recognised the importance of Hylands Park, the part it played in the lives of many people and its contribution to the physical and mental wellbeing of its users. However, there were hard financial choices to make and the introduction of the charge was preferred to making cuts in vital services.

With regard to the question by a member of the public on the increase in the charges for bereavement services and their comparison with the cost of similar services elsewhere, the Cabinet Member pointed out that the Council charged less for these than others. Later in the discussion, the Cabinet Member for a Safer and Greener Chelmsford said that the cost of exclusive rights of burial for the wider Essex catchment area indicated that the pure average cost was £1,691 and the adjusted average by taking the highest and lowest out was £1,432. The latter had been used to set the proposed fee for Chelmsford of £1,400.

The data included the neighbouring authorities as well as a wider relevant catchment area. For non-residents, the fees were double, as was the case in most other local authority operated cemeteries. The purchase of new grave space in Chelmsford on current trends was around 40 new graves per annum.

The reason for comparing Chelmsford's burial fees for exclusive right of burial fee to the wider Essex area was because of the proximity of East London, which had an impact on Chelmsford in that lower fees attracted requests for burials in the City of Chelmsford and its cemetery was seen as comparatively akin to the locations in London in terms of quality, its relatively easy commutable distance from East London and as a pricing point, even with the non-residents' surcharge. The comparison also covered the wider north, west and east catchment area which ensured that, by including of all these areas, including neighbouring authorities, a fair, moderated and meaningful comparison was achieved and used as the basis for setting burial fees.

There was difference between grave purchase (exclusive right of burial) and interment fees. The grave purchase, for up to two full burials/interments, was the subject of the comparative figures described, whereas the interment fees covered the actual act of burials in the period of the 50 years following grave purchase. The position was that the Chelmsford adult interment fees were currently £780 and were proposed to increase to £796 in April 2021, a 2% inflationary increase only. The interment fees did not attract a non-resident surcharge. The interment fees in Chelmsford were broadly similar to those elsewhere and whilst proposed to be uplifted by an 2% inflationary increase, were not increasing in the same way as the burial and cremation fees.

The Cabinet Member said in conclusion that the data supported the approach that the proposed exclusive right of burial or grave purchase fees were set based on the average for

the wider Essex catchment area.

It was moved as an amendment by Councillor J Galley, seconded by Councillor R Whitehead, that the proposed budget be amended as follows:

- the proposed increase in charges for bereavement services be 2% instead of 12%;
- there be no charges for car parking at Hylands House and, accordingly, no provision be made in the capital programme to meet the cost of their introduction;
- there be no increase in ticket prices for the Three Foot People Festival;
- the use of unearmarked reserves should increase to £1.73 million to meet the reduction of income resulting from those changes and balance the budget.

Those who spoke in favour of the amendment said that they recognised the difficult financial position faced by the Council but believed that the increase in bereavement charges was an insensitive measure in the current circumstances; that car parking charges in Hylands Park would seriously affect dog walkers and other users of the Park for whom it was beneficial to their wellbeing, penalise drivers, cause hardship to families who used it, deprive children with special needs of the use of the special play area in the Park, and have an adverse effect on parking in Writtle; and that increasing the charge for the Three Foot People Festival would harm vulnerable families who looked forward to and enjoyed the event. It was argued that a decision on the proposed charges should be deferred to allow for other means of meeting the resulting shortfall in income, either by reducing expenditure on non-essential services or by making efficiencies, to be looked at. It was also suggested that the decision on parking charges should not be taken until the current consultation had been completed.

Speaking against the amendment, other members pointed out that it would increase expenditure by £409,000 in 2021-22 and £550,000 in each year after that. Using reserves would only balance the budget in 2021-22 and was not sustainable in the longer-term, so other means of reducing expenditure, such as reducing staffing costs or spending on vital services, would need to be considered. Members were also reminded that Hylands was only one of 15 Green Flag parks in Chelmsford, most of which had no charges for parking.

On being put to the vote, the amendment was lost, with the voting being as follows:

For the amendment:

Councillors Ambor, Daden, Dobson, Galley, Grundy, Hughes, John, Knight, Massey, Millane, Potter, Poulter, Raven, Roper, Sismey, Steel, Whitehead, Wright

Against the amendment

Councillors Ashley, Ayres, Bracken, D Clark, A Davidson, C Davidson, Dudley, Frasca, Fuller, M Goldman, S Goldman, Jones, Lager, Large, Lee, Mackrory, Mascot, Moore, Pooley, Rajesh, Robinson, Sampson, Shaw, A Sosin, J Sosin, Tron, Walsh, Willis, Young

Abstained

Councillors Bentley, P Clark, Deakin, Hyland, Roberts

At this point, an amendment was moved by Councillor P Clark, seconded by Councillor R Hyland, that the proposed budget be amended as follows:

- delete the original saving of £541,000 and include in the budget an additional provision of £331,000 for a pay award of 1% whilst retaining a payment of £250 for those earning below £24,000;
- the proposed increase in charges for bereavement services be 2% instead of 12%, at a cost of £193,300;
- there be no charges for car parking at Hylands House, at a cost of £145,000, and, accordingly, no provision be made in the capital programme to meet the cost of their introduction;
- there be no increase in ticket prices for the Three Foot People Festival, at a cost of £71,000;
- there be no increase in Council Tax, at a cost of £339,000;
- the use of unearmarked reserves should be increased to £1.343 million to in part meet the reduction of income resulting from those changes and the loss of interest from the use of the reserves and balance the budget;
- to meet the additional cost of the other amendments the Director of Financial Services be instructed to dispose of the Council's investment in the CCLA Property Fund and redeem it at the most favourable terms, realising a profit of £1,317,000 but reducing income from the interest earned by £260,000.

The arguments in favour of the changes relating to charges of bereavement services, parking at Hylands House and the Three Foot People Festival largely reflected those made during the debate on the first amendment. The redemption of the investment in the CCLA Property Fund was proposed as it was considered to be too much of a financial risk to the Council in view of the uncertainties in the property market and the profit from it could be put towards funding the reductions in income resulting from the other measures proposed in the amendment.

Those who spoke against the amendment said that in setting the budget there had been no simple choices to make and that the changes proposed had their own consequences. In proposing the budget, the Administration has considered other options but they too would

have a negative impact on residents and the ability to continue to deliver essential services. Whilst a pay increase for lower paid staff was provided in the budget, a decision had yet to be made on an increase for all staff. The proposed amendment would enable the profit from the CCLA Fund to be used to offset its costs in 2021-22 but a shortfall of £1.484 million would still need to be met in each of the years after 2021-22, which was not sustainable in the context of the deficit already anticipated in those years. It was the consistent view of those who advised the Council that the CCLA investment was a sound and valuable asset.

On being put to the vote, the amendment was lost, with the voting being as follows:

For the amendment

Councillors Bentley, P Clark, Daden, Hyland, Roberts

Against the amendment

Councillors Ashley, Ayres, Bracken, D Clark, A Davidson, C Davidson, Dudley, Frascona, Fuller, M Goldman, S Goldman, Jones, Lager, Large, Lee, Mackrory, Mascot, Moore, Pooley, Rajesh, Robinson, Sampson, Shaw, A Sosin, J Sosin, Tron, Walsh, Willis, Young

Abstained

Councillors Ambor, Deakin, Dobson, Galley, Grundy, Hughes, John, Knight, Massey, Millane, Potter, Poulter, Raven, Roper, Sismey, Steel, Whitehead, Wright

Returning to the debate on the budget as presented, the Cabinet Member for a Fairer Chelmsford said that it represented savings and reductions in core costs of £1.5 million, almost all of which would be ongoing. The Council had seen a reduction in income in the current year of £16.5 million and even after additional government support was taken into account, it had been necessary to close a budget gap of £5.3 million in 2021-22. There would be a gap of £2.2 million in 2022-23 and a cumulative gap every year after that.

Whilst the budget included the principle of charging for car parking at Hylands Park, which was still the subject of consultation, it contained positive steps to preserve spending on helping rough sleepers, provide affordable and temporary housing, address the climate emergency and protect core services. Responding to a point made earlier in the debate, the Cabinet Member said that it had been decided not to increase charges for parking in the city centre in order to help shops and businesses recover after the pandemic. It was also not a certainty that increasing such charges would result in greater income if it discouraged usage of the car parks.

On being put to the vote, the budget proposed in the report to the meeting was approved, with the voting being as follows:

For the proposed budget

Councillors Ashley, Ayres, Bracken, D Clark, A Davidson, C Davidson, Dudley, Frascona, Fuller, M Goldman, S Goldman, Jones, Lager, Large, Lee, Mackrory, Mascot, Moore, Pooley, Rajesh, Robinson, Sampson, Shaw, A Sosin, J Sosin, Tron, Walsh, Willis, Young

Against the proposed budget

Councillors Ambor, Bentley, P Clark, Daden, Dobson, Galley, Grundy, Hughes, Hyland, John, Knight, Massey, Millane, Potter, Poulter, Raven, Roberts, Roper, Sismey, Steel, Whitehead, Wright

Abstained

Councillor Deakin

RESOLVED that the budget for 2021-22 set out in Appendix 1 to the report to the meeting be approved, specifically:

1. the new Capital and Revenue investments in Council Services shown in Section 4;
2. the delegations to undertake the new capital schemes identified in Section 4, Table 5;
3. the Revenue Budgets in Section 9 and Capital Budgets in Section 10;
4. an increase to the average level of Council Tax for the City Council, increasing the average annual Band D Council Tax to £203.95, the maximum allowed before a referendum, in Section 8;
5. the fees and charges changes above the budget guidelines, as identified on the Savings schedule set out in Section 3, and that current car parking charges are frozen for 2021/22;
6. the movement in reserves shown in Section 6;
7. the Budget forecast in Section 6 and the report of the Director of Financial Services on the risks and robustness of the budget in Section 7;
8. Special expenses, Parish and Town Councils' precepts as identified in Section 8, Table 11; and
9. a delegation to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2021/22 within the normal financial delegations.

(7.49pm to 9.48pm)

## 10.Regulation of Investigatory Powers Act

On 14 October 2020, the Governance Committee had considered a report on the arrangements made by the Council under the Regulation of Investigatory Powers Act 2000, which included the results of the previous year's inspection by the Investigatory Powers Commissioner's Office (IPCO) and a review of the RIPA Policy and the RIPA Social Media Policy. In recommending that the Council receive and note the report, the Committee had suggested a change to the wording of paragraph 2.2 of the guidance on the policy's operation.

RESOLVED that the report for 2019/20 on the arrangements made by the Council under the Regulation of Investigatory Powers Act 2000, together with the amendment to paragraph 2.2 of the guidance on the operation of the policy, be received and noted.

(9.48pm to 9.49pm)

## 11. Pay Policy Statement

The Council was requested formally to approve the annual Pay Policy Statement in accordance with section 38 of the Localism Act 2011.

RESOLVED that the Pay Policy Statement for 2020/21 be approved.

(9.49pm to 9.50pm)

The meeting closed at 9.50pm

Mayor

**CHELMSFORD CITY COUNCIL**  
**MINUTES OF THE ANNUAL MEETING OF THE COUNCIL**  
**held on 19 May 2021 at 7pm**

**PRESENT:**

The Mayor (Councillor J A Deakin)  
The Deputy Mayor (Councillor L A Mascot)

Councillors A Davidson, C Davidson, S Dobson, R Gisby, M Goldman, M Mackrory, R Massey, L Millane, R Moore, G H J Pooley, I C Roberts, S J Robinson, M Sismey, M S Steel

### 1. Apologies for Absence

Owing to the need to restrict to a quorum the number of members who could attend the meeting, the Mayor said that she would regard those not present as having submitted their apologies.

### 2. Election of Mayor and Deputy Mayor

The Chief Executive explained that the impact of the Covid-19 pandemic had meant that it had not been possible for the current Mayor and Deputy Mayor to have a normal year in office. The Groups on the Council had therefore agreed to extend their terms of office by another year.

#### Election of Mayor

On the nomination of Councillor S J Robinson, seconded by Councillor I C Roberts, it was

RESOLVED that Councillor J A Deakin be elected Mayor of the City of Chelmsford for the ensuing year.

#### Appointment of Deputy Mayor

On the nomination of the Mayor, seconded by Councillor S Dobson, it was

RESOLVED that Councillor L A Mascot be appointed as the Deputy Mayor of the City of Chelmsford for the ensuing year.

### 3. Declarations of Acceptance of Office

Councillor Deakin made the declaration of acceptance of office as Mayor and took the chair. Councillor Mascot then made the declaration of acceptance of office as Deputy Mayor.

#### 4. Mayoress and Deputy Mayor's Consort

The Mayor introduced to the Council her Mayoress for her year in office, her daughter, Helen Deakin. The Deputy Mayor introduced her Consort, her husband, Ian Mascot.

#### 5. Address by the Mayor

The Mayor thanked the Council for electing her, this being only the second time a Mayor of Chelmsford had been elected to serve consecutive terms of office. Despite the restrictions resulting from the pandemic, the Mayor has carried out 179 engagements during the previous year, 66 of them online.

#### 6. Mayor's Announcements

The Mayor referred to the death in April of Councillor Malcolm Watson. She paid tribute to his dedicated service to the Council and the people of Chelmsford and asked that those present join her in observing a minute's silence in his memory.

The Mayor congratulated Councillor Robert Gisby on his recent election to the Council and welcomed him to the meeting.

The Council was informed that Canon Tom Page would continue to act as the Mayor's Chaplain for the ensuing year and that the Mayor's Charities would continue to be Helping Hands Essex, Mid and North Essex MIND and Sanctus. Despite the difficult circumstances, £9,000 had been raised for those charities over the past year and the Mayor thanked all those who had contributed so generously. She also thanked all those in her fund-raising team and everyone who had helped to support her and the Deputy Mayor during their first terms of office.

#### 7. Leader's Scheme of Delegation

RESOLVED that the Leader's Scheme of Delegation of executive functions be noted.

#### 8. Arrangements for and Appointments to City Council and Outside Bodies

RESOLVED that:

1. The appointment by the Leader of the Council of the following as the members of the Cabinet for 2021/22, and the function areas of those members of Cabinet indicated below, be noted:

Deputy Leader and Connected Chelmsford – Councillor M C Goldman  
Fairer Chelmsford – Councillor C K Davidson  
Greener and Safer Chelmsford – Councillor R J Moore  
Sustainable Development – Councillor M J Mackrory



2. The members of the Council indicated below be noted as the opposition spokespersons on the Cabinet functions referred to:

Leader's responsibilities:

Conservative Group – Councillor R T Whitehead

Chelmsford Independents Group – Councillor I C Roberts

Deputy Leader's responsibilities and Connected Chelmsford:

Conservative Group – Councillor J Galley

Chelmsford Independents Group – Councillor W Daden

Fairer Chelmsford:

Conservative Group – Councillor M Sismey

Chelmsford Independents Group – Councillor R J Hyland

Greener and Safer Chelmsford:

Conservative Group – Councillor S Dobson

Chelmsford Independents Group – Councillor W Daden

Sustainable Development:

Conservative Group – Councillor M S Steel

Chelmsford Independents Group – Councillor K Bentley

3. The following Committees and the Treasury Management and Investment Sub-Committee be appointed for the year 2021/22 with the membership and Chairs indicated:

Audit and Risk Committee:

Councillors D Clark, N Dudley, J Galley, G B R Knight, J Raven, E Sampson, A Sosin, M Sismey, N Walsh (Chair),

Chelmsford Policy Board:

Councillors H Ayres, D Clark, W Daden, I Fuller (Chair), J Galley, N Gulliver, G B R Knight, G H J Pooley, R J Poulter, A Sosin, N Walsh, R T Whitehead, T N Willis

Employment Committee:

Councillors M Goldman, R J Moore, J A Potter, S Robinson, R T Whitehead (Chair to be elected at meeting)

Governance Committee:

Councillors H Ayres (Chair), K Bentley, N Chambers, N Dudley, D Jones, N Walsh, I Wright

And three Parish and Town Council Co-opted (non-voting) Members and two Independent Persons, Clarissa Gosling and Paula Mills

Licensing and Regulatory Committee:

Councillors R Ambor, L Ashley, D Clark, A Davidson, J Frasca, P V Hughes, A John, D Jones, R Lee, L Mascot (Chair), L Millane, I C Roberts, T E Roper

Overview and Scrutiny Committee:

Councillors L Ashley, M Bracken, W Daden, I Fuller, J Galley (Chair), R Gisby, I Grundy, J Lager, C Shaw, M Sismey, M S Steel, C Tron, S Young (Vice Chair)

Planning Committee:

Councillors L Ashley, S Dobson, P Hughes, R J Hyland, J Lardge, R Lee, G H J Pooley, R J Poulter, T E Roper, E Sampson, C Shaw, J A Sosin (Chair), I Wright  
Designated Substitutes – Councillors H Ayres, J Frasca, and S J Rajesh (Liberal Democrats), L Millane (Conservative) and K Bentley (Chelmsford Independents)

Treasury Management and Investment Sub-Committee:

Councillors M Bracken, D Clark, C Davidson (Chair), J Galley, G B R Knight, A B Sosin, R T Whitehead

Local Staff Joint Committee:

Councillors M Goldman, R Massey, R J Moore, I C Roberts, S J Robinson (Chair to be elected at meeting)

4. Councillor M J Mackrory be appointed as the Council's representative on the South Essex Parking Partnership Joint Committee.
5. The following be appointed as Equality and Diversity Champions: Councillors L Ashley, A Davidson and J Deakin and Councillor T N Willis as Climate Ambassador.
6. The persons named in Schedule C and shown in Appendix 1 to these minutes be appointed to represent the Council on the outside bodies referred to for the period indicated.
7. Part 3.2.3 of the Constitution be amended to reflect the changes to the number of places on the bodies referred to in Schedule B.
8. The Legal and Democratic Services Manager, after consulting the relevant Group Leaders, be authorised to:
  - (a) make appointments to an Employment Appeals Committee should the need for that Committee arise; and
  - (b) make appointments to or approve other changes to the representation of other non-Executive bodies that become necessary during the municipal year, provided that the political balance of those bodies continues to be observed.
9. The Legal and Democratic Services Manager, after consulting the political Groups, be authorised to finalise, amend or add to the appointments to Outside Bodies and to make any changes to them during the municipal year.

## 9. Chelmsford North-East By-Pass Bridge – Forward Funding

The Council was requested to approve a proposal that it forward fund the additional cost of the construction of a permanent multi-modal highway bridge across the Chelmsford North East Bypass.

RESOLVED that:

1. The Council agrees to provide a sum not exceeding £1.5m to Essex County Council in 2021/22 to forward fund the additional construction cost of a permanent multi-modal highway bridge across the Chelmsford North-East By-Pass on the condition that Essex County Council as Highways Authority and Countryside Zest as relevant developer enters into a satisfactory Memorandum of Understanding (MOU) which sets out the funding recovery commitments outlined in Section 4 of the report to the meeting.
2. The Director of Sustainable Communities be given delegated authority to agree the MOU in consultation with the Director of Financial Services, Legal and Democratic Services Manager, Cabinet Member for Sustainable Development and the Cabinet Member for Fairer Chelmsford.

## 10. Contingency Arrangements for Decision Making

The Mayor said that she had agreed to accept as an additional item of urgent business a motion on contingency arrangements which would allow the Council to continue to make decisions if it was not possible to hold in-person meetings. She had agreed to do so on the grounds that the Council was the only body that could give the authority needed to put those arrangements in place and that they may be needed before the next scheduled meeting.

On the motion of Councillor S J Robinson, seconded by Councillor S Dobson, it was RESOLVED that:

“This Council takes the view that the continuing uncertainty over the spread and effect of the Covid-19 virus makes it necessary, in the interests of the health and safety of councillors, employees of the Council and the public, to consider contingency arrangements that provide for the business of the Council to be conducted without the need for in-person meetings.

To that end, and bearing in mind that the Regulations that allowed for decisions of local authorities to be taken via remote meetings have now expired, the Council resolves to authorise the Chief Executive, after consulting the Group Leaders, to implement the following arrangements if he considers that circumstances require them:

1. Member bodies will hold remote meetings for the time being. Whilst formal decisions will not be taken at those meetings, where it is necessary that action is required in respect of a particular matter, the relevant member body will give to the Chief Executive an indication as to how he might exercise his authority under paragraph 3.4.2.7 of the Constitution (authority to take urgent decisions) in respect of the matter in question.
2. The Notice of Executive Decisions published in accordance with Regulations 9 and 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 shall be regarded as giving notice of the Chief Executive's intention to take any Executive decisions referred to in that document.
3. The decisions of the Chief Executive will be published within two working days of being taken and, in the case of Executive decisions, may be subject to call in.

4. The Legal and Democratic Services Manager be authorised to amend the temporary amendments to the Constitution relating to the conduct of remote meetings agreed by the Council on 13 May 2020 to reflect the arrangements set out above and, so amended, they be extended until further notice and reviewed at each meeting of the Council."

The meeting closed at 7.32pm

Mayor

## Appendix 1

| Body                                     | Term of Office                              | No. of Representatives | Representatives  |
|--|---|------------------------|--|
| Chelmsford Age Concern                   | 1 year                                      | 1                      | Councillor A Davidson  |
| Chelmsford Business Board                | 1 year                                      | 1                      | Councillors M Goldman and S Goldman  |
| Chelmsford Business Improvement District | 1 year                                      | 1                      | Councillor S Goldman   |
| Chelmsford CAB Trustee Board             | 1 year                                      | 4                      | Councillors Ashley, Ayres, Rajesh and Tron   |
| Chelmsford Council for Voluntary Service | 1 year                                      | 1                      | Councillor Young   |
| Chelmsford Cultural Development Trust    | 1 year                                      | 1                      | Councillor Frasca  |
| Chelmsford Educational Foundation        | 3 years commencing 1 <sup>st</sup> May 2020 | 2                      | Councillor Frasca and Liz Ahmed  |
| Chelmsford Fairtrade                     | 1 year                                      | 1                      | Councillor Dudley  |
| Chelmsford Local Highways Panel          | 1 year                                      | 4                      | Councillors Lager, Lardge, Shaw, Steel   |
| Chelmsford United Charities              | 4 years                                     | 3                      | Councillors Dudley and Willis and Mr Ron Alcock from October 2019<br>Councillor Jones, Mrs F B Mountain and one Conservative Group nominee from October 2020 |
| Chelmsford YMCA                          | 1 year                                      | 1                      | Councillor Shaw  |
| Chelmsford Youth Strategy Group          | 1 year                                      | 1                      | Councillor Frasca  |
| Danbury Lakes Country Park Forum         | 1 year                                      | 2                      | Councillors Hyland and Willis  |

|  |                                  |   |  |
|--|----------------------------------|---|--|
| Essex Countywide Traveller Unit Joint Committee                      | No fixed term                    | 1 | Councillor J Sosin                                   |
| Essex Police, Fire and Crime Panel                                   | 1 year                           | 1 | Councillor Lager<br>(Councillor M Goldman, sub)      |
| Essex Waste Partnership<br>IAA Member Working Group                  | 1 year                           | 1 | Councillor Lardge                                    |
| Essex Waste Partnership Member Board                                 | 1 year                           | 1 | Councillor Moore                                     |
| Fields in Trust  | 1 year from February 2021        | 1 | Councillor Lee                                       |
| Flood Partnership Board  | 1 year                           | 1 | Councillor Mackrory                                  |
| Galleywood Heritage Centre   | 1 year                           | 1 | Councillor Hyland                                    |
| King Edward VI Grammar School Historic Foundation Governors          | 3 years commencing 1st July 2020 | 4 | Councillors Galley, Shepherd, A Sosin and Whitehead  |
| Local Government Association – Assembly and Conference<br>- Delegate | 1 year                           | 1 | Councillor Robinson                                  |
| Local Government Association – District Councils Network             | 1 year                           | 1 | Councillor Robinson                                  |
| Marsh Farm Country Park Forum  | 1 year                           | 2 | Councillors Roberts and Walsh                        |
| One Chelmsford Partnership Strategic Board                           | 1 year                           | 1 | Councillor Robinson (Substitute – Councillor Pooley) |
| PATROL (Parking and Traffic Regulations)                             | 1 year                           | 1 | Councillor Mackrory                                  |

|  |   |   |   |
|--|---|---|---|
| Outside London)<br>Adjudication joint<br>Committee.      |   |   |   |
| South Woodham<br>Ferrers Swimming<br>Pool Steering Group | 1 year  | 2 | Councillors Bentley and Massey                  |
| Springfield United<br>Charities                          | 4 years<br>commencing<br>May 2019                 | 3 | Councillors Fuller and Tron and Mr R<br>Stevens |
| Success Essex<br>(formerly the Essex<br>Business Board)  | 1 year  | 1 | Councillor M Goldman                            |
| Tech Ambassadors   | 1 year  | 2 | Councillors Bracken and M Goldman               |
| The Barge Susan<br>Trust                                 | 2 years<br>commencing<br>1 <sup>st</sup> May 2021 | 1 | Mrs F B Mountain                                |
| William de Ferrers<br>Centre Users<br>Committee          | 4 years from<br>September<br>2020                 | 1 | Mr R Denston to continue                        |

|   |        |   |   |   |
|---|--------|---|---|---|
| Bradwell Local<br>Community Liaison<br>Council  | 1 year | 1 | Director of Public<br>Places or<br>representative           | Director of Public<br>Places or<br>representative           |
| Essex Society for<br>Archaeology and<br>History | 1 year | 1 | Director of<br>Connected<br>Chelmsford or<br>representative | Director of<br>Connected<br>Chelmsford or<br>representative |



Chelmsford City Council

21 July 2021

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## Finance Reports from the Cabinet

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Report by: Cabinet Member for Fairer Chelmsford

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Officer contact:

Brian Mayfield, 01245 606923, [brian.mayfield@chelmsford.gov.uk](mailto:brian.mayfield@chelmsford.gov.uk)

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### Purpose

To inform Council of the decisions of the Cabinet on 13 July 2021 on the reports at Items 7.1 to 7.3 on the agenda for this meeting.

### Recommendations:

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

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### 1. Treasury Management Outturn 2020/21

The Cabinet resolved as follows:

RESOLVED that the Treasury Management Outturn report for 2020/21 be noted and that the Council be recommended to endorse it.

### 2. Capital Programme Update and Provisional Outturn 2020/21

The Cabinet resolved as follows:

RESOLVED that the following be approved:



1. The proposed Capital Scheme cost increases of £188,000, shown in Appendix 1 of the report to the meeting and detailed in paragraph 3.1 of the report;
2. the proposed Asset Replacement Programme for 2021/22, the increase in scheme costs of £19,000 and the rephasing of spend of £269,000 from 2020/21 as shown in Appendix 3 and detailed in paragraph 4.2 of the report.

RECOMMENDED to the Council that it note:

1. the latest proposed budgets for capital schemes of £131.379m, shown in Appendix 1 and detailed in paragraph 3.1;
2. the outturn on the 2020/21 Asset Replacement Programme of £2.565m, shown in Appendix 3 and detailed in paragraph 4.1;
3. the Asset Replacement Programme for 2021/22 of £5.328m as shown in Appendix 3 and detailed in paragraph 4.2;
4. the proposed Asset Replacement programme deferred approved schemes from 2021/22 to 2022/23, £1.534m, shown in **Appendix 3** and detailed in **paragraph 4.2** of this report, be noted; and
5. the method of funding of the capital expenditure incurred in 2020/21, as set out in the table in paragraph 5.

### 3. Medium-Term Financial Strategy

The Cabinet resolved as follows:

RESOLVED that the updated financial forecast be noted.

RECOMMENDED to the Council that it approve:

1. the approach to reserves set out in the report and Appendix 1
2. the updates to the capital strategy indicators set out in Appendix 2
3. the Financial Strategy as set out and the budget guidelines for preparation of the 2022/23 budget in Appendix 5
4. the carry forward of budgets of £272k from 2020/21 for initiatives delayed due to Covid, as detailed in Appendix 5, funded from unearmarked reserves.

#### Background papers:

None

#### Appendices:

None

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### Corporate Implications

As set out in the original reports to the Cabinet

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## Treasury Management and Investment Sub-Committee

21 June 2021

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### Treasury Management Outturn Report 2020/21

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#### Report by:

ACCOUNTANCY SERVICES MANAGER (Section 151 officer)

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#### Officer Contact:

Phil Reeves, Accountancy Services Manager, phil.reeves@chelmsford.gov.uk, 01245 606562

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#### Purpose

Under statute and the CIPFA Code of Practice on Treasury Management ("the Code"), Members are required to receive a report on the Treasury Management activities that took place in 2020/21.

#### Recommendations

Recommend the Treasury Management Outturn Report 2020/21 to Cabinet or amend as appropriate.

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### 1. Introduction

- 1.1. The CIPFA Code of Practice for Treasury Management sets out the requirements for oversight by the Council of its treasury management operations. As part of the Code, the Council is required to receive an annual report on the performance of the treasury management function which highlights the effects of decisions taken and

the circumstances of any non-compliance with the Code and the Council's Treasury Management Strategy.

## 2. Background

2.1. The Council can expect to have cash to invest arising from its revenue and capital balances, and collection of Council Tax. This cash can be usefully invested to produce a return to help support services and Council Tax. The activities around the management of this cash are known as 'Treasury Management'.

2.2. Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:

*"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks"*

2.3. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the MHCLG Guidance.

2.4. The Council's investment priorities as required by Government regulations are in order of priority:

- (a) The security of Capital
- (b) The liquidity of its investments; and  
When these are satisfied
- (c) Yield

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

2.5. The operation of Treasury Management is not without risk and the Council could suffer losses if one of its counterparties had financial difficulties.

2.6. The Council formally reviews its investment holdings in the following ways:

- Treasury Management Strategy report in February
- Treasury Outturn report in July
- A half-year update in November
- Treasury Management sub-committee to monitor Treasury Activity during the financial year.

The review of the year's activities is set out in the following appendices:

**Appendix A – Economic Environment Update**

**Appendix B – Borrowing and Actual Investment Activity compared to the Approved 2020/21 Strategy**

**Appendix C – Treasury Performance Indicators for 2020/21**

**3. Summary of Review**

- 3.1. During the financial year, there were no breaches of the Treasury Management Strategy.
- 3.2. The CCLA fund produced £278k in income during 2020/21 but there was a slight downward fluctuation in capital value of £46k (unrealised capital gain to date £1.4m). However, returns from the fund should be measured over several years as fluctuations in value should be expected. More importantly the total returns from the fund (capital and income) continue to far exceed what can be achieved from cash investments. The Council cannot enter and exit the fund to try to avoid short-term unrealised losses; the fund should be exited only to avoid long-term losses or seek more effective alternative investments.
- 3.3. The Council's investment holdings on the 31st March 2020 were £50.4m and £47.0m on 31st March 2021. The average investment balance during the year was slightly higher than allowed for in the budget due to re-phasing of the capital programme.
- 3.4. Interest earnings from investments were some £0.44m, which was below the budget of £0.49m, mainly because of lower yield due to the pandemic.
- 3.5. The return on investments in 2020/21 was 0.62% compared to the previous return of 1.25%.

**4. Conclusion**

- 4.1. It should be noted that the Council's Treasury Management has operated within approved parameters, has resulted in no realised losses and delivered income of £0.44m which has helped to support Council services.

**List of appendices:**

Appendix A – Economic Environment Update

Appendix B – Borrowing and Actual Investment Activity compared to the Approved 2020/21 Strategy

Appendix C – Treasury Performance Indicators for 2020/21

**Background papers:**

None

## Corporate Implications

Legal/Constitutional: None

Financial: As detailed in report.

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

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

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

Personnel: None

Risk Management: All treasury management activity requires a careful consideration of risk and reward.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: None

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### Relevant Policies and Strategies:

Treasury Management Strategy 2020/21

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## Appendix A – Economic Environment Update

### Introduction

The amount of interest the Council earns on its balances is a function of the mix of fixed and variable rate investments made by the authority, together with the performance of the shares it holds in pooled investment funds such as the CCLA and Money Market Funds.

Therefore, the interplay of various economic factors including interest rate expectations, property prices and economic growth all affect the performance of the Council's investments.

### Economic factors

The vaccination programme is proceeding at pace in the UK and restrictions on economic activity are easing leading to a positive economic outlook in the coming year. UK GDP is expected to recover strongly but will continue to depend on the evolution of the pandemic and measures taken to protect public health globally.

The UK Bank of England base interest rate has been held at 0.10% throughout the year and extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. Inflation year to March was 0.7% (CPI) and is projected to rise in the near term as the impact of Coronavirus eases. Unemployment was at 5.0% in the three months to January 2021 and is expected to rise when the furlough scheme is withdrawn in September 2021. Interest rates were unanimously voted by the Monetary Policy Committee to be maintained at 0.10% in May 2021.

This has led to the Council's fixed and variable rate investments continuing to earn historically low levels of interest and the Council has held a significant proportion of the cash balances in liquid funds to manage cashflow.

The valuation of the Council's investment in the CCLA Property Fund decreased by £46K in the year, leaving the Council's unrealised gain at £1.44m on its initial investment. The income yield for the year was 4.32%, as measured against the current £6.44m market value. The Fund now has a minimum 90-day redemption period.

CCLA are expecting a steady trend in capital values to be maintained but within that wide dispersion of performances between sub-sectors. Retail is expected to remain weak despite the sector being open for trading and office accommodation is expected to remain steady in value.

## **Appendix B – Borrowing and Actual Investment Activity compared to the Approved Strategy for 2020/21**

### **External borrowing**

1. The Council effectively became debt free on the 16th September 2002, when it repaid all its PWLB debt. The Council therefore only has the freedom to borrow in the following circumstances:
  - Short term borrowing to manage liquidity
  - Long term borrowing only to fund capital expenditure if no other capital resources exist e.g. the Council has spent its capital receipts or expects to do so imminently

The Council did not need to borrow in 2020/21.

2. Finance leases are deemed by Government to be a type of borrowing in the Council's Accounts and Treasury reporting must identify that the Council has borrowed money when they are used. At 31st March 2021, the Council had outstanding finance lease liabilities of £557,000.

### **Investments**

3. Officers with appropriate knowledge and training invest the Council's cash balances. Arlingclose are used as advisers on treasury management to help inform the decision-making process.
4. The Council's funds are invested in the following priority order, in accordance with statutory guidance:
  - i) Security – protecting the capital sum invested from loss
  - ii) Liquidity – ensuring the funds invested are available for expenditure when needed
  - iii) Yield – subject to achieving proper security and liquidity, to pursue a yield on investments to support service provision

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

5. The Council uses cash-flow planning methods in order to manage its in-house investments. This allows officers to separate in-house funds in to two categories:
  - Shorter term, lower yielding investments – these investments are invested for relatively short durations, normally 3-6 months, in order to ensure that the maturity profile of investments matches the peaks and troughs in the Council's liquidity needs – particularly for the final 2 months of the year where council tax income falls significantly due to the 10 monthly instalments most residents choose to pay in.

- Longer term, higher yielding investments – these are investments of ‘core cash’ which the Council does not require for operational purposes within the short to medium term. These funds can be invested for a year or more in appropriate counterparties in order to generate higher yields without causing liquidity issues.
6. During 2020/21 the Council’s investment portfolio has remained relatively similar in size from £50.4m to £47.0m. However, the inflow and outflow of Covid 19 grants for business made 2020/21 cashflow unusual.

### **Compliance with Treasury Management Strategy**

7. A summary of the approved treasury management strategy, together with actual outcomes is presented below:

- |  |  |
|--|--|
| a. <b>To ensure that there are no breaches of the approved counterparty limits or durations</b>  | No breach occurred.  |
| b. <b>The option to invest further sums in pooled funds</b>  | No additional investments in longer term funds took place in 2020/21.  |
| c. <b>To continue holding up to £8m (£5m initial investment plus a generous allowance for unrealised capital growth) investment in the CCLA Local Authority Property Fund</b>  | The CCLA depreciated in value during 2020/21, largely due to the impact of Coronavirus. However, £278k in dividend income was still realised. The Council’s investment was valued at £6.44m as at 31 <sup>st</sup> March 2021. |
| d. <b>Limit investments over 365 days in duration to £18m</b>  | Investments with a duration in excess of 365 days did not exceed £18m in the year.   |
| e. <b>Ensure that no more than 75% of the Council’s Portfolio is invested for periods of greater than 3 months at any one time</b>   | No breach occurred.  |
| f. <b>In exceptional circumstances allow short borrowing on occasions to cover any liquidity shortfalls caused by the unexpected timing of payments or to avoid the opportunity costs of liquidating certain investments</b> | No exceptional borrowing was required in 2020/21.  |

In 2020/21, the Council remained mindful of the risk of Bail-in losses from unsecured lending to banking counterparties.

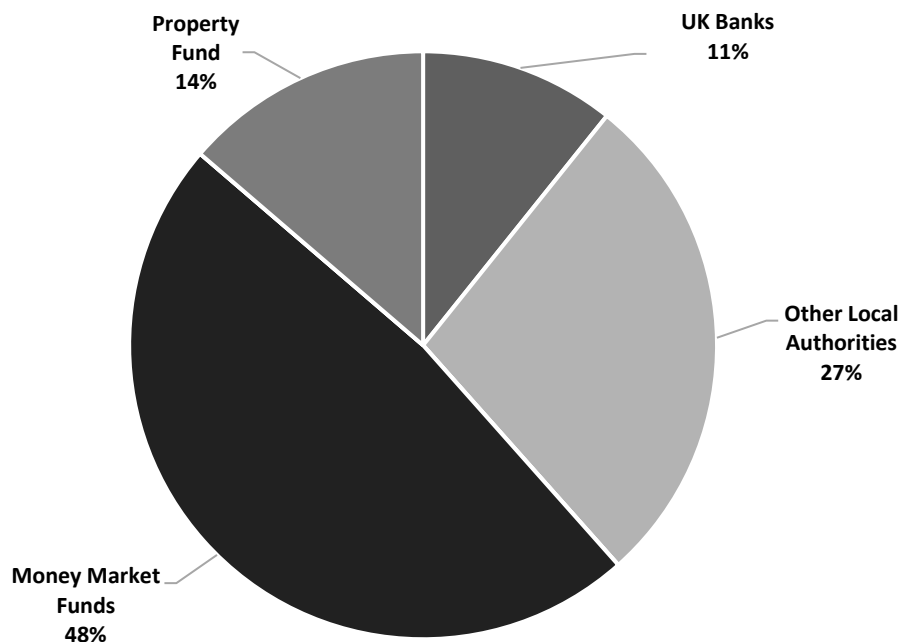
As at 31<sup>st</sup> March the Council’s exposure to Bail In risk (direct lending to banks and building societies) was 11%, against 20% at the end of the previous financial year.



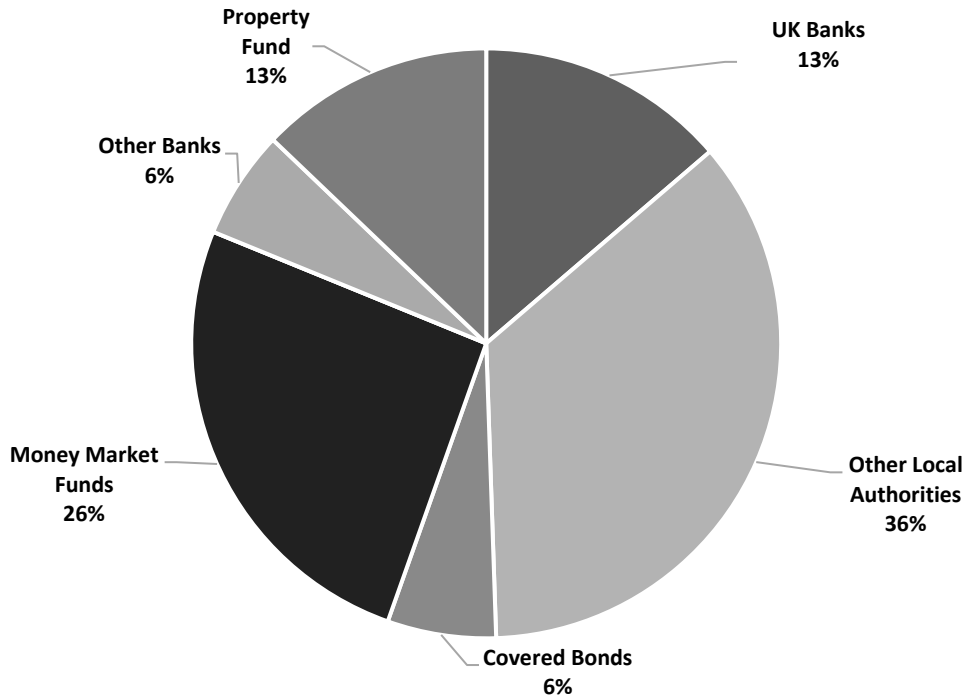
Year ending exposure tends to be lower than the average exposure because, where possible, the Council takes advantage of higher rates offered by other local authorities in the final quarter of the year. However, due to the uncertainty surrounding the impact of Covid-19, the Council chose to hold a higher proportion of its cash in liquid accounts in order to protect against potential cashflow problems and reflecting the very low yield that could be achieved (below 0.1%).

| <b>Exposure</b>  | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> |
|--|----------------|----------------|----------------|
| Bail In Risk -Direct investment                            | 7%             | 20%            | 11%            |
| Bail In Risk – Pooled Fund Managers and Money Market Funds | 31%            | 26%            | 48%            |
| Exempt from Bail In (including CCLA)                       | 62%            | 54%            | 41%            |
| <b>Total</b>   | <b>100%</b>    | <b>100%</b>    | <b>100%</b>    |

### Investment at 31/03/21 By Sector



## Investment at 31/03/20 By Sector



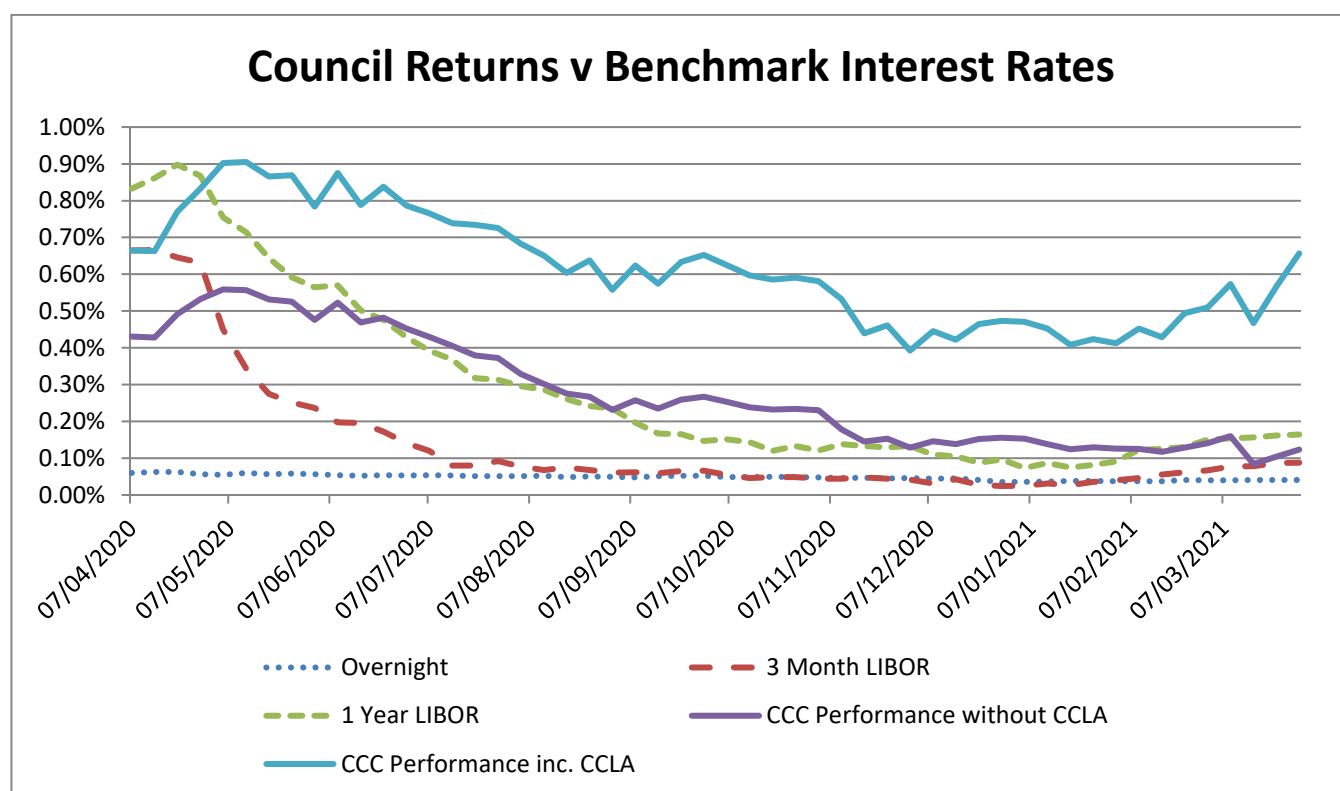
| <u>Counter Party</u>                                | <u>31/03/2021</u> | <u>Limits for 2020/21</u> |
|---|-------------------|---------------------------|
| <u>Short-Term Money Market Instant Access Funds</u> |                   |                           |
|   | £s                | £s                        |
| BlackRock MMF                                       | 4,566,800         | 6,000,000                 |
| Aberdeen Constant Fund                              | 5,955,140         | 6,000,000                 |
| Federated Money Market Fund                         | 5,996,000         | 6,000,000                 |
| Invesco Money Market Fund                           | 5,950,800         | 6,000,000                 |
| CCLA Property Fund                                  | 6,436,090         | 8,000,000                 |
| UK Treasury Bills                                   | 0                 | Unlimited                 |
| <u>Banks</u>  |                   |                           |
| Natwest   | 2,047,160         | 3,000,000                 |
| HSBC  | 3,000,000         | 3,000,000                 |
| <u>Local Authorities</u>                            |                   |                           |
| Birmingham City Council                             | 3,000,000         | 20,000,000                |
| Warrington Borough Council                          | 5,000,000         | 20,000,000                |
| Plymouth City Council                               | 5,000,000         | 20,000,000                |
|   | <u>46,951,990</u> |                           |

## Return on investments

8. Interest rates remained at very low levels throughout 2020/21, with the Bank of England base rate being held at 0.10%. Consequently, returns remain below the prevailing inflation rate, resulting in negative real rates of return on funds invested.

Comparisons by Arlingclose out of 127 authorities (143 last year) show the City Council's returns remained in the second quartile for authorities in March 2020 (50<sup>th</sup> highest) compared to March 2019 (49<sup>th</sup> highest). This shows that comparative performance remains significantly lower in terms of total return ranking than its high point early in 2016 (22<sup>nd</sup> highest), and December 2015 (10<sup>th</sup> highest). Over this period many authorities have invested more extensively in property funds, bond funds, equity funds and mixed asset funds.

The LIBOR (London Inter Bank Offered Rate) rates below show the interest levels that London based banks charge each other. These highlight the historically low levels of interest rates and provide context for the Council's own investment returns.



|                        | Market investments<br>(excluding CCLA) | CCLA Investment<br>Yield | All Investments |
|------------------------|--|--------------------------|-----------------|
| Year ending 31/03/2021 |  |                          |                 |
| Average yield          | 0.28%                                  | 4.32%                    | 0.62%           |

## **Security**

The CCLA fund dropped in capital value by £46k but is still valued at £1.44m over the initial investment made by the Council.

## **Conclusion**

The Council has operated within its Treasury Management Framework. This has enabled the Council to safeguard its financial assets and produce a good level of return relative to the prevailing market interest rates.

## Treasury Management Performance Indicators

Period Ending: 31/03/2021

### Security

|   | Year 2020/21 | Projected as at Nov 20 | Target for year | Target for year | Target for year | Target for year |
|---|--------------|------------------------|-----------------|-----------------|-----------------|-----------------|
|   | 31/03/2021   | 31/03/2021             | 31/03/2021      | 2021/22         | 2022/23         | 2023/24         |
| Require - Only to invest with approved counterparties | No breach    | No breach              | No breach       | No breach       | No breach       | No breach       |
| Require - Only to invest up to approved limits        | No breach    | No breach              | No breach       | No breach       | No breach       | No breach       |
| Target - Bail in exposure to not exceed portfolio     | 58.60%       | 50.00%                 | 50.00%          | 50.00%          | 50.00%          | 50.00%          |

### Liquidity

|   | Year 2020/21 | Projected as at Nov 20 | Target for year | Target for year | Target for year | Target for year |
|---|--------------|------------------------|-----------------|-----------------|-----------------|-----------------|
|   | 31/03/2021   | 31/03/2021             | 31/03/2021      | 2021/22         | 2022/23         | 2023/24         |
| Target - At least £8m maturing in 100 days or less                        | £ 40,515,900 | No breach projected    | £ 8,000,000     | £ 8,000,000     | £ 8,000,000     | £ 8,000,000     |
| Require - Investments maturing in more than 365 days not to exceed target | £ 6,436,090  | No breach projected    | £ 10,000,000    | £ 10,000,000    | £ 10,000,000    | £ 10,000,000    |
|   | £ 46,951,990 | £ -                    |                 |                 |                 |                 |

|   | Actual Borrowing 2020/21 | Projected as at Nov 20 | Target for year | Target for year | Target for year | Target for year |
|---|--------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
|   | 31/03/2021               | 31/03/2021             | 31/03/2021      | 2021/22         | 2022/23         | 2023/24         |
| Requirement - Authorised Limit of Borrowing                           | £ Nil                    | £ Nil                  | £ 45,000,000    | £ 45,000,000    | £ 45,000,000    | £ 45,000,000    |
| Target - Operational Boundary of Borrowing (excluding finance leases) | £ Nil                    | £ Nil                  | £ 25,000,000    | £ 25,000,000    | £ 25,000,000    | £ 25,000,000    |

### Yield

|                                  | Year 2020/21 | Previous Year |
|----------------------------------|--------------|---------------|
|                                  | 31/03/2021   | 31/03/2020    |
| Average yield on cash portfolio  | 0.28%        | 0.86%         |
| 3 month Libor benchmark          | 0.14%        | 0.56%         |
| Average yield on CCLA            | 4.32%        | 4.48%         |
| Average yield on total portfolio | 0.62%        | 1.25%         |
| 1 year Libor benchmark           | 0.29%        | 0.84%         |



## Chelmsford City Council Cabinet

13 July 2021

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### Capital Programme Update and Provisional Outturn 2020/21

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#### Report by:

Cabinet Member for Fairer Chelmsford

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#### Officer Contact:

Phil Reeves, Accountancy Services Manager (S151 Officer)

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#### Purpose

1. To report the capital expenditure incurred in 2020/21 and the resources used to finance it.
2. To update the approved Capital Schemes for variations in cost which have been identified at outturn and to date.
3. To update the approved Asset Replacement Programme for 2021/22 for variations in cost and timing which have been identified at outturn and to date.

#### Options

To either accept or reject the recommendations.

#### Preferred option and reasons

To accept the recommendations to enable services to proceed with the capital schemes and replacements required to continue to deliver services.

## Recommendations

That the Cabinet approves the following:

1. the proposed Capital Scheme cost increases of £188k, shown in **Appendix 1** and detailed in **paragraph 3.1** of this report;
2. the proposed Asset Replacement Programme for 2021/22, the increase in scheme costs £19k and the rephasing of spend from 2020/21 £269k as shown in **Appendix 3** and detailed in **paragraph 4.2** of this report.

And that the Cabinet recommends to Council that:

1. the latest proposed budgets for Capital Schemes £131.379m, shown in **Appendix 1** and detailed in **paragraph 3.1**, be noted;
  2. the outturn on the 2020/21 Asset Replacement Programme £2.565m, shown in **Appendix 3** and detailed in **paragraph 4.1** of this report, be noted;
  3. the Asset Replacement Programme for 2021/22, £5.328m be noted as shown in **Appendix 3** and detailed in **paragraph 4.2** of this report;
  4. the proposed Asset Replacement programme deferred approved schemes from 2021/22 to 2022/23, £1.534m, shown in **Appendix 3** and detailed in **paragraph 4.2** of this report, be noted; and
  5. the method of funding of the capital expenditure incurred in 2020/21, as set out in the table in **paragraph 5**, be noted.
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## 1. Background

The Council has a long-established process for monitoring and reporting its forecast expenditure and income against approved estimates. Formal monitoring reports are prepared on a regular basis and these are supplied to all Cabinet Members.

## 2.Introduction

There are two types of expenditure, capital and revenue.

Capital expenditure relates to the acquisition or enhancement of assets, which have a useful life in excess of 12 months and are charged to the Council's balance sheet and shown as fixed assets (a fixed asset being an item that can be in use for more than one year). To be an enhancement the expenditure on the asset must either lengthen substantially the useful life of the asset, increase substantially the open market value or increase substantially the extent to which the Council can use the asset.

Revenue costs are ongoing. They are incurred to run an asset or to provide a service.

### 2.1 Capital Programme

The capital programme is split between larger schemes (works, improvements and refurbishments) and an asset replacement programme.

Services submit bids annually for schemes to be added to the capital programme. The schemes should add value to the organisation, provide revenue savings or additional income, move forward Our Chelmsford: Our Plan objectives or have statutory/health and safety implications.

The Asset Replacement Programme is required to maintain the existing level of service delivery by ensuring there is provision to replace items of equipment and vehicles on a regular basis. Approval of individual items is on an annual basis.

### 2.2 Capital Resources

Capital expenditure is funded in a number of ways which may include grants, receipts, third party contributions, contributions from revenue, internal or external borrowing and the use of external leasing.

When capital resources are spent, the amount available to invest is reduced and therefore the amount of interest income received is reduced, which in turn affects the revenue budgets available.

Where internal or external borrowing is used to fund the capital programme, a provision for repayment of the borrowing (Minimum Revenue Provision) is required, which again puts pressure on revenue budgets.

### 2.3 Capital Reporting

A 'Capital Programme Update' report is taken to Cabinet in January and a 'Capital Programme Update and Outturn' report is taken to Cabinet/Council in July each



year. A further 'Capital Programme Monitoring and Update' report is taken to Cabinet in November.

It is important to closely monitor capital expenditure as this allows judgements to be made for the Council's cash investments. If a large scheme is likely to be delayed, this will provide an opportunity to invest the money until it is required, therefore increasing interest earnings.

## 2.4 Methods of Approval

New schemes submitted by services are recommended by Cabinet in January and approved by Council in February each year.

During the year, approval can be sought for further schemes or extensions to existing ones via supplementary approval or the use of urgency letters depending upon the level of expenditure required. An urgency letter authorises the Leader of the Council and Chief Executive to incur additional expenditure in extraordinary circumstances.

When schemes are approved, they are added to the capital programme and monitored throughout the year.

## 3 Capital Schemes

### 3.1 Monitoring Against Latest Approved Budgets

**Appendix 1** gives the overall capital outturn information for the completed Capital Schemes at the end of March 2021 and the latest forecast expenditure for the ongoing scheme costs. It identifies the variances in total individual scheme costs.

**Appendix 1** shows that the proposed cost of the Capital Schemes has reduced by a net £137k against the latest approved budget of £131.516m, or 0.10% of the overall Capital Schemes' costs. The table below provides a summary.

|  |           |
|--|-----------|
| Approved Budget  | £131.516m |
| Proposed Reductions in Scheme Costs – see <b>Appendix 1</b><br>Scheme number 6 Bridge Repairs. | -£0.185m  |
| Proposed Increases in Scheme Cost Requires Approval – see <b>Appendix 1</b>                    | £0.188m   |

|   |                  |
|---|------------------|
| Scheme number 10 – Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy. This is funded from a virement from scheme number 3 which has an underspend- £0.093m.<br><br>Scheme number 48 – HIF Access Road and Bridge Grant Funded £0.095m. |                  |
| Actual Increases in Completed Scheme Cost   | £0.042m          |
| Actual Reductions in Completed Scheme Costs   | -£0.182m         |
| <b>Total Proposed Budget Capital Schemes</b>  | <b>£131.379m</b> |

3.2 **Appendix 2** provides narratives, for those variances in excess of £25,000, against the latest approved Budget.

3.3 **Appendix 1** shows that there are some schemes reported as being delivered late.

The majority of these schemes are reliant upon conditions outside the control of Project Officers such as obtaining planning permission and consents and paying over to third parties CIL and S106 grants which are dependent upon works they have completed. The delay in the spend is favourable to the Council in terms of investment and returns.

The forecast expenditure for the year 2020/21 was £66.855m. The actual expenditure for 2020/21 was £56.886m. This is a net reduction for the spend in-year of £9.969m or 14.9%. The table below provides details of the schemes and shows the major variations.

| <b><u>Schemes</u></b>   |          |
|---|----------|
| Schemes 58–68 – Various CIL Grants to third parties. Spend dependent upon third parties. The budgets have been deferred to 2021/22.   | -£1.215m |
| Scheme 2 – Enabling Lockside Growth Area – The spend on this scheme is dependent upon negotiations with third parties and this has caused delays to the progress of the scheme. The budgets have been deferred to 2021/22.  | -£2.602m |
| Scheme 10 Housing Initiatives – Purchase of Properties for Temporary Accommodation – The acquisitions can only progress as suitable properties are identified. During the year 8 potential purchases were withdrawn. This was due to structural issues identified during the survey process, legal title issues and vendors withdrawing as they no longer wished to | -£4.763m |

|   |                 |
|---|-----------------|
| sell. The budgets have been deferred to 2021/22 and a further 11 properties have been identified for purchase.  |                 |
| Scheme 49 – Beaulieu Park Station S106 Contributions – ECC have received a HIF Grant which has affected the amount and timing of S106 required for the scheme. Therefore, the forecast spend has now been deferred to a later year. | -£0.755m        |
| Other variations less than £200k on individual schemes.   | -£0.634m        |
| <b>Total In Year Underspend Against Forecast Spend</b>  | <b>-£9.969m</b> |

This delay in expenditure has been beneficial to the resourcing of the Council's 2020/21 capital expenditure and has delayed the use of finite Capital resources and reduced the requirement for internal borrowing in the year.

#### 4. Asset Replacement Programme

##### 4.1 Monitoring Against Latest Approved Budget

**Appendix 3** shows that the final outturn for 2020/21 was underspent by £647k or 20.1% when compared to the approved budget of £3.212m. Of this £315k has been being moved forward into 2021/22 or later years. The remaining net £332k relates to cost reductions achieved in 2020/21. The table below provides a summary.

|                                     |                |
|-------------------------------------|----------------|
| Approved Budget 2020/21             | £3.212m        |
| Proposed Change in scheme phasing   | -£0.315m       |
| Variation in Asset Replacement Cost | -£0.332m       |
| <b>Total Outturn 2020/21</b>        | <b>£2.565m</b> |

4.2 **Appendix 3** also shows that the proposed budget for 2021/22 asset replacements is £5.328m compared to the approved budget of £6.619m. This is a net reduction of £1.291m or 19.5%. £1.534m is due to asset replacements being delayed from 2021/22 until 2022/23. The table below provides a summary.

|  |         |
|--|---------|
| Approved Budget 2021/22  | £6.619m |
| Proposed Change in scheme phasing from 2020/21<br>Requires Approval – For detail see <b>Appendix 3</b> |         |

|  |                |
|--|----------------|
| 2021/22 column "Rephasing from 2020/21 – Requires Approval"  | £0.269m        |
| Proposed Change in approved scheme phasing from 2021/22 to Later Years – For detail see <b>Appendix 3</b> 2021/22 column "Approved Replacements Deferred from 2021/22 to Later Years"  | -£1.534        |
| Increases in Asset Replacement Cost Requires Approval – For detail see <b>Appendix 3</b> 2021/22 column "More/Less Than Approved Budgets – More Requires Approval"<br><br>See Scheme Nos.<br><br>27 - SWFLC Plant £0.014m<br><br>34 - Parks Replacement Vehicles and Equipment £0.005m | £0.019m        |
| Reduction in Asset Replacement Cost  | -£0.045m       |
| <b>Total Proposed Budget 2020/21</b>   | <b>£5.328m</b> |

4.3 **Appendix 4** provides narratives, for those variances in excess of £25k, for 2020/21 and narratives for those variances in excess of £25k for 2021/22 against the Latest Approved Budgets.

## 5.Funding of Programme

The application of resources to meet capital expenditure incurred in 2020/21 is shown in the table below. The discussion and approval for the funding is sought in the Medium- Term Financial Strategy elsewhere on the agenda, Item number 6.4.

| <b><u>Method of Funding</u></b>                                  | <b><u>2020/21 Spend</u></b> |
|--|-----------------------------|
| Capital Receipts   | £2.841m                     |
| Capital Grants and Contributions                                 | £1.111m                     |
| S106 Agreements  | £2.551m                     |
| Community Infrastructure Levy (CIL)                              | £0.260m                     |
| Internal Borrowing against Reserves & Other cash backed balances | £1.920m                     |

|              |                |
|--------------|----------------|
| <b>Total</b> | <b>£8.683m</b> |
|--------------|----------------|

## 6. Conclusion

- 6.1 The total cost of the Capital Schemes is forecast to be a net £137K less than the latest approved budget.
- 6.2 There are some large schemes which have not been delivered against the originally agreed milestones due to circumstances outside of the control of the Project Officers.
- 6.3 The underspend on Capital Schemes in 2020/21, £9.969m, has reduced the requirement to identify capital resources for the funding of the programme and is beneficial to the Council as it has reduced the requirement for internal borrowing in this financial year.
- 6.4 The 2020/21 Asset Replacement Schemes are £647k less than the latest approved budget. £315k of this variation is due to moving the budgets forward into 2021/22. The realignment of the asset replacement budgets into later years is favourable to the Council as it delays the commitment of capital resources.
- 6.5 The 2021/22 Asset Replacement Schemes are forecast to be £1.291m less than the latest approved budget. The majority of this is due to the realignment of budgets from 2020/21, an additional £269k and deferred budgets from 2021/22 to later years, -£1.534m.
- 6.6 The resourcing of the capital expenditure in 2020/21 is showing a requirement to internally borrow £1.920m. The cost of borrowing is reflected in the Medium-Term Financial Strategy (MTFS) Report elsewhere on the agenda, item 6.4.
- 6.7 Cabinet is asked to note the financing of the Capital Programme and approve the following:

In the Asset Replacement Programme for 2021/22, increases in scheme costs of £19k and the rephasing of spend from 2020/21 of £269k as shown in **Appendix 3** and detailed in **paragraph 4.2** of this report, and

In the Capital programme cost increases, totalling £188k, as shown in **Appendix 1** and detailed in **paragraph 3.1** of this report.

## List of appendices:

**Appendix 1** Capital Schemes - For each capital scheme, a comparison of the budgeted expenditure against the completed Schemes Outturn or with the Directors of Service forecast for the ongoing scheme.

**Appendix 2** Capital Schemes Major Variations Narratives.

**Appendix 3** Asset Replacement Schemes for 2020/21, a comparison of the budgeted expenditure against the Outturn.

Also, the Asset Replacement Schemes for 2021/22, a comparison of the budgeted expenditure against the Directors of Service forecast.

**Appendix 4** Asset Replacement Schemes Major Variations Narratives for the years 2020/21 and 2021/22.

**Background papers:**

Nil

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**Corporate Implications**

**Legal/Constitutional:**

None.

**Financial:**

Matching limited resources to corporate priorities.

**Potential impact on climate change and the environment:**

The schemes included contribute towards the Council's climate goals.

The deferred spend on replacement vehicles in 2020/21 included updating three vehicles with electric alternatives. These vehicles will continue to be run until the new vehicles are received in 2021/22.

**Contribution toward achieving a net zero carbon position by 2030:**

A number of schemes contribute towards this goal.

The deferred spend on replacement vehicles in 2020/21 included updating three vehicles with electric alternatives. These vehicles will continue to be run until the new vehicles are received in 2021/22.

**Personnel:**

None.

**Risk Management:**

Interest earnings understated and budget reductions made when not necessary.

Damage to reputation.

Equality and Diversity:

None.

Health and Safety:

None.

Digital:

None.

Other:

None.

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**Consultees:**

All Services, Audit Committee

**Relevant Policies and Strategies:**

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

Medium-Term Financial Strategy

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|                         |    | <b>CAPITAL SCHEMES</b>   | <b>VARIATION IN TOTAL CAPITAL SCHEME COSTS</b>  |   |                        |   |                 |  |   |
|-------------------------|----|--|---|---|------------------------|---|-----------------|--|---|
|                         |    |  | Latest Approved Budget - Approved February 2021 and Additional New Schemes Approved Since that Date |   |                        | Latest Forecast Budget - Additional Requires Approval |                 |  |   |
| Outturn 31st March 2021 |    |  | Original Approved Scheme Budget   | Additional/ Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets                     | Proposed Budget | Scheme Scheduled to Complete on Time against Original Programme  | Additional Budget Approval Narrative  |
| £000s                   |    | SCHEME DESCRIPTION   | £000s   | £000s                                   | £000s                  | £000s   | £000s           |  |   |
|                         |    | <b>Connected Chelmsford</b>  |   |   |                        |   |                 |  |   |
| I                       | I  | Theatres' Modernisation  | 1,000   |   | 1,000                  |   | 1,000           | Programming of works still to be determined  | Approved at Council February 2021 and programmed for 2021/22. Delegated authority to Director and Cabinet Member for Connected Chelmsford.  |
|                         |    | <b>Fairer Chelmsford</b>   |   |   |                        |   |                 |  |   |
| I,898                   | 2  | Enabling Lockside Growth Area  | 450   | 4,050                                   | 4,500                  |   | 4,500           | In Negotiations - Late delivery  | A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. |
| 474                     | 3  | Homelessness Initiatives - Acquisition of Property for Temporary Accommodation                               | 567   |   | 567                    | -93   | 474             | Completed  | Unspent budget following the completion of the Modular Unit schemes. Agreed by delegation to purchase property for use as temporary accommodation.  |
| 950                     | 4  | Investment for Future Development - Riverside Demolition   | 940   | 30                                      | 970                    | -20   | 950             | Completed  | Approved at Cabinet June 2018. Additional £30k approved at Cabinet November 2019.   |
| 23                      | 5  | Galleywood Hall Development Industrial Units   | 1,200   | -400                                    | 800                    |   | 800             | Awaiting planning permission - Late Delivery   | Approved at Council February 2019.  |
| 37                      | 6  | Bridge Repairs   | 300   |   | 300                    | -185  | 115             | No   | Approved at Council February 2019. May 2020 non urgent works deferred to later year.  |
|                         | 7  | Land Acquisition Cemetery/Crematorium  | 1,800   | 1,800                                   | 3,600                  |   | 3,600           | To identify potential Land Site  | Approved at Council February 2019. Additional £1.8m approved Council February 2020.   |
|                         | 8  | High Chelmer Roof  | 1,500   |   | 1,500                  |   | 1,500           | Awaiting Proposal  | Approved at Council February 2020 and programmed for 2021/22.   |
|                         | 9  | Refurbishment of Commercially Leased Properties  | 720   |   | 720                    |   | 720             | Under Review   | Approved at Council February 2020 and programmed for 2021/22. Delegated authority to Director and Cabinet Member for Fairer Chelmsford.   |
| 2,237                   | 10 | Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy                                   | 7,000   |   | 7,000                  | 93  | 7,093           | No - delay due to lack of suitable properties and high demand. However, properties now identified for purchase | Approved at Council February 2020 and currently programmed for 2020/21. Delegated authority to Director and Cabinet Member for Fairer Chelmsford.   |
|                         | 11 | Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing | 9,900   |   | 9,900                  |   | 9,900           | Business Case to be Developed  | Approved at Council February 2020. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Following a review of the programme works will now commence in 2021/22 with completion estimated 2023/24.  |
|                         |    | <b>Greener and Safer Chelmsford</b>  |   |   |                        |   |                 |  |   |
|                         | 12 | Cemetery and Crematorium Infrastructure  | 6,800   |   | 6,800                  |   | 6,800           | Business Case to be Developed  | Approved Council February 2020 with a delegation for Cabinet to approve a final scheme.   |
| 339                     | 13 | Coval Lane Window Replacement  | 250   | 100                                     | 350                    | -11   | 339             | Completed  | £250k approved Council February 2019. Additional £100k approved at Cabinet July 2019.   |



|                         |    |  | Latest Approved Budget - Approved February 2021 and Additional New Schemes Approved Since that Date |   |                        | Latest Forecast Budget - Additional Requires Approval |                 |   |   |   |  |
|-------------------------|----|--|---|---|------------------------|---|-----------------|---|---|---|--|
|                         |    |  |   |   |                        |   |                 |   |   |   |  |
| Outturn 31st March 2021 |    |  | Original Approved Scheme Budget   | Additional/ Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets                     | Proposed Budget |   | Scheme Scheduled to Complete on Time against Original Programme   | Additional Budget Approval Narrative  |  |
| £000s                   |    | SCHEME DESCRIPTION                                       | £000s   | £000s                                   | £000s                  | £000s   | £000s           |   |   |   |  |
|                         | 14 | Civic Offices Improvement Programme                      | 460   |   | 460                    | -1  | 460             |   | Under Review  | Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme.  |  |
| 86                      | 15 | Community Flood Improvements                             | 184   |   | 184                    |   | 184             |   | Third party Dependent - Late Delivery   | Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017. Works scheduled to be completed in 2021/22.   |  |
| 146                     | 16 | Hylands Park North Kiosk Toilet Refurbishment            | 60  | 88                                      | 148                    |   | 148             |   | Completed   | £60k approved Council February 2019. Scheme review resulted in additional £138k approved July 2020 Cabinet. Returned tenders came in at £148k and the budget was increased by an additional £10k, approved at Council Feb 2021.         |  |
| 138                     | 17 | Hylands Estate Structural Work to Pleasure Garden Pond   | 147   | -8                                      | 139                    |   | 138             |   | Completed   | £147k approved Council February 2019. Contingency not required therefore reduction in budget reported at July 2020 Council.   |  |
| 34                      | 18 | Hylands' Hanbury Memorial Garden                         | 45  |   | 45                     |   | 45              |   | No  | Approved via supplementary estimate 2/9/19 funded by a contribution from The Friends of Hylands House (FOHH).   |  |
| 28                      | 19 | Galleywood Common Access Road Improvements               | 30  |   | 30                     |   | -2              | 28  | Completed   | Approved at Council February 2020   |  |
| 2                       | 20 | Saltcoats Park and Compass Gardens Car Park              | 253   |   | 253                    |   | 253             |   | Yes   | Approved at Council February 2020 and programmed for 2021/22.   |  |
|                         | 21 | Beaulieu Park Pavilion Refurbishment                     | 57  |   | 57                     |   | 57              |   | Yes   | Approved at Council February 2020 and programmed for 2021/22.   |  |
|                         | 22 | Chancellor Park Pavilion Works                           | 46  |   | 46                     |   | 46              |   | Yes   | Approved at Council February 2020 and programmed for 2021/22.   |  |
|                         | 23 | Rivers and Waterways Improvements                        | 600   | -107                                    | 493                    |   | 493             |   | Scheme to be developed  | Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Programmed over 3 years commencing 2021/22.  |  |
|                         | 24 | Automatic Floodgates and Provisin of Locks - Feasibility |   | 107                                     | 107                    |   | 107             |   | Yes   | Budget approved September 2020 Cabinet. Budget vired from Rivers and Waterways Improvements.  |  |
|                         | 25 | Mass Tree planting and Woodland Creation                 | 4,400   |   | 4,400                  |   | 4,400           |   | Yes   | Approved at Council February 2020 £4.4m with delegated authority to Director of Public Places and the Director of Finance and the relevant Cabinet Members. Funding to be sought circa £2m. Three year programme scheduled wef 2021/22. |  |
| 9                       | 26 | CIL Landscape Enhancement Scheme Chignal Road            | 11  |   | 11                     |   | 11              |   | Yes   | CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.   |  |
|                         | 27 | CIL Parks and Open Space                                 | 6   |   | 6                      |   | 6               |   | No  | £6k CIL funding approved July 2019 for Coronation Park Basketball Court.  |  |
| 3                       | 28 | CIL Savernake Road Scout Hut Replacement Windows         | 4   |   | 4                      | -1  | 3               | Completed   | Approved via delegation as per CIL report March 2019 £4k for windows.   |   |  |
| 531                     | 29 | Chelmsford Indoor Market Refurbishment                   | 500   | 100                                     | 600                    | 600   |                 | Indoor works completed, outdoor works progressing | Approved supplementary estimate February 2018. Scheme design finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling. Estimate reduced by £50k. New budget reported Council February 2020. A further reduction in budget, £50k, was noted by Council in July 2020.  |   |  |
| 40,127                  | 30 | Riverside Ice and Leisure Centre Scheme                  | 950   | 39,216                                  | 40,166                 | -29   | 40,137          | Building Works Completed                          | £700,000 approved Council July 2015. £60,000 budget vired to fund conversion of outdoor pool to car park. £180K approved April Cabinet for Project Manager and a further £945K approved June Cabinet for the design to RIBA stage 7. £400K approved at October 2016 Cabinet for early enabling works (main contractor). Additional £1m approved Cabinet April 2017 for early works. Additional early works required a further £500k, approved in June. £250k approved for Cafe fit out at Council February 2018. Full scheme cost excluding cafe approved at July 2018 Council as £35.216m. Additional £4.5m approved at February 2019 Council. Additional £200k approved by Cabinet November 2019. |   |  |
| 22                      | 31 | Riverside Elevations                                     | 2,000   |   | 2,000                  | 2,000   |                 | Under Review                                      | £2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme.  |   |  |
| 31                      | 32 | Dovedales - Grant for Works 2019/20                      | 32  | 2                                       | 34                     | 34  |                 | Completed   | Approved at Council February 2019 contribution towards new studio. Additional £2k approved November 2019 cabinet based on actual spend.   |   |  |
| 15                      | 33 | Dovedales - Grant for Works 2020/21                      | 42  |   | 42                     | 42  |                 | Yes   | Approved at Council February 2020 and programmed for 2020/21.   |   |  |
|                         | 34 | Dovedales - Grant for Works 2021/22                      | 23  |   | 23                     | 23  |                 | Yes   | Supplementary estimate approved March 2021 £23k grant for repairs to roof.  |   |  |
| 100                     | 35 | SWFLC Wet Changing Rooms Upgrade Phase 2                 | 104   |   | 104                    | -4  | 100             | Completed   | £104k approved at Council February 2019.  |   |  |
| 43                      | 36 | CSAC Refurbishment of Changing Room                      | 42  |   | 42                     | 1   | 43              | Completed   | £42k approved at Council February 2019. Deferred to 2021/22 scheme will be reviewed.  |   |  |

|                         |    |   | Latest Approved Budget - Approved February 2021 and Additional New Schemes Approved Since that Date |   |                        | Latest Forecast Budget - Additional Requires Approval |                 |  |   |   |  |
|-------------------------|----|---|---|---|------------------------|---|-----------------|--|---|---|--|
| Outturn 31st March 2021 |    |   | Original Approved Scheme Budget   | Additional/ Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets                     | Proposed Budget |  | Scheme Scheduled to Complete on Time against Original Programme | Additional Budget Approval Narrative  |  |
| £000s                   |    | SCHEME DESCRIPTION                                    | £000s   | £000s                                   | £000s                  | £000s   | £000s           |  |   |   |  |
| 167                     | 37 | Hylands House Refurbishment First Floor Accommodation | 174   |   | 174                    | -2  | 174             |  | Works Completed   | £174k approved at Council February 2019 3 year programme for refurbishment.   |  |
| 34                      | 38 | Hylands House Refurbishment Terrace Room              | 35  |   | 35                     |   | 35              |  | Yes   | £35k approved via supplementary estimate December 2019. Scheme funded by contribution from Friends of Hylands House.  |  |
| 22                      | 39 | Hylands House Banqueting Room Refurbishment           | 24  |   | 24                     |   | 22              |  | Completed   | Approved at Council February 2020 and programmed for 2020/21.   |  |
|                         | 40 | Hylands House Stable Block Toilets                    | 44  |   | 44                     |   | 44              |  | Yes   | Approved at Council February 2020 and programmed for 2022/23.   |  |
|                         | 41 | Hylands Outdoor Wedding Area                          | 75  |   | 75                     |   | 75              |  | Yes   | Approved via supplementary estimate June 2021.  |  |
|                         |    |   |   |   |                        |   |                 |  |   |   |  |
|                         |    | Sustainable Development                               |   |   |                        |   |                 |  |   |   |  |
| 1,667                   | 42 | Flood Alleviation Scheme                              | 6,100   | 400                                     | 6,500                  | -8  | 6,500           |  | Dependent on Third Party - Late delivery                        | Increased cost of scheme from EA now capped at £6.5 million approved Cabinet July 2013. The scheme is being reviewed by the EA.   |  |
| 147                     | 43 | Public Realm Wayfinding Signs Phase 2                 | 310   | -155                                    | 155                    |   | 147             |  | Completed   | Approved at Council February 2018. Two year programme to go ahead only if funding is secured from ECC and CIL. CIL funding of £78k approved January 2019. As funding not secured from ECC the scheme has been reduced. Forecast to complete in 2020/21.   |  |
| 10                      | 44 | Public Realm Wayfinding Signs Phase 3                 | 150   |   | 150                    |   | 150             |  | Yes   | Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23   |  |
| 317                     | 45 | Public Realm Tindal Square Design                     | 160   | 320                                     | 480                    |   | 480             |  | No  | Approved at Council February 2018. The design works were completed until 2020/21. Additional £320k approved by Cabinet June 2020 for design and tender to be funded from S106. A further report will be taken to Council for approval of the scheme and budget.   |  |
| 4                       | 46 | Public Realm City Centre Greening/Tree Planting       | 115   | -111                                    | 4                      |   | 4               |  | Completed   | Approved at Council February 2018. Three year programme. To date actual spends have not been capital and therefore budget reduced in year of spend as transferred to revenue.   |  |
| 4                       | 47 | HIF Access Road and Bridge - CCC Budget               |   | 250                                     | 250                    | 95  | 250             |  | Yes   | Virement allocated for HIF bid design works.  |  |
| 1,059                   | 48 | HIF Access Road and Bridge - Grant Funded             | 15,500  | 11,000                                  | 26,500                 |   | 26,595          |  | Yes   | £15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Report taken to September cabinet requesting an additional budget of £11m of which is 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. An additional £11m approved by Council December 2020. |  |
| 1,461                   | 49 | S106 Beaulieu Park Station                            | 100   | 1,550                                   | 1,650                  |   | 1,650           |  | Unspecified   | Scheme approved for £100,000 via Director of Sustainable Communities delegated authority. £1,550,000 approved at Council February 2016. The expenditure on this scheme will be funded by S106.  |  |
| 2,865                   | 50 | S106 Beaulieu Park Station 2nd Phase                  | 2,917   | 514                                     | 3,431                  |   | 3,431           |  | Unspecified   | £2.917m approved at February Council 2018. The expenditure on this scheme will be funded by S106.   |  |
| 1,311                   | 51 | S106 Beaulieu Sports Facility                         | 477   | 834                                     | 1,311                  |   | 1,311           |  | Unspecified   | £477k approved by Cabinet in January 2019 with delegation to spend further S106 contributions when received. Additional contributions received and therefore added to approved budget.  |  |
| 19                      | 52 | S106 Public Art Bond Street                           | 44  |   | 44                     | 27  | 44              |  | No  | Approved by delegation February 2019.   |  |
| 12                      | 53 | S106 Stonebridge Illuminations                        | 37  | 6                                       | 43                     |   | 43              |  | No  | Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k.   |  |
| 2                       | 54 | S106 River Can Pathway Lighting Design                | 10  | 6                                       | 16                     |   | 16              |  | No  | Approved by delegation £10k January 2020. Additional budget approved by delegation March 2020 £6k.  |  |
| 6                       | 55 | S106 Public Art Channels                              | 21  |   | 21                     |   | 21              |  | No  | Approved by delegation January 2020 £21k.   |  |
| 3                       | 56 | S106 Habitat Mitigation                               | 3   |   | 3                      |   | 3               |  | Unspecified   | Requests from Essex County Council for grant from S106 towards the cost of works.   |  |
| 27                      | 57 | S106 ECC Highways Grants                              |   |   | 0                      | -7  | 27              |  | Completed   | This is an adjustment following categorisation of spend at the end of year.   |  |
| 65                      | 58 | CIL REFCUS Schemes 19/20                              | 72  | 30                                      | 102                    |   | 102             |  | Yes   | Scheme approved April 2019 £72k. Revenue Expenditure Funded by Capital Under Statute (REFCUS). NEW £30k various CIL schemes approved July 2019.   |  |
| 7                       | 59 | CIL REFCUS Schemes 20/21                              | 17  |   | 17                     |   | 10              |  | Unspecified   | £17k Approved March 2020.   |  |
|                         | 60 | CIL Sutherland Lodge Refurbishment                    | 525   |   | 525                    |   | 525             |  | Awaiting Business case - Late delivery                          | Approved Council July 2017.   |  |
| 56                      | 61 | CIL North Avenue Youth Centre Grant                   | 41  | 15                                      | 56                     |   | 56              |  | Completed   | Approved CIL funding April 2018. NEW Additional £15k CIL funding approved July 2019.  |  |

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| Capital Schemes - Reasons for Projected Variations to Latest Approved Total Scheme Costs More Than £25,000 |  |                                  |  |                     |                         |                                  |   |
|--|--|----------------------------------|--|---------------------|-------------------------|----------------------------------|---|
|  | Scheme Description   | Latest Approved Budget<br>£000's | Latest Estimated Expenditure -<br>If Additional Budget Requires Approval<br>£000's | Variation<br>£000's | Variation Type          | Percentage Change in Scheme Cost | Reason  |
|  |  |                                  |  |                     |                         |                                  |   |
|  |  |                                  |  |                     |                         |                                  |   |
|  | <b>Fairer Chelmsford</b>   |                                  |  |                     |                         |                                  |   |
| 3  | Homelessness Initiatives - Acquisition of Property for Temporary Accommodation | 567                              | 474  | -93                 | Virement                | -16.40%                          | Purchase of property complete and remaining budget vired to scheme 10 which is also for the acquisition of properties for temporary accommodation   |
| 6  | Bridge Repairs   | 300                              | 115  | -185                | Saving on Budget        | -61.67%                          | The original estimate was for the repair of 6 bridges 2 of which have now been withdrawn resulting in £164k saving. ECC have carried out works to the bridge in Admirals Park and the other will now be replaced as part of the HIF bridge scheme. The cost of the 3 completed bridges was less than estimated an additional £14k saving and the £7k contingency is not required. |
| 10   | Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy     | 7,000                            | 7,093  | 93                  | Virement                | 1.33%                            | See item 3 above  |
|  |  |                                  |  |                     |                         |                                  |   |
|  |  |                                  |  |                     |                         |                                  |   |
|  | <b>Greener and Safer Chelmsford</b>  |                                  |  |                     |                         |                                  |   |
| 30   | Riverside Ice and Leisure Centre Scheme  | 40,166                           | 40,137   | -29                 | Saving on Budget        | -0.07%                           | The works in relation to the lift have now been completed and the remaining provision for this scheme is no longer required.  |
|  |  |                                  |  |                     |                         |                                  |   |
|  |  |                                  |  |                     |                         |                                  |   |
|  | <b>Sustainable Development</b>   |                                  |  |                     |                         |                                  |   |
| 48   | HIF Access Road and Bridge - Grant Funded                                      | 26,500                           | 26,595   | 95                  | Increase in budget      | 0.36%                            | Increased to match expenditure stated on latest cashflow projection for the scheme.   |
| 57   | S106 ECC Highways Grant  | 0                                | 27   | 27                  | Increase funded by S106 | 100.00%                          | Adjustment made to classification of expenditure at the end of year. Contribution previously treated as creditor but was actually a CCC contribution and therefore had to be treated as a grant and recorded as expenditure.  |

| CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME   |  |  |  |  |  |                                |                 |  |   |  |  |  |   |   |   |   |   |   |
|---|--|--|--|--|--|--------------------------------|-----------------|--|---|--|--|--|---|---|---|---|---|---|
| 2020/21   |  |  |  |  |  |                                |                 |  |   |  | 2021/22  |  |   |   |   |   |   |   |
| 2020/21 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LAST APPROVED ESTIMATE TO OUTTURN |  |  |  |  |  |                                |                 |  |   |  | 2021/22 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS |  |   |   |   |   |   |   |
| VARIATION FROM 2020/21 BUDGET ONLY  |  |  |  |  |  |                                |                 |  |   |  | 2021/22 BUDGET   |  |   |   |   |   |   |   |
| Outturn<br>31/03/2021   | CAPITAL ASSET REPLACEMENT PROGRAMME                    | Original<br>Approved<br>Estimates<br>for 2020/21 | Additional/<br>Reduced (-)<br>Approved<br>Budget | Reason for<br>Change -<br>see Key<br>Below | Latest<br>Approved<br>Estimates<br>for 2020/21 | Analysis of Variations         |                 |  | Variance for<br>2020/21<br>Additional<br>Budget | Total Budget<br>Requirement<br>2020/21 | Original<br>Approved<br>Estimate<br>2021/22  | Additional/<br>Reduced (-)<br>Approved<br>Budget | Reason<br>for<br>Change -<br>see key<br>below | Latest<br>Approved<br>Estimate<br>for 2021/22 | Variations  |   |   | Total<br>Proposed<br>Budget<br>Requirement<br>for 2021/22 |
|   |  |  |  |  |  | Change in<br>Scheme<br>Phasing | New<br>Proposal | More/Less<br>(-) Than<br>Approved<br>Budgets |   |  |  |  |   |   | Re phasing<br>from<br>2020/21<br>Requires<br>Approval | More/Less(-)<br>Than<br>Approved<br>Budgets -<br>More<br>Requires<br>Approval | Approved<br>Replacements<br>Deferred<br>from 2021/22<br>to Later<br>Years |   |
| £000's  | SCHEME DESCRIPTION                                     | £000s  | £000s  |  | £000s  | £000s                          | £000s           | £000s  | £000s   | £000s                                  |  | £000s  |   | £000s   | £000s   | £000s   | £000s   | £000s   |
|   | Connected Chelmsford                                   |  |  |  |  |                                |                 |  |   |  |  |  |   |   |   |   |   |   |
| 106   | 1 Digital Services Replacement Programme               | 373  | -261   | PH, PV                                     | 112  | -6                             |                 |  | -6  | 106                                    | 13   | 271  | PH, PV  | 284   | 6   |   |   | 290   |
|   | Financial Module of Enterprise Resource Planning (ERP) |  |  |  |  |                                |                 | 13   | 13  | 102                                    |  |  |   | 0   |   |   |   | 0   |
| 102   | 2 Planning (ERP)                                       | 89   |  |  | 89   |                                |                 |  |   |  |  |  |   | 0   |   |   |   | 0   |
| 36  | 4 Civica System Upgrade                                | 36   |  |  | 36   |                                |                 |  | 0   | 36                                     |  |  |   | 0   |   |   |   | 0   |
|   | 5 Digital Helpdesk System Replacement                  |  |  |  | 0  |                                |                 |  | 0   | 0                                      | 25   |  |   | 25  |   |   |   | 25  |
|   | 6 Website Upgrade                                      |  |  |  | 0  |                                |                 |  | 0   | 0                                      | 35   | 40   | SEN   | 75  |   |   |   | 75  |
| 6   | 7 Theatres' Fire Alarm Replacement                     | 15   |  |  | 15   |                                |                 | -9   | -9  | 6                                      |  |  |   | 0   |   |   |   | 0   |
| 73  | 8 Theatres' Equipment                                  | 149  |  |  | 149  | -75                            |                 | -1   | -76   | 73                                     | 40   |  |   | 40  | 75  |   |   | 115   |
| 0   | 9 Cramphorn Theatre Replacement Floor                  | 17   |  |  | 17   | -17                            |                 |  | -17   | 0                                      |  |  |   | 0   | 17  |   |   | 17  |
|   | Fairer Chelmsford                                      |  |  |  |  |                                |                 |  |   |  |  |  |   |   |   |   |   |   |
|   | No Schemes   |  |  |  | 0  |                                |                 |  | 0   | 0                                      |  |  |   | 0   |   |   |   | 0   |
|   | Greener and Safer Chelmsford                           |  |  |  |  |                                |                 |  |   |  |  |  |   |   |   |   |   |   |
| 121   | 10 CCTV Replacement Equipment                          | 118  | -5   | PV   | 113  | -6                             |                 | 14   | 8   | 121                                    | 7  |  |   | 7   | 6   |   |   | 13  |
| 38  | 11 CCTV Various Schemes Sites CIL                      | 67   |  |  | 67   | -3                             |                 | -26  | -29   | 38                                     |  |  |   | 0   | 3   |   |   | 3   |
| 0   | 12 CCTV Maldon DC Joint Procurement                    | 74   | 1  | PV   | 75   |                                |                 | -75  | -75   | 0                                      |  |  |   | 0   |   |   |   | 0   |
|   | 13 Crematorium Equipment                               | 17   | -17  | PH   | 0  |                                |                 |  | 0   | 0                                      |  | 17   | PH  | 17  |   |   |   | 17  |
|   | 14 Crematorium Columbarium                             | 14   | -14  | PH   | 0  |                                |                 |  | 0   | 0                                      |  | 14   | PH  | 14  |   |   |   | 14  |
| 29  | 15 Civic Centre Alarm                                  | 46   |  |  | 46   | -6                             |                 | -11  | -17   | 29                                     |  |  |   | 0   | 6   |   |   | 6   |
|   | 16 Civic Centre Boiler Flues                           | 32   | -32  | PH   | 0  |                                |                 |  | 0   | 0                                      |  |  |   | 0   |   |   |   | 0   |
|   | 17 Civic Centre Building Management System             | 13   |  |  | 13   | -13                            |                 |  | -13   | 0                                      |  |  |   | 0   | 13  |   |   | 13  |
|   | 18 Civic Centre Server Room Air Conditioning           |  |  |  |  |                                |                 |  | 0   | 0                                      | 40   |  |   | 40  |   |   |   | 40  |
|   | 19 Civic Centre Floor Replacements                     |  |  |  |  |                                |                 |  | 0   | 0                                      | 31   |  |   | 31  |   |   |   | 31  |
|   | 20 Print and Post Room Replacement Equip.              | 25   | -25  | PH   | 0  |                                |                 |  | 0   | 0                                      |  | 28   | PH, PV  | 28  |   |   |   | 28  |
|   | 21 Dovedales Replacement Equipment                     | 5  | -5   | PH   | 0  |                                |                 |  | 0   | 0                                      | 5  | 5  | PH  | 10  |   |   |   | 10  |
| 148   | 22 Riverside Replacement Equipment                     | 150  |  |  | 150  |                                |                 | -2   | -2  | 148                                    | 48   |  |   | 48  |   |   |   | 48  |
| 9   | 23 CSAC Replacement Equipment                          | 60   | -47  | PH   | 13   |                                |                 | -4   | -4  | 9                                      | 88   | 47   | PH  | 135   |   |   |   | 135   |
|   | 24 CSAC Flood lights                                   | 29   | -29  | PH   | 0  |                                |                 |  | 0   | 0                                      |  |  |   | 0   |   |   |   | 0   |
| 13  | 25 CSAC Plant  |  | 13   | SEN  | 13   |                                |                 |  | 0   | 13                                     | 6  |  |   | 6   |   |   |   | 6   |
|   | 26 SWFLC Replacement Programme                         | 58   | -54  | PH   | 4  | -4                             |                 |  | -4  | 0                                      | 9  | 56   | PH, PV  | 65  | 4   |   |   | 69  |
| 12  | 27 SWFLC Plant Replacement                             | 19   | -7   | PH   | 12   |                                |                 |  | 0   | 12                                     |  | 7  | PH  | 7   |   | 14  |   | 21  |
| 8   | 28 Riverside Plant Replacement                         | 8  |  |  | 8  |                                |                 |  | 0   | 8                                      |  |  |   | 0   |   |   |   | 0   |
| 38  | 29 Hylands Pavilion Replacement Flooring               | 48   | -8   | PV   | 40   |                                |                 | -2   | -2  | 38                                     |  |  |   | 0   |   |   |   | 0   |
|   | 30 Play Area Replacements                              | 265  | -265   | PH   | 0  |                                |                 |  | 0   | 0                                      | 311  | -46  | PH  | 265   |   |   |   | 265   |
| 34  | 31 Outdoor Gyms  |  | 39   | SEG  | 39   |                                |                 | -5   | -5  | 34                                     |  |  |   | 0   |   |   |   | 0   |
| 14  | 32 Sports Equipment, floodlights, Irrigation           | 10   | 4  | PV   | 14   |                                |                 |  | 0   | 14                                     |  | 35   | SEN   | 35  |   |   |   | 35  |
|   | 33 Hylands Car Park Machines and CCTV                  |  |  |  |  |                                |                 |  |   |  |  | 135  | SEN   | 135   |   |   |   | 135   |
| 51  | 34 Parks Replacement Vehicles and Equipment            | 205  | -60  | PH, PV, SEN                                | 145  | -94                            |                 |  | -94   | 51                                     | 482  | 89   | PH  | 571   | 48  | 5   |   | 624   |
|   | 35 PHPS Vehicles                                       | 24   | -24  | PV   | 0  |                                |                 |  | 0   | 0                                      | 100  |  |   | 100   |   |   |   | 100   |
|   | 36 PHPS Air Monitoring Equipment                       |  |  |  | 0  |                                |                 |  | 0   | 0                                      | 20   |  |   | 20  |   |   |   | 20  |
|   | 37 PHPS Street Lighting                                | 21   | -21  | PH   | 0  |                                |                 |  | 0   | 0                                      |  | 21   | PH  | 21  |   |   |   | 21  |
|   | 38 CIL Street Lighting Meadows Car Park                | 5  |  |  | 5  | -5                             |                 |  | -5  | 0                                      |  |  |   | 0   | 5   |   |   | 5   |
|   | 39 Meadow House Plant                                  | 16   |  |  | 16   |                                |                 |  | 0   | 16                                     |  |  |   | 0   |   |   |   | 0   |
|   | 40 Travel pool Cars                                    | 60   | -60  | PH   | 0  |                                |                 |  | 0   | 0                                      |  | 60   | PH  | 60  |   |   |   | 60  |
|   | 41 Scootas for the Disabled                            | 2  |  |  | 2  | -2                             |                 |  | -2  | 0                                      | 8  |  |   | 8   | 2   |   |   | 10  |

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Appendix 3

[illegible]

| Reasons for Variations Greater Than £25,000 in Asset Replacement Programme |                                  |                                     |                     |                                 |                   |   |  |
|--|----------------------------------|-------------------------------------|---------------------|---------------------------------|-------------------|---|--|
| Scheme Description   | Latest Approved Budget<br>£000's | Estimated Budget Required<br>£000's | Variation<br>£000's | Variation Type                  | Percentage Change | Reason  |  |
| <b><u>2020/21</u></b>  |                                  |                                     |                     |                                 |                   |   |  |
| <b><u>Connected Chelmsford</u></b>   |                                  |                                     |                     |                                 |                   |   |  |
| 8 Theatres' Equipment  | 149                              | 73                                  | -76                 | Rephasing of spend to 2021/22   | -51.01%           | Although the order was raised and assurances provided by the supplier that goods would be delivered by the 31/3/2021 this was not achieved.   |  |
| <b><u>Greener and Safer Chelmsford</u></b>                                 |                                  |                                     |                     |                                 |                   |   |  |
| 11 CCTV Various Schemes Sites CIL  | 67                               | 38                                  | -29                 | Rephasing of spend to 2021/22   | -43.28%           | There has been a £26k saving on these schemes as some of the set ups were not as complex as first thought. £3k has been rephased to 2021/22 to complete the scheme at Torquay Road.   |  |
| 12 CCTV Maldon DC Joint Procurement  | 75                               | 0                                   | -75                 | Transferred to Revenue          | -100.00%          | The expenditure and grant have been transferred to revenue as Maldon District Council own the equipment.  |  |
| 34 Parks Replacement Vehicles and Equipment                                | 145                              | 51                                  | -94                 | Rephasing of spend to 2021/22   | -64.83%           | 2 x vehicle and equipment not delivered by 31/3/2021 therefore budgets rephased to 2021/22  |  |
| 43 Retail Market Vehicle   | 31                               | 0                                   | -31                 | Rephasing of spend to 2021/22   | -100.00%          | Due to manufacturing issues the delivery of this vehicle has been delayed.  |  |
| 48 Hit Squad Replacements  | 41                               | 0                                   | -41                 | Rephasing of spend to 2021/22   | -100.00%          | Due to manufacturing issues the delivery of this vehicle has been delayed.  |  |
| 55 Disabled Facility Grants  | 600                              | 415                                 | -185                | Underspend of Grant             | -30.83%           | The service forecast that they would be able to spend £600k of the original £971k grant awarded. An additional grant payment was received later in the year for £131k bringing the total grant award to £1.102m for the year. It is difficult for the service to predict the level of spend as it is based on third party applications and the timing of completed third party building works. There have been discussions with other Councils to look at other ways of using the grant but as it must be used for capital expenditure this restricts its uses. |  |
| 57 PLACE   | 0                                | 25                                  | 25                  | Increase in Spend Grant Funded  | 100.00%           | Request received for grant to be made to Hertsmere Council. This is grant funded.   |  |
| <b><u>2021/22</u></b>  |                                  |                                     |                     |                                 |                   |   |  |
| <b><u>Connected Chelmsford</u></b>   |                                  |                                     |                     |                                 |                   |   |  |
| 8 Theatres' Equipment  | 40                               | 115                                 | 75                  | Rephasing of spend from 2020/21 | 187.50%           | See above   |  |
| <b><u>Greener and Safer Chelmsford</u></b>                                 |                                  |                                     |                     |                                 |                   |   |  |
| 34 Parks Replacement Vehicles and Equipment                                | 571                              | 624                                 | 53                  | Rephasing of spend from 2020/21 | 9.28%             | See above   |  |
| 43 Retail Market Vehicle   | 0                                | 31                                  | 31                  | Rephasing of spend from 2020/21 | 100.00%           | See above   |  |
| 48 Hit Squad Replacements  | 42                               | 83                                  | 41                  | Rephasing of spend from 2020/21 | 97.62%            | See above   |  |
| 49 Refuse Collection Vehicles  | 807                              | 511                                 | -296                | Spend deferred to 2022/23       | -36.68%           | Service manager has reviewed the programming of the vehicles which has resulted in deferring their purchase from late in 2021/22 to April/May in 2022/23 without any operational issues. The vehicles will be ordered in 2021/22 to ensure their delivery early in the next financial year.   |  |
| 50 Recycling Vehicles  | 1431                             | 988                                 | -443                | Spend deferred to 2022/23       | -30.96%           |   |  |
| 51 Food Vehicles   | 840                              | 0                                   | -840                | Spend deferred to 2022/23       | -100.00%          |   |  |



## Chelmsford City Council Cabinet

13 July 2021

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### Medium-Term Financial Strategy 2021/22 – 2025/26

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#### Report by:

Cabinet Member for Fairer Chelmsford

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#### Officer Contact:

Phil Reeves, Accountancy Services Manager Section 151, Phil.reeves@chelmsford.gov.uk, 01245 606562

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#### Purpose

To report on the Council's projected financial position over the medium term and update the Medium-Term Financial Strategy.

#### Options

After consideration of the updated financial forecast and the progress against previously agreed actions, to:

1. Agree the Medium-Term Financial Strategy, or
2. Propose other amendments to the Strategy

#### Preferred option and reasons

Approve the strategy as it provides a flexible response to the risks the Council faces

#### Recommendations

1. That Cabinet note the updated financial forecast.
2. That Cabinet recommends to Council for approval:
  - a. The approach to reserves set out in the report and Appendix 1
  - b. The updates to the capital strategy indicators set out in Appendix 2
  - c. The Financial Strategy as set out and the budget guidelines for preparation of the 2022/23 budget in Appendix 5
  - d. The carry forward of budgets of £272k from 2020/21 for initiatives delayed due to Covid, as detailed in Appendix 5, funded from unearmarked reserves.



## 1. Introduction

The report takes the format of an executive summary followed by appendices which provide the supporting information and explanations.

## 2. Executive Summary

This report updates the Council-approved (July 2020) Medium-Term Financial Strategy (MTFS) for the period 2021/22 to 2025/26, which provides a financial framework to support delivery of the Council's priorities as set out in "Our Chelmsford; Our Plan".

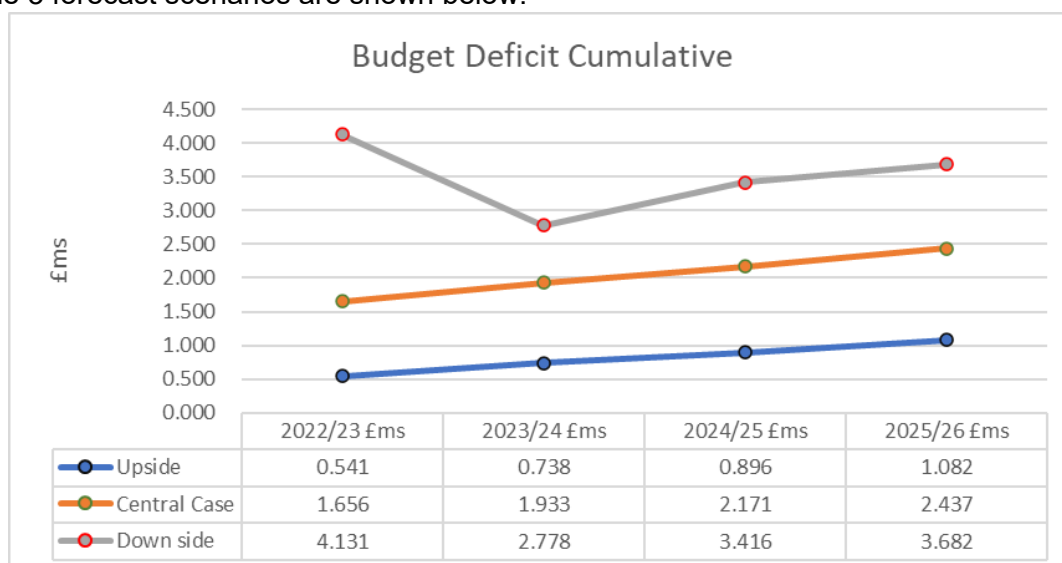
There is so much that is unclear due to both the absence of information about future Government funding intentions and likely impacts of Covid. The forecasts, strategy and budgets will need to be flexible as there is little useful past experience to draw on to develop forecasts. Greater clarity will come in early winter from Government announcements regarding funding. Additionally, the projection of income should become more robust as the improvements brought by the vaccination programme become more apparent.

### Summary of Forecast

#### 2.1 Revenue Budget

The report includes forecasts of annual revenue budget shortfalls. It identifies a central forecast for use in producing a budget for 2022/23. There are upside and downside revenue forecasts to provide context.

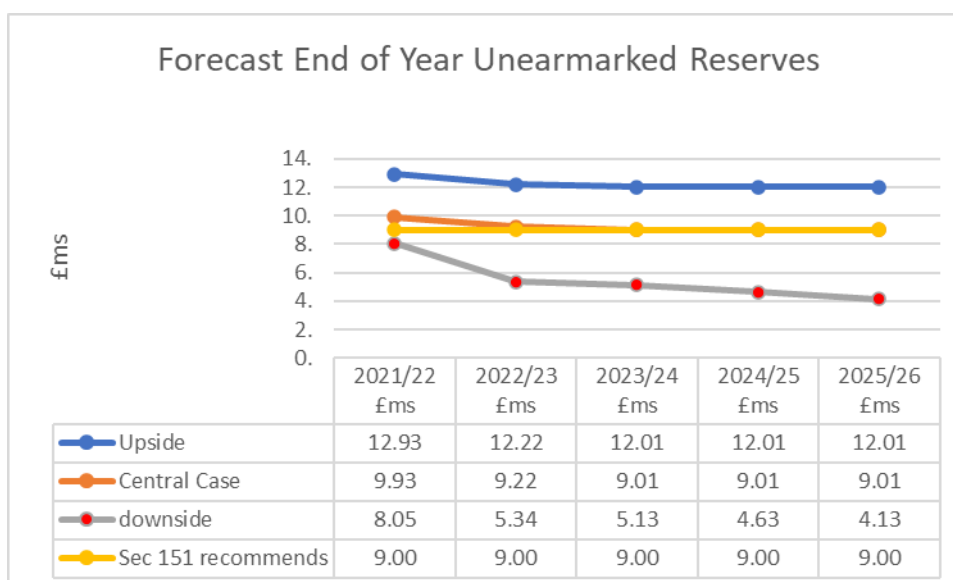
- a) The projected budget shortfall for 2022/23 of £1.7m is £0.5m lower than estimated in January. The reasons for the reduction are:
  - i. A saving by undertaking a Senior Management Restructure and changes in interest (higher) and High Chelmer rental income (lower).
  - ii. As a result of the better-than-expected provisional 2020/21 financial outturn (reported to the June Audit and Risk Committee), the central-case budget identified that unearmarked reserves at the end of the forecast period would be £2.45m over the £9m target set by the Section 151 officer. Therefore, the central forecast of the revenue budget includes a one-off £2.45m revenue contribution to capital in 2021/22, reducing capital financing costs by £300k per annum for the life of the forecast. This assumption will need to be reviewed as part of the budget process, with the aim of achieving the reserves target set by the Section 151 officer at the end of the period.
- b) The 3 forecast scenarios are shown below.



- c) The assumptions behind the forecasts are discussed in Appendix 1, but can be summarised as
- i. The forecasts assume a £5 Council Tax increase in each year.
  - ii. Additional Covid-related Government support is not expected to be repeated but, from 2022-23, new arrangements for funding local government are expected to be introduced. This should be announced in late-2021, but this timing could slip. Further details are shown in Appendix 3 (Risks). The upside-case forecast assumes a £0.645m lower-tier grant (paid one-off in 2021/22) continues.
  - iii. The central case. Of the significant Council income streams, a number are not expected to recover to their pre-covid levels: retail market down £0.06m, rental income (High Chelmer) down by £0.6m pa and car parking down by £1.4m pa.
  - iv. The upside case. The key changes are a recovery to 85% of pre-Covid levels for car-parking income, which is an extra £0.37m, and additional government funding of £0.645m.
  - v. The downside case reflects loss of £2m net income due to Covid in 2022/23 and a recovery in 2023/24, hence the cumulative deficit falls in 2023/24. A higher pay-award of 1.5% for all staff in 2021/22 (discussed in Appendix 3 Risks). Also, in 2024/25 and 2025/26, rent income could fall as tenants vacate some Council-owned property at the end of their leases. These temporary losses could be funded by reserves but are shown for reasons of identifying risk. The Reserves projections reflect this scenario. Further details on the downside case are in Appendix 1.
  - vi. Business Rate Retention income (see Appendix 3 Risks). The Government shares growth in local business rates with Councils via this scheme. The Government has for 2022/23 proposed a reset of the baseline used to measure gains, so no ongoing or one-off income can be assumed. The 2020/21 gain was £2.7m for the year, which was mostly funded by Government Covid support (given many local businesses were not paying any rates and actual Business Rate income was significantly down).
  - vii. The Council is investing significant officer time in developing a disposal programme for Lockside and Waterside land assets. The Council can charge sale costs, normally a revenue expense, to capital, up to 4% of total sale proceeds. This is an area of stringent audit review and an initial target of £50k of annual revenue costs is assumed. As part of the budget process, this will be reviewed to determine if further capitalisation is possible.

## 2.2 Reserves

- a) The projected level of reserves is also identified in the report. The unearmarked reserves are higher than previously forecast. This was reported to June Audit & Risk committee and resulted from an estimated windfall of income from business rates in 2020/21. The graph below provides a summary of the position; the projections of reserves are shown in detail in Appendix 1.



- i. The Section 151 officer recommends a continuation of the target of £9m for unearmarked reserves, given the significant financial uncertainties that the Council faces. Appendix 3 (risks) provides further background to that decision.
  - ii. The central reserve projection reflects their use to fund a number of items. £0.27m to fund carry-forward of unspent budgets. Details of the proposed carry-forwards are in Appendix 5 (Budget Guidelines). Rent income losses expected on vacant offices in 2022/23 are £0.2m. A £2.45m contribution to capital from revenue (reducing annual capital financing costs by £0.3m) will be subject to review as part of the budget process. A transfer of £0.315m is also being proposed to the Local Development Framework reserve to support the forthcoming review of the local plan.
  - iii. The unearmarked reserves have benefitted by diverting £8.35m (£10.8m less the additional £2.45m previously discussed) revenue contributions intended for capital in 2019/20 and 2020/21.
  - iv. The downside case differs from the central case as it includes a £1.5m net overspend (caused by loss of income) in 2021/22 and further net losses due to Covid in 2022/23 of £2m. Also, a 1.5% pay award in 2021/22 £0.375m (additional) and temporary losses in rent income in 2024/25 and 2025/26 at £0.5m per year, as a number of tenants of Council properties may vacate. The level of reserves in this scenario falls well below the level recommended.
  - v. The upside case differs from the central case as it assumes £3m of business rate retention gains in 2021/22. These would effectively be additional Government support, as officers do not expect normal levels of business rates in 2021/22.
- b) The Unearmarked Reserves (Appendix 1) are considered by the Section 151 officer to be sufficiently robust. The unearmarked reserves include a number of transfers to/from revenue which are shown in Appendix 1. These transfers ensure sufficient funding is available to meet the associated obligations, e.g. insurance claims, pension deficiency etc. The DPO reserve will be reviewed with the intention of releasing savings to the revenue budget more quickly.
- c) The level of reserves should be considered in context of the risks to the Council's finances. See Appendix 3 and actions to make the Council's finances sustainable, Appendix 5.

## 2.3 Capital

- a) The Capital programme is reported elsewhere on the agenda and it notes the costs of the overall programme are broadly unchanged.
- b) The Capital Programme report notes that the timing of expenditure has been heavily impacted by Covid-19. This has meant internal borrowing and financing costs have been delayed. However, the diversion to unearmarked reserves of revenue contributions intended for capital funding will have increased ongoing financing costs in the long run. As noted in 2.1a(i), the forecast assumes it may be possible to re-instate some of the contributions to capital and reduce the cost to revenue.
- c) New Homes Bonus (NHB) has been used to fund capital by holding it in the Chelmsford Development Reserve until it is spent. It is assumed no new NHB allocations will be paid from 2022/23 onwards but existing allocations will run off until 2023/24. This assumption is based on the Government's desire to reform the scheme which is expected to favour higher-tier authorities.
- d) In Appendix 2, there are projections of relevant capital financing indicators as identified in the Council Capital Strategy (February 2021 Council). The financing costs as shown in Appendix 2 are included in the revenue forecasts.

## 2.4 Conclusion on Forecasts

- a) There is so much that is not yet known, key factors being the ongoing impact of Covid and future Government funding. As a result, the above forecasts will be revised throughout the Autumn.
- b) The revenue budget gap identified in the central case is a guide to budget planning. The actual shortfalls will probably not be known until Christmas when the Government is likely to finalise its funding allocations to Local Government; that funding may only be a one-year allocation which will mean the on-going position could remain unclear even then.

## 2.5 **Actions**

The report identifies a comprehensive list of existing ongoing actions in Appendix 4, but below are the key items:

- The provisional £2.45m of revenue windfall gain in the 2020/21 outturn is projected to be used to make an additional contribution to capital in 2021/22. In budget-setting process, this should be reviewed to ensure this is the most beneficial use of the windfall gain.
- The use of reserves to meet temporary shortfalls in income is an appropriate response. The 2022/23 budget process will review the assumptions about income recovery in the years 2022/23 and 2023/24 and consider the use of unearmarked reserves where necessary.
- The Accountancy Services Manager (Section 151 Officer) has identified that the target level of unearmarked reserves (to meet general contingencies) should remain at £9m for 2022/23. This will be reviewed again during the 2022/23 budget-setting process.
- Review of fees and charges and identification of savings and efficiency measures should be undertaken in line with the budget guidelines.
- The Digital Programme and reserve will be reviewed to determine if any savings can be accelerated to make good the budget shortfall.
- Opportunities to increase commercial income or joint working will continue to be explored.

- The budget process will include updating forecasts of the revenue budget. Updates will be made to Cabinet, if considered necessary, by the Section 151 officer.
- Budget guidelines should be approved.

## 2.6 Budget Guidelines

To enable production of a draft budget by Services, the report provides guidance in Appendix 5 on the assumptions to be used.

In 2020/21, it was not possible to carry out all planned activities due to Covid-19. A number of budgets were unspent and approval is sought to have them added into the 2021/22 budget as carry-forwards. These are detailed in Appendix 5, Budget Guidelines.

## 3. Conclusions

3.1 Financial uncertainty has increased due to:

- the long-term impact of Covid
- the potential delay to the Local Government Finance Settlement and no clear direction on Government funding allocations
- the potential for a single-year Settlement

3.2 The MTFS and Budget guidelines recognise the need to seek a balance between providing a means of meeting the expected challenges, through a mix of net cost reductions (cost savings and income generation), and supporting the budget with adequate reserves to allow for movement in the budget gap. Inevitably, given the level of unknowns and increased risk, there will be significant movement in these forecasts over the coming months.

### List of appendices:

Appendix 1 : Revenue and Reserves Forecast

Appendix 2 : Capital and Financing Forecast

Appendix 3 : Forecast Risks

Appendix 4 : Actions Medium-Term Financial Strategy

Appendix 5 : Budget Guidelines 2022/23

Background papers: None

## Corporate Implications

Legal/Constitutional: The Council is required to set a balanced budget. The Medium-Term Financial Strategy sets out the framework for this to be achieved.

Financial: A robust financial strategy is essential in the delivery of the Council's objectives over the medium term, ensuring decisions are taken with due regard to their financial consequences. Medium-term financial planning is a key element in determining the organisation's future resilience.

Potential impact on climate change and the environment: This will be considered as part of the detailed budget setting process.

Contribution toward achieving a net zero carbon position by 2030: As above.

Personnel: The financial strategy, and the development of detailed budget proposals, is supported by the Council's values and behaviour framework, which promotes a culture of responsibility and accountability.

Risk Management: Due regard to the Council's Principal Risk Register should be had when considering its budget plans, financial forecasts and level of reserves. The production of, and adherence to, the Strategy mitigates the risk of financial failure. Challenges to the Council's financial position are reflected in the Principal Risk Register, while the financial impact of other risks are considered within the Principal Risk Register as appropriate.

Equality and Diversity: Equality Impact Assessments will be considered as part of the detailed budget setting process rather than at the strategic level, to enable comprehensive assessments to be undertaken where necessary.

Health and Safety: None

Digital: None

Other: None

#### Consultees:

Chief Executive and Directors

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#### Relevant Policies and Strategies:

Our Chelmsford: Our Plan

Capital and Investment Strategy 2021/22

Medium Term Financial Strategy (July 2020 and November 2020 Cabinet reports)

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## REVENUE AND RESERVES FORECAST

## APPENDIX 1

| Year on Year Financial Changes in Forecast (July 2021 Forecast) |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2022/23<br>£000s | 2023/24<br>£000s | 2024/25<br>£000s | 2025/26<br>£000s |
| <b>(Increases/changes over previous year)</b>                   |                  |                  |                  |                  |
| Pay inflation - 2%  | 660              | 677              | 690              | 721              |
| Utilities - 2%  | 40               | 41               | 41               | 42               |
| Fees & charges 2% inflation                                     | -393             | -401             | -417             | -425             |
| Interest Income (the use of fund managers)                      | -300             |                  |                  |                  |
| Minimum Revenue Provision (capital financing) & interest        | 176              | 222              | 0                | 0                |
| Pension deficiency increasing contributions to reserves         | 150              | 150              | 0                | 25               |
| Insurance Self insurance - annual contribution increases        | 50               | 50               | 50               | 50               |
| Other   | 70               | -110             | 19               | 2                |
| <b>Total</b>  | <b>453</b>       | <b>629</b>       | <b>383</b>       | <b>415</b>       |
| <b>Recovery of COVID 19 Losses</b>                              |                  |                  |                  |                  |
| Car Parking (30% loss compared to 2020/21 budget)               | -743             |                  |                  |                  |
| Building control  | -30              |                  |                  |                  |
| Theatre - full audiences by Panto 2021                          | -176             |                  |                  |                  |
| Museum - income loss  | -32              |                  |                  |                  |
| Rents (High Chelmer and Meadows)                                | -383             | -400             |                  |                  |
| Leisure   | -540             |                  |                  |                  |
| Hylands Income  | -20              |                  |                  |                  |
| <b>Total Covid Losses</b>                                       | <b>-1,924</b>    | <b>-400</b>      | <b>-</b>         | <b>-</b>         |
| <b>Sub total</b>  | <b>-1,471</b>    | <b>229</b>       | <b>383</b>       | <b>415</b>       |
| <b>Central Forecast</b>   |                  |                  |                  |                  |
| Growth in Revenue Budget  | 300              | 300              | 300              | 300              |
| Additional costs of growth in City Residents                    |                  | 75               | 75               | 75               |
| New Capital Schemes & Capitalisation of Sale costs              | -50              |                  |                  |                  |
| Senior Management restructuring                                 | -160             |                  |                  |                  |
| Council Tax Funding   | -583             | -516             | -520             | -524             |
| Change in Business rates retention                              | 378              |                  |                  |                  |
| Sales , Fees and Charges Grant (estimated)                      | 700              |                  |                  |                  |
| Local Council Tax Support                                       | 189              |                  |                  |                  |
| Covid 19 Expenditure pressures grant                            | 783              |                  |                  |                  |
| Lower Tier Grant  | 645              |                  |                  |                  |
| Use of Unearmarked Reserves (net)                               | 925              | 189              |                  |                  |
| <b>Central Budget Gap remaining</b>                             | <b>1,656</b>     | <b>277</b>       | <b>238</b>       | <b>266</b>       |
| <b>Cumulative</b>   | <b>1,656</b>     | <b>1,933</b>     | <b>2,171</b>     | <b>2,437</b>     |
| <b>Downside -variations to Central Case</b>                     |                  |                  |                  |                  |
| Return of Covid (net loss after assumed Govt support)           | 2,000            | -2,000           |                  |                  |
| Car Parking Activity increases to 75% of 2020/21 budget         |                  | 370              |                  |                  |
| Rental Income   |                  |                  | 500              |                  |
| Returns on Funds at 2% not 3% target                            | 100              |                  | -100             |                  |
| Pay Award 1.5%  | 375              |                  |                  |                  |
| <b>Downside Forecast</b>  | <b>4,131</b>     | <b>-1,353</b>    | <b>638</b>       | <b>266</b>       |
| <b>Cumulative</b>   | <b>4,131</b>     | <b>2,778</b>     | <b>3,416</b>     | <b>3,682</b>     |
| <b>Upside -variations to Central Case</b>                       |                  |                  |                  |                  |
| Car Parking Activity increases to 85% of 2020/21 budget         | -370             |                  |                  |                  |
| Government Funding  | -645             | -80              | -80              | -80              |
| Council tax Sharing Agreement                                   | -100             |                  |                  |                  |
| <b>Upside Forecast</b>  | <b>541</b>       | <b>197</b>       | <b>158</b>       | <b>186</b>       |
| <b>Cumulative</b>   | <b>541</b>       | <b>738</b>       | <b>896</b>       | <b>1,082</b>     |

## Revenue Budget Assumption

- 1 The forecasts are not a budget and do not include all the detailed work required to set the budget. They provide guidance for the budget process.
- 2 The revenue forecast Central Case will be used to develop the budget process but there are also upside and downside cases to provide context. The discussion below is of the Central case, except where stated. There are risks identified in Appendix 3 to provide additional context.
- 3 The inflation assumptions are:
  - Pay at 2%, at a cost of £660k per year. This will depend on the need to retain and recruit staff. This is discussed in Appendix 3 (Risks)
  - Utility costs 2%
  - The planning assumption for Fees and Charges is an average price increase of 2%. This is discussed in the budget guidelines. The 2% is not a rule; charges should be set at an appropriate level to corporate goals and any wider market factors.
- 4 Minimum Revenue Provision (MRP). This is the annual repayment provision charged to revenue for internal or external borrowing. The increases reflect the known capital programme and also assume a £2.45m contribution to capital from revenue, funded by the better-than-expected 2020/21 outturn position. This extra contribution is not approved and will be subject to the normal budget processes.
- 5 Where business cases for capital schemes have been agreed, the forecast contains the costs and benefits.
- 6 Ongoing, annually increasing contributions are made to the Insurance Reserve (increase £50k 2022/23) to cover self-insured claims and £150k increase each year to fund the Pension deficiency (payment of the net deficit instalment is due in 2023/24)
- 7 A review of income and expenditure assumptions has been undertaken which will be reconsidered throughout the budget process. The key assumptions made in the revenue budget forecasts in this report are:

| Activity /Budget         | Assumption 22/23                               | Assumption Later years  |
|--------------------------|--|---|
| High Chelmer Income      | Slower recovery £0.4m improvement over 2020/21 | Remains £0.6m lower than pre-Covid levels                                 |
| Car Parking income       | Improves to 80% pre-Covid                      | Remains at 80%  |
| Investment Income        | £300k improvement from use of fund managers    | No change. As amount of investment declines and interest rates remain low |
| Retail Market            | Income £60k below pre-Covid                    | Remains flat below pre-Covid levels                                       |
| All other income streams | Return to pre-Covid levels of activity         |   |

- 8 The forecast assumes no New Homes Bonus (NHB) allocations are receivable after 2021/22. Existing allocations reduce annually to nil by 2023/24. This is discussed in Appendix 3. Any additional NHB should be used to fund capital expenditure, as NHB is not ongoing resource suitable to support ongoing revenue expenditure.
- 9 Business Rate Retention. The scheme is overly complex and very volatile. When first launched, the Council had several years of significant (capped) shortfalls but for the last two years the scheme has provided significant windfall income. The 2021/22 budget allowed for £200k of Retention Income being used to support ongoing service expenditure. The forecast for 2022/23 and later years assumes no funding is used to support ongoing expenditure or contributed to reserves, pending the outcome of the review by Government



of Local Authority funding arrangements. Appendix 3 (Risks) has background on the risks of the Business Rate Retention scheme.

- 10 Government Standard Spending Assessment. This is a formula-based process to calculate the funding allocated to each local authority to support general expenditure. The City Council currently receives £3.4m per year. The formulas are being reviewed under the branding of Fair Funding. The review has been delayed on several occasions and a further deferral beyond the 2022/23 implementation date is possible. The outcome of the review may not be known until December 2022. The central forecast assumes a zero increase from 2021/22 levels, after removing one off Covid funding. This discussed in detail in Appendix 3 (Risks)
- 11 The Council receiving significant “one-off grants” in 2021/22 as a consequence of the Covid pandemic. The Government made clear that local authorities should not work on the basis that these would be ongoing. The main items are listed below and are not assumed to continue beyond 2021/22.

|                                      |                |
|--------------------------------------|----------------|
| Local Council Tax Support            | £189k          |
| Covid-19 Expenditure pressures grant | £783k          |
| Lower Tier Grant                     | £645k          |
| <b>Total</b>                         | <b>£1,617k</b> |

- 12 The forecast assumes an annual £5 increase in Council Tax, the maximum currently allowed without a local referendum. It also assumes that the tax-base (number of Band D rated properties in the City) increases by 1100 in the first year and then 800.
- 13 The forecast provides for a £300k annual budget increase for growth/service enhancement and an allowance to fund the expansion of Recycling and Waste (growth in the number of properties in the City).
- 14 The Upside and Downside cases are indicative as there are many potential permutations that could arise. The table at the beginning of this Appendix identifies the changes from the central case.

## Reserves

## APPENDIX 1

| Usable Reserves Projections  |  |                |  |           |                 |                    |  |           |                 |                    |  |        |                 |                    |  |        |                 |                    |  |       |                 |
|--|--|----------------|--|-----------|-----------------|--------------------|--|-----------|-----------------|--------------------|--|--------|-----------------|--------------------|--|--------|-----------------|--------------------|--|-------|-----------------|
|  |  | 2021/22 Budget |  |           |                 | 2022/23 (Forecast) |  |           |                 | 2023/24 (Forecast) |  |        |                 | 2024/25 (Forecast) |  |        |                 | 2025/26 (Forecast) |  |       |                 |
|  |  | Provisional    | Budgeted (use of) / contribution to reserves |           | Closing Balance | Opening Balance    | Budgeted (use of) / contribution to reserves |           | Closing Balance | Opening Balance    | Budgeted (use of) / contribution to reserves |        | Closing Balance | Opening Balance    | Budgeted (use of) / contribution to reserves |        | Closing Balance | Opening Balance    | Budgeted (use of) / contribution to reserves |       | Closing Balance |
| Earmarked  |  | £000s          | £000s  | Transfers | £000s           | £000s              | £000s  | Transfers | £000s           | £000s              | £000s  | £000s  | £000s           | £000s              | £000s  | £000s  | £000s           | £000s              | £000s  | £000s | £000s           |
| 1 Cultural Support 'Fund'  |  | 159            |  |           | 159             | 159                |  |           | 159             | 159                |  |        | 159             | 159                |  |        | 159             | 159                |  |       | 159             |
| 2 Chelmsford development   |  | 0              |  |           | 0               | 0                  |  |           | 0               | 0                  |  |        | 0               | 0                  |  |        | 0               | 0                  |  |       | 0               |
| 3 Infrastructure Provision   |  | 0              |  | 2,000     | 2,000           | 2,000              |  |           | 2,000           | 2,000              |  |        | 2,000           | 2,000              |  |        | 2,000           | 2,000              |  |       | 2,000           |
| 4 Growth fund  |  | 69             |  |           | 69              | 69                 |  |           | 69              | 69                 |  |        | 69              | 69                 |  |        | 69              | 69                 |  |       | 69              |
| 5 Insurance  |  | 1,049          | -150   |           | 899             | 899                | -100   |           | 799             | 799                | -50  |        | 749             | 749                |  |        | 749             | 749                |  |       | 749             |
| 6 Local Development Framework  |  | 570            | -210   | 300       | 660             | 660                | -250   | 315       | 725             | 725                | -225   | 500    | 500             | -250               | 250  | 250    | -250            | 0                  |  |       | 0               |
| 7 Pension deficiency   |  | 1,116          | 717  |           | 1,833           | 1,833              | 867  |           | 2,700           | 2,700              | -1,825                                       | 875    | 875             | 1,017              | 1,892  | 1,892  | 1,017           | 2,909              |  |       | 2,909           |
| 8 Park and Ride  |  | 184            | -100   |           | 84              | 84                 |  |           | 84              | 84                 |  |        | 84              | 84                 |  |        | 84              | 84                 |  |       | 84              |
| 9 Hylands House Reserve  |  | 3              |  |           | 3               | 3                  |  |           | 3               | 3                  |  |        | 3               | 3                  |  |        | 3               | 3                  |  |       | 3               |
| 10 Housing Initiatives   |  | 150            |  |           | 150             | 150                |  |           | 150             | 150                |  |        | 150             | 150                |  |        | 150             | 150                |  |       | 150             |
| 11 DPO Reserve   |  | 310            | -290   |           | 20              | 20                 |  |           | 20              | 20                 |  |        | 20              | 20                 |  |        | 20              | 20                 |  |       | 20              |
| 12 Project Evaluation Resrve   |  | 390            |  |           | 390             | 390                |  |           | 390             | 390                |  |        | 390             | 390                |  |        | 390             | 390                |  |       | 390             |
| 13 Carry forwards  |  | 0              |  |           | 0               | 0                  |  |           | 0               | 0                  |  |        | 0               | 0                  |  |        | 0               | 0                  |  |       | 0               |
| Total Earmarked Reserves   |  | 4,000          | -33  | 2,300     | 6,267           | 6,267              | 517  | 315       | 7,099           | 7,099              | -2,100                                       | 4,999  | 4,999           | 767                | 5,766  | 5,766  | 767             | 6,533              |  |       | 6,533           |
| Unearmarked  |  |                |  |           |                 |                    |  |           |                 |                    |  |        |                 |                    |  |        |                 |                    |  |       |                 |
| 14 General Fund & Contingency  |  | 16,289         | -4,060                                       | -2,300    | 9,929           | 9,929              | -396   | -315      | 9,218           | 9,218              | -211   | 9,007  | 9,007           |                    | 9,007  | 9,007  |                 | 9,007              |  |       | 9,007           |
|  |  |                |  |           |                 |                    |  |           |                 |                    |  |        |                 |                    |  |        |                 |                    |  |       |                 |
|  |  | 16,289         | -4,060                                       | -2,300    | 9,929           | 9,929              | -396   | -315      | 9,218           | 9,218              | -211   | 9,007  | 9,007           | 0                  | 9,007  | 9,007  |                 | 9,007              | 0  |       | 9,007           |
| Total other reserves   |  | 20,289         | -4,093                                       | 0         | 16,196          | 16,196             | 121  | 0         | 16,317          | 16,317             | -2,311                                       | 14,006 | 14,006          | 767                | 14,773                                       | 14,773 | 767             | 15,540             |  |       | 15,540          |
| Not Available to Support Spend, until financial year end when the actual position is determined. |  |                |  |           |                 |                    |  |           |                 |                    |  |        |                 |                    |  |        |                 |                    |  |       |                 |
| 15 Business Retention reserve  |  | 17,856         | -17,856                                      |           | 0               | 0                  |  |           | 0               | 0                  |  |        | 0               | 0                  |  |        | 0               | 0                  |  |       | 0               |

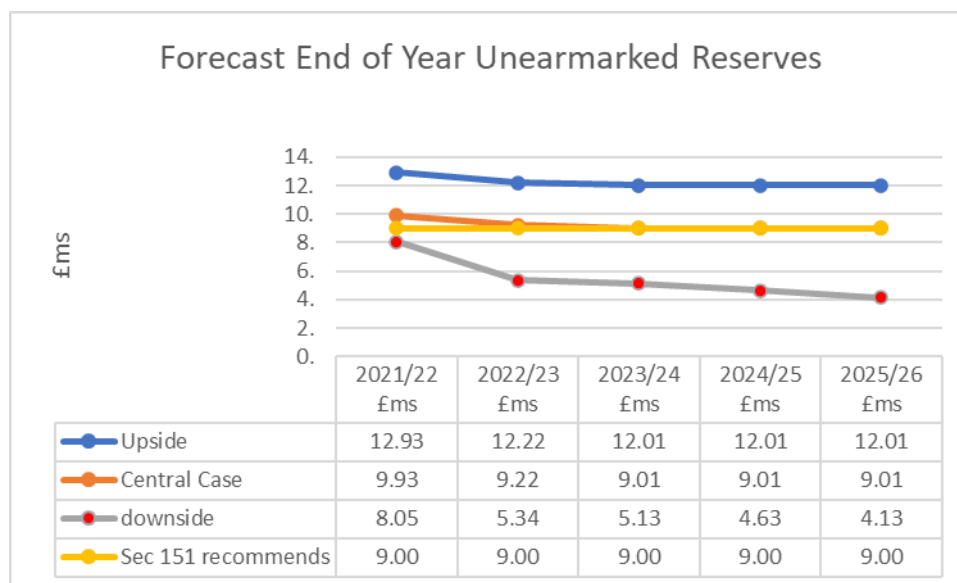
## Reserves - Purpose and Delegation

|                               | <b>Purpose</b>   |
|-------------------------------|--|
| 1 Cultural Support 'Fund'     | To contribute to Cultural Services costs   |
| 2 Chelmsford development      | To support the ongoing development of the Chelmsford City area. New Homes Bonus plus other expected one-off income will be added to the reserve. |
| 3 Infrastructure Provision    | To manage the risk of Capital costs becoming chargeable to revenue   |
| 4 Growth fund                 | Funding Held for Strategic Planning issues   |
| 5 Insurance                   | To meet losses and policy excesses where more appropriate to insure internally than externally.  |
| 6 Local Development Framework | To meet expenditure on the LDF   |

## Reserves - Purpose and Delegation

|                               | <b>Purpose</b>  |
|-------------------------------|---|
| 7 Pension deficiency          | To support the financing of the annual deficiency payments on the pension fund. To fund one-off staff costs, e.g. flexible retirements, redundancy.     |
| 8 Park and Ride               | Contingency to smooth management contract costs of Park and Ride  |
| 9 Hylands House Reserve       | To contribute to Hylands House and Estate costs   |
| 10 Housing Initiatives        | To establish funding to undertake initial stages of projects that may not be capital costs.   |
| 11 DPO Reserve                | The Medium-Term Financial Strategy reported to October 2019 Cabinet established a DPO process.  |
| 12 Project Evaluation Reserve | The capital programme includes schemes which require further feasibility and business cases so this reserve enables production of robust business plans |
| 13 Carry forwards             | These are working balances arising from the carry forward policy, set out in financial regulations  |
| 15 General Fund               | These are uncommitted working balances to meet the unforeseen needs of the Council.   |
| 16 Business Retention reserve | To meet one-off costs arising from Business Rate Retention scheme   |

# Reserves Budget Assumption



- 15 The central forecasts of reserves are based on the assumptions made in the revenue forecast above.
- 16 The upside case assumes a £3m windfall in 2021/22, from the Business Rate Retention scheme.
- 17 The downside case assumes a £1.5m overspend in 2021/22 and a £2m loss in 2022/23 (due to Covid). Additionally, a 1.5% pay award for all staff in 2021/22 and a temporary loss of rent income of £1m spread over 2024/25 and 2025/26, as Council-owned property may become vacant.
- 18 The earmarked reserves include the contributions necessary to meet the Council's currently known obligations for Insurance, Local Plan and Pensions. The DPO reserve will be reviewed to determine the best approach to release savings to the revenue budget as soon as practically possible.

**APPENDIX 2****CAPITAL AND FINANCING FORECAST**

The Council approved an annual update of its Capital Strategy in February 2021. The strategy provides a high-level overview of how the Council intends to manage its capital expenditure and in turn how this expenditure is financed. The Strategy includes a number of tables for financial forecasts and financial limits. The updated figures are based on the most recent Capital Programme forecast and allow for a £2.45m contribution from reserves. The tables below show the impact of the contribution on the Minimum Revenue Provision (MRP). The tables highlight the key changes being made, with explanations. Please note that, for the sake of brevity and to maintain focus on the key issues, not all the Capital Strategy tables have been included in the update below.

**Cost of the capital Programme**

| <b><u>Previous Forecast</u></b> | <b>2020/21<br/>forecast</b> | <b>2021/22<br/>budget</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> |
|---------------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Replacement Programme           | £ 3.212m                    | <b>£ 6.346m</b>           | £ 2.702m                  | £1.582m                   |
| Capital Projects                | £16.138m                    | <b>£43.856m</b>           | £19.940m                  | £7.902m                   |
| <b>TOTAL</b>                    | <b>£19.350m</b>             | <b>£50.202m</b>           | <b>£22.642m</b>           | <b>£9.484m</b>            |

| <b><u>Latest Forecast</u></b>  | <b>2020/21<br/>actual</b> | <b>2021/22<br/>forecast</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> | <b>2024/25<br/>budget</b> |
|--|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Replacement Programme  | £ 2.565m                  | £ 5.328m                    | <b>£4.330m</b>            | £ 1.686m                  | £3.243m                   |
| Capital Projects   | £ 6.118m                  | £35.527m                    | <b>£35.806m</b>           | £10.389m                  | £3.368m                   |
| <b>TOTAL</b>   | <b>£ 8.683m</b>           | <b>£40.855m</b>             | <b>£40.136m</b>           | <b>£12.075m</b>           | <b>£6.611m</b>            |
| <b>Previous (see above table<br/>Previous forecast for<br/>detail)</b> | <b>£19.350m</b>           | <b>£50.202m</b>             | <b>£22.642m</b>           | <b>£ 9.484m</b>           | <b>N/A</b>                |
| <b>Change</b>  | <b>-£10.667m</b>          | <b>-£9.347m</b>             | <b>£17.494m</b>           | <b>£ 2.591m</b>           | <b>N/A</b>                |

In total, the years 2020/21 to 2023/24 programme is broadly unchanged, a movement of £0.071m. The in-year variations are due to a number of items where the spend profile and timing have changed, the key items being:

**From 2020/21 to Later Years**

- Enabling Works at Lockside £2.6m
- Housing initiatives to support the Homelessness and Rough Sleeper Strategy £4.9m
- Community Infrastructure Grants (CIL) £1.2m
- Beaulieu Park Station S106 Grants £0.7m

**From 2021/22 to Later Years**

Housing Infrastructure Fund New Bridge and Road £17.750m

**Financing of the Capital Programme****Previous Forecast**

|                          | <b>2020/21<br/>forecast</b> | <b>2021/22<br/>budget</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> |
|--------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Capital Receipts         | £ 2.330m                    | <b>£ 3.150m</b>           | £ 8.055m                  | £5.743m                   |
| Grants and Contributions | £ 6.751m                    | <b>£29.844m</b>           | £ 6.741m                  | £3.600m                   |
| Revenue Contributions    | £ 0.000m                    | <b>£ 2.018m</b>           | £ 0.884m                  | £0.000m                   |
| Internal Borrowing       | £10.269m                    | <b>£13.603m</b>           | £ 6.889m                  | £0.000m                   |
| Finance Leases           | £ 0.000m                    | <b>£ 1.587m</b>           | £ 0.073m                  | £0.141m                   |
| <b>TOTAL</b>             | £19.350m                    | <b>£50.202m</b>           | £22.642m                  | £9.484m                   |

**Latest Forecast**

|                          | <b>2020/21<br/>Actual</b> | <b>2021/22<br/>forecast</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> | <b>2024/25<br/>Budget</b> |
|--------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Capital Receipts         | £2.841m                   | £ 3.603m                    | <b>£ 7.575m</b>           | £8.331m                   | £4.948m                   |
| Grants and Contributions | £3.923m                   | £15.338m                    | <b>£22.583m</b>           | £3.603m                   | £1.299m                   |
| Revenue Contributions    | £0.000m                   | £ 4.468m                    | <b>£ 0.884m</b>           | £0.000m                   | £0.000m                   |
| Internal Borrowing       | £1.919m                   | £16.799m                    | <b>£ 8.105m</b>           | £0.000m                   | £0.000m                   |
| Finance Leases           | £0.000m                   | £ 0.647m                    | <b>£ 0.989m</b>           | £0.141m                   | £0.364m                   |
| <b>TOTAL</b>             | <b>£8.683m</b>            | <b>£40.855m</b>             | <b>£40.136m</b>           | <b>£12.075m</b>           | <b>£6.611m</b>            |

The amount of funding applied every year is a reflection of the capital programme spend. There were no revenue contributions in the year 2020/21. This was to repurpose the funding to meet potential Covid-19 losses. Due to the reprofiling of the capital expenditure, there was a reduction in the amount of borrowing required in 2020/21. Over the period 2020/21 to 2024/25, the total and type of financing required has not materially changed. There is an additional £2.45m contribution from reserves in 2021/22. In 2023/24, there is a large receipt forecast from asset sales and the requirement to borrow is removed.

**Current Estimate of Gross Debt and the Capital Financing Requirement****Previous Forecast**

|  | <b>31.3.2021<br/>forecast</b> | <b>31.3.2022<br/>budget</b> | <b>31.3.2023<br/>budget</b> | <b>31.3.2024<br/>budget</b> |
|--|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Leasing (Debt)   | £0.635m                       | <b>£1.783m</b>              | £1.286m                     | £0.845m                     |
| External Borrowing   | £0.000m                       | <b>£0.000m</b>              | £0.000m                     | £0.000m                     |
| <b>Total “External Borrowings”</b>   | £0.635m                       | <b>£1.783m</b>              | £1.286m                     | £0.845m                     |
| <b>Total Capital Financing Requirement (CFR)*</b>                                | £22.399m                      | <b>£36.623m</b>             | £42.124m                    | £40.772m                    |
| Internal Borrowing (makes up the difference between CFR and external borrowings) | £21.764m                      | <b>£34.840m</b>             | £40.838m                    | £39.927m                    |

**Current Forecast Based on Full Borrowing Position Includes Self Financing Schemes**

|  | <b>31.3.2021<br/>actual</b> | <b>31.3.2022<br/>forecast</b> | <b>31.3.2023<br/>budget</b> | <b>31.3.2024<br/>budget</b> | <b>31.3.2025<br/>budget</b> |
|--|-----------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Leasing (Debt)                                   | £0.635m                     | £0.843m                       | <b>£1.450m</b>              | £1.014m                     | £0.852m                     |
| External Borrowing                               | £0.000m                     | £0.000m                       | <b>£0.000m</b>              | £0.000m                     | £0.000m                     |
| <b>Total “External Borrowings”</b>               | £0.635m                     | £0.843m                       | <b>£1.450m</b>              | £1.014m                     | £0.852m                     |
| <b>Total Capital Financing Requirement (CFR)</b> | £14.031m                    | £30.738m                      | <b>£38.589m</b>             | £37.159m                    | £35.942m                    |
| Internal Borrowing                               | £13.396m                    | £29.895m                      | <b>£37.139m</b>             | £36.145m                    | £35.090m                    |

**Change since last reported**

|   |           |          |          |          |     |
|---|-----------|----------|----------|----------|-----|
| <b>Change -Total “External Borrowings”</b>                | -£ 0.000m | -£0.940m | £0.164m  | £0.169m  | N/A |
| <b>Change -Total Capital Financing Requirement (CFR)*</b> | -£8.368m  | -£5.885m | -£3.535m | -£3.613m | N/A |
| <b>Change Internal Borrowing</b>                          | -£8.368m  | -£4.945m | -£3.699m | -£3.782m | N/A |

\*CFR – this the amount of the capital programme that has been funded from borrowings (internal, external or finance leases)

The changes reflect slippage in the payment profile of the capital programme, changes in the profile of capital receipts from sales of assets and an increased contribution from revenue which reduces the requirement for borrowing.

### **Planned Repayment of Debt**

#### **1 Previous Forecast – MRP Charge with Self-Financing Schemes Excluded**

|                        | <b>2020/21<br/>forecast</b> | <b>2021/22<br/>budget</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> |
|------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| MRP                    | £0.154                      | <b>£0.527m</b>            | £0.891m                   | £0.911m                   |
| Finance Leasing<br>MRP | £0.103m                     | <b>£0.439m</b>            | £0.570m                   | £0.582m                   |
| Capital Receipts       | £0.000m                     | <b>£0.000m</b>            | £0.000m                   | £0.000m                   |

#### **1a Previous Forecast – MRP Charge on Total Borrowing Including Self-Financing Schemes**

|                        | <b>2020/21<br/>forecast</b> | <b>2021/22<br/>budget</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> |
|------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| MRP                    | £0.200                      | <b>£0.662m</b>            | £1.239m                   | £1.366m                   |
| Finance Leasing<br>MRP | £0.103m                     | <b>£0.439m</b>            | £0.570m                   | £0.582m                   |
| Capital Receipts       | £0.000m                     | <b>£0.000m</b>            | £0.000m                   | £0.000m                   |

#### **2 Current Forecast – MRP Charge with Self-Financing Schemes Excluded**

|                        | <b>2020/21<br/>actual</b> | <b>2021/22<br/>forecast</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> | <b>2024/25<br/>budget</b> |
|------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| MRP                    | £0.172m                   | £0.300m                     | <b>£0.753m</b>            | £0.780m                   | £0.829m                   |
| Finance Leasing<br>MRP | £0.103m                   | £0.439m                     | <b>£0.382m</b>            | £0.577m                   | £0.526m                   |
| Capital Receipts       | £0.000m                   | £0.000m                     | <b>£0.000m</b>            | £0.000m                   | £0.000m                   |

#### **2a Current Forecast – MRP Charge on Total Borrowing Including Self-Financing Schemes**

|                        | <b>2020/21<br/>actual</b> | <b>2021/22<br/>forecast</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> | <b>2024/25<br/>budget</b> |
|------------------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| MRP                    | £0.172m                   | £0.300m                     | <b>£0.859m</b>            | £0.966m                   | £1.055m                   |
| Finance Leasing<br>MRP | £0.103m                   | £0.439m                     | <b>£0.382m</b>            | £0.577m                   | £0.526m                   |
| Capital Receipts       | £0.000m                   | £0.000m                     | <b>£0.000m</b>            | £0.000m                   | £0.000m                   |



**Change from tables 1a and 2a above – MRP Charge on Total Borrowing Including Self-Financing Schemes**

|                        |           |          |          |          |     |
|------------------------|-----------|----------|----------|----------|-----|
| <b>MRP</b>             | -£ 0.028m | -£0.362m | -£0.380m | -£0.400m | N/A |
| <b>Finance Leasing</b> | £ 0.000m  | £0.000m  | -£0.188m | -£0.005m | N/A |

The key change is to MRP (revenue financing of debt repayment cost). Additional debt required due to the financial strategy in relation to Covid-19 resulted in a higher annual MRP over the life of the forecast, however, the additional £2.45m contribution from revenue forecast in 2021/22 and the re-phasing of the financial completion of a number of schemes discussed earlier in this appendix does keep the annual MRP cost at lower levels than would otherwise be expected.

**Authorised Borrowing Limits**

Previous Limit

|  | <b>2020/21<br/>limit</b> | <b>2021/22<br/>limit</b> | <b>2022/23<br/>limit</b> |
|--|--------------------------|--------------------------|--------------------------|
| Authorised limit – total external debt     | £23m                     | £37m                     | £43m                     |
| Operational boundary – total external debt | £0.7m                    | £1.8m                    | £1.3m                    |

Current Recommendation

|  | <b>2020/2021<br/>limit</b> | <b>2021/22<br/>limit</b> | <b>2022/23<br/>limit</b> | <b>2023/24<br/>limit</b> |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| Authorised limit – total external debt     | £15m                       | £31m                     | £39m                     | £38m                     |
| Operational boundary – total external debt | £0.7m                      | £0.9m                    | £1.5m                    | £1.1m                    |

Authorised Limit

The authorised limit is the maximum amount the Council will borrow at any time; any activity above that level would require Council approval. This has changed in line with the reprofiling of the debt.

Operational boundary

The operational boundary differs from the authorised limit in that it is based on expectations of the maximum external debt of the authority according to probable – not simply possible – events.

## **Asset Sales**

### **Previous Forecast**

|             | <b>2020/21<br/>forecast</b> | <b>2021/22<br/>budget</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> |
|-------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Asset sales | £0.805m                     | <b>£2.000m</b>            | £7.025m                   | £10.000m                  |

### **Current Forecast**

|             | <b>2020/21<br/>actual</b> | <b>2021/22<br/>forecast</b> | <b>2022/23<br/>budget</b> | <b>2023/24<br/>budget</b> | <b>2024/25<br/>budget</b> |
|-------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Asset sales | £1.185m                   | £2.103m                     | <b>£7.075m</b>            | £15.050m                  | £15.050m                  |
| Change      | £0.380m                   | £0.103m                     | <b>£0.050m</b>            | £ 5.050m                  | N/A                       |

The changes are due to the following:

Additional receipts achieved in 2020/21 not in previous forecast £0.380m. This includes the disposal of 5 Buckingham Court.

2023/24 an additional receipt forecast of £5m from potential sale of development

**FORECAST RISKS****APPENDIX 3****Introduction**

The revenue and reserves forecasts have included central, downside and upside cases to provide context of risk. The below is not an exhaustive list of risks to the forecast; there are some upside risks but overall the impact of risk/uncertainty is to make the budget process difficult to manage.

- 1 Fees and charges inflation. For planning purposes an assumption of a 2% average price increase has been made. There is a need for charges to be reviewed in each service, as the pandemic will have affected the level of demand, the elasticity of demand (how price change affects demand), the structure of demand e.g. less long stay car parking and the need to set charges to meet corporate goals. The external markets the Council operates in also need to be considered in the reviews. These reviews create opportunity and risk to the Council's finances.
- 2 The assumed recovery in the 2022/23 forecast in Rental and Fees & Charges income of some £1.9m is a risk given it assumes customer behaviour returns mostly to normal.
- 3 The furloughing of staff across the nation will come to an end in September. Reports in the press suggest there are some 3m people still on furlough in the UK. This could mean unemployment rises rapidly in the Autumn. In the worst case, at a local level, this could create a drop in demand for the Council's income-generating services and/or an increase for services such as those provided by Housing.
- 4 It should be noted that prior to the pandemic the Council had overspent its service budgets for two years. The pandemic made the third year of overspend a certainty, even though increases in service budgets had been made in the 2020/21 budget process. The forecasts of net service spend are to a large extent still based on the 2020/21 budget. Therefore, a risk of budget overruns at year-end still exists (ignoring any Covid factors) as the changes made to the 2020/21 budget to resolve the past overspends have not been tested.
- 5 Business Rate Retention scheme. This is where the Government shares growth in local business rate income with Councils. The scheme is complex and almost impossible to estimate robustly at a local level. This is due to the lack of information and control the City Council has over changes in the tax-base. Also, the Government at national level may make changes such as freezing rate increases which then require the Government to provide complex grants to offset local authority losses. The income generated for the City from the scheme was £2.7m in 2020/21. During the pandemic, business rate income was in fact much lower than previous levels. The £2.7m gain effectively came from the Government providing funding to local authorities to offset the consequences of Covid. Unfortunately, the scheme is due to change in 2022/23 and gains are likely to be measured against a higher baseline. The forecast removes the financial risk from the scheme by assuming no additional income is received. So potentially there is an upside risk to the forecast. However, given the complex and volatile nature of the scheme, it would be appropriate to continue the practice of 2019/20, 2020/21 and 2021/22 of building in only a small part of the forecast ongoing business-rate income to support ongoing expenditure, and then only if the outcome of the Government review is favourable.
- 6 The Council in 2021/22 is expected to receive £6m (including NHB) of one-off Covid and ongoing general-purpose grants. All of these grants are intended to be reviewed and reallocated nationally in 2022/23, under the fair funding review. The forecast assumes only £3.4m of ongoing grants to support ongoing expenditure. In the view of officers, the forecast removes any material downside risks and there is some hope that grants could be higher. However, the risks are:

- grant funding could be maintained for 2022/23 at similar levels or at least significantly higher than the forecast assumes but only as consequence of the government's funding review being postponed for a one year to 2023/24. This would mean the Council's projected budget gap was deferred.
  - the government provided some one-off grants in 2021/22 which could in part become ongoing, so the forecast shortfall decreases.
  - the Government is not likely to provide details of its funding package for 2022/23 until towards Christmas 2021. This means the Council has to run the budget process with a risk of material change.
- 7 The Council's capital programme is now partially funded via internal borrowing. The programme expenditure has been delayed by the pandemic. Additionally, revenue funding of the capital programme has been diverted to bolster unearmarked reserves to manage risks and revenue losses. The Council's revenue budget includes a statutory annual charge to fund the repayment of capital financing, Minimum Revenue Provision (MRP). The cost of the MRP has been estimated in the forecast but:
- The programme expenditure could be delayed, so reducing the cost of the MRP
  - The forecast assumes a £2.45m windfall from 2020/21's better-than-expected outturn position is used to reduce internal borrowing, reducing MRP by £300k per year for the life of the forecast. Should reserves be lower than expected at the end of 2021/22 or more beneficial uses for the windfall be found then MRP costs would rise.
- 8 The Council in the 2020/21 budget had £5m of expected rental income. The 2022/23 forecast assumes some £4.3m. The material reduction is from High Chelmer income, which is assumed to return to some £600k below its pre-Covid level. The Council's rental income also comes from a number of office units which have lease renewals during the life of the forecast. The rental income from these is some £1.2m per year. The Council's reserves can and will be used to offset income lost due to temporary vacancies. There is considered to be a low risk of long-term vacancies and rent reductions.
- 9 Government protections during the pandemic have prevented evictions and distorted, in a beneficial way, demand for the Council's Housing services. As the protections are removed and furlough ends, it is possible to envisage an increase in demand. The budgets in the Housing service have some flexibility to meet an uplift in demand. However, past experience has shown demand changes can rapidly lead to unfunded housing expenditure. The Council can only wait to see if demand exceeds the existing flexibility in the Housing budgets. Any adjustments needed to budgets will be identified in the monitoring of 2021/22 finances and the 2022/23 budget process.
- 10 The Government has made a commitment to local government to provide any funding needed to meet new burdens created by new legislation. The level of support can often be challenged as being insufficient but in principle the Government has removed significant risks that arise from legislative change. An example of where legislative change could have material impact on Council services is the consultation to increase nationwide consistency of waste/recycling collections. This MTFS will not deal with the implications of that or similar changes unless there is sufficient detail to identify financial costs and benefits.
- 11 Given the risks already identified from the closure of the furlough scheme, it is perhaps also worth noting the impact on Council Tax Benefits and Housing Benefits at this time is unquantifiable. It could, in the worst case, run into the hundreds of thousands of pounds or amount to nothing of note.
- 12 A large proportion of the Council's total expenditure (£33m) is incurred on employee costs. For budgeting purposes it has been assumed that staff will receive an annual pay award

of 2% (£0.66m) each year apart from in 2021/22 where the budget has been set on line with Government guidance and only allows for a £250 flat pay award to staff who earn less than £24k per annum.

There is likely to be greater pressure on wages in the national economy as the economy begins to expand post-Covid and the post Brexit environment reduces the pool of available labour. Shortages of some types of skilled labour have already been reported nationally such as HGV drivers.

The national unions are seeking a 10% pay award for Local Government in 2021/22 however, the employers have made a counter-offer of 1.5%. These negotiations are ongoing and whilst the City Council has adopted local pay negotiations these are undertaken with regard to the national picture. If the Council were to decide to award a pay award in line with the national pay award any additional costs for 2021/22 would have to be funded from unearmarked reserves with any ongoing costs leading to an increase in the forecast deficit. The downside case therefore identifies the impact of awarding the current employer offer of a 1.5% pay award to all staff in 2021/22 leading to an additional budget pressure of £375k.

- 13 In 2023/24, the Council Pension liabilities will be reviewed. The Council is obliged to make payments to a deficit on its pension fund. There is a risk that those contributions will need to increase. Again, Covid will be a complication in the direction of travel of the pension fund deficit.

### **Conclusion (risks)**

There will be a need to use reserves for a temporary period should some or all of these risks materialise. Therefore, at this stage it is appropriate to continue to target a £9m level of unearmarked reserves. A temporary reduction below £9m to manage these risks is acceptable but only if the Council has a strategy to return reserves to an appropriate level to manage prevailing risks.

Any ongoing consequences of the issues discussed will be managed through the budget guidelines and budget process.

**APPENDIX 4****PRINCIPLES: MEDIUM-TERM FINANCIAL STRATEGY**

The fundamental aims of the Council's Medium-Term Financial Strategy are to:

- 1) Maintain a sustainable financial position against a backdrop of continuing financial uncertainty and reduced government funding;
- 2) Support the Council's aims in the delivery of a safer, greener, fairer and better-connected Chelmsford through the appropriate allocation of available resources and to
- 3) Maximise opportunities to increase resources, or use resources more effectively, whilst taking appropriate action to mitigate financial risk.

The Strategy is supported by five key principles. These are set out below with supporting actions for each principle.

**Net Revenue Expenditure – The Council recognises that it must optimise its limited resources and target them to where they are most needed, in order to provide value for money services in the face of increasing financial pressures.**

- |     |  |
|-----|--|
| 1.  | The Council will set a balanced budget each year, reflecting its objectives, priorities and commitments.   |
| 2.  | The Council will deliver efficiencies, cost reductions and new income streams in order to meet budget gaps; the delivery of which will be closely monitored by Management and Members.   |
| 3.  | A Digital Programme Office will drive forward digital innovation in service delivery, realising both financial and non-financial benefits in the efficient delivery of services (subject to the results and learning outcomes from the pilot).                                     |
| 4.  | There is no presumption that un-ringfenced grants will be spent on the purposes for which they are nominally provided (appropriate business cases will be provided for spending against such grants).  |
| 5.  | Services will carry out regular reviews of their fees and charges, to ensure income is maximised while taking into account the demand for services, the prevailing economic and market conditions, the wider strategic aims of the Council and the affordability to its customers. |
| 6.  | Where costs are recharged to other parties on a cost-recovery basis, services will ensure that all relevant costs are considered when setting the charge.  |
| 7.  | The Council will review its income streams, taking account of the proportionality of any one revenue stream and mitigating the risk of over-reliance upon any one income type e.g. commercial property income.   |
| 8.  | The Council will consider the diversity of its investments, in order to spread risk.   |
| 9.  | The Council will consider its risk appetite in relation to commercial activity as part of its response to budgetary pressures.   |
| 10. | The Council will seek to reduce its reliance in its revenue budget on uncertain funding streams, as it has with New Homes Bonus and Business Rate Retention.   |

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

- |     |  |
|-----|--|
| 11. | The Council will develop a capital strategy that seeks to optimise return on existing assets, divest itself of low-performing assets and sets out parameters for investment in property to increase income to the Council. |
| 12. | Performance indicators will be developed and monitored for investment property.  |

|   |  |
|---|--|
| 13.   | The Council will set prudential indicators, including borrowing limits, for capital financing through its annual Treasury Management Strategy, and understand the costs of capital and the return on capital invested, ensuring any future borrowing is affordable, prudent and sustainable.   |
| 14.   | The Council will explore opportunities for borrowing as the need arises through the Public Works Loan Board, Local Enterprise Partnership, other Local Authorities and the Municipal Bond Agency, for example.   |
| 15.   | The Council will seek alternative forms of funding to use where possible, maximising the use of external resources such as s106 contributions from Developers, Community Infrastructure Levy, funding from the Local Enterprise Partnership, Government departments, lottery funding and private sector opportunities as appropriate and ensuring that any funding conditions do not place an unreasonable burden on the Council.  |
| 16.   | Capital receipts from the sale of assets will be used to meet future corporate priorities, rather than be retained for use by the service that has relinquished the asset.   |
| 17.   | Resources allocated to a particular capital project but subsequently not required will be returned to meet future corporate priorities rather than be retained for use by that service.  |
| 18.   | No new capital schemes are included in the programme without the necessary resources to meet the full capital costs, and any net on-going revenue costs, being in place.   |
| 19.   | All new capital projects are subject to a bid process for inclusion in the Capital Programme, which require whole-life costing information to be supplied. Where projects are not yet fully worked up but require an indicative sum to be allocated in the Capital Programme, for the purposes of assessing future funding requirements and the costs of borrowing, then a full business case should be worked up before commencement of the project. New capital schemes brought forward during the year should also be supported by business cases and reported to Management Team, Cabinet or Council in line with the Council's financial regulations. |
| <b>Reserves – the Council will maintain a reasonable level of usable reserves to enable it to weather the volatility of its funding position, support capital spending plans, mitigate known risks and support invest-to-save schemes and service transformation.</b> |  |
| 20.   | The Council will seek to increase the level of its general fund reserves (General Fund plus Contingency) and maintain this at an appropriate level commensurate with the level of financial risk it faces. As a minimum, the Council should work towards maintaining a level of approximately 6% of its gross expenditure (which would be around £9m when compared to the gross expenditure figure included in the last Council Tax resolution), whilst recognising that the level of balances will fluctuate over time as it adjusts to short-term pressures in the revenue budget.   |
| 21.   | Reserves will not be used to meet on-going expenditure but may be used in the short-term in conjunction with plans to reduce net revenue costs over the medium-term.   |
| 22.   | Regular review of all reserves will be carried out in order to maintain and replenish funds which will be used to mitigate substantial risks identified over the medium-term, support the provision of major projects, invest-to-save schemes, service reviews or digital innovation and to release those reserves no longer required due to changing circumstances.   |
| <b>Governance and Performance – the Council will monitor the delivery of its financial strategy and performance against the savings requirement, adjusting the plans to meet changing demands or emerging risk. This will be achieved by:</b>                         |  |
| 23.   | Annual review of key strategies such as the Medium-Term Financial Strategy, the Capital and Investment Strategy and Treasury Management Strategy.  |

|  |  |
|--|--|
| 24.  | Appropriate training will be provided to officers and staff to enable them to carry out their duties in respect of the delivery and scrutiny of financial plans.   |
| 25.  | Performance against budget will be monitored externally via the Council's external auditor, and internally via a framework including the senior management team, the Audit and Risk Committee, Overview and Scrutiny Panel, Cabinet and Council, while key strategy reviews enabling the delivery of Council priorities. Budget and performance monitoring will be supported by the implementation of the Council's new financial management system and a refreshed approach to Risk Management.   |
| 26.  | During 2021 and 2022 the Council will undertake a self-assessment against CIPFA's new Financial Management Code and produce an action plan to meet any shortfalls.   |
| 27.  | The Council will consider CIPFA's new Resilience Index when considering the appropriateness of its reserves.   |
| 28.  | The Council will stay abreast of regulatory developments and the latest Government and sector-led guidance in the formulation of key financial policies and strategies.  |
| 29.  | Embed a performance management culture within the organisation, including the production of business cases, strong project management and the measurement and delivery of benefits.  |
| 30.  | Ensure that the Council's budgets, financial records and accounts are prepared in line with accounting standards, CIPFA Code of Practice on Local Government Accounting, the CIPFA Prudential Code and the Council's own Constitution and Financial regulations.   |
| 31.  | Budget guidance to be reviewed annually by the Council's section 151 Officer.  |
| <b>Partnership Working – the Council will seek out opportunities to work with partners to maximise outcomes for the residents of Chelmsford and other stakeholders, explore access to funding and maximise the shared benefits of joint working.</b> |  |
| 32.  | The Council will explore joint working opportunities or shared services where they add benefit to the Council or its residents, with partners including (but not limited to): <ul style="list-style-type: none"> <li>• Other local authorities</li> <li>• Registered Housing Providers</li> <li>• Police and Crime Commissioner</li> <li>• Fire and Rescue Authority</li> <li>• Local Enterprise Partnership</li> <li>• Voluntary and Community organisations</li> <li>• Private sector</li> </ul> |
| 33.  | The Council will seek to optimise external funding opportunities to defray the cost of services and capital investment.  |
| 34.  | The Council will review its processes for awarding grant funding and the monitoring of service level agreements with third parties.  |
| 35.  | The Council will explore models for delivering projects in partnership with others, particularly in respect of large-scale infrastructure projects and the Council's aspiration to deliver increased numbers of affordable housing units.  |
| 36.  | The Council will consider options to facilitate or enable partners and the community to deliver outcomes that are in keeping with the Council's aims, as an alternative to direct delivery.  |
| 37.  | The Council will actively engage with sector-led bodies (e.g. Local government Association (LGA), District Councils' Network (DCN), Society of District Council Treasurers (SDCT) to ensure a local voice in national, sector-wide funding discussions.  |
| 38.  | The Council will work with Government departments, Ministers, and Members of Parliament in order to raise local funding issues, develop solutions and provide an evidence base to inform decision-making in respect of funding levels.   |



## Appendix 5

### Budget Guidelines 2022/23

#### 1.0 Introduction

- 1.1 The Statutory Section 151 officer (Accountancy Services Manager) is required by law to ensure the estimates are 'robust' and all the budgetary proposals are adequately reviewed.
- 1.2 The Accountancy Services Manager will:
  - Issue a budget timetable and detailed guidance to Directors after the Cabinet meeting.
  - Issue standard forms to enable services to provide key information in a common way. The use of the standard forms is essential to ensure consistency in decision making
- 1.3 Given the scale of the potential budget deficit, additional measures will be put in place during 2021/22 to control current year spending and to oversee the savings process to ensure an adequate programme of cost reductions and income generation is identified.

#### 2.0 Guidelines to Prepare Service Budgets

- 2.1 It is proposed that, in the period September to December, Cabinet Members and Directors meet to resolve budget issues culminating in the production of a draft budget for the January Cabinet meeting.
- 2.2 The Council will continue to operate a 'control' budget system, where services are restricted to a set level of net budget expenditure on the basis of current year estimates plus adjustments for:
  - inflation on employees' costs 2%
  - non-domestic rates nil
  - a standard price increase of 2%
  - a 3% vacancy factor has been applied in past years to certain staff budgets and this practice should continue
  - funding for increments will be met by services from savings on appointing new staff at the bottom of their grade
  - the Accountancy Services Manager should calculate at year-end the appropriate level of Insurance reserve and ensure transfers between reserves are made to meet this requirement. The budget will include proposals to provide a sustainable annual budget to meet the cost of insurance excesses.

The Accountancy Services Manager will calculate the 2022/23 control budgets for each service based on the above assumptions starting from the original 2021/22.
- 2.3 Savings or increases in the utility costs will initially be kept/ funded centrally so no service suffers or benefits from significant price changes. The Council will manage the purchase of utility costs centrally to achieve maximum economies of scale.
- 2.4 Services are asked to identify proposals that would meet a £2m Council Budget shortfall.
- 2.5 Additional grant that is not awarded for a ring-fenced purpose should be identified as a saving and not used to fund growth within a service.

- 2.6 Fees and Charges increases will be reviewed as part of the budget process but a planning assumption will be an average 2% increase.
- 2.7 The review of the capital programme is part of the budget process and the existing scheme budgets will be refreshed and will form the basis of a report to Cabinet. Capital scheme budgets:
- Capital Budgets for the year will be reduced at Christmas unless there is clear evidence of a commitment to spend i.e. if a capital budget is significantly different to the level of financial commitments shown in the week prior to Christmas on the financial ledger system. Members will be asked to approve in January a lower budget more in keeping with the financial commitments.
  - That all new capital bids are a minimum of £10,000.
  - That all new capital bids should be to support delivery of the Council's priorities under Our Chelmsford: Our Plan.
  - Annual review of the replacement programme.
  - Proposals to Council for new capital schemes will prioritise those schemes that generate revenue income or cost savings.
  - The revenue cost of the capital funds used to fund new schemes will be calculated and included within the revenue estimates based on cost of loans repaid over the life of the asset.
- 2.8 The Accountancy Services Manager will ensure that the statutory requirement to consult with non-domestic ratepayers is met.
- 2.9 Any amendment to these guidelines will be dealt with by the Accountancy Services Manager in consultation with the Cabinet Member for a Fairer Chelmsford.

### 3.0 Carry Forward Requests for Cabinet Approval

| Description                           | Reason  | £s             |
|---------------------------------------|---|----------------|
| Chelmer Waterside Project Officer     | Project delayed to Covid pandemic   | 50,000         |
| Affordable Housing Market             | Delay in central government requirements  | 50,000         |
| Zero Carbon Homes Report              | Delay due to contractual reasons  | 50,000         |
| Chelmsford Website                    | Project delayed to Covid pandemic   | 30,000         |
| Delta Subscription                    | Transition to TechOne   | 8,000          |
| CHP Downsizing Incentive Scheme       | Slippage  | 50,000         |
| Community Governance Review           | Supplementary was added in for 2020/21 but £15.8k underspent in 2020/21 as spend slipping into 2021/22 so requesting carry forward for this | 15,800         |
| Theatres Arts Council England Funding | Received £225k of £250k in 2020/21 for Arts Council England. There are some actions to complete in 2021/22.                                 | 5,600          |
| Active Chelmsford                     | This is grant money from a number of sources, yet to be spent   | 12,700         |
| <b>Total</b>                          |   | <b>272,100</b> |



## Chelmsford City Council

21 July 2021

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### Audit and Risk Committee Annual Report 2020/21

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Report by: Audit and Risk Committee

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#### Officer Contact:

Elizabeth Brooks, Audit Services Manager, [elizabeth.brooks@chelmsford.gov.uk](mailto:elizabeth.brooks@chelmsford.gov.uk)

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#### Purpose

This report summarises the work that the Audit and Risk Committee has undertaken during 2020/21. The production of the report is in line with CIPFA Guidance for Audit Committees 2018.

#### Recommendations

The Council is requested to note the content of the 2020/21 Annual Report of the Committee.

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### 1. Introduction

- 1.1. Audit Committees are a key component of the Council's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- 1.2. The purpose of an Audit Committee is to provide those charged with governance in the Council independent assurance on the adequacy of the Council's risk management framework, internal control environment and the integrity of the financial reporting and governance process. By overseeing both internal and external audit, it makes an important contribution to ensuring that effective management arrangements are in place.
- 1.3. The CIPFA document "Audit Committees: Practical Guidance for Local Authorities (2018)", outlines the core functions of the Audit Committee and advises how Audit Committees should demonstrate their independence and effectiveness. Part of this

includes reporting regularly on their work, and at least annually reporting an assessment of their performance.

## 2. Conclusion

The Audit and Risk Committee Annual Report 2020/21 is attached for Council to note.

**List of appendices:** Audit and Risk Committee Annual Report 2020/21

**Background papers:** None

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### Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015). Various legislation emphasises the importance of the Audit Committee, including:

- Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)
- Public Sector Internal Audit Standards
- the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: The role of the Audit and Risk Committee in relation to risk management covers: assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks; keeping up to date with the risk profile and the effectiveness of risk management actions and; monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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**Consultees:** Audit and Risk Committee

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**Relevant Policies and Strategies:** None

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## **Audit and Risk Committee Annual Report 2020/21**

### **Introduction from the Chair of Audit and Risk Committee**

I am pleased to present the Annual Report of the Audit Committee which outlines the Committee's work and achievements for 2020/21.

I hope that this Annual Report helps to demonstrate to the City's residents and the Council's other stakeholders the role that is carried out by the Audit and Risk Committee and the contribution that it makes to the Council's overall governance. All meetings are open to members of the public.

To provide ongoing assurance over the Council's internal controls and systems, the Committee was attended during 2020/21 by the Audit Services Manager, Elizabeth Brooks, the Director of Finance, Amanda Fahey, the Procurement and Risk Services Manager, Alison Chessell, and the Accountancy Services Manager, Phil Reeves, as well as representatives from the Council's External Auditors. Other Council officers also attended Audit and Risk Committee during the year as requested.

I would like to express my thanks to those officers and Members who have supported the work of this Committee by presenting and discussing reports.

**Cllr Nora Walsh**

**June 2021**

## 1. Overview

- 1.1. Audit Committees are a key component of the Council's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- 1.2. The purpose of an Audit Committee is to provide those charged with governance in the Council, independent assurance on the adequacy of the Council's risk management framework, internal control environment and the integrity of the financial reporting and governance processes. By overseeing both Internal and External Audit, it makes an important contribution to ensuring that effective management arrangements are in place.
- 1.3. Various legislation emphasises the importance of the Audit Committee, including:
  - the new Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)
  - updates to the Public Sector Internal Audit Standards (PSIAS) in 2016 and 2017
  - the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).
- 1.4. To this end, the Council's Audit and Risk Committee is an important source of assurance regarding the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance.
- 1.5. As outlined in the CIPFA publication "Audit Committees: Practical Guidance for Local Authorities (2018)", the core functions of the Audit Committee are to:
  - Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the Council's objectives.
  - In relation to the Council's Internal Audit functions:
    - Oversee its independence, objectivity, performance, and professionalism,
    - Support the effectiveness of the Internal Audit process
    - Promote the effective use of Internal Audit within the assurance framework.
  - Consider the effectiveness of the authority's risk management arrangements and the control environments. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues.
  - Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risk of fraud and corruption.
  - Consider the reports and recommendations of External Audit, and other inspection agencies where applicable, and their implications for governance, risk management or control.

- Support effective relationships between External Audit and Internal Audit, inspections agencies and other relevant bodies and encourage the active promotion of the value of the audit process.
- Review the financial statements, External Auditor's opinion and reports to Members, and monitor management actions in response to the issues raised by External Audit.

1.6. In addition, the CIPFA guidance advises that all Audit Committees should demonstrate their independence and effectiveness by:

- Acting as the principal non-executive advisory function supporting those charged with governance
- Being independent of both the executive and scrutiny functions
- Having clear rights of access to other committees e.g. Governance Committee
- Being properly accountable to Full Council
- Meeting regularly (at least four times a year) and have a clear policy on those items to be considered in private and considered in public
- Being able to meet privately and separately with the External Auditor and with the Audit Services Manager
- Including as regular attendees, the Director of Finance or substitute, the Audit Services Manager, and the appointed External Auditor.
- Reporting regularly on their work, and at least annually reporting an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities.

## **2. Membership and Governance**

- 2.1. As a result of Covid 19, the Committee moved to remote meetings in line with the rest of the Council as provided for by Coronavirus legislation. There were six meetings of the Committee during 2020/21 (March 2020 was postponed to May 2020 due to Covid 19).
- 2.2. Membership of the Committee is attached at Appendix A. The Audit and Risk Committee does not have any external Members acting in an independent capacity.
- 2.3. The work programme is based around the Committee's Terms of Reference, along with items requested during the year, and is reviewed at each Committee meeting. A list of the items that have been considered by the Committee during 2020/21 is attached at Appendix B to the report.
- 2.4. The Committee was supported by the Director of Finance (Section 151 Officer), the Audit Services Manager, the Procurement and Risk Services Manager, the Accountancy Services Manager and External Audit (BDO).
- 2.5. The Committee's Terms of Reference is in line with CIPFA guidance: Audit Committees (2018) and this is attached at Appendix C.
- 2.6. The agendas for the Committee's meetings are published on the Council's website not later than five clear days before the date of each meeting. The

minutes of each meeting are also published on the website as soon as possible after each meeting has taken place. The agendas for meetings may be accessed from: Committees and Panels - Chelmsford City Council.

### **3. Good Governance and the Annual Governance Statement**

- 3.1. As defined in Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016): *Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.*
- 3.2. As outlined in CIPFA publication "Audit Committees: Practical Guidance for Local Authorities (2018)", the overall aim of good governance is to ensure that:
- resources are directed in accordance with agreed policy and according to priorities
  - there is sound and inclusive decision making
  - there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 3.3. Good governance is ultimately the responsibility of the governing body, as well as those with leadership roles and statutory responsibilities in the organisation, including the Chief Executive, the Director of Finance, and the Monitoring Officer. In Local Government, the governing body is the Full Council. The Audit and Risk Committee should play a key role in supporting the discharge of these responsibilities by providing a high-level focus on audit, assurance, and reporting.
- 3.4. The Council's Annual Governance Statement (AGS) forms part of the Council's Statement of Accounts and its purpose is to provide assurance regarding the Council's governance arrangements and the extent to which the Council complies with its Local Code of Corporate Governance.
- 3.5. The Audit and Risk Committee reviewed the Annual Governance Statement for 2019/20 jointly with Governance Committee in June 2020. Progress on outstanding governance issues from 2019/20 were noted along with areas identified for 2020/21, such as monitoring the impact of Covid-19 on Council governance arrangements, performance management role of Overview and Scrutiny, review of RIPA (Regulation of Investigatory Powers Act) policies and procedures, review of the monitoring of the Capital and Investment Strategy, and trial of the Corporate Governance Group.

### **4. Internal Audit**

- 4.1. Due to the impact of Covid 19 on Council services, it was not possible to commence the 2020/21 audit plan from April 2020 as intended. Therefore, the revised audit plan for 2020/21 was approved by Audit and Risk Committee in September 2020. The 2021/22 Internal Audit Plan was approved by Committee in March 2021.



4.2. During 2020/21, Audit and Risk Committee received several reports from Internal Audit, updating them on Internal Audit progress against the plan and high-risk issues identified. This included:

- Internal Audit Covid Response Phase (May 2020)
- Internal Audit Annual Report 2019/20 which provided an overall annual opinion of “moderate” assurance (June 2020)
- Interim Annual Report 2020/21 (December 2020)

4.3. In line with Public Sector Internal Audit Standards, the Audit and Risk Committee approved the Internal Audit Strategy in September 2020 and Internal Audit Charter in March 2021.

## **5. Risk Management**

5.1. In May 2020, Audit and Risk Committee received a summary of the progress made to date in implementing the Risk Management framework measured against the original objectives set out in the 2019-20 Risk Management Strategy. Key outcomes were noted such as:

- Identification, analysis, and regular reporting on the treatment of the Council's Principal Risks for Management Team and Audit and Risk Committee
- Revised risk criteria, aligned to Internal Audit definitions, which the Council is using to score its Principal Risks

5.2. A summary of the Council's Principal Risks, having been comprehensively reviewed to take account of the impact of the Covid-19 pandemic on the Council's services, was presented to Audit and Risk Committee in May and December 2020.

5.3. In September 2020, Audit and Risk Committee noted that the T1 (OneCouncil) Performance Planning module (which, along with the new finance system, is part of the Council's new Enterprise Resource Planning suite), had replaced Pentana Risk as the Council's risk management information system (RMIS). It was also noted that this would, in due course, allow more effective tracking of strategic action plans (including 'Our Plan'), more efficient reporting of risk and performance, and improved integration of financial and non-financial information (giving users a 'single view of the truth').

## **6. Countering Fraud and Corruption**

6.1. The Fraud Investigations Annual Report was presented to Audit and Risk Committee in December 2020 which set out:

- The outcome of review of counter fraud policies and procedures
- The assessment of the risk of fraud, including the identification of fraud as a Principal Risk on the Council's Risk Register and emerging fraud risks as a result of COVID-19
- Arrangements for the mandatory 2020/21 NFI Data Matching exercise

- Internal and external due diligence processes for the awarding of the COVID-19 Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund schemes.
- Developing Corporate Counter Fraud Capacity
- The use and promotion of Accredited Financial Investigator Services

## **7. External Audit and Financial Reporting**

- 7.1. In May 2020, the Committee received a report which provided them with an update from PSAA on the issues faced during the 2018/19 audit of Local Authority accounts and related matters.
- 7.2. In addition in May 2020, the Committee received the following from the Council's External Auditors, BDO: External Audit Annual Audit Letter 2018/19; Audit Planning Report 2019/20 and Progress Update; and report summarising the outcome of the agreed procedures in relation to the Council's 2018/19 housing benefit subsidy claim.
- 7.3. In June 2020, Committee received the Provisional Revenue Outturn 2019/20, to review the key variances and actions identified, including the impact of Covid 19 and to provide information on financial risks moving forward. Committee also received a report detailing the capital expenditure incurred in 2019/20 and were updated on the approved Capital Schemes as well as the approved Asset Replacement Programme for 2019/20 and 2020/21.
- 7.4. In July 2020, the Committee received the Draft 2019/20 Accounts. The Committee were informed that due to the deadline changes as a result of Covid 19, officers felt it was beneficial for the Committee to see the draft accounts and highlight some increased risks. The Committee heard that the auditors would complete their audit of the draft statement of accounts in September/October. This would then be reported along with the value for money judgements to the Committee in November where they would be asked to approve the accounts to be published by 30th November.
- 7.5. In November 2020, the Committee considered a draft report from the Council's External Auditors, BDO, presented in accordance with the provision of the International Standards on Auditing (ISA 260). This required the Auditors to report to those charged with governance relevant matters arising from the audit prior to issuing the 2019/20 Statement of Accounts. It was noted that there were still some areas of the audit to be completed.
- 7.6. In December 2020, the Committee received a verbal update from BDO on progress with finalising the Statement of Accounts for 2019/20 as 30th November deadline had not been met. The Committee heard that multiple areas were still being looked at. Committee were advised that the target for completing the audit would be by the end of January 2021.
- 7.7. In March 2021, the Committee received an update from officers and BDO on progress with finalising the 2019/20 Statement of Accounts. The Director of Finance provided a summary of events and key outstanding areas, including BDO's final review processes which were still to be completed. Audit Committee scrutinised the situation with responses received from BDO.

- 7.8. Additionally, in March 2021, Committee approved the Accounting Policies which would be used in completing the 2020/21 Statement of Accounts in line with Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

## **8. Additional Reports to Committee**

- 8.1. **Modern Slavery** – in September 2020, Committee received an update on the work planned in the area of Modern Slavery reduction and awareness. Committee noted that in order to deliver the actions required to implement the Council's Charter Against Modern Slavery commitments, and to ensure the Council has reviewed its procedures across all relevant operations, an Action Plan had been produced by Service Managers with a timetable to deliver the actions.
- 8.2. **Procurement and Sourcing Activities Annual Report** – in December 2020, the Committee received a report summarising the Council's formal procurement and sourcing activities alongside cross functional working. The Committee was informed that this was a new report which would be provided annually, to help provide greater transparency to the Committee. The Committee was also informed of the Council's new Social Value Policy which had been implemented following successful trial. The Committee was also informed that the new financial system allowed a comprehensive record of supply contracts to be held, which would enable greater monitoring and that, in line the Council's Charter Against Modern Slavery, potential areas of risks within the Council's supply chain were being reviewed.
- 8.3. **Terms of Reference of the Treasury Management and Investment Sub Committee** - the Committee received a report asking them to review the terms of reference of the Treasury Management and Investment Sub Committee. The Committee were informed that their views were being sought ahead of the document being referred to the Constitution Working Group for subsequent consideration by the Governance Committee and Full Council.

## **9. Effectiveness of Audit & Risk Committee**

- 9.1. In line with CIPFA Guidance: Audit Committees 2018, it is recommended that Audit & Risk Committee members review their knowledge and skills, for example, as part of a self-assessment process and training needs analysis. A survey based on CIPFA best practice was therefore circulated in February/March 2021 to all nine Committee Members, from which five responses were received.
- 9.2. The survey was designed to provide a high-level overview of the effectiveness of the Committee, then explore in detail how the Committee meets each of the above principles. There was also a focus on CIPFA's recommended Knowledge and Skills framework and in these questions, Members were asked to consider their own individual skills, knowledge and experience that contribute to the overall effectiveness of the Committee. The results highlighted that additional general training and awareness for the Audit & Risk Committee would be beneficial. Officers will consider the most appropriate method of delivery and arrange training accordingly during 2021.



[Appendix A](#)

**Membership of Audit and Risk Committee 2020/21**

Councillor Nora Walsh – Chair

Councillor Malcolm Watson – Vice Chair

Councillor Malcolm Sismey – Vice Chair (from December)

Councillor Dan Clark

Councillor Paul Clark

Councillor Jennie Lardge

Councillor James Raven

Councillor Eleanor Sampson

Councillor Natacha Dudley

Councillor John Galley (from December)

**Audit and Risk Committee Work Programme 2020/21**

**Appendix B**

**May 2020 (Postponed from March 2020)**

- Public Sector Audit Appointments (PSAA) Update
- External Audit Annual Audit Letter
- External Audit Planning Report 2019/20 and Progress Update
- External Audit Housing Benefit Subsidy Assurance Procedures 2018/19
- Internal Audit Plan – Covid-19 Response Phase
- Internal Audit Charter 2020
- Risk Management Report
- Accounting Policies for the 2019/20 Statement of Accounts

**June 2020**

- Revenue Outturn Position 2019/20
- Capital Programme Update and Outturn
- Audit & Risk Committee Annual Report 2019/20 / Audit & Risk Committee ToR
- Internal Audit Annual Report 2019/20
- (joint with Governance Committee) Review of Local Code of Corporate Governance and Annual Governance Statement

**July 2020**

- External Audit Verbal Update
- Draft Statement of Accounts 2019/20

**September 2020**

- External Audit Verbal Update
- Internal Audit Update / Plan and Strategy
- Risk Management Update – One Council Risk Management Project
- Modern Slavery Update

**November 2020**

- Draft 2019/20 Accounts/ Audit Opinion and Completion - Update

**December 2020**

- External Audit Verbal Update
- Internal Audit Interim Report 2020/21
- Risk Management Report
- Counter Fraud and Investigations Annual Report 2020
- Annual Report of Procurement and Sourcing Activities
- Terms of Reference of the Treasury Management and Investment Sub-Committee

**March 2021**

- External Audit Verbal Update
- Internal Audit Plan 2021/22 and Charter
- Approval of Accounting Policies

**Appendix C**

**Audit and Risk Committee  
Terms of Reference**

**Statement of Purpose**

1. Our Audit and Risk Committee is a key component of Chelmsford City Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of our Audit and Risk Committee is to provide independent assurance to the Members (and others charged with governance in Chelmsford City Council e.g. Governance Committee) of the adequacy of the risk management framework and the internal control environment. It provides independent review of Chelmsford City Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees Internal Audit and External Audit, helping to ensure efficient and effective assurance arrangements are in place.

**Governance, Risk and Control**

3. To review the Council's corporate governance arrangements against the 'Good Governance Framework' including the ethical framework and consider the Local Code of Governance.
4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
5. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
7. To monitor the effective development and operation of risk management in the Council.
8. To monitor progress in addressing risk-related issues reported to the Audit and Risk Committee.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
11. To monitor the counter-fraud strategy, actions and resources.
12. To review the governance and assurance arrangements for significant partnerships or collaborations

## Internal Audit

13. To approve the Internal Audit Charter.
14. To review proposals made in relation to the appointment of external providers of Internal Audit services and to make recommendations.
15. To approve the risk-based Internal Audit plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
16. To approve significant interim changes to the risk-based Internal Audit plan and resource requirements.
17. To make appropriate enquiries of both management and the Audit Services Manager to determine if there are any inappropriate scope or resource limitations.
18. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Audit Services Manager. To approve and periodically review safeguards to limit such impairments.
19. To consider reports from the Audit Services Manager on Internal Audit's performance during the year, including the performance of external providers of Internal Audit services. These will include:
  - a) Updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work
  - b) Regular reports on the results of the Quality Assurance and Improvement Programme
  - c) Reports on instances where the Internal Audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether non-conformance is significant enough that it must be included in the Annual Governance Statement.
20. To consider the Audit Services Manager's annual report:
  - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of Internal Audit.
  - b) The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the Audit and Risk Committee in reviewing the Annual Governance Statement.
21. To consider summaries of specific Internal Audit reports as requested.
22. To receive reports outlining the action taken where the Audit Services Manager has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
23. To contribute to the Quality Assurance and Improvement Programme and in particular to the external quality assessment of Internal Audit that takes place at least once every five years.



24. To consider a report on the effectiveness of Internal Audit to support the Annual Governance Statement as required to do so by the Account and Audit Regulations (Regulation 6) which requires an annual review of the effectiveness of the Council's system of Internal Audit. The findings of the review of the effectiveness must be considered as part of the Audit and Risk Committee's view of the system of internal control.
25. To provide free and unfettered access to the Audit and Risk Committee Chair for the Audit Services Manager, including the opportunity for a private meeting with the Audit and Risk Committee.

### **External Audit**

26. To support the independence of External Audit through consideration of the External Auditor's annual assessment of its independence and review of any issues raised by the PSAA.
27. To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
28. To consider specific reports as agreed with the External Auditor
29. To comment on the scope and depth of External Audit work and to ensure it gives value for money
30. To commission work from Internal and External Audit.
31. To advise and recommend on the effectiveness of relationships between External and Internal Audit and other inspection agencies or relevant bodies.

### **Financial Reporting**

32. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statement or from the audit that need to be brought to the attention of the Council.
33. To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability Arrangements**

34. To report to those charged with governance on findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangement, and internal and External Audit functions.
35. To report to Full Council on a regular basis the Audit and Risk Committee's performance in relation to the terms of reference and effectiveness of the Audit and Risk Committee in meeting its purpose.
36. To publish an annual report on the work of the Audit and Risk Committee.



## Chelmsford City Council

21 July 2021

### Annual Report of the Governance Committee

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Report by: Governance Committee

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Officer contacts:

Brian Mayfield, [brian.mayfield@chelmsford.gov.uk](mailto:brian.mayfield@chelmsford.gov.uk), 01245 606923

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#### Purpose

To consider the Annual Report of the Governance Committee for 2020/21.

#### Recommendation:

That the Governance Committee's Annual Report for 2020/21 attached to this report be approved for publication.

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1. The Council annually adopts a Code of Corporate Governance and Annual Governance Statement, which reflect the Council's approach to governance arrangements
  - on how well the Council has achieved these in the relevant year and targets set in the previous year for improvement; and then
  - identifies future targets for creating a more robust set of arrangements and compliance with them.
2. The suite of documents for 2020/21 was reported for approval to the Joint Audit and Risk and Governance Committee meeting on 16 June 2021.
3. Annual reports on the Audit and Overview & Scrutiny functions have been presented to and agreed by Full Council for a number of years. There is no statutory requirement

to produce an annual report by the Governance Committee but it is recognised as good practice, and Full Council approved the first of such report in December 2016. This report seeks approval of the Annual Report for the Municipal year ending in May 2021 which appears at the Appendix to this report.

4. The report, which deals with the operation of the Standards Regime for 2020/21, is presented for discussion and noting.

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## Appendices

Annual Report of the Governance Committee 2020/21

## Background Papers

None

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## Corporate Implications

Legal/Constitutional: These are set out in the report

Financial: The cost of managing the statutory arrangements for dealing with complaints and undertaking standards investigations is borne by the City Council

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: This is set out in the report

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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## Consultees:

Governance Committee

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## Relevant Policies and Strategies:

The Councillor Code of Conduct and associated complaints procedure

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# **CHELMSFORD CITY COUNCIL ANNUAL REPORT ON THE WORK OF THE GOVERNANCE COMMITTEE 2020/21**

**Councillor H. Ayres  
(Chair – Governance Committee)**

**[www.chelmsford.gov.uk](http://www.chelmsford.gov.uk)**

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## **1. Background**

### **Statutory and Procedural requirements under the Standards Regime**

- 1.1 The Localism Act 2011 places all local authorities under a duty to promote high standards of conduct by Councillors. Councils are required to adopt a Code of Conduct which is consistent with the principles set out in the Act, historically known as the “Nolan Principles”, namely selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The definition of these principles is determined by the City Council’s Councillors Code of Conduct that is in [Part 5.1.1 of the Constitution](#) and was adopted in 2012.
- 1.2 Local Authorities must also have in place arrangements for dealing with any allegations that the Code has been breached. The adopted Complaints Procedure, in [part 5.1.2 of the Council’s Constitution](#), deals with how complaints made about City Councillors, and those of the Town and Parish Councils in its administrative area, will be handled.
- 1.3 The Council’s Monitoring Officer is Lorraine Browne, the Legal & Democratic Services Manager and they have appointed two deputies, Mr Brian Mayfield the Democratic Services Team Manager, and Mr William Butcher the Legal Services Manager.
- 1.4 The Monitoring Officer has considerable responsibilities under the standards regime including duties to:
  - i. Maintain a register of interests for the City, Town and Parish Councillors, who are all required to declare such interests to them.
  - ii. Consider the best course of action in relation to alleged breaches of the Code, including the responsibility for informally resolving complaints where appropriate in their view.
  - iii. Consult an Independent Person at various stages in the Complaints Procedure.
  - iv. Liaise with the Police where the allegation concerns an alleged breach of the Disclosable Pecuniary Interests requirements.
- 1.5 As part of the Complaints Procedure the Council is required to establish a Committee, which will be responsible for dealing with standards issues that cannot be dealt with by the Monitoring Officer or on which they decide Councillors’ views are important. This includes where a formal hearing is necessary to determine if a breach has occurred and if so what penalties are appropriate. The City Council chose in 2012 to comply with this requirement by establishing the Governance Committee.
- 1.6 The Council is also obliged to appoint at least one Independent Person. Their role is to ensure that the Council is appropriately applying the statutory requirements and its adopted Policies and Procedures in dealing with any complaints received. In particular, they:
  - i. Must be consulted before the Council makes a finding as to whether a Councillor has failed to comply with the Code of Conduct or to decide on

- appropriate sanctions or other measures to be taken in respect of that Councillor;
- ii. May be consulted at other stages of the Complaints Procedure by the Council or by a member or co-opted member of the Councils covered by that Procedure.

### **Other Statutory, Governance Responsibilities and Terms of Reference**

- 1.7 In establishing the Governance Committee, the Council allocated a wide set of governance roles and responsibilities, which is broader than dealing with the standards regime alone. The Committee's Terms of Reference are set out in [Part 3.2.3\(c\) of the Council's Constitution](#). These include:
- i. Oversight of the Council's arrangements for dealing with all complaints.
  - ii. Reviewing the use of the powers exercised by the Council under the Regulation of Investigatory Powers Act 2000 (RIPA)
  - iii. Approving and monitoring the Code of Corporate Governance and Annual Governance Statement together with the Audit Committee
  - iv. Making recommendations on proposed changes to the Council's Constitution.
- 1.8 Whilst the Committee is "politically balanced", in that the membership is drawn from all the parties represented on the Council and in the same proportions, decisions taken, especially those related to the standards regime are not taken on a political basis. In particular, the Mayor, Deputy Mayor & Leader of the Council cannot be members of the Committee and no more than two members of the Cabinet can sit on the committee at any time.

### **Membership of the Committee**

- 1.9 The Committee consists of 7 City Councillors and 3 Parish or Town Councillors. In 2020/21 the membership of the Committee comprised the following members:
- Liberal Democrats: Councillors H. Ayres (Chair), N. Dudley, D. Jones, N. Walsh
- Conservatives: Councillor R. Ambor, I. Wright
- Independents: Councillor K. Bentley
- Parish Councillors: Peter Jackson - Great Waltham Parish Council  
June Saltmarsh - Woodham Ferrers and Bicknacre Parish Council  
Val Chiswell – Great Baddow Parish Council
- 1.10 **Parish Council representatives** - At least one must be present when issues affecting a Town or Parish Councillor are discussed. They cannot vote but they provide a valuable perspective and insight into how those organisations and their councillors are expected to behave.
- 1.11 **Independent Members** - They are also invited to attend Committee meetings. They receive an allowance for the services they provide. Whilst they attend the Governance Committee, when standards issues are to be debated or decided,

they too have no voting rights. Nevertheless, their input is invaluable to give assurance that the procedures are being correctly applied. The Independent Persons during 2020/21 were Mrs C Gosling and Mrs P Mills. Their contribution is much appreciated by the Monitoring Officer and the Governance Committee.

### **Programme of Meetings**

- 1.12 The Committee receives regular reports on the areas for which it has responsibility. In 2020/21 the Committee met on three occasions and the remainder of this report addresses how the Committee has approached its work during the year.

### **Publication of Information**

- 1.13 The agendas for the Committee's meetings are published on the Council's website not later than five clear days before the date of each meeting. This is a requirement of the Local Government Act 1972, which is explained in and complies with the Access to Information Rules in [Part 4.6 of the Council's Constitution](#). The minutes of each meeting are also [published on the website](#) as soon as possible after each meeting has taken place.

## **2. Work Programme 2020-21**

- 2.1 The main areas of activity considered by the Committee during the municipal year (May to May) 2020-21 were as follows:

| <b><u>Issues addressed</u></b>   | <b><u>Meetings</u></b> |
|--|------------------------|
| <b>Code of Corporate Governance and the Annual Governance Statement for 2019/20</b> considered by the Joint Audit and Governance Committee | 17 June 2020           |
| <b>Monitoring Officer Report</b>   | 17 June 2020           |
| <b>Pre-Hearing Procedure</b>   | 17 June 2020           |
| <b>Annual Report of the Committee</b>  | 17 June 2020           |
| <b>Declarations of Interests</b>   | 17 June 2020           |
| <b>Monitoring Officer Report</b>   | 14 October 2020        |
| <b>Senior Responsible Officer's Report in relation to the Council's RIPA arrangements</b>  | 14 October 2020        |
| <b>Report from the Council's Constitutional Working Group in relation to changes recommended to the Council's Constitution</b>             | 14 October 2020        |
| <b>Annual Whistleblowing Report</b>  | 14 October 2020        |
| <b>Complaints to the Local Government and Social Care Ombudsman – Annual Review</b>  | 14 October 2020        |
| <b>Best Practice Recommendations from Committee on Standards in Public Life Update Report</b>  | 14 October 2020        |



|                                     |                 |
|-------------------------------------|-----------------|
| <b>Monitoring Officer Report</b>    | 20 January 2021 |
| <b>Gifts and Hospitality Report</b> | 20 January 2021 |

### **3. Complaints About Councillors**

- 3.1.1 The Monitoring Officer regularly reports to the Governance Committee regarding complaints received. The statistical information is then published on the Council's website.
- 3.1.2 For period May 2020 to May 2021, twenty seven complaints were received with twenty two complaints being received for the first six months of 2021. This is a significant increase in complaints in comparison to previous years but is not necessarily indicative of a deterioration in behaviour by city and/or parish councillors. Of the five cases received during the latter part of 2020 all of them were considered by the Monitoring Officer in consultation with an independent person and resulted in no further action. In relation to the cases received in 2021, seven were invalid complaints, one was withdrawn by the complainant, eleven were considered by the Monitoring Officer in consultation with an independent person and resulted in no further action. Three cases have been referred by the Monitoring Officer (in consultation with an independent person) for investigation and the outcomes are pending. It is noted that a number of complaints are linked to other complaints or events that are wider than the code of conduct. The Monitoring Officer has adapted the procedures to enable the increased workload to be managed appropriately. The number of complaints will continue to be monitored.

### **4. Future Work Programme**

- 4.1 The work of the Committee as regards the Standards Regime is reactive. There are however, annual reports on the main areas for which the Committee is responsible and these are reflected in paragraph 2.1 above.

### **5. Training and Development**

- 5.1 The Monitoring Officer provides advice and assistance throughout the year to Councillors, members of the public and Parish/Town Clerks in relation to the Standards regime. This has resulted in the development of Practice Notes which reflect this advice and the processes and procedures in place. In addition, they provide advice to the Committee and by extension, the public, at Committees by way of open and frank discussion.

### **6. Conclusion**

- 6.1 The arrangements the Council has put in place to promote high standards of behaviour are well established but improvements have been identified and approach updated to address these to make it clearer. The transparency of the Processes and Procedures is being continually reviewed and guidance issued to assist understanding.

- 6.2 As is evidenced by the number of complaints, there is a good understanding of the availability of the complaints process and few cases are significantly serious to warrant investigation. The regime is working effectively. The Committee members and the Independent Persons have been a key part in achieving this.
- 6.3 The Committee's focus on its other responsibilities is clear through the use of a published work programme and regular updates. As was set out in the Code of Corporate Governance and Annual Governance Statement adopted in the summer, there are many examples of good practice and transparency.



## Chelmsford City Council

21 July 2021

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### Amendments to the Council's Constitution

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Report by:  
Governance Committee

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Officer Contact:  
Lorraine Browne, Legal & Democratic Services Manager & Monitoring Officer,  
[lorraine.browne@chelmsford.gov.uk](mailto:lorraine.browne@chelmsford.gov.uk), 01245 606560

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#### Purpose

To update members on the outcome of the Constitution Working Group meeting on 24 May and Governance Committee on 16 June 2021 on proposed changes to the Constitution. The views of the Cabinet on the proposed changes were also sought before the submission of this report to the Council.

#### Recommendations

The Council approve the changes to the Constitution set out in the appendices to this report.

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### 1. Review of the Constitution

- 1.1. The Constitution Working Group met on 24 May 2021. It considered six areas where changes are proposed to the Constitution.
- 1.2. The Working Group's recommendations were considered by the Governance Committee on 16 June. It made a few minor changes to those recommendations, mainly to clarify the proposed amendments, but otherwise supported them. The changes were also supported by the Cabinet on 13 July 2021. One item relating to the Community Funding Panel was considered by Cabinet on 8 June 2021.

## 2. Proposed Changes to the Constitution

- 2.1. Proposed changes to the Terms of Reference for the Chelmsford Policy Board – these are set out in Appendix 1 – point 1.
- 2.2. Proposed changes in relation to budget amendments – these are set out in Appendix 1 – point 2.
- 2.3. Proposed changes to public speaking at planning committee – this is set out in Appendix 1 – point 3.
- 2.4. Proposed changes to public question time – these are set out in Appendix 1 – point 4.
- 2.5. Proposed changes to the Terms of Reference for the Treasury Management and Investment Sub Committee – these are set out in Appendix 1 point 5 and the proposed Terms of Reference at Appendix 2.
- 2.6. Proposed changes to the Terms of Reference for the Community Funding Panel – these are set out in Appendix 1 point 6 and the proposed Terms of Reference at Appendix 3.

### List of appendices:

Appendix 1 – background and proposed changes to constitution

Appendix 2 – proposed Terms of Reference for the Treasury Management and Investment Sub Committee (previously considered by Audit and Risk Committee in December 2020).

Appendix 3 – proposed Terms of Reference for the Community Funding Panel

### Background papers:

Nil

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## Corporate Implications

Legal/Constitutional: These are set out in the report

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: None

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Relevant Policies and Strategies:

The Constitution

## RECOMMENDED CHANGES TO THE CONSTITUTION

| Item and Background to proposed change  | Current version (deletions in blue)   | Proposed version (changes in yellow)   |
|---|---|--|
| <p><b>1. Chelmsford Policy Board</b></p> <p>Who has raised the issue?: requested by administration members</p> <p>Reason for change: to ensure greater clarity in the scope of the Policy Board</p> | <ol style="list-style-type: none"> <li>1. To review existing and develop new policies in relation to any function for which the City Council is responsible and to make recommendations to the Cabinet and Council, as appropriate.</li> <li>2. To establish working groups to examine in detail existing policies, develop new ones and to make recommendations on new or revised policies to the Chelmsford Policy Board</li> </ol> | <ol style="list-style-type: none"> <li>1. To review existing and develop new policies <b>and strategies, including statutory development plans</b>, in relation to any function for which the City Council is responsible and to make recommendations to the Cabinet and Council, as appropriate.</li> <li>2. <b>To establish working groups to examine in detail existing policies, develop new ones and to make recommendations on new or revised policies to the Chelmsford Policy Board</b></li> <li>3. <b>To consider draft new policies and strategies, including statutory development plans, for the purposes of engagement and formal consultation, as appropriate.</b></li> <li>4. <b>To recommend to the Cabinet approval and adoption of the final versions of Masterplans, Supplementary Planning Documents and other non-</b></li> </ol> |

|  |  |  |
|--|--|--|
|  |  | <p>statutory planning and housing policy documents.</p> <p>5. To consider responses to any formal policy related consultations from external bodies which the relevant Director considers should be referred to the Policy Board</p> <p>The above provisions do not prevent Cabinet or Council adopting new or revised policies that have not been reviewed by the Chelmsford Policy Board.</p>  |
| <p><b>2. Budget Amendments to Motions</b></p> <p>Who has raised the issue?: officers and members following budget approval 2021</p> <p>Reason for change - additions to Part 4.1 so as to clarify the position in relation to proposed budget amendments.</p> <p>Note: Constitutional Practice Note will be updated accordingly once any changes have been approved by members</p> |  | <p><b>4.1.13.9A</b></p> <p>An amendment should not negate the motion. With the exception of amendments referred to in Rule 4.1.13.9B below, a proposed amendment to any recommendation, motion or proposal for debate on the agenda for a meeting of the Council must be submitted in writing to the Legal and Democratic Services Manager no later than 48 hours before the meeting at which it is to be considered.</p> <p><b>4.1.13.9B</b></p> <p>Amendments that relate to a report or recommendations on the setting of the annual budget must be sent to the Legal and Democratic Services Manager and the Section 151 Officer no later than noon on the second day before the</p> |

|  |  |   |
|--|--|---|
|  |  | <p>meeting at which it is to be considered (i.e. by noon on the Monday if the meeting is on a Wednesday). The Section 151 Officer will assess the financial implications of the amendment. The Legal and Democratic Services Manager will otherwise assess whether the amendment is valid. Copies of any amendments submitted will be sent to the relevant Cabinet Member(s) as soon as practicable after the deadline for submission. No amendment will be notified to other councillors before that time without the express permission of the councillor who submitted it.</p> <p><b>4.1.13.9C</b></p> <p>If valid, amendments will be published with the agenda for the meeting on the Council's website no later than noon the day before the meeting.</p> <p><b>4.1.13.9D</b></p> <p>The exceptions to the above rule are:</p> <ul style="list-style-type: none"> <li>(a) technical amendments may be moved to correct factual errors;</li> <li>(b) the Legal and Democratic Services Manager will have discretion to permit amendments from members if satisfied that the need for the amendment could not have been anticipated before the deadline for its submission and that advance notice of such amendments was given as soon as reasonably practical.</li> </ul> |
|--|--|---|



|  |  |  |
|--|--|--|
|  |  | <p>( c) a minor amendment that did not substantially affect the proposed budget and did not result in a need to amend the Council Tax resolution to be moved at the meeting without notice.</p> <p>If notice of an amendment to a motion on the agenda has been received prior to the meeting, the Mayor will ask the mover of the original motion to indicate if they agree to accept the amendment. If so, and no other councillor objects, the amendment will become part of the substantive motion without debate.</p> |
| <p><b>3. Planning Committee - Public Speaking at Planning Committee</b></p> <p>Who has raised this ? officers</p> <p>Reason for change : to provide clarity for the future</p> | <p>Currently the rule says that any member of the public who spoke at a previous meeting of the Committee on an application may not repeat their questions and statements if it is returning after being deferred.</p> | <p>Suggest that the following be added to Rule 4.2.14.7 :</p> <p><b>Exception:</b></p> <p>Where an application or planning matter is returning to the Planning Committee after being deferred at a previous meeting for whatever reason, no public speaking will be permitted, whether or not any questions or oral statements were heard at the previous meeting. This will not prevent the submission of further written representations between the initial and subsequent consideration of the application.</p>        |

|  |   |   |
|--|---|---|
| <p><b>4. Public Questions</b></p> <p>Who has raised this issue? Officers (please note these rules only apply to the public questions section of a meeting and not to consideration of planning, licensing or other hearings or applications which will remain unchanged)</p> <p>Reason for change(s):</p> <p>1) to remove the requirement that public speakers provide their home address (and instead only need to confirm they live, work or study in Chelmsford).</p> <p>2) The new additions are proposed to enable a full response to be provided to questions and statements at the meeting and to enable those unable to attend meetings in person to raise matters of concern or interest.</p> <p>3) Up to 15 minutes is currently allowed for public questions at meetings other than the Council. This is rather short and it is proposed that it should be increased.</p> | <p>4.1.10.1 &amp; 4.2.14.1 - At each meeting any Citizen may, after having given their name and address, ask one question or make a statement at the allotted time.</p> <p>Currently the rule allows 15 minutes</p> | <p>At each meeting any Citizen may, after having given their name (and address to officers), ask one question or make a statement at the allotted time.</p> <p>Add to the new 4.1.10.1 and 4.2.14.1:<br/>All questions must be submitted in writing to the Legal and Democratic Services Manager no later than 24 hours before the meeting at which it is to be asked. Copies of all questions will be made available with the agenda on the Council's website no later than six hours before the meeting The Chair of a meeting may, at their discretion, permit a question to be put at the meeting where less than 24 hour notice has been given.</p> <p>Rule 4.2.14.2 – Propose to extend period for public questions to 20 minutes</p> |
|--|---|---|

|  |  |  |
|--|--|--|
| <p><b>5. Treasury Management and Investment Sub Committee</b></p> <p>Who has raised this ? Audit and Risk Committee were consulted upon this and recommend these proposed changes</p> <p>Reason for change: to ensure the terms of reference match existing practice</p>   |  | <p>See Terms of Reference referred to Audit and Risk Committee at Appendix 2</p> |
| <p><b>6. Community Funding Panel</b></p> <p>Who has raised this? Administration members in relation to changes to the existing grant procedures relating to:-</p> <ul style="list-style-type: none"> <li>- The establishment of a green fund</li> <li>- A hybrid commissioning model to include SLA's with key enabling partners, commissioning of key service partners and annual community grants</li> </ul> <p>Reason for change: the Terms of Reference for the Community Grants Panel need to be updated to enable above changes. To speed up the award process, financial delegation to an officer is proposed for awards of up to £10k. Minor updates have also been made to the membership including the addition of the Climate Ambassador.</p> | <p>Currently all recommendations of the panel are made to Cabinet for formal consideration and approval.</p> | <p>See Terms of Reference at Appendix 3 to this report</p>                       |

## APPENDIX 2

| Treasury Management and Investment Sub-Committee   |  |                         |                          |
|--|--|-------------------------|--------------------------|
| Membership: Seven Members  |  |                         |                          |
| Quorum   | Substitutes  | Politically<br>Balanced | Frequency of<br>meetings |
| THREE  | YES  | YES                     | THREE PER<br>YEAR        |
| Functions/Purpose  |  | Delegations             |                          |
| 1. To comment on the draft Treasury Management and Investment Strategies and make recommendations to Cabinet on those Strategies.<br>2. To receive reports on Treasury Management and Investment activities and performance three times per year.<br>3. To report to the Audit and Risk Committee on any breaches of Treasury Strategy, Investment Strategy or Treasury Management Procedures.<br>4. On occasion of urgent matters to agree changes to the Treasury Management or Investment Strategy without reference to Full Council.<br>5. In the light of performance and market conditions recommend changes to either strategy going forward.<br>6. The sub-committee is not intended to be a consultee to individual investment decisions. |  | N/A                     |                          |
| Procedures   | Part 4.2 – Cabinet and Committee Procedure Rules<br>Part 4.9 – Financial Rules |                         |                          |
| Codes  | Part 5.1 – Code of Conduct for Councillors                                     |                         |                          |

## APPENDIX 3

| Community Funding Panel   |                                     |   |                      |                       |
|---|-------------------------------------|---|----------------------|-----------------------|
| Membership  | Quorum                              | Other attendees   | Politically Balanced | Frequency of meetings |
| Deputy Leader and Cabinet Member for Connected Chelmsford           | 3 including at least one councillor | Relevant Ward Members may also be invited to join the Panel on occasion when the Neighbourhood Allocation CIL funding is being discussed for Neighbourhood groups | Not applicable       | Normally twice a year |
| Cabinet Member for Sustainable Development                          |                                     | There will be no substitutes  |                      |                       |
| Cabinet Member for Fairer Chelmsford                                |                                     |   |                      |                       |
| Director of Sustainable Communities                                 |                                     |   |                      |                       |
| Director of Connected Chelmsford                                    |                                     |   |                      |                       |
| Economic Development and Implementation Manager<br>Services Manager |                                     |   |                      |                       |

| Procurement and Risk Services Manager   |   |  |  |   |
|---|---|--|--|---|
| External Funding professional   |   |  |  |   |
| Climate Ambassador  |   |  |  |   |
| Functions/Purpose   |   |  |  | Delegations   |
| <ol style="list-style-type: none"> <li>1. To oversee the governance of Chelmsford's Community Funding Scheme, which includes the Neighbourhood Allocation of the Community Infrastructure Levy (CIL) in the nine unparished wards and the Council's Discretionary Corporate Grant Aid fund.</li> <li>2. To make recommendations to Cabinet on the allocation of Community Funding including commissioning service level agreements of up to 3 years.</li> <li>3. To oversee the governance of the Strategic Allocation of CIL and to make recommendations on spend to Cabinet and Council as appropriate.</li> <li>4. To oversee the governance of the Greener Chelmsford Grant scheme and to make recommendations on spend to Cabinet and Council as appropriate.</li> </ol> |   |  |  | Director of Connected Chelmsford in consultation with the Panel for awards of up to £10k. |
| <b>Procedures</b>   | N/a   |  |  |   |
| <b>Codes</b>  | <b>Part 5.1 – Code of Conduct for Councillors</b> |  |  |   |



## Chelmsford City Council

21 July 2021

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### Amendments to the Member Code of Conduct

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Report by:  
Governance Committee

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Officer Contact:  
Lorraine Browne, Legal & Democratic Services Manager & Monitoring Officer,  
[lorraine.browne@chelmsford.gov.uk](mailto:lorraine.browne@chelmsford.gov.uk), 01245 606560

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#### Purpose

To update members concerning the review of the Member Code of Conduct following consideration by the Constitutional Working Group on 24 May and Governance Committee on 16 June 2021 on proposed changes to the Member Code of Conduct.

#### Recommendations

The Council approve the changes to the Member Code of Conduct set out in the appendix to this report.

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### 1. Review of the Member Code of Conduct

- 1.1. The Constitutional Working Group met on 24 May 2021. It considered proposed changes to the Member Code of Conduct with a view to widening the scope of the code to include harassment as well as a definition of bullying and harassment. This change was recommended by the Committee on Standards in Public Life. Two other changes were suggested through consultation with Governance Committee members in relation to the Model Code of Conduct, namely extending the code to include equality and diversity and a review of gifts and hospitality requirements.

- 1.2. The Working Group's recommendations were considered by the Governance Committee on 16 June. It made a few minor changes to those recommendations, but otherwise supported them.
- 1.3. Governance Committee received a report in relation to the Model Code of Conduct produced by the Local Government Association. It is not recommended that the Council adopts the current Model Code fully at this stage. It is understood that the Model Code will be reviewed regularly and adoption will be reviewed further at that stage.

## 2. Proposed Changes to the Member Code of Conduct

- 2.1. The proposed changes to the Code of Conduct are set out in the appendix to this report. These are based upon the Model Code with some minor amendments which members considered appropriate.

### List of appendices:

Appendix – proposed new Member Code of Conduct

### Background papers:

LGA – Model Code of Conduct.

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## Corporate Implications

Legal/Constitutional: Background to the recommended changes are set out in the report. It is important to ensure that the Code of Conduct is reviewed regularly and amended as necessary. Further changes will be considered when the model code is next updated.

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: None



Health and Safety: None

Digital: None

Other: None

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Consultees: None

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Relevant Policies and Strategies:

Not applicable

## PART 5.1.1

# COUNCILLORS CODE OF CONDUCT

## **Contents**

|         |                                 |        |
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| 5.1.1.1 | Application of the Code         | Page 3 |
| 5.1.1.2 | General Conduct                 | Page 3 |
| 5.1.1.3 | Disclosable Pecuniary Interests | Page 4 |
| 5.1.1.4 | Other Interests                 | Page 5 |
| 5.1.1.5 | Registration of Interests       | Page 5 |
| 5.1.1.6 | Gifts and Hospitality           | Page 6 |

**5.1.1.1                    APPLICATION OF THE CODE**

- 5.1.1.1.1                This Code of Conduct applies to you whenever you are acting in your capacity as a member or co-opted member ("referred to in this Code as Councillors") of the Chelmsford City Council including-
- 5.1.1.1.2                At formal meetings of the Council, its Committees and Sub-Committees, its Cabinet ~~or cabinet working groups~~ and other meetings at which business of the Council is discussed.
- 5.1.1.1.3                When acting as a representative of the Council.
- 5.1.1.1.4                In taking any decision as a Cabinet member or as a Ward Councillor.
- 5.1.1.1.5                In discharging your functions as a Ward Councillor.
- 5.1.1.1.6                At briefing meetings with officers.
- 5.1.1.1.7                At site visits or other visits to do with the business of the Council.
- 5.1.1.1.8                When corresponding with the Council other than in a private capacity.

**5.1.1.2                    GENERAL CONDUCT**

- 5.1.1.2.1                You must-
- 5.1.1.2.2.1                Provide leadership to the Council and communities within its area, by personal example.
- 5.1.1.2.1.2                Respect others and not bully ~~or harass~~ any person.
- 5.1.1.2.1.3                Recognise that officers (other than political assistants) are employed by and serve the whole Council.
- 5.1.1.2.1.4                Respect the confidentiality of information which you receive as a Councillor by-
- 5.1.1.2.1.5                (i)    Not disclosing confidential information to third parties unless required by law and only then after receiving confirmation from the Monitoring Officer to do so; and
- (ii)    Not obstructing third parties' legal rights of access to information.
- 5.1.1.2.1.6                Not conduct yourself in a manner which is likely to bring the Council into disrepute
- 5.1.1.2.1.7                Use your position as a Councillor in the public interest and not for personal advantage.

- 5.1.1.2.1.8 Accord with the Council's reasonable rules on the use of public resources for private and political purposes.
- 5.1.1.2.1.9 Exercise your own independent judgement, taking decisions for good and substantial reasons by-
- (i) Attaching appropriate weight to all relevant considerations including, where appropriate, public opinion and the views of political groups.
  - (ii) Paying due regard to the advice of officers, and in particular the advice of the statutory officers, that is the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer.
  - (iii) Stating the reasons for your decisions where those reasons are not otherwise apparent.
- 5.1.1.2.1.10 Account for your actions, particularly by supporting the Council's scrutiny function.
- 5.1.1.2.1.11 In your decisions and actions apply the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership and, as far as reasonably possible, assist the Council to act within the law.
- 5.1.1.2.1.12 – promote equalities and not discriminate unlawfully against any person.

### **5.1.1.3 DISCLOSABLE PECUNIARY INTERESTS**

5.1.1.3.1 You must-

- 5.1.1.3.1.1 Comply with the statutory requirements to register, disclose and withdraw from participating in respect of any matters in which you have a disclosable pecuniary interest (see **Annex 1**), and specifically,
- (i) Ensure that your entries in the register of interests are kept up to date and notify the Monitoring Officer in writing within 28 days of becoming aware of any change in respect of your disclosable pecuniary interests.
  - (ii) Make verbal declarations of the existence and nature of any disclosable pecuniary interest at any meeting at which you are present where an item of business affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as that interest becomes apparent.

- (iii) Withdraw from any meeting at which you have a disclosable pecuniary interest during the entire consideration of that item, unless a dispensation has been granted.

5.1.1.3.2

“Meeting” means any meeting organised by or on behalf of the Council and in particular in the circumstances as set out in paragraph 5.1.1.1 of this Code.

**5.1.1.4                    OTHER INTERESTS**

5.1.1.4.1                    In addition to Paragraph 5.1.1.3, if you attend a meeting and there is an item of business to be considered in which you are aware you have a non-disclosable pecuniary interest or non-pecuniary interest, you must make a verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as that interest becomes apparent.

5.1.1.4.2                    You have a non-disclosable pecuniary interest or non-pecuniary interest in an item of business of your Council where-

5.1.1.4.2.1                    A decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing of you or a member of your family or a person with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Council's administrative area;

5.1.1.4.2.2                    It relates to an interest concerning either of the following-

- (i)    Any person or body who employs or has appointed you;
- (ii)   Any contract for goods, services or works made between Chelmsford City Council and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description that would create a disclosable pecuniary interest but only where it has been fully discharged within the last 12 months.

**5.1.1.5                    REGISTRATION OF INTERESTS**

5.1.1.5.1                    Where you are required to notify the Monitoring Officer as to any interest registerable under the Localism Act 2000 or this Code, you should do so using the City Council's agreed Notice of Registerable Interests form.

5.1.1.5.2                    The Monitoring Officer has issued guidance in the form of a Constitution Practice Note to assist in your completion of the Notice, but it is your responsibility to ensure that the content of the Notice is accurate, complies with the legal requirements and that all registerable interests are notified to the Monitoring Officer within the appropriate timescales.

**5.1.1.6                    GIFTS AND HOSPITALITY**

- 5.1.1.6.1 You must not accept gifts, benefits or hospitality, irrespective of estimated value, which could give rise to real or substantive personal or political gain or a reasonable suspicion of influence on the councillor's part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for the grant of, or an objection to any permission, licence or other significant advantage.
- 5.1.1.6.2 You must within 28 days of receipt notify the Monitoring Officer in writing of any gift, benefit or hospitality with a value in excess of £50, which you have accepted as a Councillor from any person or body other than the Council, including the name of the donor. The Monitoring Officer will place your notification on a public register of gifts and hospitality which is published on the Council's website.
- 5.1.1.6.3 The duty to notify the Monitoring Officer does not apply to a gift, benefit or hospitality that comes within any description approved by the Council for this purpose.

### **Annex**

#### **Definitions (rest of heading deleted to broaden definitions further than DPI)**

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable Pecuniary Interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows-

| <b>Interest</b>                                   | <b>Prescribed Description</b>   |
|---|---|
| Employment, office, trade, profession or vocation | Any Employment, office, trade, profession or vocation carried on for profit or gain.  |
| Sponsorship                                       | Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.<br>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) act 1992 |
| Contracts   | Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority-<br>(a) under which goods or services are to be provided or works are to be executed; and<br>(b) which has not been fully discharged   |



|          |   |
|----------|---|
| Land     | Any beneficial interest in land which is within the area of the relevant authority                                    |
| Licences | Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer |

|                     |   |
|---------------------|---|
| Corporate tenancies | Any tenancy where (to M's knowledge) –<br>(a) the landlord is the relevant authority; and<br>(b) the tenant is a body in which the relevant person has a beneficial interest  |
| Securities          | Any beneficial interest in securities of a body where-<br>(a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and<br>(b) either-<br>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issue share capital of that body; or<br>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class |

For this purpose-

**“the Act”** means the Localism Act 2011;

**“body in which the relevant person has a beneficial interest”** means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

**“director”** includes a member of the committee of management of an industrial provident society;

**“land”** excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive an income;

**“M”** means a member of a relevant authority;

**“member”** includes a co-opted member;

**“relevant authority”** means the authority of which M is a member;

**“relevant period”** means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or 31(7), as the case may be, of the Act;

**“relevant person”** means M or any other person referred to in section 30(3)(b) of the Act;

**“securities”** means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description other than money deposited with a building society.

Further definitions in relation to the Code of Conduct to note:-

**“Bullying”** – The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting

behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

“Harassment” – The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

“Unlawful discrimination and equality duties” – Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person’s identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.



## Chelmsford City Council

21 July 2021

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### Amendments to the Terms of Reference for the Community Governance Review

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Report by:  
Governance Committee

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Officer Contact:

Lorraine Browne, Legal & Democratic Services Manager & Monitoring Officer,  
[lorraine.browne@chelmsford.gov.uk](mailto:lorraine.browne@chelmsford.gov.uk), 01245 606560

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#### Purpose

To update the Terms of Reference for the Community Governance Review.

#### Recommendations

The Council approve the changes to the Terms of Reference set out in the appendix to this report.

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### 1. Background

- 1.1. The original Terms of Reference for a review of the entire Chelmsford City Council area were approved by Council on 9 December 2020. The initial consultation was completed earlier this year as planned and over 1000 consultation responses were received from interested parties.
- 1.2. The Connectivity and Local Democracy working group met on 10<sup>th</sup> June and 7<sup>th</sup> July 2021 to consider the responses to the consultation and to consider draft recommendations to be proposed by the review. It has been necessary to propose an adjustment to the timetable for the review to allow more time for members to consider the issues raised in the review. It is now proposed for the Governance Committee to

consider draft recommendations and for Full Council to consider and approve draft recommendations in September and then the final stage of consultation to take place in the Autumn. It is proposed that the final decision will be made by Full Council in February 2022 rather than December 2021. As the review was generated by the Council of its own volition there is no statutory timeframe for completion. The proposed adjustment to the middle stages of the timetable are appropriate in the circumstances and do not impact upon the overall timetable for the completion of the review.

## 2. Proposed Changes to the Terms of Reference

2.1. The proposed modifications to the Terms of Reference are set out in within the timetable in the Appendix to this report.

### List of appendices:

Appendix – proposed updated Terms of Reference

### Background papers:

Previous report to Council December 2020 in relation to original approval of Terms of Reference for the review.

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## Corporate Implications

Legal/Constitutional: It is a legal requirement that any modifications to the Terms of Reference are published in accordance with the requirements of Section 81(6) the Localism Act 2011. It is also a requirement that these are notified to the County Council in accordance with Section 79(3)(b) of the same Act.

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: None

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### Relevant Policies and Strategies:

Our Chelmsford Our Plan – bringing people together, empowering local people and working in partnership to build community capacity, stronger communities through encouraging participation I local democracy, increasing representation of community interests to help people feel better represented at a local level and more involved in deciding how best the interests of their community can be met.

## Appendix 1

### 1. Terms of Reference for a Community Governance Review

- 1.1 Chelmsford City Council has decided to undertake a Community Governance Review (CGR) under the provisions of the Local Government and Public Involvement in Health Act 2007 ("the 2007 Act").
- 1.2 The review will comply with the legislative and procedural requirements set out in the 2007 Act as well as any statutory guidance (this currently includes Joint Guidance produced in 2010 by the Department for Communities and Local Government and the Local Government Boundary Commission for England). It will follow the approach set out in the Terms of Reference, including the indicative timetable.
- 1.3 The review will initially consider the whole of the City of Chelmsford area but concentrate on those areas where issues to address are, or become, apparent. The City area currently has 27 parishes (25 parish councils, 1 Town Council and 1 parish meeting) and an area in the central part of the city which currently has no parishes. The area covered by the review is set out on the attached map in Section 3 below.
- 1.4 The review will consider whether community governance arrangements across the District area are suitable, taking account of areas where housing developments have occurred or are proposed, with a view to ensuring these remain fit for purpose for the future. The review will also consider whether it is appropriate to parish unparished wards, including whether to create new parish council(s) or make changes to existing parish arrangements.
- 1.5 The Council is keen to encourage all interested parties to engage in this important project and has already proactively undertaken early consultation, which secured over 220 responses from various bodies and interested parties.
- 1.6 The Council is developing an area on its website for the Community Governance Review. This area will be developed further to include maps and statistical information together with updates that will be published as the review progresses. A summary of the results of the early consultation will be included in this area. All relevant consultation responses, available evidence and legal considerations (including those referred to in paragraph 1.2 above) will be used to help inform the decisions made during this review.

### 2. Reasons for a Community Governance Review

The benefits and timing of undertaking a community governance review are set out in Section 2 of the Joint guidance referred to in paragraph 1.2 of the Terms of Reference. It is good practice for the Council to consider undertaking a community governance review every 10-15 years. The Council has decided to exercise its discretion to undertake a community governance review so that it can determine whether it is appropriate to parish the unparished wards and whether changes are necessary as a result of housing developments (including proposed developments) in the area. The Council will also consider any other community governance related proposals that may arise during the review.

### 3. Map of the area of Chelmsford City covered by the Community Governance Review

#### CHELMSFORD CITY COUNCIL AREA **PARISH BOUNDARIES**



0 2,500 5,000 Metres  
JUNE 2015

Directorate for Sustainable Communities  
Civic Centre, Duke Street, Chelmsford, CM1 1JE  
Tel: 01245 606606 Fax: 01245 606642  
Web: [www.chelmsford.gov.uk](http://www.chelmsford.gov.uk)





4. Next steps including an indicative timescale for the Chelmsford Community Governance Review 2020-2023

|                               |  |
|-------------------------------|--|
| 9 December 2020               | Full Council to approve Terms of Reference for the Community Governance Review   |
| Mid-January to end-March 2021 | Formal initial Community Governance Review consultation  |
| June-July 2021                | Consideration of responses and preparation of draft recommendations (including any recommendations to the Local Government Boundary Commission for England) by Connectivity and Local Democracy Working Group  |
| September 2021                | Governance Committee consideration and Full Council approval of draft recommendations  |
| September- November 2021      | Further Public Consultation on draft recommendations   |
| Winter 2021/22                | Formulation of final recommendations (including any recommendations to the Local Government Boundary Commission for England) by Connectivity and Local Democracy Working Group and Governance Committee.   |
| 23 February 2022              | Final recommendations to be considered by the Full Council   |
| By Spring 2022                | Approval of community governance orders and consequential matters in place by Spring 2022 for implementation 2023 local and parish cycle of elections (further time will be taken for implementation should it be necessary to consult/make recommendations to the Local Government Boundary Commission for England) |
| May 2023                      | Parish Council elections to be held under any new arrangements that may be decided   |



Chelmsford City Council

21 July 2021

Parliamentary Boundary Review 2023

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Report by: Cabinet Member for Connected Chelmsford

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Officer contacts: Murphie Manning, Electoral Services Manager,  
[murphie.manning@chelmsord.gov.uk](mailto:murphie.manning@chelmsord.gov.uk)

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### Purpose

To update members on the initial proposals published by the Boundary Commission for England (BCE), outlining the implications for the Chelmsford City Council area and relevant parliamentary constituencies and the response to be provided by the Council.

### Recommendations:

That Council note the proposals made by the BCE and agree the Council's response to the first stage of consultation.

---

## 1. Background

- 1.1. The BCE is an independent and impartial public body which is responsible for periodically reviewing Parliamentary constituency boundaries in England, as set out in legislation.
- 1.2. The Parliamentary Constituencies Act 2020 disregarded the review that commenced in 2018, of which the purpose was to reduce the number of MPs

from 650 to 600. As outlined in parliament, the BCE have now commenced a new review, with the final recommendations to be published 1<sup>st</sup> July 2023 and every eight years thereafter.

1.3. The Act also outlined the requirements for the review. These include:

- The total number of Parliamentary constituencies in the UK must remain at 650.
- A new distribution formula is to be implemented resulting in an increase of constituencies in England from 533 to 543.
- All recommended constituencies must have an electorate no smaller than 69,724 and no larger than 77,062 (excluding specific exceptions)
- Geographical considerations, including the size, shape and accessibility of a constituency
- Any local ties that may be broken by changes in constituencies

1.4. Based on these requirements and preliminary analysis, the BCE have now published their initial proposals for the Eastern region, including Chelmsford, for consultation.

## 2. Current arrangements

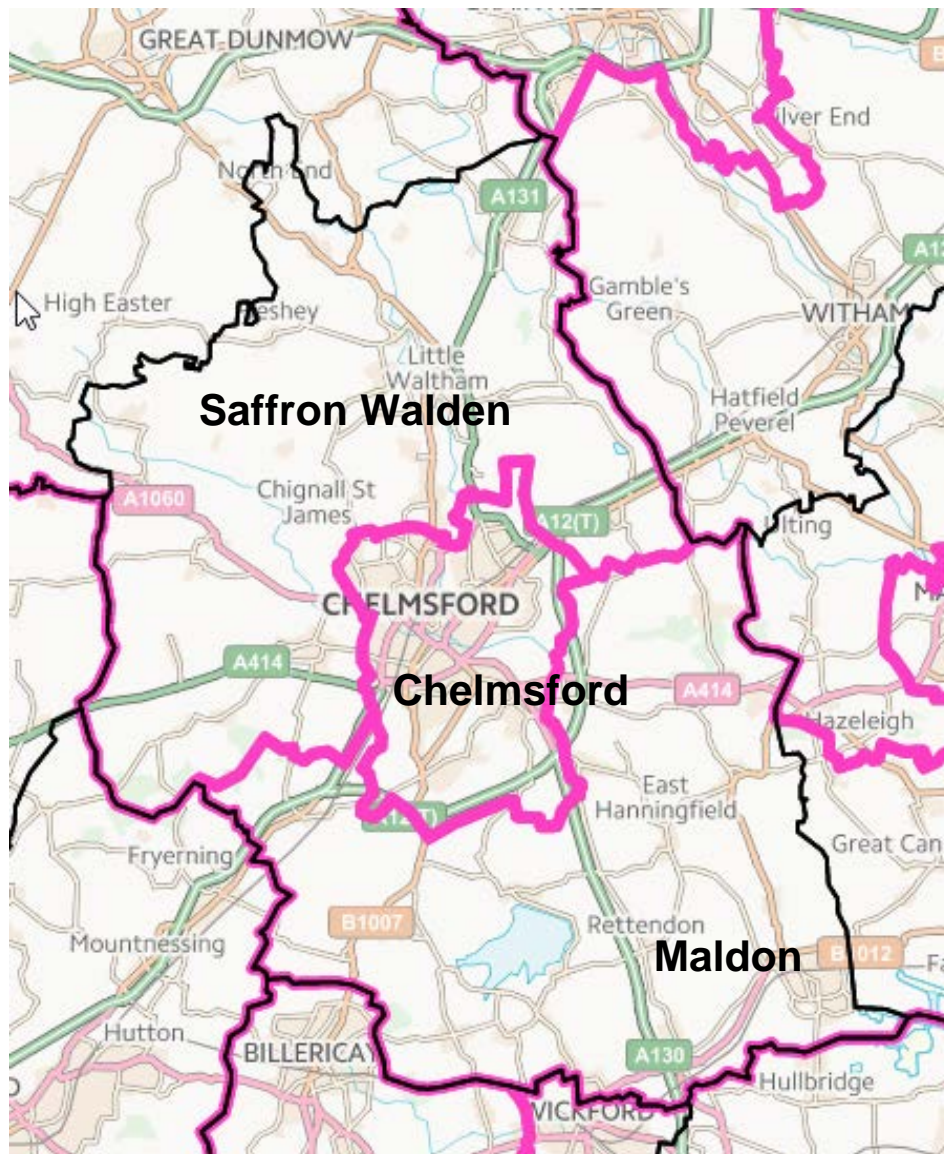
2.1. The Chelmsford City Council local authority area currently covers three Parliamentary constituencies:

- Chelmsford (electorate 80,394 all in the Chelmsford City Council area)
- Maldon (electorate 72,641, approx. 32,402 in the Chelmsford City Council area)
- Saffron Walden (electorate 87,017 approx. 18,539 in the Chelmsford City Council area)

\*electorate figures as of 2019 UK Parliamentary election

This space is intentionally left blank.

2.2. Map displaying current constituency boundaries.



2.3. Table outlining the Parliamentary constituency of each City ward.

| City Ward                         | Parliamentary Constituency |
|-----------------------------------|----------------------------|
| Chelmer Village and Beaulieu Park | Chelmsford                 |
| Galleywood                        | Chelmsford                 |
| Goat Hall                         | Chelmsford                 |
| Great Baddow East                 | Chelmsford                 |
| Great Baddow West                 | Chelmsford                 |
| Marconi                           | Chelmsford                 |
| Moulsham and Central              | Chelmsford                 |
| Moulsham Lodge                    | Chelmsford                 |
| Patching Hall                     | Chelmsford                 |
| Springfield North                 | Chelmsford                 |

|  |                |
|--|----------------|
| St Andrews                                 | Chelmsford     |
| The Lawns                                  | Chelmsford     |
| Trinity                                    | Chelmsford     |
| Waterhouse Farm                            | Chelmsford     |
| Bicknacre and East and West Hanningfield   | Maldon         |
| Little Baddow, Danbury and Sandon          | Maldon         |
| Rettendon and Runwell                      | Maldon         |
| South Hanningfield, Stock and Margaretting | Maldon         |
| South Woodham - Chetwood and Collingwood   | Maldon         |
| South Woodham - Elmwood and Woodville      | Maldon         |
| Boreham and The Leighs                     | Saffron Walden |
| Broomfield and The Walthams                | Saffron Walden |
| Chelmsford Rural West                      | Saffron Walden |
| Writtle                                    | Saffron Walden |

### 3. Initial proposals

- 3.1. The review has split the counties in the Eastern region into sub regions. As the neighbouring county of Suffolk does not have an electorate high enough to create a sub-region, they propose merging Essex and Suffolk to create a sub region with an electorate of 1,906,323. This sub-region would then have an entitlement of 26 constituencies.
- 3.2. There is only one change proposed to the Chelmsford constituency. This is the re-allocation of Galleywood ward (parliamentary electorate of 4,231) to the Maldon constituency to bring the total electorate of the Chelmsford constituency in line with the new rules with a proposed electorate of 76,163. A map of the proposed Chelmsford constituency can be seen in appendix A.
- 3.3. The proposed changes to the Maldon constituency see the ward of Little Baddow, Danbury and Sandon (parliamentary electorate of 6,524) excluded and becoming part of the Braintree constituency. A map of the proposed Maldon constituency can be seen in appendix B.
- 3.4. The proposals relating to the part of the Saffron Walden constituency that falls under our local authority area would move all four wards currently in the Saffron Walden constituency to the Braintree constituency. This includes a total of 18,783 parliamentary electors. A map of the proposed Braintree constituency can be seen in appendix C.

- 3.5. Under these proposals, the Parliamentary electors registered with the Electoral Registration Officer (ERO) of Chelmsford City Council would be divided between the three Parliamentary constituencies in the following way:

| <b>4. Constituency</b> | <b>Electorate</b> |
|------------------------|-------------------|
| Braintree              | 25,307            |
| Chelmsford             | 76,163            |
| Maldon                 | 29,728            |

\*electorate figures as of 1<sup>st</sup> July 2021

- 4.1. If implemented the Electoral Registration Officer, with the support of the Council, would be required to implement these changes on their Electoral Management System and communicate the new constituency arrangements with residents ahead of the 2024 UK Parliamentary election.

#### 4. The Council's response

- 4.1. The Council is broadly supportive of the proposals made by the BCE with regards to the constituencies in the local area,.
- 4.2. It is acknowledged that the Chelmsford constituency is currently too large to meet the rules of the review and therefore must be reduced. In the draft proposals for the 2003 review, the Commission excluded Galleywood from the proposed constituency, but it was added back in after the public inquiry. Since one ward has to be removed, it would follow the previous proposals for that ward to be Galleywood. The Council therefore supports the Commission's proposal for minimum change to the Chelmsford constituency and raises no objection to Galleywood ward becoming part of the Maldon constituency to achieve the target electorate size.
- 4.3. The Council also supports the Commission's proposal for the Maldon constituency, with the minimal change necessary to meet the target electorate number.
- 4.4. The reallocating of all electors currently living in Saffron Walden constituency to Braintree, as well as Little Baddow, Danbury and Sandon, is the most significant change within our local authority area. However, it is noted that it is inevitable that there has to be significant change in the Suffolk/Essex sub-region to create the new constituency allocated by the overall review. Therefore we raise no objection to this.

It is noted that many electors currently living in the Saffron Walden constituency do not feel as though they are part of this community, noting geographical distance as a significant contributing factor to this. This has



been raised as an issue in recent elections and consultations, however is largely outside the scope of the review, which is driven by the legal direction to make all constituencies virtually the same size. Some residents have expressed that they do feel affiliation to both Chelmsford and Braintree.

- 4.5. The Council intends to request that the boundaries between Broomfield, Springfield and Little Waltham are looked at in greater detail. This is to explore whether the boundaries can be adjusted slightly so that new electors in the Beaulieu development would be best represented by one constituency (being either Chelmsford or Braintree). At present, the boundary weaves between houses in multiple streets and electors have expressed a lack of understanding of the community identity. Often, they expect to live in the Chelmsford constituency and find that they do not, but their neighbour does.

## 5. Conclusion

- 5.1. The Council supports the Commission's recommendations, with the comments above.
- 5.2. These proposals are currently at the first of three stages of consultation, therefore may be subject to change based on the outcome of the consultation. It is therefore encouraged that all interested parties submit feedback to the BCE directly to ensure that their voice is heard. The deadline to do so is Monday 2<sup>nd</sup> August.
- 5.3. The ERO will publish the Council's response and encourage residents to engage via our website and social media sites. Where possible, it is important that we raise awareness of this to ensure that the outcome provides the best representation for the residents of Chelmsford.
- 5.4. Once this stage of consultation closes, the BCE will begin reviewing the feedback and composing new proposals for the next stage of public consultation, expected early 2022.

List of appendices:

Appendix A – Map of proposed Chelmsford constituency

Appendix B – Map of proposed Maldon constituency

Appendix C – Map of proposed Braintree constituency

Background papers: [BCE Initial proposals for new Parliamentary constituency boundaries in the Eastern region](#) – published 8<sup>th</sup> June 2021

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Corporate Implications

Legal/Constitutional: None at present (still in consultation).

Financial: N/A

Potential impact on climate change and the environment: N/A

Contribution toward achieving a net zero carbon position by 2030: N/A

Personnel: N/A

Risk Management: None at present (still in consultation).

Equality and Diversity: N/A

Health and Safety: N/A

Digital: N/A

Other: N/A

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Consultees:

None

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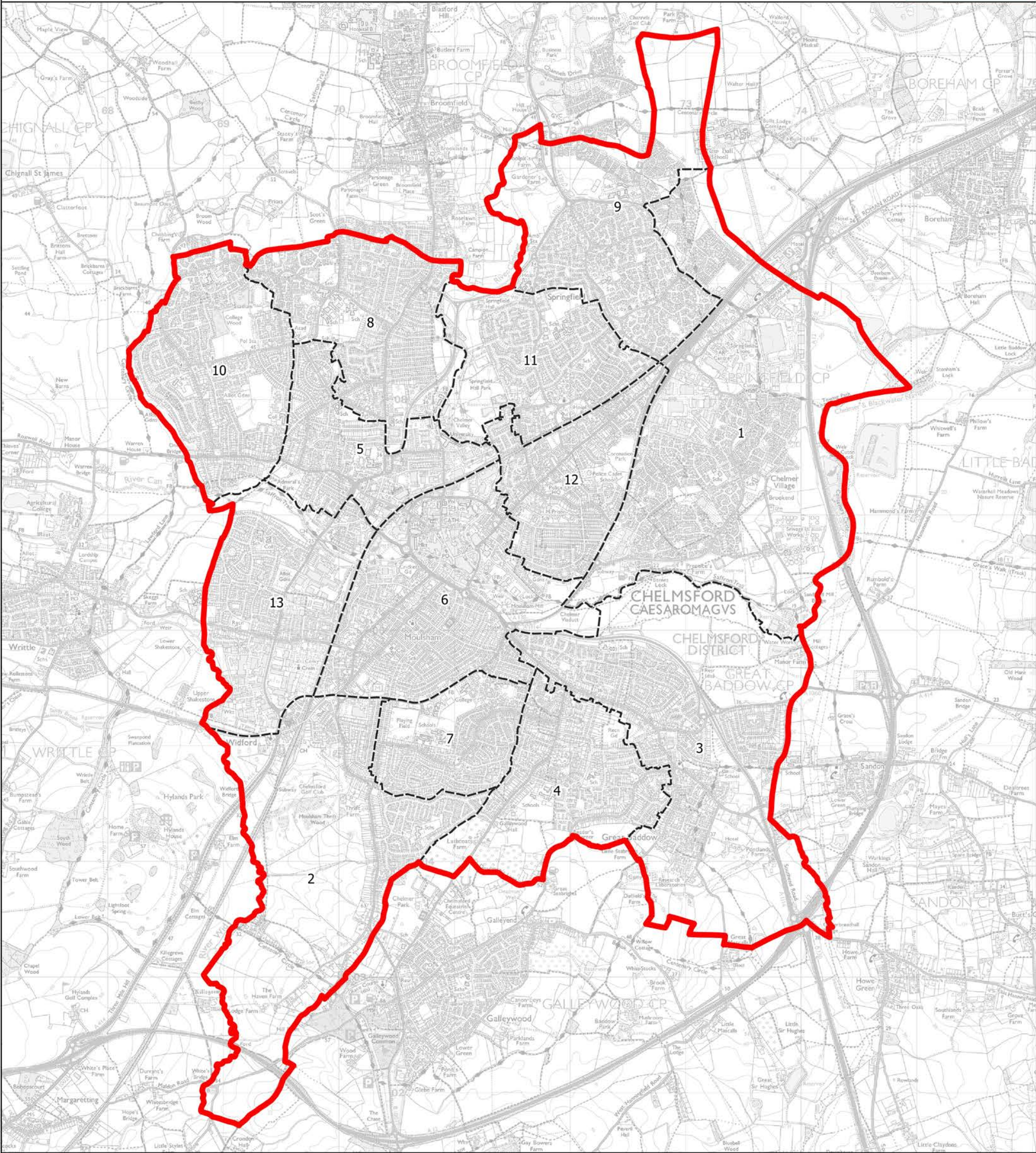
Relevant Policies and Strategies:

None

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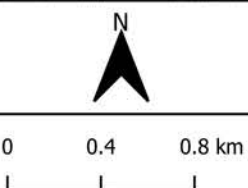
Boundary Commission for England - Initial Proposals for the Eastern Region  
Chelmsford Borough Constituency - Electorate 76,454



Wards:

- |                                     |                     |
|-------------------------------------|---------------------|
| 1 Chelmer Village and Beaulieu Park | 7 Moulsham Lodge    |
| 2 Goat Hall                         | 8 Patching Hall     |
| 3 Great Baddow East                 | 9 Springfield North |
| 4 Great Baddow West                 | 10 St. Andrews      |
| 5 Marconi                           | 11 The Lawns        |
| 6 Moulsham and Central              | 12 Trinity          |
|                                     | 13 Waterhouse Farm  |

- Constituency
- Local Authorities
- Wards



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Chelmsford Borough Constituency



Wards:

- 1 Althorne
- 2 Bicknacre and East and West Hanningfield
- 3 Burnham-on-Crouch North
- 4 Burnham-on-Crouch South
- 5 Galleywood
- 6 Heybridge East
- 7 Heybridge West
- 8 Maldon East
- 9 Maldon North
- 10 Maldon South
- 11 Maldon West
- 12 Mayland
- 13 Purleigh
- 14 Rettendon and Runwell
- 15 South Hanningfield, Stock and Margaretting
- 16 South Woodham-Chetwood and Collingwood
- 17 South Woodham-Elmwood and Woodville
- 18 Southminster
- 19 Tillingham

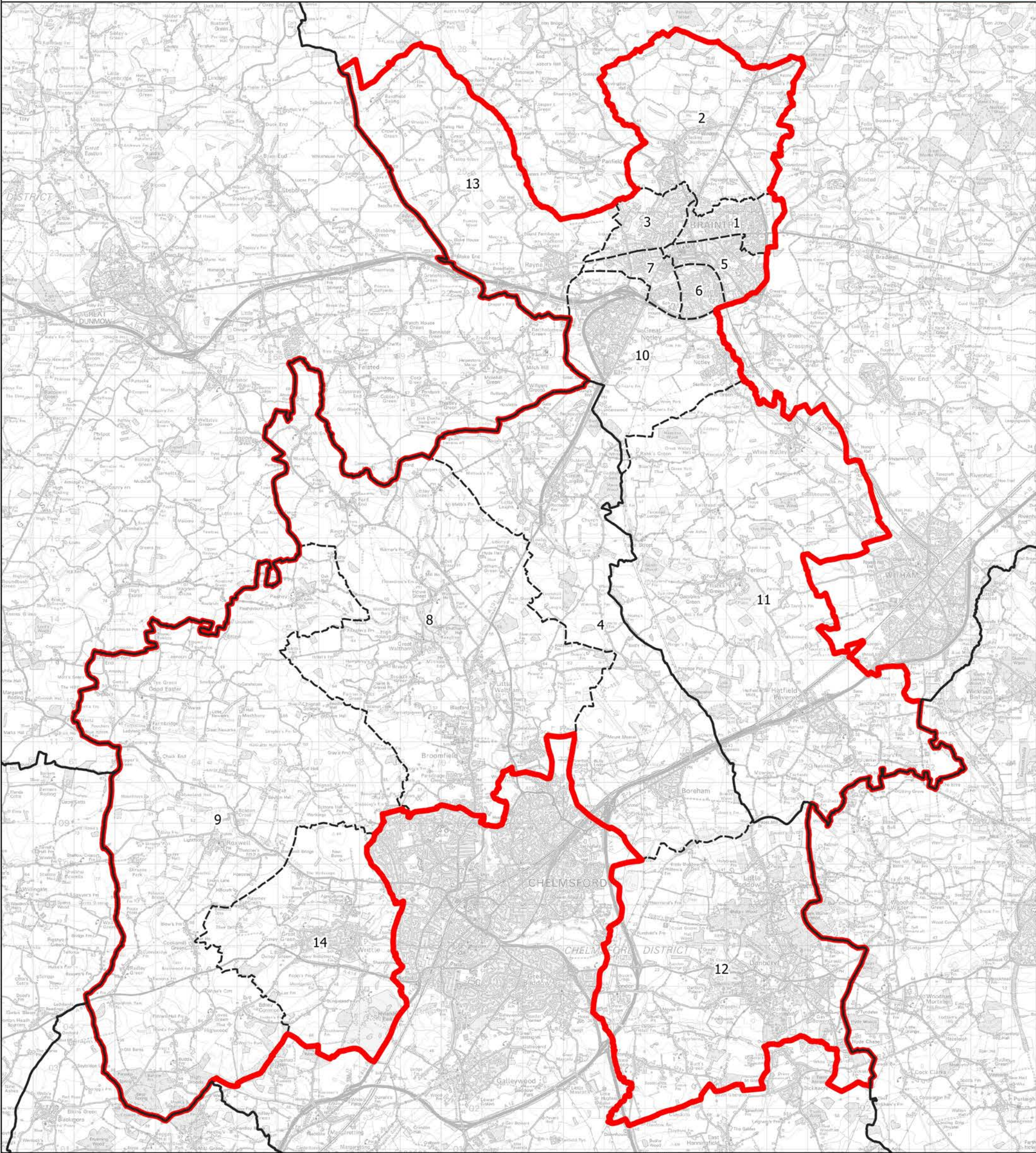
-  Constituency
-  Local Authorities
-  Wards

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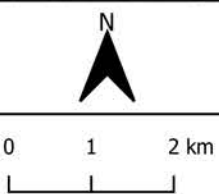




Wards:

- |                               |                                      |                                      |
|-------------------------------|--------------------------------------|--------------------------------------|
| 1 Bocking Blackwater          | 7 Braintree West                     | 12 Little Baddow, Danbury and Sandon |
| 2 Bocking North               | 8 Broomfield and The Walthams        | 13 Rayne                             |
| 3 Bocking South               | 9 Chelmsford Rural West              | 14 Writtle                           |
| 4 Boreham and The Leighs      | 10 Great Notley & Black Notley Green |                                      |
| 5 Braintree Central & Beckers | 11 Hatfield Peverel & Terling        |                                      |
| 6 Braintree South             |                                      |                                      |

- Constituency
- Local Authorities
- Wards



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## Chelmsford City Council

21 July 2021

### Membership of Committees

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Report by: Leader of the Council

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Officer contacts:

Brian Mayfield, [brian.mayfield@chelmsford.gov.uk](mailto:brian.mayfield@chelmsford.gov.uk), 01245 606923

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#### Purpose

To consider changes to the membership of the Audit and Risk and Governance Committees.

#### Recommendation:

That the following changes to Committee memberships be agreed:

Councillor Andrew Thorpe-Apps be appointed to replace Councillor Barry Knight as a member of the Audit and Risk Committee and Councillor Nicolette Chambers as a member of the Governance Committee.

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1. The Conservative Group has given notice of its wish to make the following changes to its membership of Committees:
  - Councillor Thorpe-Apps to replace Councillor Knight on the Audit and Risk Committee
  - Councillor Thorpe-Apps to replace Councillor Chambers on the Governance Committee
2. For the Council's information, Councillor Gisby will replace Councillor Grundy on the Improving Movement Around Chelmsford Working Group.



## Chelmsford City Council

21 July 2021

### Authorised Absence of Members

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Report by: Leader of the Council

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**Officer contact:**

Brian Mayfield, Democratic Services Manager, 01245 606923,  
[brian.mayfield@chelmsford.gov.uk](mailto:brian.mayfield@chelmsford.gov.uk)

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1. Under Section 85 of the Local Government Act 1972 a councillor ceases to be qualified as a member of the Council if they fail to attend any meetings of the authority for a period of six consecutive months, unless the Council approves the reason for their absence.
2. In the unique circumstances resulting from the coronavirus emergency, the Council in May 2020 gave a general approval to authorise members' absences that occurred during the emergency. That approval expired at the end of December 2020.
3. Although many councillors will by now be fully vaccinated, self-isolation requirements mean that they may be unable to attend meetings if they come into contact with others who have the Covid-19 virus. Coupled with the end of the ability to hold meetings remotely, this increases the possibility that a councillor will be unable, through no fault on their part, to attend meetings. With several councillors not having attended a meeting for over three months, the chance that they may not be able to be at this Council meeting and only few more meetings scheduled before September, there is a risk that some councillors could become automatically disqualified.
4. It is therefore proposed that to prevent inadvertent disqualifications the Council approves the absence of any councillor who has not attended a meeting for six consecutive months for whatever reason.

**RECOMMENDED** that until 31 December 2021, the absence of any member of the Council for whatever reason be approved under Section 85(1) of the Local Government Act 1972.