

Council Meeting Agenda



Tuesday, 25 July 2023 at 7pm

**Council Chamber, Civic Centre
Chelmsford**

Membership

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

and Councillors

C Adutwim, J Armstrong, N Bugbee, V Canning
N B Chambers, D J R Clark, H Clark, P H Clark, P Davey
A E Davidson, C K Davidson, S Davis, S Dobson, N A Dudley, D
Eley, K Franks, L Foster,
J A Frasca, I D Fuller, M C Goldman, S M Goldman, I S Grundy,
S Hall, J Hawkins, R J Hyland, J Jeapes, A M John, G B R Knight, J
S Lardge, R J Lee, B Massey, R J Moore, M O'Brien, V Pappa, G H
J Pooley, J A Potter, S Rajesh, J M C Raven, S J Robinson, E J
Sampson, S J Scott, T Sherlock, M Sismey, A B Sosin, J E Sosin, M
S Steel, S Sullivan, M Taylor, A Thompson, A G Thorpe-Apps, C R
Tron, N M Walsh, R T Whitehead, P Wilson, 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 Dan Sharma-Bird in the
Democracy Team on Chelmsford (01245) 605923, email dan.sharma-bird@chelmsford.gov.uk, call in at the Civic Centre, or write to the address above.

MEETING OF CHELMSFORD CITY COUNCIL

25 July 2023

AGENDA

1. Apologies for Absence

2. Mayor's Announcements

3. Declarations of Interest

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

4. Minutes

Minutes of meetings on 22 February and 24 May 2023.

5. Public Questions

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

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

6. Cabinet Question Time

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

7. Reports from the Cabinet

To consider the attached reports.

The recommendations of the Cabinet on 6 July on reports 7.1 to 7.4 and of the Cabinet on 14th March on report 7.5 will be notified to members before the meeting.

7.1 Treasury Management Outturn Report 2022/23

7.2 Capital, Programme Update and Provisions Outturn 2022/23

7.3 Budget Framework – Medium Term Financial Strategy 2024/25

7.4 Proposed Amendments to the Constitution

7.5 Amendments to Council Tax Premiums in respect of empty properties with effect from 1 April 2024

8. Report from the Leader of the Council

8.1 Committee Membership

9. Annual Report of the Audit and Risk Committee

To consider the attached report from the Audit and Risk Committee on 21st June 2023

10. Annual Report of the Governance Committee

To consider the attached report from the Governance Committee on 21st June 2023

11. Annual Report of the Overview and Scrutiny Committee

To consider the attached report from the Overview and Scrutiny Committee on 18th July 2023

PART 2 (EXEMPT ITEM(S))

To consider whether to exclude the public from the meeting during the following matter, which contains exempt information within the category of Part 1 of Schedule 12A to the Local Government Act 1972 indicated:

12. Chelmer Waterside Infrastructure Delivery

To consider the attached report.

Category: Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972
Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Public interest statement: It is not in the public interest to release details of this report at present, on the grounds that the report contains commercially sensitive contractual and property information.

13. Proposed Purchase of Land at Main Road Boreham

To consider the attached report.

Category: Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972
Information relating to the financial or business affairs of any particular person
(including the authority holding that information)

Public interest statement: It is not in the public interest to release details of this report at present, on the grounds that the report contains information that is commercially sensitive and to place the information in the public realm will be detrimental to the negotiations to be undertaken by the Council.

14. Small Housing Site Delivery

To consider the attached report.

Category: Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972
Information relating to the financial or business affairs of any particular person
(including the authority holding that information)

Public interest statement: It is not in the public interest to release details of this report at present, on the grounds that the report contains information that is commercially sensitive and to place the information in the public realm will be detrimental to the negotiations to be undertaken by the Council.

CHELMSFORD CITY COUNCIL
MINUTES OF THE MEETING OF THE COUNCIL

held on 22 February 2023 at 7pm

PRESENT:

The Mayor (Councillor S Dobson)
The Deputy Mayor (Councillor R Massey)

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

1. Apologies for Absence

Apologies for absence had been received from Councillors Ayres, Bracken, P Clark, Gulliver, Hughes, Knight and Millane.

2. Mayor's Announcements

The Mayor acknowledged the sad passing of Councillor Tom Willis and offered her thoughts and condolences to his family. The Council held a minute's silence in his memory. Members of the Council paid tribute to their colleague and friend. Members reflected on his time as both a Councillor and the Mayor in 2008. It was noted that he had always been a thoughtful colleague as well as being a great family man. The Council heard of his passion for the environment which had culminated in his role as the Council's Climate Ambassador. The Council heard that Cllr Willis had been ahead of his time, on environmental causes, including turning his own home to a carbon neutral one. The Council heard that Cllr Willis would be greatly missed, by all sides of the Chamber and that their thoughts were with his family at this difficult time.

The Mayor also passed on the Council's condolences to Cllrs Hughes and Potter, who had both recently lost their husbands. The Mayor also informed the Council of the passing of ex Councillor Rex Barriball, who had been Deputy Mayor in 2002. The Mayor also reiterated the Council's support to Ukraine and informed the Council that a national minute's silence would be observed on Friday, to mark one year since the Russian invasion.

3. Declarations of Interest

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

4. Minutes

The minutes of the meeting held on 7 December 2022 were confirmed as a correct record.

5. Public Questions

Two public questions had been submitted in advance of the meeting, which were asked in person.

The first question referred to the removal of the name "Cramphorn" from the exterior of the Cramphorn Studio Theatre. The member of the public asked why this and the removal of the name from the website had taken place. They also noted that members of the family had expressed concerns about the removal. They informed the Council of the important role that Thomas Cramphorn had held and noted that he had been the Mayor of Chelmsford six times. The Council were asked to reinstate the name and to direct its Cultural Strategy to build on the legacy of past generations.

In response the Cabinet Member for Connected Chelmsford stated that this matter had been responded to already at previous public meetings. The Cabinet Member stated that the Council had been working closely with the Cramphorn family who had understood that the changes, had been made in the best interests of Chelmsford. The Council heard that the changes had been made to give the theatre the best possible chance of success. The Cabinet Member informed the Council, that the family were happy with the external blue plaque and a separate internal one providing further information and that this had been confirmed with them. The Cabinet Member also highlighted that they agreed that the City's cultural history, was of great importance and would form a key part of the Cultural Strategy.

The second question asked for information to be provided as to the levels of affordable housing that were currently being delivered across the various development sites in the City. The Council were asked if stated objectives were being achieved and if not, what was being done to meet them.

In response the Cabinet Member for Fairer Chelmsford informed the Council that this had been a very important issue to which high priority had been given over the last four years. It was noted that the Council had declared a housing crisis in the City and had developed a strategy aimed at addressing the housing needs of all Chelmsford residents, with a focus on increasing the supply of affordable homes. The Council heard that 459 affordable homes had been approved on larger sites in 2021/22 and 2022/23, an average of 29% affordable housing across eight sites. The Council also heard that new planning advice notes had been published alongside a review of the Local Plan and relationships with partners continued to be

developed. The Cabinet Member stated that the Council were ensuring that affordable housing would take up an increasing share of new homes built in Chelmsford.

(7.15pm to 7.26pm)

6. Cabinet Question Time

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

1. Question from Councillor R Gisby to the Cabinet Member for Greener and Safer Chelmsford

On Monday 13th February, we woke to the devastating news of an attack which had taken place in Moulsham Lodge, resulting in the tragic loss of a young man's life. We later learnt the victim to be Andy Wood, just 16 years of age and described as a 'kind and Loving young man'. My thoughts and those of so many, remain with his family and friends at such a difficult time. As we seek to understand, many are wondering about the circumstances surrounding the incident. I am sure in time we will learn more, but no matter what the situation, it takes nothing away from the tragic loss of a young life.

In the months prior to this incident, and each day subsequently, I have spoken with residents of my Ward, in Chislett Row, Waterson Vale and Lister Tye. The police are confident that this was 'an isolated incident', but for residents I must share that that the overbearing feeling is that 'something' was inevitable. They shared that repeated requests have been made to this Council to cut back undergrowth and spoken of the challenges of gatherings in the screened areas and play areas in the Chislett Row green space and Burghley Way. Residents have been raising their concerns in this area for many months. There are ongoing issues around antisocial and illicit behaviour in the wider space, including littering and fly-tipping, fire setting, damage to trees and suspected drug use and dealing. All of this taking place on Council land. Local residents' concerns have been repeatedly dismissed by this Council, including in a letter to our Member of Parliament by the Chief Executive last August, which categorically states that "an appropriate plan of action" was in place to manage antisocial behaviour. Clearly this was not the case.

Not only do residents feel that their existing concerns are not being listened to, many have felt that the approach of the playground renewal and relocation project has been doggedly inflexible with respect to the concerns from residents about the possible negative impact on anti-social behaviour. A petition objecting to the location and style of the new play equipment was signed by a significant number of residents.

Residents, myself and indeed representatives of Essex Police have met at the park location on more than one occasion and have discussed practical concerns with Officers and Members. We have been clear that the new location brings challenges for antisocial behaviour, through creating shelter with screen planting, the new position not being visible from the road further removing the deterrent of motorists and patrolling Police cars who cannot see the play area from vehicles.

In light of the tragic events of last week, I would like to ask the Cabinet Member for her commitment on a number of points:

- Will the Cabinet Member commit to take immediate steps to review options for the wooded area adjacent Waterson Vale / Chislett Row and how this can either be sympathetically improved to reduce natural screening or fenced on the remaining part of the perimeter.
- Will the Cabinet Member insist on, and take part in, a multi-agency review of the green space and play area in Chislett Row / Waterson Vale to ensure the right level of CCTV coverage, lighting and other measures are understood and provisioned for including the suggestion to ensure the play area is lockable out of hours.
- Will the Cabinet Member support the use of a Public Spaces Protection Order, should it come to this Council.
- And finally, will the Cabinet Member apologise to the residents of the local area for not taking their very real concerns more seriously and acting sooner.

The Cabinet Member for Greener and Safer Chelmsford, expressed their disappointment in the question, which they viewed as a blatant attempt to make a political point out of a tragic event. They stated that they were unable to comment on any matters relating to the incident, due to an ongoing investigation by Essex Police. They also stated it was entirely inappropriate to comment on speculation that attempted to link occasional low level anti-social behaviour in the location to the tragic event that occurred on 12th February 2023. They informed the Council, that the incident certainly had nothing to do with the play area that was currently being refurbished and that any speculation that the events were linked was unhelpful. The Cabinet Member asked Cllr Gisby, to refer back to previous responses on the subject, from both officers and Councillors and noted that it would not be appropriate to respond to any of the demands set out in the question. The Cabinet Member noted that the Council continued to work closely with partners in the Police and Youth service, with a wide range of ongoing initiatives to strengthen bonds, raise awareness, address local challenges and build trust towards a more connected community. It was noted that the Council continued to do everything they could, within the resources available to address antisocial behaviour.

2. Question from Councillor A Sosin to the Cabinet Member for Connected Chelmsford

The last minute announcement of the requirements of voter id will place extra work on the Democratic Services Department. Will this require extra resources to be transferred to this department to handle the extra requirements including the provision of the " Voter Authority Certificate", the influx of postal vote requests to avoid voter i.d. and extra requirements at polling stations? It is also a concern there is a risk of abuse of pol workers and unrest at poling stations. Will extra security staff or police be necessary?

The Cabinet Member for Connected Chelmsford stated that the Returning Officer and his team had been carefully monitoring updates in relation to this matter. The Council heard that the core team and other customer service facing staff had completed training, in assisting with applications for voter authority certificates and approving applications. It was also noted that there would be a few differences for voters including, private areas for ID checks if required

and no all male polling station staff teams. The Council was informed that the number of staff in polling stations would increase and as in the past they would work closely with local police. The Cabinet Member also stated that poll staff would be completing additional training to administer the changes and support voters with any queries. The Cabinet Member also encouraged everyone to check they have the required ID to vote and if not to apply for a voter authority certificate, before the 25th of April.

3. Question from Councillor W Daden to the Cabinet Member for Fairer Chelmsford

Does this administration share my concern at how much the government has slashed local authority's budgets, this councils from approx. £10 million to under £3.5million in recent years; Mr Reeves has made strong representation to Civil Servants that Chelmsford City Council's long term financial sustainability is under threat, reading this report his concerns appear to be ignored.

Can you confirm if that is correct? or what help is government offering to fill this gap its created?

Chelmsford MPs (Kemi Badenoch and Vicky Ford); have they been supportive of Mr Reeves and this city council receiving funding either in line with inflation, population growth, MPs pay rise, or do they expect residents to sustain this significant funding gap in these depressing times?

Council Tax: section 8

I am sure we all have sympathy for struggling hard working families and the hardship government decision inflict on them; How many wilful nonpayers of council tax are there. Residents the council deems capable of paying but are choosing not to :

- What are the reasons presented to this council?

If this situation exists:

- How are we addressing this situation?
- What is the loss to council tax ?
- What is the cost of retrieving this tax?

In response the Cabinet Member for Fairer Chelmsford shared the concern regarding the reduction in Government support for local authorities since 2010. The Council heard that spending power funded by Government had fell in real terms by more than 50% between 2011 and 2021, according to the National Audit Office. It was noted that for Chelmsford, this had been even steeper. The Cabinet Member stated that the Council had continued to press the Government for improved funding through a range of contacts. It was also noted that the City Council had an excellent record in collecting Council Tax, but if residents expressed issues with paying, officers would discuss their financial situation with them and aim to agree a suitable payment arrangement. It was also noted that in some instances residents did not agree to pay and these cases were generally resolved amicably or via legal processes. The Cabinet Member stated that last year 96.9% of Council Tax had been collected within the year

it was due and the rest to be collected over subsequent years, leading to a 99.5% expected collection rate, and the figure was expected to be similar this year. It was also noted that the cost of collection in 2021-22 had been £568k, of which £401k had been recovered via the court process.

(7.27pm to 7.55pm)

7.1. Local Council Tax Support Scheme 2023/24

The Council was required to approve a Local Council Tax Support Scheme for 2023/24. The Cabinet on 24 January 2023 had recommended that the 2022-23 scheme be retained in its current form.

RESOLVED that the Local Council Tax Support Scheme for 2022-23 be retained and adopted as the Scheme for 2023-24.

(7.56pm to 7.57pm)

7.2 Capital, Treasury and Investment Strategies for 2023/24

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 24 January 2023 had recommended be adopted.

RESOLVED that the Capital, Treasury and Investment Strategies 2023/24 as submitted to the meeting be approved.

(7.58pm to 7.59pm)

7.3 & 8.1 Budget for 2023/24 & Budget Update and Amendment

The Council had before it a report and recommendations from the Cabinet on the revenue budget for 2023/24 and its capital investments for that year. The proposed Council Tax resolution for the 2023/24 budget was included as part of the report. It was noted that item 8.1 on the agenda which provided additional information and an amendment was being considered as part of this item.

In introducing the report, the Cabinet Member for Fairer Chelmsford said that this was not a good year for any Council to be presenting a budget, due to the impact of inflation which had reached just over 10% rather than the expected 5%. It was noted that inflation was brutal for every local authority as 10% of a £60m budget, was an extra £6m in costs. The Council heard of one significant piece of good news, highlighted in Item 8.1, which detailed that the Council were expecting to win a dispute with HMRC over the VAT treatment of leisure income. It was noted that this would save £0.75m per year, as assumed in the budget report but was also

hoped to generate a refund of up to £4m in past payments. The Council heard that the budget gap was not as significant as feared, despite still being £6.9m. It was noted that some rainy day reserves were being used to balance the budget but the damage of inflation had led to no opportunities to introduce improvements to services. The Cabinet Member stated that the Council remained ambitious however, with investments in the theatre, plans to decarbonise the Council and investments in other areas such as the retail market and leisure centres. The Council also heard that key services would continue to be delivered, such as bin collection and the maintenance of parks. It was noted that the proposals for the City Council's share of Council Tax was an increase for a Band D property of an extra £6.22 per year, with the overall increase being £79 per year on average due to the County Council, Police, Fire and parish/town council shares.

It was moved as an amendment by Councillor K Bentley and seconded by Councillor I Roberts, that the proposed budget be amended as follows:

- In Appendix 1 to the report, Revenue Funded New Service Investment, add "Ongoing addition Street Cleansing Provision in the City Council area £38,000 per year" and officers are asked to review at the end of the current contract the pre-existing arrangements for providing SWF Town Centre street cleaning. The objective would be to improve the quality of delivery and efficiency of the service, most likely by bringing the service in house.
- In Appendix 1 to the report, Balanced Revenue Budget, amend "Increase the Use of Unearmarked Reserves by £38,000", Officers are asked during 2023/24 to identify savings to fund the additional ongoing spend of £38,000
- In Appendix 1 to the report, Capital Asset Rolling/Replacement Programme, add "An additional Electric Van for the Street Care Team funded by leasing £35k.

Those who spoke in favour of the amendment emphasised the benefit of additional street cleansing, especially in areas outside of the City Centre, with the use of the additional electric van. The Council heard that the £38k could be funded from unearmarked reserves and that the quality of street cleansing in the South Woodham Ferrers Town Centre had not been sufficient. The Council also heard that despite more properties, the amount of Council Tax for matters such as this, did not necessarily increase. It was noted that smaller areas outside of the City Centre needed greater support. The Cabinet Member for Fairer Chelmsford highlighted that 60% of what was being asked for regarding street cleansing, was already in the budget and they would look at the situation when preparing the Medium Term Financial Statement later in the year. It was also noted that it was irresponsible to ask officers to find the money elsewhere and that officers had worked hard to find the savings that had been found. It was also noted that there were a wide range of priorities the Council wanted to focus on.

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

For the motion: Councillors Ambor, Bentley, Daden, Gisby, Grundy, Hyland, John, Poulter, Raven, Roberts, Roper, Scott, Sismey, Thorpe Apps, Steel, Whitehead and Wright

Against the motion: Councillors Ashley, Chambers, D Clark, A Davidson, C Davidson, Deakin, Dudley, Frasca, Fuller, M Goldman, S Goldman, Jones, Lager, Lardge, Lee, Mackrory,

Mascot, Moore, Pooley, Rajesh, Robinson, Sampson, Shaw, A Sosin, J Sosin, Tron, Walsh and Young

Abstained: Councillors Dobson and Massey

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

- In Appendix 1 to the report, Service Investment, add “£90,000 to reinstate the Highway Rangers”
- In Appendix 1 to the report, Balanced Revenue Budget, Section 9 Service Budgets, amend, “Not to increase Members Allowances in 2023/24 saving £26,500 and increase Theatre Income by £63,500

Those who spoke in favour of the amendment, stated that the highway rangers were an important service that should continue to be funded. It was noted that this could be funded by not increasing members allowances and by increasing the expected income from the new theatre. It was noted that the Council should fund the highway rangers as the jobs they conducted could not be taken on by Parish Councils and it had originally been a service performed by the City Council. Those speaking in support also highlighted the wide variety of jobs conducted by the Highways Rangers and stated that it was areas outside of the City Centre that would suffer as a result of not providing the funding. The Council also heard that by not increasing members allowances, Councillors would be putting residents first and sharing the burden of the cost of living crisis and that no justification could be seen for an increase. It was noted that highways maintenance was generally a County Council function, but the rangers were a supplement often funded by district level Councils. It was also noted that despite a recommendation that Councillors allowances be increased, it was up to the Council to accept this.

Those who spoke against the amendment, highlighted that the withdrawal of funding for the Highways Rangers had been an Essex County Council decision and it was ignoring its statutory responsibilities as the highways authority. It was noted that if the City Council decided to fund it, then it would be opening up the opportunity of similar issues in the future. The Council also heard that there was great confidence being shown in the theatre by the proposal to increase its revenue, but that any potential increase, may be required in other areas and should not be used to fund the County Council’s statutory responsibilities. The Council also heard that it was open to any individual Councillor to not accept their allowances, but it was important that allowances kept pace with other earnings to enable a wider pool of residents to stand as Councillors. It was also noted that the Independent Remuneration Panel which recommended allowances, was due to meet after the elections as it did every four years.

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

For the motion: Councillors Ambor, Bentley, Chambers, Gisby, Grundy, John, Poulter, Raven, Roberts, Roper, Scott, Sismey, Steel, Thorpe-Apps, Whitehead and Wright

Against the motion: Councillors Ashley, D Clark A Davidson, C Davidson, Deakin, Dudley, Frascona, Fuller, M Goldman, S Goldman, Jones, Lager, Lardge, Lee, Mackrory, Mascot, Moore, Pooley, Rajesh, Robinson, Sampson, Shaw, A Sosin, J Sosin, Tron, Walsh and Young.

Abstained: Councillors Daden, Dobson, Hyland and Massey

At this point Councillors debated the original proposed budget, as both amendments had been lost. Concerns were raised against the budget which included high staffing costs, high funding for tree planting, falling reserves and empty sites such as the old swimming pool site. In response the Council heard that the budget had focused on spending in areas to benefit residents, such as housing and tackling the Climate and Ecological emergency. It was also noted that funding for staff would continue to be one of the main priorities as they delivered the services that residents needed. The Council also heard that the quality of services being provided, depended on the high quality of work from the Council's staff. The Council was informed that money had been spent in areas such as the theatre, to provide an enhanced cultural offer to residents and that the theatre was now of the required high standard. The Council also heard of the importance of delivering a balanced budget, which had been proposed and it was highlighted that there had been significant discussions about where funds should be spent but that sadly, the damage of inflation had limited ambitions.

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

For the motion: Councillors Ashley, Bentley, D Clark, A Davidson, C Davidson, Deakin, Dudley, Frasca, Fuller, M Goldman, S Goldman, Hyland, Jones, Lager, Lardge, Lee, Mackrory, Mascot, Moore, Pooley, Rajesh, Roberts, Robinson, Sampson, Shaw, A Sosin, J Sosin, Tron, Walsh and Young

Against the motion: Councillors Ambor, Chambers, Gisby, Grundy, John, Poulter, Raven, Roper, Scott, Sismey, Steel, Thorpe-Apps and Whitehead

Abstained: Councillors Daden, Dobson, Massey and Wright

RESOLVED that

1. the report of the Section 151 Officer on the risks and robustness of the budget in **Section 7 (Appendix 1)** be noted.
2. the following be approved
 - A. The budget report in **Appendix 1**, including:
 - i. The new Capital investments in Council Services and the delegations to undertake them in **Section 4** Table 8 and 8a
 - ii. The Revenue Budgets in **Section 9** and Capital Budgets in **Section 10**
 - iii. An increase to the average level of Council Tax for the City Council increasing the average annual Band D Council Tax to £215.08 in **Section 8**
 - iv. The movement in reserves and budget forecast shown in **Section 6 (please note a further amendment is recommended in item 8 on the agenda)**
 - v. Special expenses, Parish tier Councils precepts as identified in **Section 8, Table 17.**

vi. Delegation to the Chief Executive to agree after consultation with the Leader of the Council the pay award for 2023/24 within the normal financial delegations.

B. The Council Tax Resolution in **the Budget Update and Amendment Report at**

Item 8 which fulfils the legal requirements to set a Council Tax for 2023/24.

(8.pm to 9.30pm)

9. Pay Policy Statement for 2023/24

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 2023-24 be approved.

(9.31pm to 9.32pm)

10. Report from the Outside Bodies Task and Finish Group

The Council was asked to consider the recommendations from the Overview and Scrutiny Committee's Task and Finish Group on Outside Bodies. During discussion of the report, it was noted that some representatives had not been able to be contacted but that efforts had been made by officers. It was also noted that annual reports would now be provided by all representatives to Overview and Scrutiny Committee.

RESOLVED that

1. Appointments no longer be made to the Fields in Trust, South Woodham Ferrers Swimming Pool Steering Group and William De Ferrers Centre users Committee, outside bodies.
2. The Chelmer and Blackwater Navigation Advisory Committee be added to the list of outside bodies.

(9.33pm to 9.37pm)

The meeting closed at 9.37pm

Mayor

CHELMSFORD CITY COUNCIL
MINUTES OF THE ANNUAL MEETING OF THE COUNCIL
held on 24 May 2023 at 7pm

PRESENT:

The Mayor, S Dobson
The Deputy Mayor, B Massey

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

1. Apologies for Absence

Apologies for absence had been received from Councillors Chambers, D Clark, P Clark, John and Sismey.

2. Mayor's Announcements

The Mayor welcomed those new and returning members to the Council, following the recent local elections.

The Mayor informed everyone of the sad passing of former Councillor Kathleen Foreman, who had been the Deputy Mayor during 2001/2002.

The Mayor announced the sum of £16500, that had been raised by their two charities Farleigh Hospice and Parkinson's UK, which were the original charities chosen by Cllr John Galley. The Mayor highlighted their efforts to not just raise money, but to also raise the profile and publicity of both charities. The Mayor thanked her charities committee for their support during the year.

The Mayor also presented Jackie Galley with her Past Mayor and Mayoress badge.

The Mayor also presented Judge Gratwicke with a small gift, who had recently retired as the Honorary Recorder of Chelmsford.

3. Election of Mayor and Deputy Mayor

Election of Mayor

On the nomination of Councillor Robinson, seconded by Councillor Thorpe Apps, it was

RESOLVED that Councillor L Mascot 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 M Goldman, it was

RESOLVED that Councillor J Deakin be appointed as the Deputy Mayor of the City of Chelmsford for the ensuing year.

4. Declarations of Acceptance of Office

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

5. Mayors Consort and Deputy Mayoress

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

The retiring Mayors Consort, Keith Dobson, congratulated the Mayor's Consort, Ian Mascot, and invested him with the Badge of Office.

The retiring Deputy Mayoress, Ali Massey, congratulated the Deputy Mayoress, Helen Deakin, and invested her with the Badge of Office.

6. Address by the Mayor

The Mayor thanked the Council for electing her and expressed appreciation for the work of Councillor Dobson during her year in office.

7. Retiring Mayor and Retiring Deputy Mayor

Councillor Whitehead and Councillor Pooley then thanked Councillor Dobson for her services as Mayor. Councillor Dobson expressed her appreciation for the support given to her by her Consort, Keith Dobson, Councillor Massey as her Deputy Mayor and Ali Massey as the Deputy Mayor's Consort.

- Cabinet Deputy for Finance and Audit	Councillor Joanne Hawkins
Deputy Leader and Cabinet Member for a Connected Chelmsford	Councillor Marie Goldman
Cabinet Member for a Greener and Safer Chelmsford - Cabinet Deputy for Community Safety	Councillor Rose Moore Councillor Donna Eley
Cabinet Member for an Active Chelmsford	Councillor Natacha Dudley
Cabinet Member for a Growing Chelmsford - Cabinet Deputy for Economy & Strategic Projects	Councillor Ian Fuller Councillor Simon Goldman
Cabinet Member for a Fairer Chelmsford	Councillor Lynne Foster

3. the members of the Council indicated below be noted as the opposition spokesperson on the Cabinet function areas referred to:

Function	Conservative Group
Leader's Responsibilities	Councillor Roy Whitehead
Cabinet Deputy for Finance and Audit	TBC
Cabinet Member for a Connected Chelmsford	Councillor Andrew Thorpe-Apps
Cabinet Member for a Greener and Safer Chelmsford Cabinet Deputy for Community Safety	Councillor Bob Massey Councillor Philip Wilson
Cabinet Member for an Active Chelmsford	Councillor Julia Jeapes
Cabinet Member for a Growing Chelmsford Cabinet Deputy for Economy and Strategic Projects	Councillor Mike Steel Councillor James Raven
Cabinet Member for a Fairer Chelmsford	Councillor Susan Sullivan

4. the following Committees and the Treasury Management Sub-Committee be appointed for the year 2023/24 with the membership and Chairs indicated:

<i>Body</i>	<i>Seats</i>	<i>Allocation</i>	<i>Membership</i>
Audit and Risk Committee	9	Liberal Democrat – 6	Cllr Nora Walsh (Chair) Cllr Nicola Bugbee Cllr Dan Clark

		Conservative - 3	<p>Cllr Natacha Dudley Cllr Kieron Franks Cllr Andrew Sosin</p> <p>Cllr Ian Grundy Cllr Barry Knight Cllr James Raven</p>
Chelmsford Policy Board	13	<p>Liberal Democrat – 7</p> <p>Conservative – 5</p> <p>Chelmsford Independents Group – 1</p>	<p>Cllr Charlene Adutwim (Chair) Cllr Graham Pooley Cllr Eleanor Sampson Cllr Terry Sherlock Cllr Andrew Sosin Cllr Nora Walsh Cllr Sue Young</p> <p>Cllr Julia Jeapes Cllr Bob Massey Cllr Murrough O'Brien Cllr Andrew Thorpe-Apps Cllr Roy Whitehead</p> <p>Cllr Paul Clark</p>
Employment Committee	5	<p>Liberal Democrat – 3</p> <p>Conservative - 2</p>	<p>Cllr Stephen Robinson Cllr Marie Goldman Cllr Rose Moore</p> <p>Cllr Janette Potter Cllr Roy Whitehead</p>
Governance Committee	7	<p>Liberal Democrat – 5</p> <p>Conservative - 2</p>	<p>Cllr Chris Davidson (Chair) Cllr Hazel Clark Cllr Donna Eley Cllr Smita Rajesh Cllr Janetta Sosin</p> <p>Cllr Janette Potter Cllr Mike Steel</p> <p>And two independent persons (appointed under section 28(7) of the Localism Act 2011)</p> <p>NOTE – There are also three Parish Council representatives on the Committee</p>
Licensing and Regulatory Committee (Depending on the matters to be considered this Committee	13	Liberal Democrat – 7	<p>Cllr Richard Lee (Chair) Cllr Nicola Bugbee Cllr Dan Clark Cllr Pete Davey</p>

will sit as either the Regulatory Committee or as the Licensing Committee)		<p>Conservative – 5</p> <p>Chelmsford Independents Group - 1</p>	<p>Cllr Ann Davidson Cllr Julia Frascona Cllr Smita Rajesh</p> <p>Cllr Nicolette Chambers Cllr Ashley John Cllr Vetri Pappa Cllr Steph Scott Cllr Philip Wilson</p> <p>Cllr Steve Davis</p>
Overview and Scrutiny Committee	13	<p>Liberal Democrat – 7</p> <p>Conservative – 5</p> <p>Chelmsford Independents Group – 1</p>	<p>Cllr Ashley Thompson (Vice Chair) Cllr Hazel Clark Cllr Pete Davey Cllr Jude Deakin Cllr Ann Davidson Cllr Kieron Franks Cllr Sue Young</p> <p>Cllr Julia Jeapes (Chair) Cllr Victoria Canning Cllr Sue Dobson Cllr Barry Knight Cllr Mark Taylor</p> <p>Cllr Steve Davis</p>
Planning Committee	13	<p>Liberal Democrat – 7</p> <p>Conservative – 5</p> <p>Chelmsford Independents Group – 1</p>	<p>Cllr Janetta Sosin (Chair) Cllr Steve Hall Cllr Jennie Lardge Cllr Richard Lee Cllr Eleanor Sampson Cllr Ashley Thompson Cllr Chloe Tron</p> <p><i>Cllr Julia Frascona (SUB)</i> <i>Cllr Graham Pooley (SUB)</i> <i>Cllr Nora Walsh (SUB)</i></p> <p>Cllr Jacob Armstrong Cllr Sue Dobson Cllr Vetri Pappa Cllr Andrew Thorpe-Apps Cllr Philip Wilson</p> <p><i>SUB TBC</i></p> <p>Cllr Richard Hyland</p>

Treasury Management and Investment Sub-Committee	5	Liberal Democrat – 3 Conservative - 2	Cllr Chris Davidson (Chair) Cllr Kieron Franks Cllr Steve Hall Cllr Susan Sullivan Cllr Roy Whitehead
<p>5. Councillor Sosin be appointed as the Council's representative on the South Essex Parking Partnership with Councillor S Goldman as substitute.</p> <p>6. The persons named below be appointed as the Council's Equality and Diversity Champions and Climate and Ecology Ambassador</p> <p>7. The persons named below be appointed to represent the Council on the outside bodies referred to for the period indicated.</p>			
<p>Equality and Diversity Champions</p> <p>Cllr Charlene Adutwim Cllr Ann Davidson (Older Persons Champion) Cllr Jude Deakin (Armed Forces Champion)</p> <p>Climate & Ecology Ambassador Cllr Terry Sherlock</p>			
<i>Body</i>	<i>Term of Office</i>	<i>No. of Representatives</i>	<i>New representative(s)</i>
Chelmer & Blackwater Navigation Advisory Committee	1 year	1	Councillor Lee
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	2	Councillors H Clark and Rajesh
Chelmsford Council for Voluntary Service	1 year	1	Councillor Young
Chelmsford Cultural Development Trust	1 year	1	Councillor Frascona

Chelmsford Educational Foundation	3 years commencing May 2023	2	Councillor Frascaona and Young
Chelmsford Fairtrade	1 year	1	Councillor Dudley
Chelmsford Local Highways Panel	1 year	2	Councillor Franks Councillor Scott
Chelmsford United Charities	Until end of 2023, when constitution is expected to change.	4	Councillor Dudley, Mr Ron Alcock Mr David Jones, and Mrs F B Mountain
Chelmsford YMCA	1 year	1	Councillor Deakin
Chelmsford Youth Strategy Group	1 year	1	Councillor Franks
Danbury Lakes Country Park Forum	1 year	2	Councillor Hyland
Essex Countywide Traveller Unit Joint Committee	No fixed term	1	Councillor J Sosin
Essex Police, Fire and Crime Panel	1 year	1	Councillor Eley
Essex Waste Partnership Member Board	1 year	1	Councillor Moore
Flood Partnership Board	1 year	1	Councillor Moore
Galleywood Heritage Centre	2 years commencing May 2023	1	Councillor Hyland
King Edward VI Grammar School Historic Foundation Governors	3 years commencing 1st July 2023	2	Councillor A Sosin and Mrs Myra Merchant
Local Government Association – Assembly and	1 year	1	Councillor Robinson

Conference - Delegate				
Local Government Association – District Councils Network	1 year	1	Councillor Robinson	
Marsh Farm Country Park Forum	1 year	2	Councillor Sherlock	
One Chelmsford Partnership Strategic Board	1 year	1	Councillor Robinson (Substitute – Councillor Eley)	
PATROL (Parking and Traffic Regulations Outside London) Adjudication joint Committee.	1 year	1	Councillor Fuller	
Springfield United Charities	4 years commencing May 2023	3	Councillors Fuller and Tron and Mr R Stevens	
Success Essex (formerly the Essex Business Board)	1 year	1	Councillor M Goldman	
Tech Ambassadors	1 year	2	Councillors M Goldman & Walsh	
The Barge Susan Trust	2 years commencing May 2023	1	Mrs F B Mountain	
Bradwell Local Community Liaison Council	1 year	1	Director of Public Places or representative	Director of Public Places or representative
Essex Society for Archaeology and History	1 year	1	Director of Connected Chelmsford or representative	Director of Connected Chelmsford or representative

8. Part 3.2.3 of the Constitution be amended to reflect the changes to the number of places on the bodies referred to above.
9. 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.
10. 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.

11. Appointment of Independent Persons and Parish Representatives to Governance Committee

The Council was requested to approve the appointment of two new Independent Persons in addition to the re-appointment of the existing ones and one Parish Representative to the Governance Committee as recommended by the Governance Committee in March 2023. The Council was also asked to amend the terms of reference to reflect the changes.

RESOLVED that

1. Mr Jeremiah and Mr Lamb be appointed as two of the Council's Independent Persons together with the re-appointment of the existing Independent persons (Mrs Gosling and Mrs Mills) and;
2. the Terms of Reference for Governance Committee be updated to reflect that between two and four Independent Persons can be appointed to the Governance Committee and;
3. that Cllr Peter Jackson (Great Waltham) be re-appointed as a parish representative to the Governance Committee.

The meeting closed at 7.59pm

Mayor



Chelmsford City Council

25 July 2023

Reports from the Cabinet

Report by: Leader of the Council & Cabinet Member for Connected Chelmsford

Officer contact:

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

Purpose

To inform Council of the decisions of the Cabinet on 6 July 2023 on the reports at Items 7.1 to 7.4 on the agenda for this meeting. To also inform Council of the decision of the Cabinet on 14th March 2023 on the report at Item 7.5 on the agenda for this meeting.

Recommendations:

That the recommendations of the Cabinet on Agenda Items 7.1, 7.2, 7.3, 7.4 & 7.5 be approved.

1. Treasury Management Outturn 2022/23

The Cabinet resolved as follows:

RESOLVED that the Treasury Management Outturn report for 2022/23 be noted and that the Council be recommended to endorse it.

2. Capital Programme Update and Provisions Outturn 2022/23

The Cabinet resolved as follows:

RESOLVED that the following be approved;

1. the latest proposed budgets for the Capital Schemes a net increase of **£183k** from £123.876 to £124.059m shown in **Appendix 1** and detailed in **paragraph 3.1** which includes;
 - a. the cost of the increased schemes £495k
 - b. the net reduction in the outturn of the completed schemes, -£257k
 - c. the budget removed as the spend was transferred to revenue, -£55k
2. Approve the proposed Asset Replacement Programme for 2023/24 a net increase of £222k from £5.013m to £5.235m shown in **Appendix 4** and detailed in **paragraph 4.2** which includes;
 - a. the rephasing of spend from 2022/23 £176k and
 - b. increases in budgets £46k.

RECOMMENDED to the Council that it:

1. approves the method of funding the capital expenditure incurred in 2022/23, as set out in the table in **paragraph 5** and as recommended by the S151 Officer to be the most cost effective;
2. note that changes to the budgets for the Chelmer Waterside Infrastructure project are not contained in this capital update report but dealt with in a separate report to be taken to July Council;
3. notes the proposed budget for the Capital Schemes, £124.059m and the risks associated with those budgets;
4. note the Asset Replacement Programme for 2023/24, £5.235m

3. Budget Framework – Medium-Term Financial Strategy 2024/25

The Cabinet resolved as follows:

RESOLVED that the following be approved;

- 1) The carry forward of budgets of £146k from 2022/23 for audit costs and initiatives which were delayed, as detailed in Appendix 4.
- 2) That a financial forecast of both revenue and capital is to be reported to Cabinet in the Autumn as part of the process to produce a balanced 2024/25 budget.

RECOMMENDED to the Council that it:

- 1) approve the Actions in Appendix 3 as the basis of financial management
- 2) Council notes Financial Risks and Potential Upsides (Appendix 1)
- 3) approve the approach to reserves in Appendix 2 of the report
- 4) approve the budget guidelines in Appendix 4

4. Proposed Amendments to the Constitution

The Cabinet resolved as follows:

RECOMMENDED to Council that it approve the amendments to the Constitution detailed in Appendices 1 and 2 to the report.

5. Amendments to Council Tax Premiums in respect of empty properties with effect from 1 April 2024

The Cabinet resolved as follows:

RECOMMENDED TO THE COUNCIL that

- 1) A Council Tax premium of 100% is levied in respect of empty and unfurnished properties 12 months after the property becomes empty.
- 2) A Council Tax premium of 100% is levied in respect of unoccupied dwellings, which were substantially furnished.
- 3) The application of premiums in both cases is applied from 1 April 2024 or such other date as may be permitted following the passage of the Levelling Up and Regeneration Bill through Parliament, with the implementation date delegated to the Director of Connected Chelmsford.

Background papers:

None

Appendices:

None

Corporate Implications

As set out in the original reports to the Cabinet



Treasury Management and Investment Sub-Committee / Cabinet

19 June 2023 / 06 July 2023

Treasury Management Outturn Report 2022/23

Report by:

ACCOUNTANCY SERVICES MANAGER (Section 151 officer)

Officer Contact:

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

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 2022/23.

Recommendations

That the Council be recommended to approve the Treasury Management Outturn Report 2022/23.

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 and borrowing 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 DLUHC Guidance.
- 2.4. CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.
- 2.5. The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023/24 financial year if they wish. Due to the late notice of the changes in December 2021 and therefore the shorter time to interpret and implement the new code, the City Council has chosen to defer the reporting requirements until 2023/24. So this report and the 2022/23 Strategy were compiled on the previous Code's basis.
- 2.6. 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
- DLUHC 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.
- 2.7. The operation of Treasury Management is not without risk and the Council could suffer losses if one of its counterparties had financial difficulties.
- 2.8. 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 2022/23 Strategy

3. Summary of Review

- 3.1. During the financial year, there were no breaches of the Treasury Management Strategy.
- 3.2. The economic environment for the financial year was marked by rising inflation and interest rates.
- 3.3. The Council's investment holdings on the 31st March 2023 were £42m compared to £76m on 31st March 2022. The average and closing balances for the year were higher than allowed for in the budget. This was due to various balances being held due to later payment of capital spend such as £4.2m payment towards the Chelmer Waterside Scheme and CIL funded capital schemes of £3.1m.
- 3.4. Interest earnings from investments for the year were £1.87m, which was £1.17m higher than the budget, predominantly due to the rising interest rate environment experienced through the financial year. The Bank of England base rose rapidly from 0.75% to 4.25% in the year.
- 3.5. The overall return on investments for 2022/23 was 4.1% compared to 0.75% in the previous year.
- 3.6. The Council was invested in 4 pooled funds at the end of 2022/23 which generated total income returns of £664k at a return of 3.8%. Capital values were down reflecting the upward movement in interest rates, it can be expected that over the next couple of years capital values will recover.

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 £1.87m which has helped to offset financial cost pressures.

List of appendices:

Appendix A – Economic Environment Update

Appendix B – Borrowing and Actual Investment Activity compared to the Approved 2022/23 Strategy

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

Consultees: None

Relevant Policies and Strategies:

Treasury Management Strategy 2022/23

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 (CCLA, Multi Asset Funds and Money Market Funds).

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

It is no surprise that UK interest rates have been volatile right across the curve (different duration of bonds) given the inflationary pressures, easing of Covid restrictions, the Russian invasion of Ukraine, and shifts in UK Government economic policy.

CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The Bank of England therefore increased the base rate to try to bring inflation back in line with its 2.0% target with the Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%. There was a temporary shock to the rates through September and October for seven weeks with rates expecting to peak at over 6% at one point but has since settled.

The Council benefitted from some of these increases with its liquid funds held in money market funds and notice funds that were linked to base rate. The Council's notice accounts are also directly linked to the Bank of England base rate and so received immediate rises in line with the increases.

The valuation of the Council's investment in the CCLA Property Fund decreased by £1,247k in the year, leaving the Council's unrealised gain at £1,319k on its initial investment. Capital valuations have moved downwards and expected to continue during 2023 driven by market factors. Higher inflation has led to high interest rates causing a slowdown in the transaction flows and reductions in valuations. The Fund has a minimum 180-day redemption period which was increased from 90 days as a temporary extension to the redemption period as a proactive measure and not due to any redemption concerns.

The valuations of the Council's investment in the 3 Multi Asset Funds also changed throughout the year, with an overall decrease in value across the 3 of £878k taking the unrealised loss to £1,053k. These investments are seen as medium to long term

investments over a 3-to-5-year period and so capital values will fluctuate up and down during this investment horizon.

The Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investments funds to 31st March 2025.

Appendix B – Borrowing and Actual Investment Activity compared to the Approved Strategy for 2022/23

External borrowing

1. The Council 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 externally in 2022/23.

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 2023, the Council had outstanding finance lease liabilities of £1,051K, used to acquire vehicles and equipment to deliver existing services.

Investments

3. Officers with appropriate knowledge and training invest the Council's cash balances. Arlingclose were used as advisers on treasury management to help inform the decision-making process and this changed to Link Treasury Services during the year through a competitive tender exercise.

4. The Council's cash is 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. Core cash comes from the Council having for example reserves, such as the General revenue balance. These core cash balances can be invested for a year or more in appropriate counterparties in-order-to generate higher yields without causing liquidity issues.

6. During 2022/23 the Council’s investment portfolio decreased from £76.0m to a closing balance of £42m. The movement is due to temporarily holding government grant funding from previous year that was either repaid or spent and also spend on the capital programme.

Compliance with Treasury Management Strategy

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

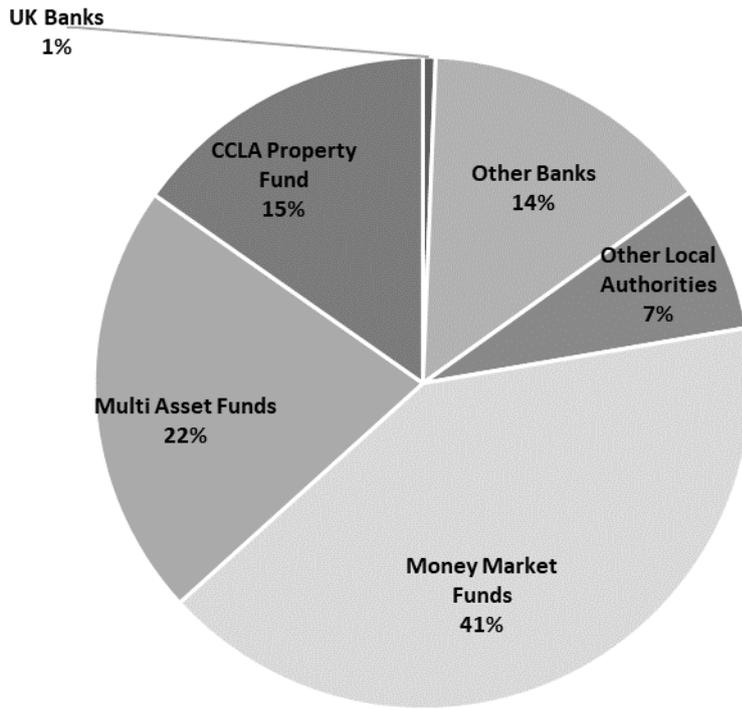
- | | |
|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. To ensure that there are no breaches of the approved counterparty limits or durations | No breach occurred. |
| b. To maintain a target balance of £15m of short notice funds to manage liquidity | The Council held less than £15m in liquid funds for a period of 5 days at the beginning of March, however this was planned with notice funds maturing, so caused no liquidity problems and within target of available cash within 35 days. |
| c. To maintain long term investments within set limit of £20m | Long term investments holding were within parameters |

The total bail in risk moved by 1% from 77% to 78% mostly due to year end cash movements and size of portfolio. The smaller the portfolio the higher the bail in risk as the more of the funds will be held in liquid deposits (money market funds).

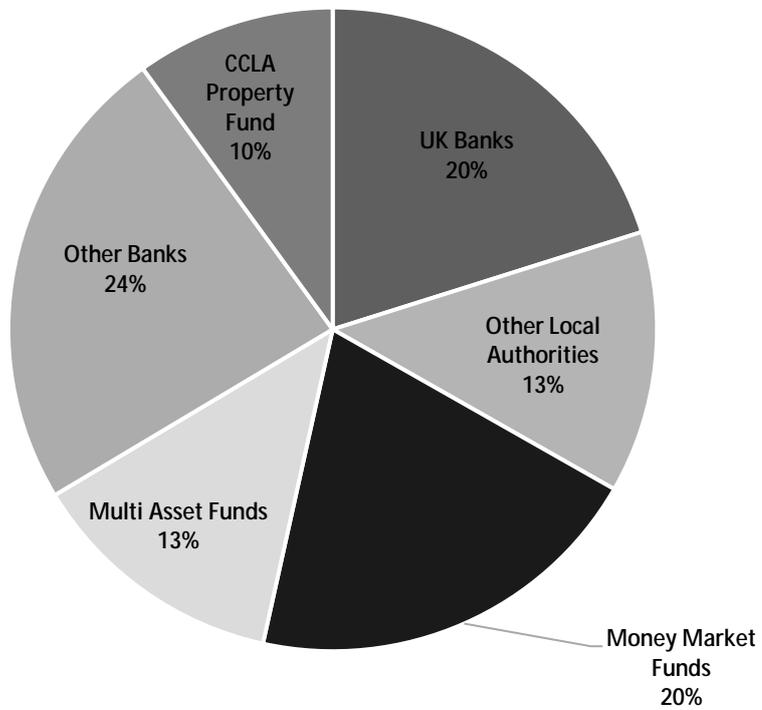
As at 31st March the Council’s exposure to bail in risk (direct lending to banks and building societies) was 15%, against 44% at the end of the previous financial year.

Exposure	2020/21	2021/22	2022/23
Bail In Risk -Direct investment	11%	44%	15%
Bail In Risk – Pooled Fund Managers and Money Market Funds	48%	33%	63%
Exempt from Bail In (including CCLA)	41%	23%	22%
Total	100%	100%	100%

Investment at 31/03/23 By Sector



Investment at 31/03/22 By Sector



Counter Party

Money Market Funds & Long-Term Funds	Credit Rating (Fitch)	Sum Invested (31/03/2023)	Limits 2022/23
Black Rock Money Market Fund	AAAmf	£5,900,370	£6,000,000
Insight Money Market Fund	AAAmf	£5,512,300	£6,000,000
Aberdeen Money Market Fund	AAAmf	£5,067,920	£6,000,000
Deutsche Money Market Fund	AAAmf	£20	£6,000,000
Invesco Money Market Fund	AAAmf	£550	£6,000,000
BNP Paribas Money Market Fund	AAAmf	£541,730	£6,000,000
CCLA Property Fund	N/A	£6,318,540	£8,000,000
Aegon Multi Asset Fund	N/A	£3,147,290	Total of £10,000,000
Ninety-One Multi Asset Fund	N/A	£2,984,780	
CCLA Multi Asset Fund	N/A	£2,814,790	

Banks & Building Societies

Natwest	A+	£258,260	£3,000,000
Barclays	A+	£640	£3,000,000
Toronto Dominion	AA-	£3,000,000	£3,000,000
Royal Bank of Canada	AA-	£3,000,000	£3,000,000

Local Authorities

London Borough of Barking & Dagenham	N/A	£3,000,000	£10,000,000
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Total Investments

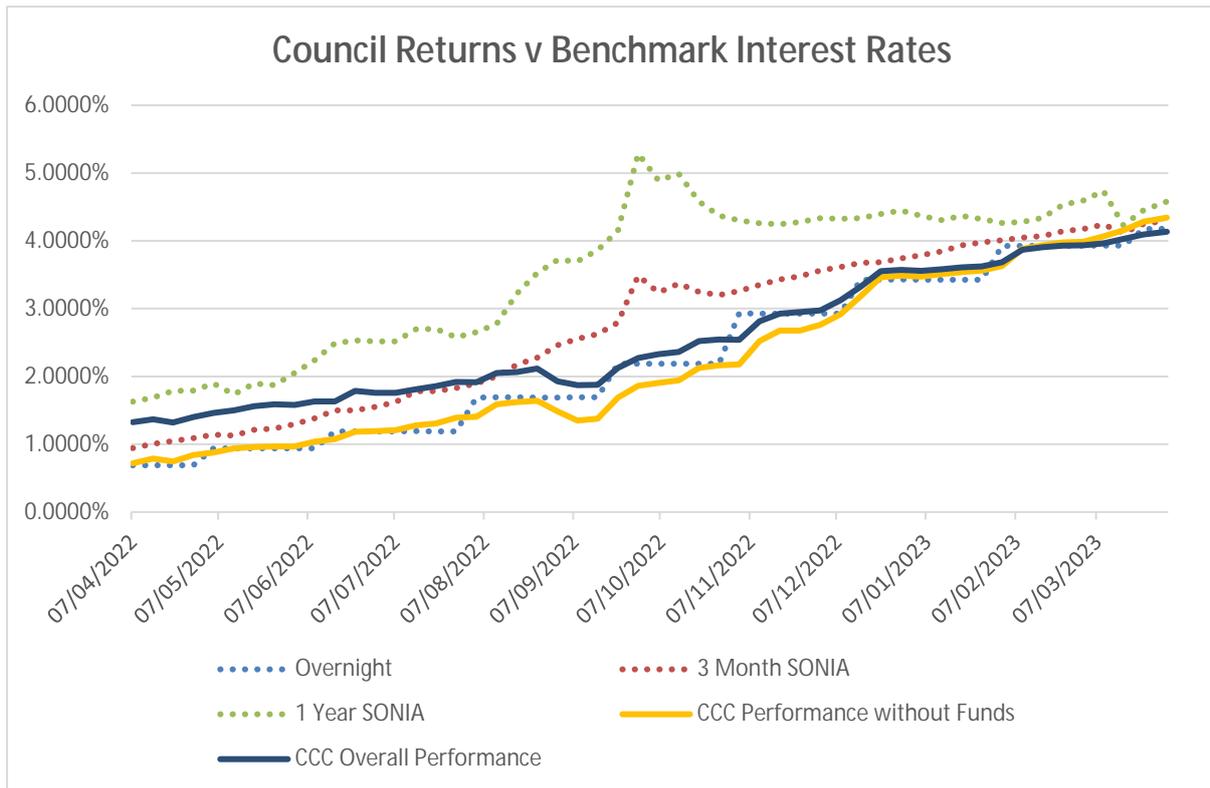
£41,547,190

Return on investments

8. Interest rates has been at the highest levels since 2008 going from 0.75% at the beginning year with 8 successive interest rate rises during 2022/23 and ending the year at 4.25%. The increases have led to higher interest returns than originally expected. At the time of writing the base rate was at 4.5% and still expected to rise further.

The Council changed treasury advisors during the year and joined the benchmarking club that Link Treasury Services provide and form a pool of 19 authorities within the benchmarking group. From the March 2023 benchmarking report, the council's performance was above the return expected for the level of risk taken compared to other local authorities. The main driver for this was due to the large portion of its holding being held in money market funds and as a result picking up the rate rises faster than those who had entered into fixed investments for longer durations and these funds would typically hold lower risk as they are more liquid. However, officers expect performance to be more in line with other authorities in future as Council spends its cash balances to fund its capital programme.

The below table highlights Sterling Overnight Rate (SONIA) as a comparison against the returns the City Council generated.



The Council earned a total of £1,867k in investment income during the 2022/23 financial year, which was £1,166k additional income over the £701k budget. This was predominantly due to higher interest rate levels than expected but budget was set around the beginning of 2022.

	Market investments (excluding CCLA and Multi Asset Funds)	Multi Asset Funds Income & CCLA Property Fund Yield (Based on April 2022 Valuation)	All Investments Income Yield
	Year ending 31/03/2023		
Average yield	4.3%	3.8%	4.1%

The yields above have used the opening balance on any fund investments.

8.1 Funds

The City Council held funds in 3 Multi-Asset Funds during the financial year and also maintained its investment in the CCLA Property Fund. All of the Council's investments in these types of funds are seen as strategic and are therefore invested for the medium to long term for a rolling period of 3 to 5 years. The total balance invested makes up part of the Council's core cash that it is expected to hold for the long term.

Income returns on the 4 funds are outlined below along with the closing capital value of the fund, initial investment value and unrealised gain or loss.

Fund	Initial Investment Value £	1/04/2022 Investment Value £	31/03/2023 Investment Value £	Unrealised Gain/(Loss) (since inception) £	Income Return (Based on 1 st April 2022 Valuation)
CCLA Property Fund	5,000,000	7,565,769	6,318,537	1,318,537	3.62%
CCLA DIF	3,100,000	3,089,233	2,814,794	(285,206)	2.75%
Aegon DIF	3,600,000	3,584,400	3,147,286	(452,714)	5.00%
Ninety One DIF	3,300,000	3,151,873	2,984,782	(315,218)	4.01%

Total Income from the 4 funds above during 2022/23 was £664,369.

The unrealised loss on the fund assets during the financial year was £2,125,876 which generated a significant (but unrealised) total loss for 2022/23. The valuation of the funds has been affected by the higher interest rates and global economy. These remain long term investments where valuations would be expected to pick up over the next few years, as interest rates stabilise. The fund portfolio has a net unrealised gain of £265K when comparing to initial investment value.

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 and other local authorities compared to via Links benchmarking.



Chelmsford City Council Cabinet

6th July 2023

Capital Programme Update and Provisional Outturn 2022/23

Report by:

Cabinet Member for Finance and Audit

Officer Contact:

Phil Reeves, Accountancy Services Manager (S151 Officer)

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Purpose

1. To report the capital expenditure incurred in 2022/23 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 2023/24 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:

1. Approves the latest proposed budgets for the Capital Schemes a net increase of **£183k** from £123.876 to £124.059m shown in **Appendix 1** and detailed in **paragraph 3.1** which includes;
 - a. the cost of the increased schemes £495k
 - b. the net reduction in the outturn of the completed schemes, -£257k
 - c. the budget removed as the spend was transferred to revenue, -£55k

2. Approve the proposed Asset Replacement Programme for 2023/24 a net increase of £222k from £5.013m to £5.235m shown in **Appendix 4** and detailed in **paragraph 4.2** which includes;
 - a. the rephasing of spend from 2022/23 £176k and
 - b. increases in budgets £46k.

And that the Cabinet recommends to Council that it:

1. approves the method of funding the capital expenditure incurred in 2022/23, as set out in the table in **paragraph 5** and as recommended by the S151 Officer to be the most cost effective;

2. note that changes to the budgets for the Chelmer Waterside Infrastructure project are not contained in this capital update report but dealt with in a separate report to be taken to July Council;

3. notes the proposed budget for the Capital Schemes, £124.059m and the risks associated with those budgets;

4. note the Asset Replacement Programme for 2023/24, £5.235m

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 (this can include software, property, plant and equipment that can be in use for more than one year). To be an enhancement, the expenditure on the asset must 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. We can make capital grants to third parties or incur capital expenditure on assets which do not belong to us which is funded from capital resources which are not recorded on the Council's balance sheet. An example of this would be improvements made to an asset belonging to Essex County Council to improve public realm.

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 - MRP) is required, which again puts pressure on revenue budgets.

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.

A delay could also impact on the ability to realise additional income or make savings from a scheme.

2.3 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

Appendix 1 shows that there have not been any increases approved to the capital schemes since the last report to Council in February 2023 and the approved budget is £123.876m

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 2023 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 increased by a net £0.183m against the latest approved budget of £123.876m, or 0.15% of the overall Capital Schemes' costs. The table overpage provides a summary.

Approved Budget	£123.876m
Proposed Reductions in Scheme Costs – see Appendix 1 Scheme number 36 – Mass Tree-planting and Woodland Creation. Spend transferred to revenue, not reduction in planting. Appropriate revenue resources have been allowed for to fund this cost in financial planning.	-£0.055m
Proposed Increases in Scheme Cost Requires Approval – see Appendix 1 for details	
Scheme number 15 – Various Land Disposal Costs	£0.135m
Scheme number 59 – Public Realm Tindal Square – Funded additional LEP grant	£0.065m
Scheme number 81 – Garden Community Infrastructure Fund – (Grant funded)	£0.290m
Other Smaller Schemes - see Scheme 75 CIL Funded	£0.005m
Total £0.495m	
Variations - Completed Schemes to be noted	
i) Actual Increases in Completed Scheme Cost no external funding – do not require approval, to be noted.	£0.004m
ii) Actual Increases in completed scheme costs funded from S106 or CIL – do not require approval to be noted	£0.148m
iii) Actual Reductions in Completed Scheme Costs, to be noted	-£0.409m
Total net reduction £0.257m	
Total Proposed Budget Capital Schemes	£124.059m

3.2 Officers have previously reported to Cabinet and Council that scheme number 61 Chelmer Waterside Infrastructure, is potentially going to be £9m above the approved estimate and may be materially higher. A report will be made to July Council providing a more robust cost. When that costing information is available Members can scrutinise and approve the next steps. The table above and Appendix 1 have excluded the variation until complete information has been received and reviewed to ensure that robust information is available to members. Further details on the project are in 3.5.1 below.

3.3 **Appendix 2** provides narratives, for those variances in excess of £25,000, against the Latest Approved Budget.

3.4 **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 CIL and Section 106 grants to third parties, 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 original forecast expenditure for the year 2022/23 was £67.076m. The actual expenditure for 2022/23 was £29.280m. This is a net reduction for the spend in-year of £37.796 or 56.4%. **Appendix 6** provides details of the schemes and shows the major variations over £1.5m.

This delay in expenditure was beneficial to the resourcing of the Council's 2022/23 capital expenditure and has delayed the use of finite capital resources and reduced the requirement for internal borrowing in the year. This was previously reported to Cabinet in November 2022 in the Capital Programme Monitoring and Update Report as a forecast underspend in year of £28.9m.

3.5 Update on Capital Schemes

3.5.1 Chelmer Waterside Infrastructure – Access Road, Bridge and Associated Works

Planning permission was granted in June 2021 and the Council has now completed the design and build stage of the road/bridge. This scheme is a two-stage design-and-build contract. Stage 1 is the detailed design and technical approval, and Stage 2 is the construction. Stage 1 has been completed and consultants are currently validating the price for the project. The Council have the option to proceed or not at this stage. Early indications were that the price for the scheme had increased significantly. This has previously been reported as £9m but is likely to increase further. A report will be taken to July Council with the full estimated cost which will seek approval for the next steps for the scheme, including consideration of the budget. Any additional costs are expected to be funded from CIL or higher capital receipts (sale proceeds) from nearby sites.

The City Council has drawn down the full £13.7m of the Housing Infrastructure Fund grant from Homes England. This is ahead of the final scheme cost and approval.

3.5.2 Inflation

Many of the budgets set out in **Appendix 1** are approved on the basis of the best advice available at the time the bid requests were submitted. However, as previously mentioned in the Council's Budget Report 2023/24, there is

unprecedented inflationary pressure in the economy which makes the outcomes of tenders for goods and services erratic. Changes in project cost will be reported and approvals for additional budgets dealt with under the normal financial delegations.

3.5.3 Final Account Negotiations

Several large complex schemes were completed in 2022/23 and although recorded as completed schemes in **Appendix 1** the final accounts with the main contractors are still being negotiated. There is a risk with these schemes that the scheme cost currently reported may not reflect the final negotiated costs.

3.5.4 Feasibility Studies and Design Works

It should be noted that the capital programme includes a number of feasibility studies and design works. There is a financial risk with such schemes that should be noted. Any capital scheme where costs have been incurred but the scheme is not completed is likely to result in those costs being re-classified from capital to revenue. The Council would have to use Revenue Reserves to meet such costs. A £1.2m reserve has been established within revenue for this should the need arise.

4. Asset Replacement Programme

4.1 Monitoring Against Latest Approved Budget

Appendix 3 shows that the final outturn for 2022/23 was overspent by a net £0.076m or 1.98% when compared to the approved budget of £3.897m. £0.176m has been moved forward into 2023/24. The remaining net £0.252m relates to cost increases in 2022/23. The table below provides a summary.

Approved Budget 2022/23	£3.897m
Proposed Change in scheme phasing	-£0.176m
Variation in Asset Replacement Cost	£0.252m
Total Outturn 2022/23	£3.973m

4.2 **Appendix 4** shows that the proposed budget for 2023/24 asset replacements is £5.235m compared to the approved budget of £5.013m. This is a net increase of

£0.222m, or 4.43%. £0.176m is due to asset replacements being delayed from 2022/23 until 2023/24. The table below provides a summary.

Approved Budget 2023/24	£5.013m
Proposed Change in scheme phasing from 2022/23 Requires Approval – For detail see Appendix 4 “Rephasing from 2022/23 – Requires Approval”	£0.176m
Increases in Asset Replacement Cost Requires Approval – For detail see Appendix 4 column “More/Less Than Approved Budgets – More Requires Approval”	£0.046m
Total Proposed Budget 2023/24	£5.235m

4.3 **Appendix 5** provides narratives, for variances in excess of £25k for 2022/23 and 2023/24, against the Latest Approved Budgets.

5. Funding of Programme

The application of resources to meet capital expenditure incurred in 2022/23 is shown in the table below. The discussion and approval for the funding will be included within the Medium-Term Financial Strategy which will be taken to Cabinet in September.

<u>Method of Funding</u>	<u>2022/23 Spend</u>
Capital Receipts	£0.807m
Revenue Contribution	£1.351m
Capital Grants and Contributions	£8.419m
S106 Agreements	£1.974m
Community Infrastructure Levy (CIL)	£3.395m
Leasing	£1.167m
Internal Borrowing against Reserves & Other cash-backed balances	£16.140m
Total	£33.253m

6. Conclusion

- 6.1 The total cost of the Capital Schemes is forecast to be a net £0.183m more than the latest approved budget. There are risks associated with the forecast budgets which are detailed in paragraph 3.5.
- 6.2 A report on the Chelmer Waterside project will be taken to Council in July. The forecast budgets shown in **Appendix 1** do not include any increase for this scheme which is likely to be a significant increase in cost.
- 6.3 There are some large schemes which have not been delivered against the originally agreed milestones due to circumstances outside the control of the project officers.
- 6.4 The net underspend on Capital Schemes in 2022/23, £37.796m, has reduced the requirement to identify capital resources for the funding of the programme and is beneficial to the Council in terms of cashflow and financing as it has reduced the requirement for internal borrowing in this financial year. Some of the delays in spend will have impacted on income generation, savings and delivery of corporate priorities which will now be realised in later years.
- 6.5 There is a £0.076m net increase to the 2022/23 Asset Replacement Schemes. £0.252m is due to increases in scheme cost which arises mainly as a result of an increased spend on Housing Standards Grants and Loans which are funded from the Disabled Facility Grant. £0.176m has been moved forward into 2023/24. The realignment of the asset replacement budgets into later years is favourable to the Council as it delays the commitment of capital resources.
- 6.6 The 2023/24 Asset Replacement Schemes are forecast to be £0.222m more than the latest approved budget. The majority of this is due to the realignment of budgets from 2022/23, an additional £176k.
- 6.7 The resourcing of the capital expenditure in 2022/23 is showing a requirement to internally borrow £16.14m. The cost of borrowing will be shown in a Budget update report which will be taken to Cabinet in the Autumn.
- 6.8 Approval is sought for the capital and replacement programme cost changes identified in the recommendations.

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 2022/23, a comparison of the budgeted expenditure against the Outturn.

Appendix 4 Asset Replacement Schemes for 2023/24, a comparison of the budgeted expenditure against the Directors of Service forecast.

Appendix 5 Asset Replacement Schemes Major Variations Narratives for the years 2022/23 and 2023/24.

Appendix 6 Capital Scheme Slippage

Background papers:

Nil

Corporate Implications

Legal/Constitutional:

None.

Financial:

As noted in the report.

Contribution toward achieving a net zero carbon position by 2030:

A number of schemes contribute towards this goal.

Personnel:

None.

Risk Management:

Interest earnings understated and budget reductions made when not necessary.

Equality and Diversity:

None.

Health and Safety:

None.

Digital:

None.

Other:

None.

Consultees:

All Services, Audit & Risk Committee

Relevant Policies and Strategies:

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

Medium-Term Financial Strategy

Capital, Treasury and Investment Strategies

APPENDIX I									
		CAPITAL SCHEMES			VARIATION IN TOTAL CAPITAL SCHEME COSTS				
		Latest Approved Budget - Approved February 2023 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval				
Net Expenditure to 31/03/2023		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			
	Active Chelmsford								
22	1 Riverside Elevations	2,000		2,000		2,000		Under Review	£2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme.
	2 Dovedales - Grant for Works	28	-2	26		26		Deferred	Approved at Council February 2020 and programmed for 2020/21. To be reviewed with potential refurbishment scheme in 2024/25.
46	3 Dovedales Sports Centre Refurbishment	1,464		1,464		1,464		Scheme to be developed	Budget approved Council March 2022. Delegated authority to the Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Active Chelmsford.
73	4 Chelmsford Sports and Athletics Centre - Outdoor Track and External Upgrades	350		350		350		Yes	£350k approved at Cabinet October 2022. To be funded from £300k S106.
	5 Chelmsford Sports and Athletics Centre - Gym Improvements	168		168		168	NEW	Yes	Approved by Council February 2023. Delegated authority to Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Active Chelmsford.
	6 South Woodham Ferrers Pool Works and Plant	275		275		275	NEW	Yes	Approved at Council February 2023. Scheduled for 2024/25.
7	7 S106 Forever Active			0	7	7		Completed	S106 Grant to NHS to meet conditions of agreement.
72	8 Hylands' Outdoor Wedding Ceremony Area	75		75	-3	72		Completed	Approved supplementary estimate June 2021 £75k
	9 Hylands House Stable Block Toilets	44		44		44		Agreed to Defer to 2023/24	Approved at Council February 2020 and programmed for 2022/23. Now programmed for 2023/24
152	10 Hylands House Basement Toilet	150		150	2	152		Completed	Approved Council February 2022. Delegated authority to Director to spend within the approved budget.
	Connected Chelmsford								
3,133	11 Theatres' Modernisation	1,000	2,246	3,246		3,246		Main works complete - ongoing snagging and final account to be agreed	Approved at Council February 2021. Delegated authority to Director and Cabinet Member for Connected Chelmsford for a £1m budget. An additional £500k was approved November 2021. A further £1.246m was approved by Council in March 2022 following the return of tenders for the works. £500k approved Cabinet October 2022.
11	12 Museum Roof Access Works Health and Safety	11		11		11		Yes	Approved Council February 2022. Delegated authority to the director to spend within the approved budget.
	13 Oaklands Museum Staff Room and Kitchen Refit	24		24		24	NEW	Yes	Approved by Council February 2023 and scheduled for 2024/25
	Fairer Chelmsford								
161	14 Land Development Site Investigations	365		365		365		Programme of works to be determined	Approved Cabinet November 2021.
561	15 Pavement Lanes' Disposal Costs	612	120	732	135	867			Approved Council February 2022. Delegated authority to the director to spend within the approved budget. Additional budget approved £120k February 2023 Council.

		Latest Approved Budget - Approved February 2023 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval				
Net Expenditure to 31/03/2023		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			
2,577	16 Enabling Lockside Growth Area	450	5,506	5,956		5,956	In Negotiations - Late delivery	A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. An additional £500k was approved November 2021. Additional £956k approved July Council 2022.	
1,592	17 Galleywood Hall Development Industrial Units	1,200	650	1,850	-218	1,632	Main Works completed	Approved at Council February 2019. Following a reassessment of the budget £400k was removed. Additional £200k was approved November 2021 due to rising prices of materials and construction. An additional £850k was approved by Council February 2022.	
	18 Land Acquisition Cemetery/Crematorium	1,800	4,200	6,000		6,000	To identify potential Land Site	Approved at Council February 2019. Additional £1.8m approved Council February 2020. Additional £2.4m approved July 2022 Council.	
	19 High Chelmer Roof	1,500		1,500		1,500	Awaiting Proposal	Approved at Council February 2020 and programmed for 2021/22. These works have now been programmed to commence in 2026/27.	
962	20 Refurbishment of Commercially Leased Properties	720	1,480	2,200		2,200	No	Approved at Council February 2020. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. An additional £380k was approved November 2021. Additional £1.1m agreed at Cabinet October 2022. Urgency approved November 2022.	
6,629	21 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Acquisiton 20 x Houses	8,200		8,200		8,200	No	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Budget for purchase of 20 houses. 17 properties purchased remaining budget deferred to 2023/24.	
	22 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Modular Units	3,510		3,510		3,510	Business Case to be Developed	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Provision modular units.	
515	23 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Hostel Expansion	325	190	515		515	Completed	Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2023/24. £150k approved by Cabinet June 2022 for increased cost of works to Hostel expansion. Additional £40k approved for Hostel expansion Cabinet November 2022.	
142	24 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Development	1,900	0	1,900		1,900	Business Cases to be Developed	Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2024/25. Provision for development Railway Street.	
	25 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	2,000		2,000		2,000	Business Cases to be Developed	Approved at Council February 2020. Delegated authority to Cabinet.	
	26 Initiatives to increase the provision of Affordable Housing Funded by S106 - Grants	1,643		1,643		1,643	Business Case to be Developed	Budget approved in principle February 2022 Council. Delegated authority to the Director of Sustainable Communities to decide upon the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Fairer Chelmsford. £318k grant for CHP approved by delegation.	
1,890	27 Drakes' Lane Travellers Site	1,950		1,950	-60	1,890	Completed	Approved by Urgency March 2021.	
	28 Strategic Property Purchase	3,590	-3,590	0		0	Withdrawn	Approved at July 2022 Council meeting. Removed November Cabinet 2022.	
4,203	29 Property Purchase Housing Initiatives	4,315		4,315	-112	4,203	Completed	Approved by Urgency November 2022 acquisition of property for temporary accommodation.	

		Latest Approved Budget - Approved February 2023 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval				
		Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget			
Net Expenditure to 31/03/2023							Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
	30 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.	
	31 Cemetery Toilet Refurbishment	86		86		86	No agreed to defer to 2023/24	Approved at Council February 2022. Delegated authority to Director to spend within approved budget.	
	32 Cemetery Lining of Foul Water Drain	29		29		29	NEW Yes	Approved at Council February 2023. Scheduled for 2023/24.	
	33 Crematorium Office Pyramid Roof	18		18		18	NEW Yes	Approved at Council February 2023. Scheduled for 2023/24.	
	34 Civic Offices Improvement Programme	460		460		460	Under Review	Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme.	
145	35 Community Flood Improvements	184		184		184	Works Completed Monitoring to continue	Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017.	
	36 Beaulieu Park Pavilion Refurbishment	57		57		57	No	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works to 2025/26.	
	37 Chancellor Park Pavilion Works	46		46		46	No	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works to 2023/24.	
100	38 Chelmer Park Pavilion Roof	148	-50	98	2	100	Completed	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget. Budget reduced November Cabinet 2022.	
	39 Beaulieu Pavilion Health and Safety Works	33		33		33	No	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
96	40 Beaulieu Park Conversion Tarmac Court to 3G Pitch and Flood lights	90	6	96		96	Completed	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	41 Oaklands Park Upgrade Tennis Courts	91	86	177		177	No	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget. Additional £86k budget approved February Council 2023 funded by contribution. Scheme has been amended from MUGA to upgraded tennis courts.	
69	42 Central Park Lake Edge Works S106	62	7	69		69	Completed	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	43 Rivers and Waterways Improvements	600	-107	493		493	No - Scheme to be developed	Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Originally programmed over 3 years commencing 2021/22.	
46	44 Automatic Floodgates and Provision of Locks - Feasibility		107	107		107	No	Budget approved September 2020 Cabinet. Budget wired from Rivers and Waterways Improvements.	
70	45 Mass Tree planting and Woodland Creation	4,400	-69	4,331	-55	4,276	Reviewed Annually	Approved at Council February 2020 £4.4m with delegated authority to Director of Public Places and the S151 Officer and the relevant Cabinet Members. Funding to be sought circa £2m. Three year programme scheduled wef 2021/22. Now pushed out to 2029/30.	
46	Green Initiatives Phase 1	500	-102	398		398	Business Cases to be Developed	Approved by Council February 2022. Two year programme with delegated authority to the Director of Public Places to spend within the approved budgets. Following consultation with the Cabinet Member for Safer and Greener Chelmsford, he will decide on the preferred schemes. £102k wired towards cost of electric vehicle - approved February 2023.	

		Latest Approved Budget - Approved February 2023 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval				
Net Expenditure to 31/03/2023		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			
	47 Green Initiatives Fund Phase 2	6,500		6,500		6,500	NEW	Business Cases to be Developed	Approved in principal Council Feb 2023 with delegated authority is given to the Director of Public Places, who after consultation with the Cabinet Member for Safer Chelmsford, will agree on the 6 year programme commencing 2024/25 for various schemes which will help the organisation achieve its objective of being Net Zero Carbon by 2030 and to ensure the spend is within the approved budgets.
9	48 CIL Landscape Enhancement Scheme Chignal Road	11		11		11		Yes	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.
9	49 CIL Parks and Open Space	6	3	9		9		Completed	£6k CIL funding approved July 2019 for Coronation Park Basketball Court. £10k additional budget approved supplementary estimate. Location also changed to Lionmede Park.
533	50 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.
	51 Retail Market Drainage Improvements	31		31		31		Yes	Approved by Council February 2022. Delegated authority to Director to spend within approved budget.
	52 Retail Market Traders' Conveniences Remodelling	102		102		102	NEW	Yes	Approved Council February 2023. Scheduled for 2023/24.
94	53 Market Road Toilet Roof	101		101	-6	95		Completed	Approved by Council February 2022. Delegated authority to the director to spend within the approved budget.
	54 Market Road Conveniences Accessibility	20		20		20	NEW	Yes	Approved by Council February 2023. Scheduled for 2023/24.
	55 Public Convenience Refurbishment - Admirals and Cent	168		168		168	NEW	Yes	Approved by Council February 2023. Two year programme scheduled to commence 2023/24.
	56 Freighter House Depot. Resurfacing Works	216		216		216	NEW	Yes	Approved at Council February 2023. Five year programme scheduled to commence 2024/25.
	Growing Chelmsford								
103	57 Chelmsford Flood Resilience Programme	4,833	0	4,833		4,833		Business case to be developed	This is the unspent budget from the withdrawn Environment Agency. A new programme of works will be brought back to Cabinet at a later date. Agreement for S106 grants to be paid over to the Environment Agency.
32	58 Public Realm Wayfinding Signs Phase 3	150		150		150		No	Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23. Still waiting for ECC to approve scheme.
4,388	59 Public Realm Tindal Square Design and Construction	160	4,163	4,323	65	4,388		Completed - final account for works still to be agreed	Approved at Council February 2018. The design works were completed 2020/21. Additional £320k approved by Cabinet June 2020 for design and tender to be funded from S106. Report taken to Cabinet October 2021 and urgency letter requested for approval of the agreed scheme an additional £3.358m. Additional £485k approved at October 2022 Cabinet. Additional funding from ECC £450k.
5	60 Chelmer Waterside Infrastructure - CCC Budget		250	250		250		No	Virement allocated for design works.
7,217	61 Chelmer Waterside Infrastructure (HIF) - Grant Funded	15,500	11,470	26,970		26,970		No	£15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £11.1m budget to be funded by £5.05m Community Infrastructure Levy (CIL), £1.1m S106 and £2.85m additional Housing Infrastructure Fund (HIF) grant. £2m provision for commuted sum could also be funded by CIL if available, otherwise it would result in additional borrowing. £375k approved July 2022 Council for increased design fees and appointment of Project Manager. As noted on previous reports to Cabinet and Council, the cost of scheme is expected to increase significantly above the approved budget. A £9m increase was previously discussed and officers believe it may be materially higher when a report is made Council in July for a decision as to how to progress the works.

Net Expenditure to 31/03/2023 £000s	SCHEME DESCRIPTION	Latest Approved Budget - Approved February 2023 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval		Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
		Original Approved Scheme Budget £000s	Additional/ Reduced (-) Approved Budget £000s	Latest Approved Budget £000s	More/(Less) Than Approved Budgets £000s	Proposed Budget £000s			
1,461	62 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	63 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.	
24	64 S106 Stonebridge Illuminations	37	6	43		43	No	Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k.	
2	65 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.	
45	66 S106 Public Art Channels	21	79	100		100	No	Approved by delegation January 2020 £21k. Additional sum approved by delegation £79k October 2021.	
60	67 S106 Strategic Borough Sport			0	60	60	Completed	Agreement with Runwell Sports and Social Club to make grant for costs incurred.	
81	68 S106 Community Other Facilities			0	81	81	Completed	Agreement with NHS to undertake work to meet S106 Contribution conditions.	
	69 CIL Sutherland Lodge Refurbishment	525		525		525	Business case Currently being reviewed	Approved Council July 2017.	
	70 CIL St Andrew's Scout Hut Building	80		80		80	Dependent on Third party - Late delivery	CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019.	
62	71 CIL Integrated Cycling Infrastructure Grant	100		100		100	No	CIL funding approved at meeting of the CIL Panel 23/1/2020.	
	72 CIL Trinity Road School Improvements	950		950		950	Dependent on Third party	Approved at Council February 2021	
97	73 CIL Road Improvements Main Road Hospital Approach Grant to ECC	97		97		97	Completed	CIL funding approved January 2019. Spend approved Council February 2022	
	74 CIL Grant Chelmsford Society Model Engineers	5		5		5	No - dependent on Third party	CIL funding approved December 2021. Spend approved Council February 2022.	
17	75 CIL Green Initiatives - Various Schemes	15	13	28	4	32	No - dependent on Third party	£100k CIL funding approved December 2021 for green initiatives grant funding. Spend approved Council February 2022. £100k pot is drawdown following approval of applications for funding.	
	76 CIL NE Bypass Bridge Forward Funding	1,500		1,500		1,500	Dependent on Third party	Forward funding grant to ECC to be made 2021/22. Approved Council May 2021.	
	77 CIL Army and Navy Contribution to ECC	4,000		4,000		4,000	Dependent on Third party	Approved Council July 2022	
	78 CIL ECC East Chelmsford Cycling and Walking Connectivity	1,500		1,500		1,500	Dependent on Third party	Approved Council July 2022	
20	79 UK Shared Prosperity Fund - Various Grant Funded Schemes	346		346		346	NEW	Yes	Approved by Council February 2023. Three year funded programme commenced 2022/23.
	80 Rural England Prosperity Fund- Supporting Businesses and Communities	400		400		400	NEW	Yes	Approved by Council February 2023. Two year funded programme commencing in 2023/24.
	81 Garden Communities Infrastructure Fund			0	290	290	Dependent on Third parties	Various schemes will be grant funded	
6	82 Townfield Street Car Park Barrier Strengthening	15		15	-9	6	Completed	Approved February 2022 Council	
	83 High Chelmer Car Park Lifts	355		355		355	NEW	Yes	Approved by Council February 2023. Scheduled for 2025/26.
	84 High Chelmer car Park Waterproofing Levels 11,12,13	500		500		500	NEW	Yes	Approved by Council February 2023. Scheduled for 2025/26.
40,404	Grand Total	95,044	28,832	123,876	183	124,059			

APPENDIX 2

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

Scheme Description	Latest Approved Budget £000's	Latest Estimated Expenditure - If Additional Budget Requires Approval £000's	Variation £000's	Variation Type	Percentage Change in Scheme Cost	Reason
Fairer Chelmsford						
15 Various Land Site Disposal Costs	732	867	135	Increase in budget	18.44%	The service plans to undertake more surveys and investigations than previously estimated in order to be in a position to bring the sites forward for planning permission with a view that some of the sites may be considered for development rather than disposal. Additional sites have also been included.
17 Galleywood Hall Development Industrial Units	1,850	1,632	-218	Reduction in budget	-11.78%	Majority of scheme completed. Only minor external works are outstanding. The Project Manager is reporting an underspend.
27 Drakes' Lane Travellers Site	1,950	1,890	-60	Reduction in budget	-3.08%	Scheme complete underspend reported
29 Property Purchases Housing Initiatives	4,315	4,203	-112	Reduction in budget	-2.60%	Property acquired and following negotiations original purchase price reduced.
Greener and Safer Chelmsford						
45 Mass Tree Planting	4,331	4,276	-55	Reduction in budget	-1.27%	Although this is being reported as a variation to the capital budget, this spend was incurred and has been transferred to revenue as it did not qualify as a capital spend. Appropriate revenue resources have been allowed for to fund this cost in financial planning.
Growing Chelmsford						
59 Public Realm Tindal Square	4,323	4,388	65	Increase in budget	1.50%	The scheme is now complete and the outturn reflects the current estimated cost of the scheme. The final account has still not been agreed with the contractor and once this is settled there may be a further increase to the final cost.
67 S106 Strategic Borough Sport	0	60	60	Increase in budget Funded	100.00%	Grant paid over funded from S106 contributions. Agreement with Runwell Sports and Social Club to make grant for costs incurred for the development of Sports facility.
68 S106 Community Other Facilities	0	81	81	Increase in budget Funded	100.00%	Grant paid over funded from S106 contributions. Agreement with NHS to undertake work to meet S106 conditions.
81 Garden Communities Infrastructure Fund	0	290	290	Increase in budget Funded	100.00%	Grant received an allocated for various schemes. Originally treated as revenue grant but now transferred to capital.

APPENDIX 3

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME

2022/23

2022/23 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE TO LATEST FORECAST

VARIATION FROM 2022/23 BUDGET ONLY

Net Expenditure to 31/03/2023	CAPITAL ASSET REPLACEMENT PROGRAMME	Original Approved Estimates for 2022/23	Additional/ Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2022/23	Analysis of Variations			Net Variance for 2022/23 Additional Cost	Total Outturn 2022/23
						Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets		
£000's	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	
	Active Chelmsford									
4	1 Dovedales Replacement Equipment	11	-8	PH, PV	3			1	4	
	2 Riverside Replacement Equipment	43	-43	PH	0			0	0	
	3 Riverside Plant	2	-2	PH	0			0	0	
	4 CSAC Replacement Equipment	53	-53	PH	0			0	0	
	5 CSAC Expansion Fitness Room Equipment				0			0	0	
60	6 CSAC Floodlights	60			60			0	60	
4	7 CSAC Plant	21	-6	PH	15	-11		-11	4	
53	8 SWFLC Replacement Programme	63	-10	PH	53			0	53	
9	9 SWFLC Plant Replacement	8	1	PV	9			0	9	
18	10 SWF 3G Pitch	20	-2	PH	18			0	18	
8	11 Hylands House Fire Alarm	15	-1		14	-6		-6	8	
	12 Hylands House - Lift				0			0	0	
	13 Hylands House Basement Pumps				0			0	0	
	14 Hylands Pavilion Skins and Linings	60	-60	PH	0			0	0	
15	15 Hylands Pavilion Equipment	15	1		16	-1		-1	15	
	Connected Chelmsford									
16	16 Digital Services Replacement Programme	234	-216	PH, U, RD	18			-2	16	
	17 Digital Helpdesk System Replacement	25	-25	U	0			0	0	
87	18 Website Upgrade	98	-11	PH	87			0	87	
	19 Investment in Digital Technology	300	-150	PH	150	-150		-150	0	
47	20 Theatres' Equipment	45	1	PV	46			1	47	
6	21 Museum Equipment and Vehicles	6	1	PV	7			-1	6	
	22 Museum Platform Lift				0			0	0	
	Fairer Chelmsford									

Net Expenditure to 31/03/2023	CAPITAL ASSET REPLACEMENT PROGRAMME		Original Approved Estimates for 2022/23	Additional/ Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2022/23	Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Net Variance for 2022/23 Additional Cost	Total Outturn 2022/23
£000's	SCHEME DESCRIPTION		£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s
		No Schemes				0				0	0
		Greener and Safer Chelmsford									
2	23	CCTV Replacement Equipment	10	-7	PH	3			-1	-1	2
	24	CCTV Various Schemes Sites CIL	3	-3	PH	0				0	0
2	25	CCTV Safer Streets Bunny Walks	3	-1		2				0	2
18	26	Street Lighting Safer Streets Bunny Walks	20	-2		18				0	18
12	27	CCTV Home Office GRIP Funded	0			0		12		12	12
41	28	Crematorium Equipment	84	-62	PH, PV	22	19			19	41
	29	Crematorium Columbarium	0			0				0	0
1	30	Civic Centre Heating	33	-32	PH	1				0	1
37	31	Civic Centre Server Room Air Conditioning	40			40	-3			-3	37
	32	Civic Centre Floor Replacements	31	-31	PH	0				0	0
	33	Print and Post Room Replacement Equip.	3			3			-3	-3	0
	34	Street Lighting and upgrade to LED	21	-21	PH	0				0	0
4	35	CIL Street Lighting Meadows Car Park	5	-1		4				0	4
	36	Travel pool Cars	0			0				0	0
337	37	Play Area Replacements	346	7	PV	353	-1		-15	-16	337
	38	Sports Equipment, floodlights, Irrigation	0	13	SEN	13			-13	-13	0
1	39	Hylands Car Park Machines and CCTV	5	-4		1				0	1
14	40	Parks Replacement Vehicles and Equipment	547	-533	PH	14				0	14
12	41	Waterhouse Lane Depot Heating	10	5		15	-3			-3	12
	42	PHPS Vehicles and Electric Chargers	0			0				0	0
10	43	PHPS Air Monitoring Equipment	80	-80	PH	0	10			10	10
2	44	Scootas for the Disabled	0	2	SEN	2				0	2
6	45	Retail Market Equipment	0	6	SEN	6				0	6
	46	Retail Market Plant				0				0	0
	47	Depot Telescopic Front loader				0				0	0
	48	Public Convenience Van	25	-25		0				0	0
185	49	Street Cleansing Vehicles	580	-394	PH	186			-1	-1	185
	50	Street Cleansing Dog Litter van	0			0				0	0
	51	Wet Team Equipment	11	-11	PH	0				0	0
	52	Hit Squad Replacements	43	-43	PH	0				0	0
249	53	Refuse Vehicles	359	-110	PH, PV	249				0	249
	54	Vehicle Maintenance	13	-13	PH	0				0	0
951	55	Recycling Vehicles	969	-16	PV	953			-2	-2	951
	56	Recycling - Material Recycling Facility (MRF)		30	SEN	30	-30			-30	0

APPENDIX 4

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME

2023/24							
2023/24 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS							
2023/24 BUDGET							
CAPITAL ASSET REPLACEMENT PROGRAMME	Additional/ Reduced (-) Approved Budget	Reason for Change see key below	Latest Approved Estimate for 2023/24	Analysis of Variations		Net Variance for 2022/23 Additional Cost	Total Proposed Budget Requirement for 2023/24
				Re phasing from 2022/23 Budgets approved	More/Less(-) Than Approved Budgets -More Requires Approval		
SCHEME DESCRIPTION	£000s		£000s	£000s	£000s	£000s	£000s
Active Chelmsford							
1 Dovedales Replacement Equipment			17			0	17
2 Riverside Replacement Equipment			145			0	145
3 Riverside Plant			61			0	61
4 CSAC Replacement Equipment			64			0	64
5 CSAC Expansion Fitness Room Equipment			105			0	105
6 CSAC Floodlights			0			0	0
7 CSAC Plant			25	11		11	36
8 SWFLC Replacement Programme			20			0	20
9 SWFLC Plant Replacement			19			0	19
10 SWF 3G Pitch			0			0	0
11 Hylands House Fire Alarm			0	6		6	6
12 Hylands House - Lift			20			0	20
13 Hylands House Basement Pumps			11			0	11
14 Hylands Pavilion Skins and Linings			73			0	73
15 Hylands pavilion Equipment			19	1		1	20
Connected Chelmsford							
16 Digital Services Replacement Programme			995			0	995
17 Digital Helpdesk System Replacement			0			0	0

		2023/24 BUDGET						
		Analysis of Variations						
CAPITAL ASSET REPLACEMENT PROGRAMME		Additional/ Reduced (-) Approved Budget	Reason for Change see key below	Latest Approved Estimate for 2023/24	Re phasing from 2022/23 Budgets approved	More/Less(-) Than Approved Budgets -More Requires Approval	Net Variance for 2022/23 Additional Cost	Total Proposed Budget Requirement for 2023/24
SCHEME DESCRIPTION		£000s		£000s	£000s	£000s	£000s	£000s
18	Website Upgrade			11			0	11
19	Investment in Digital Technology	60	PH	210	150		150	360
20	Theatres' Equipment			0			0	0
21	Museum Equipment and Vehicles			2			0	2
22	Museum Platform Lift			12			0	12
<u>Fairer Chelmsford</u>								
	No Schemes			0			0	0
<u>Greener and Safer Chelmsford</u>								
23	CCTV Replacement Equipment			26			0	26
24	CCTV Various Schemes Sites CIL			3			0	3
25	CCTV Safer Streets Bunny Walks			0			0	0
26	Street Lighting Safer Streets Bunny Walks			0			0	0
27	CCTV Home Office GRIP Funded						0	
28	Crematorium Equipment			84	-19		-19	65
29	Crematorium Columbarium			14			0	14
30	Civic Centre Heating			0			0	0
31	Civic Centre Server Room Air Conditioning			0	3		3	3
32	Civic Centre Floor Replacements			31			0	31
33	Print and Post Room Replacement Equip.			0			0	0
34	Street Lighting and upgrade to LED			0			0	0
35	CIL Street Lighting Meadows Car Park			0			0	0
36	Travel pool Cars			0			0	0
37	Play Area Replacements			0	1		1	1
38	Sports Equipment, floodlights, Irrigation			16			0	16
39	Hylands Car Park Machines and CCTV			0			0	0
40	Parks Replacement Vehicles and Equipment	36	PV	770		5	5	775

		2023/24 BUDGET						
		Analysis of Variations						
CAPITAL ASSET REPLACEMENT PROGRAMME		Additional/ Reduced (-) Approved Budget	Reason for Change see key below	Latest Approved Estimate for 2023/24	Re phasing from 2022/23 Budgets approved	More/Less(-) Than Approved Budgets -More Requires Approval	Net Variance for 2022/23 Additional Cost	Total Proposed Budget Requirement for 2023/24
SCHEME DESCRIPTION		£000s		£000s	£000s	£000s	£000s	£000s
41	Waterhouse Lane Depot Heating			0	3		3	3
42	PHPS Vehicles and Electric Chargers			0			0	0
43	PHPS Air Monitoring Equipment			80	-10		-10	70
44	Scootas for the Disabled			0			0	0
45	Retail Market Equipment			6			0	6
46	Retail Market Plant			13			0	13
47	Depot Telescopic Front loader			70			0	70
48	Public Convenience Van						0	
49	Street Cleansing Vehicles			545		20	20	565
50	Street Cleansing Dog Litter van			0			0	0
51	Wet Team Equipment			51			0	51
52	Hit Squad Replacements			47			0	47
53	Refuse Vehicles			495		21	21	516
54	Vehicle Maintenance			53			0	53
55	Recycling Vehicles			100			0	100
56	Recycling - Material Recycling Facility (MRF)			0			0	0
57	Food Vehicles			0	30		30	30
58	Service Development Van			0			0	0
59	Provision for Replacement with Electric Vehicles			170			0	170
60	Healthy Home Loans			0			0	0
61	Discretionary Loans DFG Funded			0			0	0
62	Remaining Independent Assistance (RIA) Loans DFG Funded			0			0	0
63	Remaining Independent Assistance (RIA) Grants DFG Funded			0			0	0
64	Disabled Facility Grants (DFG) Funded			600			0	600
65	Housing Standards			0			0	0
66	PLACE - Funding for Renovation/Refurbishment of Empty Homes			0			0	0

		2023/24 BUDGET						
		Analysis of Variations						
CAPITAL ASSET REPLACEMENT PROGRAMME		Additional/ Reduced (-) Approved Budget	Reason for Change see key below	Latest Approved Estimate for 2023/24	Re phasing from 2022/23 Budgets approved	More/Less(-) Than Approved Budgets -More Requires Approval	Net Variance for 2022/23 Additional Cost	Total Proposed Budget Requirement for 2023/24
SCHEME DESCRIPTION		£000s		£000s	£000s	£000s	£000s	£000s
Growing Chelmsford								
67	Car Park LED Lighting			8			0	8
68	Car Park Vehicles and Equipment			22			0	22
Totals		96		5,013	176	46	222	5,235
					222			
		Approved Changes to Budgets 2023/24					Analysis of Projected Variations	
		£000's					£000's	
		0	PH	Rephasing of Schemes from 2022/23			176	
		60	PH	Rephasing of Schemes to Later Years			0	
		36	PV	Price variations Increases Require Approval			46	
		0	PV	Price variations Decreases			0	
		0	RD	Reduced Demand			0	
		0	SEN	Supplementary Estimates New Require Approval			0	
		0	SEG	Supplementary Estimates Funded New Require Approv			0	
		0	U	Removed to be Funded from Revenue			0	
		0	V	Virement			0	
		96					222	

APPENDIX 5							
Reasons for Variations Greater Than £25,000 in Asset Replacement Programme							
	Scheme Description	Latest Approved Budget	Estimated Budget Required	Variation	Variation Type	Percentage Change	Reason
		£000's	£000's	£000's			
	<u>2022/23</u>						
	<u>Connected Chelmsford</u>						
19	Investment in Digital Technology	150	0	-150	Rephasing of spend to 2023/24	-100.00%	Budgets have been deferred to 2023/24 as business cases still being finalised by Digital Portfolio Office (DPO) and some proposals have been funded from revenue.
	<u>Greener and Safer Chelmsford</u>						
56	Recycling - Material Recycling Facility (MRF)	30	0	-30	Rephasing of spend to 2023/24	-100.00%	Replacements have been deferred to 2023/24 as works scheduled for April 2023.
64	Disabled Facility Grants	600	854	254	Increase spend Fully Funded by grant	42.33%	Additional Spend incurred that is fully funded by grant. Demand and processing of grant applications.
	<u>2023/24</u>						
	<u>Connected Chelmsford</u>						
19	Investment in Digital Technology - DPO	0	150	150	Rephasing of spend from 2023/24	100.00%	See above
	<u>Greener and Safer Chelmsford</u>						
53	Refuse Vehicles	495	516	21	Increase in cost	4.24%	Due to inflation price increases.
56	Recycling - Material Recycling Facility (MRF)	0	30	30	Rephasing of spend from 2022/23	100.00%	See above

Appendix 6

Capital Schemes 2022/23 Actual Spend Compared to Original Forecast Spend

		£m's
Original Forecast Budget 2022/23		67.076
Schemes		
Changes to Budget		
Scheme 28 Strategic Property Purchase – the purchase did not proceed and the budget was removed.	Budget Removed	-3.590
Scheme 29 Property Purchase Housing Initiatives – new budget approved for purchase for temporary accommodation	New Budget	4.315
Other net variations below £1.5m on individual schemes cost increases	Increased budgets	1.486
Sub Total		2.211
Deferred Schemes		
Scheme 1 -Riverside Elevations spend deferred to 2026/27. This is linked to the future development of the Riverside Site.	Deferred Pending Decision	-1.978
Scheme 16 Enabling Lockside Growth Area – The spend on this scheme is dependent upon complex negotiations with third parties to acquire the properties and this has caused delays to the progress of the scheme. The budgets have been deferred to 2023/24.	Delayed - Third Party	-3.379
Scheme 18 Acquisition Cemetery Land – Suitable site has not been identified. The budget will be required as soon as a suitable site is identified.	Deferred pending Identification of Suitable Site	-6.000
Schemes 21 Housing Initiatives – Acquisition of houses for temporary accommodation - remaining balance £1.571m rephased to 2023/24. The budget was originally set to purchase 20 properties. 17 Properties have been acquired. With increasing property prices the viability of using this option as temporary accommodation compared to other delivery options needs to be reviewed.	Deferred pending Housing Review	-1.571
Scheme 22 Housing Initiatives - Railway Street development £1.758m – viability of scheme under review and investigating alternative solutions.	Deferred pending Housing Review	-1.758
Scheme 23 Housing Initiatives - Modular Units £3.510m – following feasibility study no suitable sites have been identified. The budget has currently been deferred to a later year and alternative Temporary Accommodation options will be reviewed.	Deferred pending Housing Review	-3.510
Scheme 24 Housing Initiatives - Exceptions Sites £2m rephased to 2023/24. Site identified for purchase but delay due to finalising agreement with land owner.	Delayed third party	-2.000
Scheme 61 – Chelmer Waterside Infrastructure - The scheme is not scheduled to complete until September 2024 and construction of the road and bridge did not commence in 2022/23 as previously planned. We are still awaiting final costs and a report is being taken to July Council which will include updated milestones for the project.	Delayed - complex scheme	-11.948
Schemes 69–75 Various CIL Grants to third parties - spend dependent upon third parties. The budgets have been deferred to 2023/24.	Delayed - Third Party	-1.608
Scheme 76 CIL NE Bypass Bridge Forward Funding ECC - This has been deferred to 2023/24 as awaiting agreement from ECC.	Delayed -Third Party	-1.500
Other net variations below £1.5m on individual schemes spend deferred.	Delayed	-4.755
Sub Total Deferred Schemes		-40.007
Total In Year Underspend Against Original Forecast Spend		-37.796
Outturn 2022/23		29.280



Chelmsford City Council Cabinet

6th July 2023

Budget Framework Medium-Term Financial Strategy 2024/25

Report by:

Cabinet Member for Fairer Chelmsford

Officer Contact:

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Purpose

The purpose of this report is to provide a framework to manage the Council's 2024/25 budget and update the financial strategy.

Options

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

Preferred option and reasons

Approve the framework as it enables a flexible response to the risks the Council faces

Recommendations

- 1) That Cabinet approves
 - I) The carry forward of budgets of £146k from 2022/23 for audit costs and initiatives which were delayed, as detailed in Appendix 4.
 - II) That a financial forecast of both revenue and capital is to be reported to Cabinet in the Autumn as part of the process to produce a balanced 2024/25 budget.
2. That Cabinet recommend to Council:
 - I) To approve the Actions in Appendix 3 as the basis of financial management
 - II) Council notes Financial Risks and Potential Upsides (Appendix 1)
 - III) To approve the approach to reserves in Appendix 2 of the report
 - IV) To approve the budget guidelines in Appendix 4

1. Introduction

The budget process is a financial framework to support delivery of the Council's priorities as set out in "Our Chelmsford; Our Plan".

The Cabinet and Council annually receive a Medium-Term Financial Strategy (MTFS). This year the strategy will be split into two documents. This report is the first of those documents which contains recommendations on the framework to manage the Council's finances for the next five years, including the process to set a balanced budget for 2024/25. The second document will be a report made in the autumn to Cabinet which will forecast the revenue and capital budgets. This is expected to identify a significant revenue budget shortfall, however there are items which might improve the previously forecast position (£3.5m shortfall) reported to February Council, which are discussed in this report.

The Audit and Risk *committee* on the 21st June received a provisional revenue outturn report for 2022/23:

- Net expenditure and income for services was higher than the approved budget. Reviews of the outturn by Accountancy suggest many of the variations in 2022/23 outturn have already been allowed for in the 2023/24 budget as they had identified in financial monitoring in 2022/23.
- Income from non-service areas from interest and business rates was significantly above the original budget. The higher than budgeted income in 2022/23 reflects a very cautious approach to estimating for this income in previous years. It is likely the ongoing budget for Business rate retention can be increased significantly. This is discussed further, in Appendix 1 and Appendix 2.
- The outturn variances. The Section 151 statement on the Budget made at February 2022 Council identified that COVID driven circumstances and inflation made estimate setting less certain. This could only be mitigated by an appropriate level of reserves/contingency to cover these risks.
- Higher amounts of unearmarked reserves than planned. This is dependent on final sign off by HMRC of the Council VAT refund claim of £5.3m.
- A carry forward for unspent budgets £146k is sought, as detailed in Appendix 4.

2. Executive Summary

Revenue and Capital Forecasts

In February, the Council approved the budget for 2023/24. The report also included a forecast £3.5m shortfall for 2024/25. Officers are in the process of updating financial forecasts which have not been included in this report but will follow in the Autumn. Based on what is currently known, the deficit for 2024/25 is still expected to be significant.

Uncertain (large) Factors:

There are several key items where uncertainty may be reduced over the coming months but, currently, they represent major threats and opportunities to the financial position. The budget process must manage these risks.

The key unfavourable items are:

- Staff pay award for 2023/24
- Homelessness services where demand and service provision are being reviewed
- Higher costs caused by inflation

Significantly, there could be three large favourable improvements to the budget being:

- Energy cost volatility and uncertainty
- Business rate retention; and
- An expected government levy on packaging producers (extended producer responsibilities) which will be shared amongst councils nationally.

The budget process, as usual, must provide flexibility to deal with the deficit, potential upsides and downsides.

The revenue budget will as always be impacted by the financing needed to fund the capital programme. The largest scheme, Waterside, is being reviewed at July Council. The costs for that need to be fully reflected in the Autumn revenue budget forecast and the revised timing and costs of other schemes will also be updated.

Reserves

The Council's reserves are estimated at higher levels than planned, mostly because of the expected income from the VAT Leisure case refund.

The allocation of reserves to their proposed use will be resolved in the 2024/25 budget. This report contains guidelines/principles to manage that process.

The report identifies principles, reflecting that some significant cost pressures and loss of income may be temporary. The reserves should be reviewed and new reserves established to fund the specific pressures identified. If the reserves are insufficient, budget reductions will need to be found to meet the extra costs.

The Government has collected data on local authorities reserves and recently published it. Though the S151 Officer has recommended an appropriate level in the past, it should be noted that the Council's reserves were below the median average identified by Government for other district Councils. This matter will be considered at part of the budget process.

The best financial strategy to manage large uncertainty and potential budget deficits (shortfalls) is to maintain flexibility of response and robust amounts of reserves.

An additional benefit of holding reserves is that they can be used to fund internal borrowing in the short run, reducing capital financing costs. A robust level of contingency reserves therefore benefits the local taxpayer.

Budget Next Steps (Actions)

The report identifies a list of existing ongoing actions in Appendix 3, but below are the key items:

- To enable production of a draft budget by Services, the report provides guidance in Appendix 4 on the assumptions to be used (budget guidelines).
- The Business Rate retention reserve should, if possible, be increased to hold an ongoing contingency sum (circa £2m). This is to alleviate the risk of building into the budget a higher level of business rate retention income. The S151 Officer will manage the process during 2023/24 budget monitoring, in consultation with the Cabinet Member for Finance.
- The S151 Officer develops a budget forecast for consideration by Cabinet in the Autumn.

Conclusion:

The Council continues to face considerable financial uncertainty due to:

- High inflation
- Government funding
- Homelessness; demand for housing

The budget process will be managed in line with the budget guidelines identified in this report and an updated forecast will be produced for Cabinet in the autumn.

Officers will start the 2024/25 budget using the guidelines set out in Appendix 4.

List of appendices:

Appendix 1: FINANCIAL RISKS AND POTENTIAL UPSIDES

Appendix 2: RESERVES

Appendix 3: ACTIONS MEDIUM-TERM FINANCIAL STRATEGY

Appendix 4: BUDGET GUIDELINES 2024/25

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:

Cabinet Members, Chief Executive and Directors, Monitoring Officer

Relevant Policies and Strategies:

Our Chelmsford: Our Plan

Capital and Investment Strategy 2023/24

APPENDIX 1**FINANCIAL RISKS AND POTENTIAL UPSIDES**

Though this report does not contain an updated financial forecast, there are some specific issues which have an impact on how the budget process needs to be managed. The following section provides a briefing on those issues. The budget framework (actions) and guidelines reflect these significant risks.

Adverse Risks yet to be robustly quantifiedStaff Pay Awards

Staff costs make up nearly 60% of total (non-benefit) expenditure by the council. As previously reported, over the last 10 years staff pay has increased on average by less than 2% a year. The 22/23 budget allowed for a 2.5% pay award. As a result of the high inflation, the average private sector pay increase was circa 7%. In 2022, the national pay award to local government staff was matched by the City Council and this was £1.5m above the budget (circa 6% increase overall pay cost).

In 2023/24, the budget allowed for the 2022/23 pay award and a further increase of 4%. The national increase being offered to staff for 2023/24 is broadly the same as last year, being the higher of £1,925 or 4%. If the council were to match this, it would add an additional £1m to the council's budget. It should be noted that the unions have rejected the national offer and it will be balloted upon in late summer. At the time of writing, a local, Chelmsford specific, offer has been made to the union and the ongoing part of the offer would be below the national award. Its ongoing cost would be almost £500k less per year than the national offer.

The 23/24 pay award is currently under negotiation with the objective of producing a fair reward to staff which must be balanced against affordability. The pay award must be sufficiently close to the national offer to ensure Chelmsford pay rates remain competitive. When known, the results of that pay offer will be built into the 2024/25 budgets.

A higher than budgeted pay award in 2023/24 will result in a large drawdown of reserves to meet the higher cost and any unconsolidated payment to staff. Given the cost and timing of the agreement, this is likely to be done under urgency powers.

For 2024/25, given recent experience, it is proposed to assume a 4% increase in staff costs. This assumption is arrived at by taking a view on the inflation outlook and Council affordability. For the years after, 3% is assumed to be the annual growth in pay cost, which is approximately double what was awarded per year in the previous decade.

Homelessness services

Coming out of the pandemic, with high levels of inflation and interest rates, has added to the demand for affordable housing. The result is a significant increase in the demand for temporary accommodation. In 2022/23 there was an increase in number of households in temporary accommodation of 81. The projections for 2023/24 and 2024/25 are currently being re-assessed but, indicatively, numbers could increase by between 60 to 160 in 2023/24 and by a further 70 to 130 in 2024/25. These figures need to be updated or confirmed during the budget process as they are still uncertain. The impact of the current projections would be financially significant, potentially adding over £1m to 2024/25 budget. A review of demand and service provision is being undertaken.

The forecasts could materially alter as the budget process progresses.

Inflation (excluding Energy and Pay)

Several spend classifications will need inflating for higher costs. The budget framework and guidelines will identify the initial assumptions (Appendix 4). The Accountancy team will, however, include within the budget proposals to Cabinet in January additional inflationary provision if believed necessary. For income from fees and charges, inflation will be planned for at 4%, but services will not be advised of this rate and will be expected to determine what is appropriate for their individual fees and charges.

Potentially Favourable Items

Energy Costs

The 23/24 budget contains £3.9m for energy costs of which £1.5m was funded from reserves. The budget set in January was based on the latest information from the Council's suppliers procured by Crown Commercial Services (CCS). The procurement contract did not fix prices for 2023/24 until the middle of May. The arrangements for future procurement of energy have changed in that the agreement allows CCS to purchase energy in tranches for the next 3 years to hopefully achieve greater stability and better value for money. The agreement still lacks any effective tools to enable officers to estimate/budget with any reasonable degree of accuracy.

The forecast of energy costs for 2024/25 reported to February Council assumed energy prices would stay at the 2023/24 original budgeted cost. The February report planned that instead of continuing to use £1.5m of reserves to support the budget in 2024/25, the reserve use would be reduced to £750k. The reduced use of reserves and frozen energy costs would effectively increase the budget gap by £750k in 2024/25.

The budget for 2023/24 for energy will be revised down in the Autumn. Current information suggests a saving of at least £700k a year, but further analysis of energy usage is needed. This saving will reduce the use of reserves in 2023/24. The earmarked reserve for energy is likely to be higher than originally forecast.

The budget assumption for 2024/25 will now be based on 2023/24 actual unit costs. The fall in energy prices is currently assumed to reduce our need to use reserves in 2024/25. Instead of using £750k, only £50k of reserves might be used to support the energy budget in 2024/25. This means that £750k (the balance of £1.5m) of energy would still become funded from ongoing sources. This assumption will be kept under continuous review, as one option is to use more reserves to fund energy costs on a temporary basis.

Should forecast prices rise from the 2023/24 levels, the reserve balance could be used to temporarily support the budget. The final decision will of course be made as part of the 2024/25 budget.

Business rate retention

This is a complex scheme designed by Government to allow local authorities to keep a larger share of business rate income. The scheme is difficult to operate from the Government's perspective as:

- interventions made to freeze or restrict business rate increases result in the Government having to compensate councils for their lost potential income,

- businesses have their rateable values reviewed every three years and transitional protections are put in place to protect businesses from large increases that can result.

Over the last few years, the Government has almost regularly stated it will reset the baselines against which the Council's income growth is measured and reform the scheme. This has not happened, and the Government has now made clear it will not review the scheme before the next general election.

For the City Council, budgeting for the appropriate amount of income has been challenging and a very cautious approach to estimating income has previously been taken. This reflects the two chief difficulties,

- the first; building more income into the budget when the Government has stated it wishes to reform the scheme would create a risk of loss of funding.
- the second and now only major difficulty is that the Council must assume in its estimates an allowance for losses as businesses appeal their valuations. These appeals can be across many years and significant in value. The City Council follows the advice of external advisors for setting the appeals provision. Over the last few years this provision has been found to be too high. Money set aside for appeals in previous years has not been needed and this money has been brought back into the revenue account (shared with Government) as gains. The 2023/24 financial year is likely to have significant windfall income from the appeals provision being reduced as it can take several years to be released under scheme rules. Previous windfalls from reducing the appeals provision have been helpful to reserve levels and offset adverse outturns for service expenditure and income.

The ongoing position for business rate retention income looks helpful financially. Additionally, changes made to the scheme at the time of the new valuations seem to have improved the baseline against which gains are measured from, working in the Council's favour.

Currently £0.5m of annual business rate retention is used to support ongoing expenditure, although indications suggest that another £1m a year is available. That may increase as more information regarding appeals is reviewed over this and next year. Given the nature of the scheme and that new valuations may drive appeals up, officers are not totally confident at this time of the extent of the gains. The recommended approach for the budget is to recognise more gain in the ongoing revenue budget in 2024/25. However, any windfall in 2023/24 (should it occur) will be set aside into the Business rate retention reserve to manage the financial risk of fluctuations in this income stream. The revenue monitoring reports for 2023/24 will therefore treat windfall gains from business rate retention as initially being used to create a contingency in the business rate retention reserve with a target of achieving a £2m contingency in the earmarked reserve.

Extended producer responsibilities (EPR)

EPR is the proposed government's levy on packaging producers with the income to be shared amongst councils in 2024/25 to enable increases in recycling. The Government is still developing the method to share the levy and the requirements to be placed on councils in return. Officers believe that currently the Council's recycling approach would be deemed by Government to be of a high standard potentially needing limited adjustment. The City should therefore expect a favourable funding allocation. Civil Servants have implied the funding allocations councils should expect will be large (no specific figures have been

shared with councils). Officers would therefore expect to put into the Council budget a net gain from the EPR.

There are difficulties with budgeting for net EPR income, being:

- Timing of the scheme details (including allocations). Initial details are reportedly to be supplied to councils in late August. Further refinement will take place all the way through to January 2024 (after the Council's budget has been agreed).
- DLUHC civil servants have made clear that funding allocated under EPR will impact on reviews of other funding streams, especially New Homes Bonus. The Council's budget allows for utilising all Government funding awarded under the Core Spending Power methodology reported to February Council. Within that, £0.94m comes from New Homes Bonus. The allocations of Core Spending Power will likely not be known until the week of Christmas. There is of course a chance of earlier indications from Government, but no certainty.
- There have been rumours in the press that the EPR scheme will be delayed to avoid any temporary inflationary consequences.

Officers would hope to include a net gain from EPR in the forecast budgets in the Autumn on the assumption Government provides some more detail on EPR over the summer. The Use of Unearmarked reserves will initially be used to manage the risks to the budget if the assumed EPR turns out to be materially incorrect.

VAT Position

The Council VAT refund has been included in the 2022/23 financial outturn as HMRC have confirmed it is payable. However, since HMRC have not confirmed the amount, there is a risk of upward or downward revision.

Capital Expenditure Impact and Risks

- 1 The impact of the current high levels of inflation on capital projects and replacement equipment costs means projects are at risk of overspending their initial budget. This would result in higher revenue budget financing costs in later years.
- 2 Waterside scheme. This will be reported to July Council and the recommendations will need to be included in the budgets for future years. There are two points that need to be highlighted arising from the scheme. Firstly, the size of the scheme exposes the Council to significant financial risks on financing and cost, which realistically is an adverse risk. The second but favourable risk is that only costs have been allowed for in previous financial planning as the development of a business case will follow later. The potential income or proceeds when quantified should reduce the projected budget gaps, most likely in the years after 2025/26.
- 3 Government has announced the potential replacement of CIL with an Infrastructure levy which could also remove Section 106 agreements for affordable housing. The proposals do not provide sufficient clarity to determine the impact of the changes. This could have a significant impact on capital financing and borrowing costs in the revenue budget. It is expected those changes will not happen until 2030.
- 4 The timing of new capital scheme proposals and capital disposals are always difficult to estimate. The forecast is therefore at risk of revision both in cost and funding.
- 5 The Council's revenue budget includes, as a statutory annual charge to fund the repayment of capital financing, a 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 of capital expenditure and funding has the risks identified above, so the MRP figures are likely to vary as the programme costs and funding are reviewed.
- The MRP costs will rise over the forecast as greater use of borrowing to fund the capital programme takes place. There is a lag between approval of the scheme and when the MRP becomes chargeable.

Appendix 2

Reserves Update

The provisional outturn for reserves is shown below compared to the assumptions made at February Council for the 2023/24 budget. There is commentary below the table on the significant issues.

Usable Reserves (Provisional Outturn)									
	2022/23 Final Forecast				2022/23 Provisional Outturn				Variation
	Provisional / Opening Balance	Budgeted net (use of) contribution to reserves	Transfers	Closing Balance	Actual / Opening Balance	Actual net (use of) contribution to reserves	Budgeted Transfers	Closing Balance	
	£000s	£000s		£000s	£000s	£000s	£000s		
Earmarked									
1 Cultural Support Fund	132	-43		89	132	-40		92	3
2 Chelmsford Development	2,156	-2,156		0	2,156	804		2,959	2,959
3 Infrastructure Provision	1,259			1,259	1,259			1,259	0
4 Growth Fund	69			69	69	-50		19	-50
5 Insurance	910	-100		810	910			910	100
6 Local Development Framework	819	-207		612	819	-100	315	1,034	422
7 Pension Deficiency	1,833	867		2,700	1,833	413		2,246	-454
8 Park and Ride	176			176	176	53		229	53
9 Hylands House Reserve	3			3	3			3	0
10 Housing Initiatives	150			150	150			150	0
11 DPO Reserve	79			79	79			79	0
12 Project Evaluation Reserve	348	-6		342	348	-63		285	-57
13 Carry Forwards & Supplementary Estimate Reserve	286	-280		6	286	-443	303	146	140
14 Master Plan Income	65			65	65			65	0
Total Earmarked Reserves	8,285	-1,925	0	6,360	8,283	575	618	9,476	3,116
Unearmarked									
18 General Fund	15,137	-1,757		13,380	19,853	199	-618	19,434	6,054
Total other reserves	15,137	-1,757	0	13,380	19,853	199	-618	19,434	6,054
Total other reserves	23,422	-3,682	0	19,740	28,136	774	0	28,910	9,170
Not Available to Support Spend, until financial year end when the actual position is determined.									
19 Business Retention reserve	4,635	-4,299		336	4,635	-3,829		806	470

Commentary on the Reserves

- Earmarked Reserves.
 - The level of earmarked reserves is £3.1m higher than expected at the time of the budget, however, the majority £3m relates to delayed use of the Chelmsford development reserve to fund capital expenditure. This funding will be spent in the next 2 years on funding the purchase of short life assets (vehicles etc). This avoids associated MRP payments, somewhat suppressing the increase in MRP payments over the next 5-7 years. The higher balance of unearmarked reserves is therefore a temporary issue.
 - The table above does not show the creation of two new earmarked reserves; the Vehicle Fuel Reserve of £0.6m and Utility cost reserve of £2.3m established in 2023/24. This budget was funded by transferring the £2.9m

from the general fund. The lower energy costs have been discussed previously but this should ensure the unearmarked reserves are not used as heavily as expected. However, these two reserves will be maintained to help manage the continued uncertainty of the underlying inflation for these costs.

- The creation of additional reserves to manage specific risks or losses of income are likely to be proposed in the budget. This is intended to provide more clarity over the extent of these risks and over the size of general unearmarked reserves. It is expected that a reserve will be established to manage the temporary loss of rental income from a number of properties the Council lets, which tenants may vacate at the end of their leases.
- The General Fund (balance) is to be used to meet unexpected costs, i.e. when there is no earmarked reserve.
 - The S151 Officer set a £9m reserve target which should be seen as the level required to manage the unknown risks.
 - The 2023/24 budget identified that due to (temporary) losses of income and some expenditure, unearmarked reserves were expected to fall to circa £9m by 2025/26.
 - The General fund balance is £6m higher than predicted in the February Budget report. The main reason for this is that £5.3m of VAT refund from the Leisure case has been assumed. The claim is now close to being resolved and HMRC are reviewing the Council's submission. There is a risk the claim could be higher as interest has not been allowed for, or lower if HMRC find issue with the Council's submission. The balance of the increase is due to variances such as interest earnings.
 - Since 31st March 2023 outturn and the 2023/24 budget was set, it has become clear that Pay costs for 2023/24 will be higher than budgeted (how much by depending on what is negotiated) and energy costs for the year lower (potentially by £0.7m). Even allowing for these, it is most likely that the General Fund (unearmarked) reserves will be significantly higher than the £9m target set by the S151 officer in the budget, however the extent will only become clear during the 2024/25 budget process.
 - A higher level of unearmarked reserves provides the opportunity on a one-off basis to:
 - enable greater support to be made to temporarily fund service costs
 - reserves can be used for internal borrowing, avoiding higher cost of external debt
 - investment in spend to save schemes; or
 - support one off Council initiatives for residents.
- Business Rate Retention Reserve
 - This reserve holds money relating to timing differences, when gains and losses are accounted for as opposed to when they are real (available to use to support Council expenditure). An example of this is that the Retention scheme accounting arrangements require the Council to record the income from the scheme at the estimated position at the beginning of the year, but the gains paid to Government are based on actual figures for the year. So, it is possible under the scheme rules to have a significant gain above the budget and pay government its share whilst not being able to recognise the real income in the accounts to fund it.
 - It is now recommended in future that the Business rate Retention reserve is also used to hold a contingency. This would cover the risks of income being lower or higher than budgeted on the retention scheme. The estimate of

retention income is likely to be increased, and having this contingency would provide comfort when increasing our exposure to this difficult scheme. It is proposed that the reserve should be increased to reach a level of £2m over the next few years. The S151 officer will reflect that objective in monitoring reports and budget proposals to Council.

Government Survey of Reserves

The Government has recently collected data on local authority reserves, and though the S151 officer has recommend an appropriate level in the past, it should be noted that the Council's reserves were below the average identified by Government for other district Councils. This matter will be considered at part of the budget process.

APPENDIX 3**ACTIONS 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 actions recommended are very similar to those identified last year reflecting that most of the problems have continued from last year:

- 1 With rising inflation and restrictive Government funding, the Council needs to undertake strict cost control. This will be practised by officers in their day-to-day financial management. Officers' have reviewed 2022/23 expenditure and income and continue to work towards closer alignment of budgets to actual financial activity.
- 2 Reserves: Ensure a robust level of Reserves is maintained:
 - The level of reserves should be reviewed regularly. The Section 151 officer recommends £9m for Unearmarked Reserves but this will be reconsidered in the budget. Fluctuations around the recommended £9m level should be expected, as the purpose of reserves is to manage financial risk including temporary income falls. If those risks are realised, the level of reserves will need to temporarily fall to meet the realised costs (risks).
 - Specific reserves should be established, maintained and used to manage known or planned financial risks & costs. Appendix 1 identifies some of the factors that are likely to influence reserve levels.
 - The Business Rate Retention windfall gains should be held back in 2023/24 & later years to establish an appropriate contingency to manage the risks of including in the budget retention to support ongoing expenditure. The S151 officer will make recommendations on that as part of financial monitoring and budgeting.
- 3 Capital programme.
 - The programme should be used to deliver corporate priorities but also financial benefits.
 - The programme should be delivered at the lowest cost to the Council, so external funding should always be sought.
 - Further development of the process of planning the capital programme should take place, strengthening projections to ensure affordability. This is intended to be addressed in the Capital and Investment strategy report for 2024/25 for February Council.
 - A full review of capital scheme proposals and budgets will be undertaken during 2023 and included in the 2024/25 budget proposals.
 - Sites considered for disposal and their alternative use should be delivered in the most cost-effective manner to assist in delivering Council priorities and a balanced budget. The Council will continue to seek to optimise return on existing assets, divest itself of low-performing assets and invest in property to increase income to the Council when there is an economic regeneration outcome.
- 4 Reviews of Fees and Charges by services should take place annually. The review should reflect corporate priorities and financial sustainability. The budget will make an assumption, but this will not form part of the guidance to service managers when reviewing charges.

- 5 Officers will review budgets before seeking supplementary funding for cost increases or new initiatives.
- 6 The Council will follow best financial practice as set out in guidance from CIPFA and regulatory bodies. Identification of a risk or decision to deviate from guidance will be made to members for their consideration.
- 7 Budget guidelines have been drafted in Appendix 4 and approval is sought. Services will be required to follow the budget guidelines when preparing budgets and that will include a need to identify savings and new income.

Appendix 4

Budget Guidelines 2024/25

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 The sS151 will produce, update and circulate budget forecasts for 2024/25 to help manage the 2024/25 budget process.

2.0 Guidelines to Prepare Service Budgets

- 2.1 It is proposed that in the period September to December that 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 of 4%
 - non-domestic rates inflation of 2%
 - additional inflation provisions for items such as software licences, insurance premiums and building maintenance will be included determined by the Section 151 officer based on prevailing circumstances
 - a 3% vacancy factor has been applied in past years to all 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 Section 151 (Accountancy Services Manager) will calculate the 2024/25 control budgets for each service based on the above assumptions starting from the original 2023/24 budget. This includes adjustments to respond to inflationary pressures and costs.

- 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 £3m Council Budget shortfall. This figure will be revised during the budget process depending on the prevailing budget forecasts.
- 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. Services will set their fees and charges based on evidence of comparators (where possible), corporate objectives, and prevailing inflation, in consultation with Cabinet members.
- 2.7 The review of the capital programme is part of the budget process and the existing scheme budgets will be reassessed to ensure the scheme remains the method to achieve corporate objectives. Budgets will be refreshed and:
- 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 of unspent budgets from 2022/23

Description	Department	Amount
Cyber Security Costs – remaining cost from £100k grant received in 20/21	Digital Services	£51,600
HR Training – to allow purchase of training platform	Human Resources	£12,000
External Audit Costs – to cover costs of 22/23 external audit which has not yet begun	Accountancy & Exchequer	£82,000



Chelmsford City Council Cabinet

6 July 2023

Proposed Amendments to the Constitution

Report by:
Leader of the Council

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

Purpose

To consider the recommendations of the Constitutional Working Group arising from its reviews of the City Council's Constitution.

Options

To either accept or reject the recommendations being made by the Constitutional Working Group and the Governance Committee to the Council.

Preferred option and reasons

To recommend the proposed changes to the constitution for the reasons set out in the report and appendices.

Recommendations

That the Council be recommended to approve:

1. the amendments to the Constitution detailed in Appendices 1 & 2 to this report;

1. Introduction

- 1.1. The Council's Constitution is reviewed annually to ensure that it remains complete, up to date and reflects current practice and legislation. Some Parts of the Constitution, such as the rules relating to meetings and officer delegations, are likely to need detailed review as they are more likely to be affected by changes to organisational practices and legislation. Other Parts only need periodic detailed examination as they tend not to change significantly over time.
- 1.2. The annual reviews are initiated by officers and their recommendations are submitted in the first instance to the Constitution Working Group. Its recommendations are then passed to the Governance Committee, the Cabinet (where appropriate) and finally Full Council.
- 1.3. The proposed changes to the constitution arising from the annual review were considered by the Governance Committee on 8th March and are set out briefly below and in detail in Appendix 1. Cabinet is asked to consider these in advance of July Council:
 - A minor change to working groups to clarify that attendance of non-working group councillors require permission from the Chair in the same way as any additional cabinet members.
 - Sealing arrangements – to streamline the administrative process by removing an additional requirement for members to witness the seal. This will mean that in future only officers will do so.
 - Minor changes to the Community Funding Scheme to add the Rural England Shared Prosperity Fund. This particular change simply enables decisions to be made in relation to this new fund.
- 1.4. The Mayoral Working Group was also consulted in relation to proposed changes to sealing further details of which are set out below.
- 1.5. Two further changes were also considered by the Constitutional working group on 7th June 2023 and Governance Committee on 21st June 2023. These are set out in Appendix 2 together with background context. The Governance Committee recommends that both changes are made.

2. Changes proposed – working group attendance

- 2.1. Working groups provide a less formal space for a small group of members to be consulted, explore and shape solutions with officers at an early stage

before they are formally considered at relevant council meetings. There is no requirement for working groups to be politically balanced, but the Council has cross party membership in any event. Working group members often develop knowledge/expertise over the course of attendance. Reports and meetings are often prepared and conducted on an assumed level of knowledge. Working Groups do not take formal decisions and matters that arise are formally approved via other mechanisms, including where necessary at public meetings. Non-working group members do not have any automatic right to speak or to see working group reports in any event.

- 2.2. Custom and practice in the past has been to seek permission from the Chair when a non-working group member requests attendance. Such requests do not happen frequently. Whilst on most occasions permission may amount to no more than a courtesy to the chair, it is nonetheless helpful for exceptional cases that arise in practice. The proposal would also rectify an inconsistency in that an additional Cabinet Member needs permission from the chair in any event.

- 2.3. Most members of the Constitution working group were supportive of this change. One councillor expressed concern that the change would be undemocratic, overreaching and controlling in seeking to prevent representatives attending meetings. Other members of the working group highlighted the fact that working groups were supposed to be an informal meeting to discuss ideas with a small group of members before being agreed upon at formal meetings. It was noted that working groups were not a decision-making body and they had proved to be beneficial in developing ideas before considering them at formal meetings.

3. Sealing

- 3.1. There are a large number of property/contractual transactions, orders and other documents that must be made under seal. Legally, only one person is required to witness the seal. There are currently 4 senior officers that can do so and one of them is on site most working days.

- 3.2. The witnessing of the seal is an administrative task as legal staff undertake the necessary checking of the content of documents as well as ensure appropriate authority is in place prior to final agreed documents being prepared for sealing. Sealing usually occurs once or twice a week throughout the year. Some sealing can be predicted and planned in advance but this is not always the case in commercial transactions where negotiations are ongoing and greater agility in completing the transaction once this has occurred is expected.

- 3.3. Chelmsford added the Mayor (and in their absence Deputy Mayor) to the process some years ago. Over time, other authorities have tended to drop this practice and it is now unusual for this to remain. Where a constitution requires duplicate signatories (by having documents signed by both a member and also an officer) this becomes a constitutional requirement which must be fully complied with regardless of urgency or logistical issues that arise. Officer time is taken to co-ordinate routine sealing on a regular basis. Whilst the current and former Mayoralty members have always been gracious accommodating attendance at the civic centre to witness the seal, sometimes through no fault of those members there are logistical issues/delays to signing documents which delays the sealing process and impacts completion of a transaction.
- 3.4. It is proposed to streamline the process so that only one officer is required to witness the seal, thus alleviating the need to coordinate an additional signatory and increasing agility.
- 3.5. The Mayoral Working Group was consulted in relation to this and had divided views about this change. Some were happy with the change on the basis it is an administrative task that could conveniently be undertaken by officers only and which would reduce staff time taken and increase the Council's operational agility. Others felt that the tradition of the Mayor or Deputy Mayor should be retained. It was acknowledged this is a ceremonial role rather than providing any added governance or assurance to the sealing of documents.

4. Conclusion

- 4.1. Cabinet is asked to consider the amendments to the Constitution set out in Appendix 1 & 2 before consideration by Full Council.

List of Appendices

Appendix 1 – Proposed amendments arising from Annual review relating to working group membership, sealing and community funding panels.

Appendix 2 – proposed changes to add a new delegation in relation to neighbourhood planning referenda and modification in relation to fees and charges.

Background papers:

Nil

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

Consultees: None

Relevant Policies and Strategies:
None

Appendix 1 – proposed changes to the constitution 2023

Item proposed for change	Current version (deletions in blue)	Proposed version (with additions highlighted)
<p>1. Working Groups</p> <p>Minor change to clarify that any non-working group member can only attend a working group meeting with permission with the Chair. This also better aligns the position with that of an “other Cabinet Member” referred to in paragraph 4.2.8A.2.</p>	<p>4.2.8A - WORKING GROUPS</p> <p>4.1.8A.1 - deals with creation of working groups (not reproduced in full)</p> <p>4.2.8A.2 The Cabinet Member whose portfolio is most closely associated with the general work of a Working Group shall be entitled to attend its meetings and speak at them. Other Cabinet Members may, with the permission of the Chair of the Working Group, attend and speak at its meetings if it is considering a matter relating to their portfolios.</p> <p>4.2.8A.3 Other members of the Council may attend working group meetings but are not entitled to speak.</p>	<p>4.2.8A.3 Other members of the Council may, with permission of the Chair of the Working Group attend working group meetings but are not entitled to speak.</p>

<p>2. Witnesses the affixing of the Council's seal</p> <p>Article 15 – to remove the requirement for the witnessing of the Council's seal to be undertaken by both an officer and a member (see background information included in report)</p>	<p>2.15.6 The Common Seal of the Council shall be kept secure by the Legal and Democratic Services Manager and shall be fixed as necessary to any official document of the Council. The Mayor or Deputy Mayor, Chair of the Governance Committee and the Chief Executive, the Director of Connected Chelmsford and the Legal and Democratic Services Manager, or such other person authorised by the Legal and Democratic Services Manager, shall witness the fixing of the seal to a document. The use of the seal shall be recorded in the Seal Register.</p>	<p>2.15.6 The Common Seal of the Council shall be kept secure by the Legal and Democratic Services Manager and shall be fixed as necessary to any official document of the Council. The Chief Executive, the Director of Connected Chelmsford and the Legal and Democratic Services Manager, or such other person authorised by the Legal and Democratic Services Manager, shall witness the fixing of the seal to a document. The use of the seal shall be recorded in the Seal Register.</p>
<p>3. Minor change to Chelmsford Community Funding Scheme terms of reference in paragraph 3.2.4 of the constitution</p> <p>The purpose of the change is to add the Rural England Prosperity Fund Grant Scheme. For ease of reference current paragraphs 1 and 4 have been combined. The key addition proposed is highlighted.</p>	<p>3.2.4. 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.</p> <p>2. no change</p> <p>3. no change</p> <p>4. To oversee the governance of the Greener Chelmsford Grant scheme and to make recommendations on spend to Cabinet and Council as appropriate</p>	<p>1. To oversee the governance of Chelmsford's Community Funding Scheme, which includes the Neighbourhood Allocation of the Community Infrastructure Levy in the nine unparished wards, the Greener Chelmsford Grant Scheme, the Discretionary Corporate Grant Aid scheme and the Rural England Prosperity Fund Grant Scheme. Appropriate recommendations on spend to Cabinet and Council are made as appropriate.</p>

APPENDIX 2 - TWO FURTHER PROPOSED CHANGES TO CONSTITUTION

Item proposed for change	Current version in constitution	Changes proposed (tracked in red)
<p>1. Neighbourhood Planning Statutory Functions</p> <p>Proposal</p> <p>To add an officer delegation to enable the timely progress of statutory functions related to Neighbourhood Plans to take place.</p> <p>Background</p> <p>On 14 March 2023 Cabinet resolved that the statutory functions of considering examiner’s reports and recommendations for the six Neighbourhood Plans under preparation, including (where applicable) the decision to proceed to referendum be delegated to the Director of Sustainable Communities in consultation with the Cabinet Member for Sustainable Development.</p> <p>This has enabled the Council to be able to make decisions on whether Neighbourhood Plans should</p>	<p>Nothing currently in constitution</p>	<p>To add a new delegation to the Director of Sustainable Communities under paragraph 3.4.7</p> <p>All matters (including statutory functions) relating to the development and making of Neighbourhood Development Plans.</p>

proceed to referendum within the statutory 5 weeks of receiving an examiner's report.

Once a referendum has been held, the Council is required to 'make' (adopt) the plan if more than half of those voting in a referendum have voted in favour of the plan. For the two 'made' Neighbourhood Plans (South Woodham Ferrers and Writtle) this final decision was made by Full Council.

The Council must make the plans as soon as reasonably practicable after the referendum is held (The Planning and Compulsory Purchase Act 2004, Section 38A).

This is further clarified in The Neighbourhood Planning (General) Regulations 2012, which sets out at Regulation 18A the prescribed date for making a neighbourhood development plan as 'the date which is the last day of the period of 8 weeks beginning with the day immediately following that on which the last applicable referendum is held'.

Whilst the regulations state that a plan must be 'made' in these circumstances, it does not prescribe at what level the decision must be made.

It was fortunate that the timing of the referendums for the South Woodham Ferrers and Writtle

Neighbourhood Plans fell conveniently within the committee cycle so that the decision to make the plans could be taken by Full Council within the prescribed timeframe.

However, for forthcoming Neighbourhood Plans this may not be the case. For example, at Little Baddow the examiner's report has been received recommending that the plan be subject to a referendum. It would be natural to arrange this as soon as possible, to continue the momentum for the local community. However, due to the required timeframe to arrange a referendum there could be a gap of 4-5 months between the referendum and the following meeting of the Council in December.

There are some options potentially available:

- Delay a referendum to a date 8 weeks or less before the next planned Full Council meeting. However, this could be considered to be an unwarranted delay, and disrupt the momentum for the local community and the interest in voting in the referendum.
- Arrange one or more additional meetings of the Full Council to meet the required timeframe for making a plan as they arise. This may be considered to be an additional burden on Members and officers if meetings

<p>needed to be arranged to consider a single item of business.</p> <ul style="list-style-type: none"> Amend the Council's constitution to allow the statutory functions of Neighbourhood Plan decision-making to be delegated to the Director of Sustainable Communities (in consultation with the appropriate Cabinet Member if appropriate). <p>This final option of changing the constitution is the preferred option recommended to the working group.</p>		
<p>2. Change to fees and charges</p> <p>The following changes are being put forward by officers to re-align delegation levels with current financial limits (eg supplementary estimates). The changes also reflect current working practice and provide clarification. The separate identification of any increases over £200k for existing charges are designed to provide transparency to members within the formal budget approval process.</p>	<p>Existing Charges (<i>the budget guidelines approved annually by Council include a standard average rate of increase for fees and charges</i>)</p> <p>Work with Directors to set the average charges across a Directorate (as measured by price change or increase in yield) at that standard rate. If this is not possible then Council approval should be sought via Accountancy.</p> <p>There are specific delegations for fees and charges for major events</p>	<p>Fees and Charges amendments within the annual budget process. <i>The budget guidelines approved annually by Council include a standard assumption for the average increase (for financial planning), this is not intended to be the outcome increase for any charge. Increases in charges should be determined in the manner below:</i></p> <ul style="list-style-type: none"> <i>The proposals for fees and charges will be determined by the Director in consultation with the responsible Cabinet member.</i>

	<p>in parks and regulatory Licences elsewhere in the constitution.</p>	<ul style="list-style-type: none"> ii. The fees and charges proposals will have determined after making any appropriate comparisons including other local authorities and private sector providers of similar services in the appropriate geographical area. This will include consideration of equalities. iii. The charges do not have to match the assumed percentage increase in the financial planning. iv. Annually by the end of October Directors will provide for budget planning draft proposals for increases in fees and charges for their service areas. <p>The Budget report made each January will identify separately the increase in total monetary value of fees and charges by service area (a service as set out in the annual budget report), where they generate any increase over £200k compared to the previous year's budget.</p>
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	<p>New Fees and Charges: Chief Executive and Directors, in consultation with the relevant Cabinet Member, can establish any new fees and charges for any service for which they are responsible, provided it is expected to generate no more than £50,000 in a full year; and where the annual income generated by the new charge is estimated to above £50,000 then approval will be required from Councillors as follows:</p> <ul style="list-style-type: none"> · £50K to £250K – Cabinet · Over £250K - Full Council 	<p>New Fees and Charges: Chief Executive and Directors, in consultation with the relevant Cabinet Member, can establish any new fees and charges for any service (as set out in the annual budget report) for which they are responsible, provided it is expected to generate no more than £50k£200k in a full year; and where the annual income generated by the new charge is estimated to above £50k£200k then approval will be required from Councillors as follows:</p> <ul style="list-style-type: none"> · £50k£200K to £250k1m – Cabinet · Over £250k£1m - Full Council
	<p>Amendments to Fees and Charges: Chief Executive and Directors, in consultation with the relevant Cabinet Member, can amend fees and charges for which they responsible, provided that across the Council any (all) amendments generate no more than £50,000 in a full year. Changes to Fees and Charges that would be above £50,000 in a full year, require approval as follows :</p> <ol style="list-style-type: none"> 1. £50K to £250K – Cabinet 	<p>Amendments to Fees and Charges: Chief Executive and Directors, in consultation with the relevant Cabinet Member, can amend fees and charges for which they responsible, provided that any service area (as set out in the annual budget report) amendments generate no more than £50k£200k in a full year. Changes to Fees and Charges that would be above in a full year, require approval as follows :</p> <ul style="list-style-type: none"> · £50k£200K to £250k1m – Cabinet

	2. Over £250K - Full Council	1. Over £250k £1m - Full Council
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Chelmsford City Council Cabinet

14 March 2023

Amendments to Council Tax Premiums in respect of empty properties with effect from 1 April 2024

Report by:

Cabinet Member for Connected Chelmsford

Officer Contact:

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

Purpose

To extend the imposition of Council Tax premiums levied in respect of empty properties once a property has been empty and unfurnished for 12 months or if a property is empty and substantially furnished (a second home).

Options

1. To agree the extension of 100% premiums as detailed in the recommendations
2. To reject the extension of 100% premiums as detailed in the recommendations
3. To determine a lesser percentage than 100% to be applied in relevant cases

Recommendations

That Cabinet recommends to Full Council that a Council Tax premium of 100% is levied in respect of empty and unfurnished properties 12 months after the property becomes empty.

That Cabinet recommends to Full Council that a Council Tax premium of 100% is levied in respect of unoccupied dwellings, which are substantially furnished.

That Cabinet recommends to Full Council that the application of premiums in both cases is applied from 1 April 2024 or such other date as may be permitted following the passage of the Levelling Up and Regeneration Bill through Parliament, with the implementation date delegated to the Director of Connected Chelmsford.

1. Background

- 1.1. S.11B of the Local Government Finance Act 1992 (LGFA 1992) allows local authorities the discretion to levy additional Council Tax on the owners of property which has been empty and substantially unfurnished for more than two years. At the meeting of Full Council on 27 February 2019, Council decided that it would increase the Council Tax premium on such properties from 50% to 100% with effect from 1 April 2019. At a subsequent meeting of Full Council on 26 February 2020, Council decided to further increase the premium to 200%, with effect from 1 April 2020, in respect of properties empty for more than five years. It also agreed an increase of the premium to 300%, with effect from 1 April 2021, in respect of properties empty for more than ten years. These are the maximum amounts that can currently be levied.
- 1.2. The Levelling-up and Regeneration Bill, which is currently at Committee stage in the Lords, contains provisions to further amend s.11 of the LGFA 1992. S.75 proposes that local authorities may apply a Council Tax premium of up to 100% in respect of properties empty and unfurnished for more than one year, rather than the current two.
- 1.3. S.76 of the Levelling-up and Regeneration Bill proposes to insert s11C into LGFA 1992 to allow local authorities to levy a Council Tax premium on properties where nobody is resident and which are substantially furnished. Such properties are commonly referred to as 'second homes' insofar as they are nobody's sole or main residence. The wording in the Bill currently allows a premium of up to 100% to be levied, although the Secretary of State may make regulations to both vary the percentage amount and the classes of property to which this new power applies.
- 1.4. The Council must make a decision regarding the imposition of Council Tax premiums in respect of second homes at least one year before the beginning of the financial year in which they are to take effect. It may be that the effective date of this proposal is amended because it is unlikely that the Bill will receive Royal Assent before 31 March 2023 and it is unclear whether amendments will be made to allow a retrospective effect. The purpose of this report in respect of second homes is to seek delegation to Officers to apply the Council Tax premium from the earliest permissible date.

2. Long Term Empty Premium extension

- 2.1. At the time of writing this report, there are 705 properties being treated as empty and substantially unfurnished, which have been empty for between 3 months and 24 months. Of these, 160 have been empty for between 12 months and 2 years. It is these which would be affected by the proposal to impose a 100% Council Tax long term empty premium. Imposition of the premium would raise approximately £300k extra in Council Tax. The benefit to the City Council would be approximately £36k per annum.
- 2.2. Although the additional income may be welcome, the main reason for the imposition of a Council Tax premium after 12 months is to encourage owners to bring their property back into use more quickly in order to increase the amount of available housing stock.
- 2.3. Since the imposition of a 100% long term empty premium on properties empty for more than two years in 2019, the number of properties where a premium is applied has reduced from 118 to 109. Whilst this is a small number, it should be viewed in light of the increase in the number of residential properties in Chelmsford from 76,712 to 79,348 over the same period.
- 2.4. Not all properties which are empty and unfurnished attract a Council Tax liability. There are exemptions for properties awaiting probate or empty because: the resident is in prison or in a care home; the property has been repossessed, cannot be lived in by law or has been compulsorily purchased and will be demolished.

3. Properties empty and substantially furnished – ‘second homes’

- 3.1 The Council currently awards a 10% discount on the Council Tax levied in respect of properties which have no permanent resident, but which are substantially furnished. There are some 350 of these properties, representing a total discount of approximately £69.5k in 2022/23. The City Council's share of this is £8.7k.
- 3.2 The Council already has the power to amend or remove this discount, but this matter has not been reviewed since 2013. The Levelling-up and Regeneration Bill proposes to introduce a new local authority discretion to impose a Council Tax premium of up to 100% on what it refers to as ‘dwellings occupied periodically’.
- 3.3 Nominally, a decision to impose a 100% premium on such properties would increase Council Tax income by £764k, worth £95.5k to the City Council. However, it is clear from the drafting of the Bill that the Secretary of State is reserving the power to prescribe circumstances in which a premium may not

be applied or may be applied at a different rate. There may also be guidance as to considerations that must be taken into account before taking a decision to apply the premium in individual cases. Any such restrictions would reduce the additional income that could be anticipated.

- 3.4 As mentioned in para 1.4, it is at present unclear whether this measure can be implemented from 1 April 2024, but agreement is sought to implement the premium as far as is permitted by Regulations and delegated authority to the Director of Connected Chelmsford to determine the effective date of implementation once the legal position is clearer.

4. Hardship and Discretion

4.1 Any decision to reduce or remove the discounts on empty properties or to impose premiums needs to take into account local circumstances. Any change in policy would mean that the Council could increase hardship of those taxpayers who are already struggling or unable to sell a second property. There is a risk that specific personal requests for assistance may increase and could result in a direct cost to the City Council due to the use S13A LGFA 1992 powers to reduce the amount of Council Tax payable where the Council sees fit.

4.2 A report in 2006 by the Local Government Ombudsman stated that, after deciding to remove or change the level of discount, a council must still give proper consideration to individual taxpayers' requests that the additional liability should not apply to them, having regard to their circumstances. A copy of the Council's hardship policy is attached at Appendix A. Central Government produced guidance in 2013 stating that the discretion to introduce a premium should not be interpreted as a desire to penalise owners of property that is genuinely on the housing market for sale or rent. It suggested that billing authorities may want to take into account the health of their local housing market and average prices charged for particular types of properties before taking the decision to impose a premium. However, the guidance stressed that the final decision on any conditions to be imposed rests with the billing authority.

4.3 The Council decided in 2019 not to apply any specified exceptions but to rely on the judicious application of its powers to remit all or part of a Council Tax bill as described in paragraph 4.1 Further guidance seems likely to be produced by Government in respect of the imposition of premiums on 'second homes' and the Council will be asked to re-consider its approach if necessary.

5. Conclusion

5.1 The Council declared a housing crisis in February 2022 and needs to use as many tools as it can to increase the supply of residential accommodation to its residents. There are over 1,000 empty properties in Chelmsford and the measures

proposed in this report increase the Council Tax payable on over 500 of them. If the imposition of Council Tax premiums prompts the owners to bring some of those properties back into use more quickly, it will be of more benefit than the additional Council Tax income that the measures generate.

List of appendices:

Appendix A – Guidelines for determining applications for a Council Tax Reduction

Background papers:

None

Corporate Implications

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

Financial: Increases to the level and scope of Council Tax premiums is likely to generate additional income

Potential impact on climate change and the environment: None.

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

Personnel: None

Risk Management: None

Equality and Diversity: None

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

Health and Safety: None

Digital: None

Other:

Consultees: Director of Connected Chelmsford, Legal and Democratic Services Manager,

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

Chelmsford Housing Strategy 2022-2027

Appendix A

Guidelines for Determining Applications for a Council Tax Reduction

1. Section 13A of the Local Government Finance Act 1992 allows the council to reduce the amount of Council Tax payable. This power can be used for individual cases or class(es) of cases that it may determine.
2. The council will consider using its powers to reduce Council Tax liability for any Council Tax payer. The council would expect there to be exceptional circumstances to justify any reduction and the reduction will be intended as short term assistance. It should not be considered as a way of reducing council tax liability indefinitely.
3. Claims for a discretionary reduction must:
 - be made in writing by the taxpayer or by someone authorised to act on their behalf
 - be supported by any reasonable evidence which the council requires in support of the application.
4. Separate claims must be made in respect of different dwellings and/or council tax accounts.
5. Each case will be considered on its merits. The council will have regard to the following criteria in particular in relation to an application:
 - There must be evidence of financial hardship or personal circumstances which justify a reduction in council tax
 - The taxpayer must satisfy the council that they have taken all reasonable steps to resolve their situation prior to the claim
 - The taxpayer must have claimed council tax support where appropriate and supplied any information or evidence requested by the Benefits section in respect of that application
 - The taxpayer must have applied for any appropriate discount or exemption and supplied any information or evidence requested by the council tax section in respect of that application
 - The taxpayer does not have access to other assets which could be used to pay the council tax
 - The situation and reason for the application must be outside of the taxpayer's control
 - The situation cannot be resolved by some other legitimate means
 - The amount outstanding must not be the result of wilful refusal or culpable neglect to pay
 - The council's finances allow for a reduction to be made and it is reasonable to do so in the light of the impact on other Council Tax payers
6. The length of time any reduction will apply will be for a maximum period of one year.
7. A senior officer within the Revenues Team will determine applications.
8. The council will notify a customer of its decision within 14 days of receiving all the information needed to make the decision.
9. There is no right of appeal under the Local Government Finance Act 1992 against the council's use of its discretionary powers. However, the council will accept a written request for a review of its decision if it is supported by further information or evidence. Any further review will take place in accordance with the Council's complaints procedure.



Chelmsford City Council

25 July 2023

Membership of Committees

Report by: Leader of the Council

Officer contacts:

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

Purpose

To note a change to the memberships.

Recommendations:

- 1) To note the below changes from the Conservative Group, that were recently made by the Monitoring Officer's delegation, in consultation with the Group Leaders.
 - 2) To note the appointment of Councillor Bentley (South Woodham Ferrers Town Council) and Councillor Golla (Chelmsford Garden Community Council) as Parish Tier Representatives on the Governance Committee, as agreed by the Governance Committee on 21st June 2023.
 - 3) To note the proposals from the Audit and Risk Committee to appoint two Independent Persons to the Committee, as agreed at their meeting on 21st June 2023.
-

1. Under delegation the Monitoring Officer has made the following changes to the membership of Committees as requested by the Conservative Group.
 - Councillor Whitehead to replace Councillor Knight on Audit and Risk Committee

- Councillor Steel to replace Councillor Knight on Overview and Scrutiny Committee
2. The Governance Committee agreed on 21st June 2023 to appoint Councillors Bentley and Golla as two new Parish Tier representatives.
 3. The Audit and Risk Committee agreed on 21st June 2023 to add two Independent Members to their membership. Under delegation the Monitoring Officer has amended the Terms of Reference accordingly. Interviews will be taking place soon to fill the two roles.



Chelmsford City Council

25th July 2023

Audit and Risk Committee Annual Report 2022/23

Report by:

Audit and Risk Committee

Officer Contact:

Elizabeth Brooks, Audit Services Manager, elizabeth.brooks@chelmsford.gov.uk

Purpose

This report summarises the work that the Audit and Risk Committee has undertaken during 2022/23 in line with CIPFA's Position Statement for Audit Committees 2022.

Recommendations

The Council is requested to note the content of the 2022/23 Annual Report of the Committee.

1. Introduction

- 1.1. Audit Committees are a key component of the Council's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The Committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.
- 1.2. In Chelmsford, the Audit and Risk Committee has been delegated governance responsibilities but remains accountable to Full Council. The Committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.
- 1.3. The CIPFA Position Statement for Audit Committees 2022 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 2022/23 is attached for Committee to note and agree.

List of appendices: Appendix 1 - Audit and Risk Committee Annual Report 2022/23

Background papers: None

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 guidance emphasises the importance of the Audit Committee, including:

- Delivering Good Governance in Local Government: Framework
- Public Sector Internal Audit Standards
- the Code of Practice on Managing the Risk of Fraud and Corruption.

Financial:

Failure to have appropriate risk management arrangements puts the Council financial management in a weakened position and therefore increases the risk of failing to deliver Our Chelmsford Our Plan.

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

Consultees: Councillor Walsh, Chair of the Audit and Risk Committee

Relevant Policies and Strategies: None

Appendix 1

Audit and Risk Committee Annual Report 2022/23

Introduction from the Chair of Audit and Risk Committee

I am pleased to present the Annual Report of the Audit and Risk Committee which outlines the Committee's work and achievements for 2022/23.

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 risk management, governance and internal control arrangements, the Committee has been supported during 2022/23 by the Audit Services Manager, the Accountancy Services Manager (S151 Officer), the Procurement and Risk Services Manager, and the Public Health and Protection Services Manager, as well as representatives from the Council's External Auditors.

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 2023

1. Overview

- 1.1. Audit Committees are a key component of the Council's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The Committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.
- 1.2. In Chelmsford, the Audit and Risk Committee has been delegated some governance responsibilities but remains accountable to Full Council. The Committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.
- 1.3. As outlined in CIPFA Position Statement for Audit Committees 2022, the core functions of the Audit Committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.
- 1.4. The specific responsibilities include:

- **Maintenance of governance, risk and control arrangements**

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

- **Financial and governance reporting**

- Be satisfied that the authority's accountability 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 authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

- **Establishing appropriate and effective arrangements for audit and assurance**

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards

- support effective arrangements for internal audit
- promote the effective use of internal audit within the assurance framework.
- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

1.5. In addition to the CIPFA Position Statement for Audit Committees 2022, various associated guidance also emphasises the importance of the Audit Committee, including:

- CIPFA's Delivering Good Governance in Local Government Framework
- The Public Sector Internal Audit Standards (PSIAS)
- CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption

2. Membership and Committee Administration

- 1.1. There were four meetings of the Committee during 2022/23 (June 2022, September 2022, December 2022 and March 2023).
- 1.2. Membership of the Committee for 2022/23 is attached at Appendix A. The Audit and Risk Committee did not have any external Members acting in an independent capacity in 2022/23.
- 1.3. 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 2022/23 is attached at Appendix B to the report.
- 1.4. The Committee was supported by the Audit Services Manager, the Accountancy Services Manager (S151 Officer), the Procurement and Risk Services Manager, and the Public Health and Protection Services Manager, as well as External Audit (BDO).
- 1.5. The Committee operated under the Terms of Reference which was in line with CIPFA guidance: Audit Committees (2018). 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](#).

2. Governance Risk and Control

Risk Management

2.1. In June 2022, Audit and Risk Committee received the Spring/Summer 2022 Risk Management Report. The report outlined the progress made in implementing the Council's risk management framework and summarised the Council's Principal Risks. Key outcomes were also noted such as:

- new corporate risk reporting formats placing greater emphasis on risk treatment, Fraud Risk and Control Assessment bringing together Risk and Internal Audit
- six-monthly compliance reporting cycle for Fire Risk Assessment and Health & Safety audit actions using T1
- Our Chelmsford, Our Plan Action Plan Climate and Ecological Emergency Action Plan progress reported annually to Overview and Scrutiny Committee
- Health and Wellbeing Strategy Action Plan progress reported quarterly to LiveWell Chelmsford

2.2. In December 2022, the Committee received a further Risk Management Report, updating the Principal Risk position and discussed the Principal Risks of:

- Income and Financial Position,
- Theatre Refurbishment and Rebranding
- Enterprise Resource Planning.

Countering Fraud and Corruption

2.3. In December 2022, the Committee received a report detailing the Council's new Counter Fraud and Corruption Strategy which included key principles such as acknowledging the responsibility for countering fraud and corruption, identification of fraud and corruption risks, provision of resources to implement the strategy and the action to be taken in response to fraud and corruption.

2.4. The 2023 Strategy had been developed in line with best practice, such as CIPFA's Managing the Risk of Fraud and Fighting Fraud and Corruption Locally checklist. Supplementing the strategy was an action plan which set out how it would be delivered.

2.5. An update on the actions taken in relation to the Counter Fraud Strategy Action Plan was provided to Committee in March 2023, including:

- updating the Council's Fraud Risk Register
- producing a revised Fraud Response Plan
- reviewing the Whistleblowing Policy
- developing and refreshing training and awareness activities for employees.

- 2.6. With regards to updating the Council's Fraud Risk Register, it was noted by the Committee that the overall Principal Risk of fraud was broken down to 20 different risk areas that were susceptible to fraud based on consideration of CIPFA's annual Counter Fraud and Corruption Tracker adapted for the Council. Risks identified had been assessed to calculate a more accurate rating. The adequacy of controls in place would be reviewed, supported by independent assurance from internal audit, and highlight where further mitigation would be required. There is also an anti-bribery and corruption risk assessment in the process of being developed.
- 2.7. Regarding anti-fraud training, the Committee was informed that this training would be rolled out to all Council members and officers including temporary and agency workers.
- 2.8. Committee also received a detailed update regarding two recent fraud investigations.

CIPFA Financial Management Code Assessment

- 2.9. In September 2022, the Committee received an update informing them of the requirements of the Financial Management Code and the Council's self-assessment of compliance against it. The Committee noted that the Council continued to be materially compliant with the Financial Management Code but some areas has been identified where minor improvements were required and some actions were arising from the assessment.

3. Financial and Governance Reporting

- 3.1. The Audit and Risk Committee received a report from the Accountancy Services Manager in June 2022 on the provisional revenue outturn position for 2021/22. The report included a list of key material variations that made up the overspend, the amount and the cause of each variation, and the actions recommended to manage each variation. For each affected service, action or variance, the report identified associated risks. Committee also received a report which detailed the capital expenditure incurred in 2021/22, updated the Committee on the approved Capital Schemes and variations in cost which had been identified at outturn and to date.
- 3.2. 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. The Audit and Risk Committee reviewed the Annual Governance Statement for 2021/22 jointly with Governance Committee in June 2022. Progress on outstanding governance issues from 2021/22 were noted along with areas identified for 2022/23, such as:
 - Financial Rules
 - Cyber Security
 - Financial Management Code Action Plan
 - Member Code of Conduct
 - Community Governance Review
- 3.3. The Chair of the Audit and Risk Committee signed the 2020/21 Statement of Accounts on 9th March 2023 (see further detail below re External Audit). The Committee are still awaiting the Annual Audit Letter to summarise any issues

arising from the work they had carried out in respect of the year ended 31st March 2021.

- 3.4. In September 2022, the Committee received a presentation from officers on the Unaudited Accounts for 2021/22. It was noted that these had been published in July 2022 and the presentation covered the role of the Committee in reviewing the accounts, the core statements and some of the key items for consideration, including the role of the Audit and Risk Committee, deadlines for the year, what determines the format of the accounts, the statutory entries, the main chapters in the accounts, S151 officer's key messages and key risks.
- 3.5. In March 2023, Committee approved the Accounting Policies which would be used in completing the 2022/23 Statement of Accounts in line with Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

4. Establishing appropriate and effective arrangements for audit and assurance

Internal Audit

- 4.1. The original audit plan for 202/23 was approved by Audit and Risk Committee in March 2022.
- 4.2. During 2022/23, 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 Annual Report 2021/22 which provided an overall annual opinion of "moderate" assurance (June 2022)
 - Interim Annual Report 2022/23 (December 2022)
- 4.3. In December 2022, Committee approved the Internal Audit Strategy 2023-24.
- 4.4. In line with Public Sector Internal Audit Standards, the Audit and Risk Committee approved the Internal Audit Charter in March 2023.

External Audit

- 4.5. In September 2022, the Committee were updated by the external auditors as to the progress they had made on the 2020/21 Statement of Accounts. Following an update in December 2022 where Committee were advised that there had been delays in signing off as a result of auditors seeking additional assurances, a further update was provided by the S151 Officer in March 2023 and the Committee noted that the 2020/21 accounts had been signed off on 9th March 2023.
- 4.6. In September 2022, Committee were advised that due to continuous resource pressures audit firms face nationally, Committee were advised that the audit of the 2021/22 accounts was unlikely to happen before July 2023. Members of the Committee and other Cabinet members who were present at the meeting, expressed their strong levels of disappointment at the continued and unacceptable delays, with the External Auditors responding to the specific concerns raised by Committee.
- 4.7. In September 2022, the Committee received an update on the contract for External Audit. The update detailed the proposals by the Public Sector Audit Appointments (PSAA) relating to setting the 2022/23 audit fee for their services.

- 4.8. In December 2022, Committee were advised that the Council had met with PSAA to raise the issue of delays formally and met with our auditor's liaison for local government audit who confirmed that BDO intend to send out letters to their clients setting out broad level of their approach to catching up with audits.
- 4.9. The Committee was updated regularly during the course of 2022/23 by the External Auditors and s151 Officer on the lateness of the external audit process locally and nationally and how the long delays have impact on the ability of the Committee to make judgements on financial risk and financial reporting.

Additional Governance and Assurance Reports to Committee

- 4.10. **Modern Slavery** – in September 2022, the Committee received a report updating them on the work undertaken within the Council on Modern Slavery reduction and awareness. Members were informed that the action plan initially produced in September 2020 had been updated with one outstanding action. The Committee also heard that with the introduction of the Chelmsford Against Slavery Partnership, Modern Slavery would become business as usual for the Safer Chelmsford Partnership. It was noted that progress would be reported to the One Chelmsford Board and then in turn Overview and Scrutiny Committee. This therefore meant future updates would not be provided to the Audit and Risk Committee.
- 4.11. **Corporate Health and Safety Annual Report** – In September 2022, the Committee received a report updating them on Health and Safety in 2021/22. Members were informed about progress with training, accidents, performance in comparison to other years and the recent audits.
- 4.12. **Cyber Security** – In September 2022, the Committee received a presentation from the Council's Digital Services Manager and the Virtual Cyber Information Security Officer, following a request at a previous meeting. The Committee heard that a posture review had taken place in 2021 of the Council's Cyber Security position which led to a list of actions and an updated policy. The Committee were informed that positive progress continued to take place in the Council's cyber security efforts and would continue to be an area of focus for the Council.
- 4.13. **Procurement Update** – in December 2022, the Committee received a report regarding all formal procurement and sourcing activities alongside any cross functional working that had taken place. The report also informed members of new process, policies and practices introduced in the last 12 months and the planned activities for the next 12 months, along with the findings to date on social value feedback.

Membership of Audit and Risk Committee 2022/23

Councillor Nora Walsh – Chair

Councillor Malcolm Sismey – Vice Chair

Councillor Dan Clark

Council Wendy Daden

Councillor Natacha Dudley

Councillor Barry Knight

Councillor James Raven

Councillor Eleanor Sampson

Councillor Andrew Sosin

Audit and Risk Committee Work Programme 2022/23**Appendix B****June 2022**

- **Joint with Governance Committee**
 - Review of the Local Code of Corporate Governance and Annual Governance Statement 2021/22

- **Audit & Risk Committee**
 - External Audit Update
 - Revenue Monitoring Report
 - Capital Monitoring Report
 - Internal Audit Annual Report 2021/22
 - Audit and Risk Committee Annual Report 2021/22 and Terms of Reference
 - Risk Management Report

September 2022

- Presentation on Cyber Security
- Modern Slavery Report
- Annual Health and Safety Report 2021/22
- CIPFA Financial Management Code Assessment
- External Audit Contract Update
- External Audit Update
- Presentation on the Unaudited Accounts 2021/22

December 2022

- Internal Audit Interim Report 2022/23
- Internal Audit Strategy 2023
- Risk Management Report
- Counter Fraud Strategy and Action Plan
- External Audit Update
- Procurement Update

March 2023

- External Audit Update
- Internal Audit Plan 2023 and Charter
- Counter Fraud Strategy Action Plan Update
- Account Policies for the 2022/23 Statement of Accounts
- Counter Fraud Investigations Update



Chelmsford City Council

25 July 2023

Annual Report of the Governance Committee 2022/23

Report by:
Governance Committee

Officer Contact:
Monitoring Officer – Lorraine Browne, 01245 606560,
lorraine.browne@chelmsford.gov.uk

Purpose

To report on the work of the Governance Committee in 2022/23.

Recommendations

That the Governance Committee's Annual Report for 2022/23 attached to this report be approved for publication.

1. Background

1.1. 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.
- 1.2 The suite of documents for 2022/23 was reported for approval to the Joint Audit and Governance Committee that met earlier this evening.
 - 1.3 Annual reports on the Audit and Overview & Scrutiny functions have been presented to and agreed by Full Council at its July meeting 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 reports in December 2016. This report seeks approval of the Annual Report for the Municipal year ending in May 2023 which appears at the Appendix to this report.
 - 1.4 Members views are sought on the content and to recommend that Full Council approves the Committee's Annual Report for subsequent publication.

List of appendices:

Appendix 1 – Annual Report on the work of the Governance Committee 2022/23

Background papers:

Nil

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

Consultees:

None on this occasion – the Chair and Vice Chair would normally be consulted but neither are now members of the Committee so the Committee is asked to consider the annual report..

Relevant Policies and Strategies:

The Councillor Code of Conduct and associated complaints procedure



**CHELMSFORD CITY COUNCIL
ANNUAL REPORT ON THE WORK OF
THE GOVERNANCE COMMITTEE
2022/23**

**Councillor Chris Davidson
(Chair – Governance Committee – appointed May 2023)**

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 City Council adopted the LGA Model Code of Conduct without amendment and this is [Part 5.1.1 of the Constitution](#) and was adopted in 2022.
- 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 Parish Tier 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 a deputy, 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 and Parish Tier 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 2022/23 the membership of the Committee comprised the following members:
- Liberal Democrats: Councillors H. Ayres (Chair), N. Dudley, D. Jones, N. Walsh
- Conservatives: Councillor A Thorpe-Apps, 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 Parish Tier 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 2022/23 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 2022/23 the Committee met on six 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 2022-23

- 2.1 The main areas of activity considered by the Committee during the municipal year (May to May) 2022-23 were as follows:

<u>Issues addressed</u>	<u>Meetings</u>
Code of Corporate Governance and the Annual Governance Statement for 2021/22 considered by the Joint Audit and Governance Committee	15 June 2022
Monitoring Officer Report	15 June 2022
Gifts and Hospitality Report	15 June 2022
Model Code of Conduct	15 June 2022
Report from the Council's Constitutional Working Group in relation to changes to the Council's Constitution	15 June 2022
Monitoring Officer Report	31 October 2022
Information Governance update	31 October 2022
Annual Whistleblowing Report	31 October 2022
Complaints to the Local Government and Social Care Ombudsman – Annual Review	31 October 2022
Annual Register of Interest report (new)	31 October 2022
Dispensation Policy	31 October 2022
Interim Polling District Review	31 October 2022
Monitoring Officer Report	18 January 2023
Standards complaints review Pt 1	18 January 2023
Monitoring Officer Report	8 March 2023
Review of Social Media Protocol	8 March 2023

Completion of Standards Complaints procedure review	8 March 2023
Gifts and Hospitality Report	8 March 2023
Report from the Council's Constitutional Working Group in relation to changes to the Council's Constitution	8 March 2023

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 2022 to May 2023, six new complaints were received but a number of investigations from the previous year (which had an unprecedented level of complaints) were also completed during this period by way of three Governance Committee hearings. In relation to the new cases none of these required investigation and were dealt with by the Monitoring Officer in consultation with an Independent Person, as necessary.

4. Future Work Programme

- 4.1 The work of the Committee as regards the Standards Regime is reactive. There are however, annual reports as well as reviews 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 Tier 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 queries and complaints received, 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

25 July 2023

Annual Report of the Overview and Scrutiny Committee

Report by: Overview and Scrutiny Committee from its meeting on 18 July 2023

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Purpose

To consider the Annual Report on the activity of the Scrutiny function for 2022/23.

Recommendation:

That the Annual Report of the Overview and Scrutiny Committee and the activity of the Scrutiny function in 2022/23 be approved for publication.

1. The Local Code of Corporate Governance was adopted by the Council on 23 April 2008 (M6.1, CL52, 2008). Under the Code's Core Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability - the Overview and Scrutiny Committee is required to produce an annual report on its work for consideration by the Council and subsequent publication.
2. At its meeting on 18 July 2023 the Overview and Scrutiny Committee considered its Annual Report on the Scrutiny Function for 2019/20 and recommended to Council that the Report be approved for subsequent publication.
3. The Report is attached at Appendix 1 to this report and covers the following matters:

- statutory provisions
 - terms of reference
 - membership
 - publication of information
 - work undertaken in 2022/23
 - future work for 2023/24
 - “call in” of Cabinet decisions
 - training and development
-

Appendices

1. Annual Report on the Scrutiny function 2022/23

Background Papers

None



**CHELMSFORD CITY COUNCIL
ANNUAL REPORT ON THE SCRUTINY
FUNCTION
2022/23**

**Councillor R. Poulter
(Chair – Overview and Scrutiny Committee)**

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Background

(a) *Statutory Provisions*

Under the Local Government Act 2000 each local authority is required to establish at least one committee to review or scrutinise decisions taken by the Executive or any other part of the council and make reports to the council or to the cabinet. It can also report on any matters that affect the authority's area or its inhabitants. Its role includes both developing and reviewing policy and holding the Executive to account. The Committee has power to require Cabinet members and officers to attend before it to answer questions and it may also invite other people to attend its meetings.

Chelmsford Council chose, in 2005, to set up a single Scrutiny Committee. The Committee's first meeting was on 23rd May, 2005. It was later renamed the Overview and Scrutiny Committee by Council on 10th May, 2006.

New legislation came into effect in 2009 which placed additional duties on the Council and in respect of which it was required to make arrangements for their discharge. The legislation concerned was:

- The Police and Justice Act 2006 (Sections 19 -21), which placed a duty on all local authorities to scrutinise the activities of organisations comprising the local crime and disorder reduction partnership, and
- Section 119 of the Local Government and Public Involvement in Health Act 2007, which allowed councillors to ask for discussions to take place at an overview and scrutiny committee on issues of neighbourhood concern.

In December 2009 the Council agreed that the Overview and Scrutiny Committee take responsibility for those functions and that its terms of reference were amended accordingly.

The Local Democracy, Economic Development and Construction Act 2009 (Commencement No. 3) Order 2010 brought into force on 15th June 2010 the requirement for local authorities to have a scheme for responding to petitions from people who live, work or study in the area. Petition organisers who are dissatisfied with the Council's response can ask for a review by the Overview and Scrutiny Committee. A report on this matter was agreed by Cabinet on 8 June and Council on 9 June 2010 and the Committee's terms of reference were again amended to reflect this additional function.

(b) *Terms of Reference*

The Terms of Reference of the Committee are contained in Part 3 of the Council's Constitution. They are as follows –

General role

To act as a channel for public involvement in the activities of the Council and other bodies operating in the City; to oversee the proper and efficient administration of the Council; to review the effectiveness of its work and services; and to support and

complement the activities of the Cabinet, whilst at the same time scrutinising them and offering constructive comment or advice where appropriate.

Specific role

- monitor the performance of the Council's services, carry out detailed reviews of them where considered necessary and report any resulting recommendations to the Cabinet;
- review the decisions, decision-making processes and activities of the Cabinet, other Council bodies and in respect of the Committee's own work to ensure that they comply with the requirements of the Constitution and the policies of the Council;
- monitor the activities and performance of external bodies, liaising with them where necessary, and carry out detailed assessments of the effectiveness of services provided by them if any apparent shortcomings are identified;
- scrutinise the work of the community safety partnership (Safer Chelmsford) and the partners who comprise it, insofar as their activities relate to the partnership itself and exercise all the other functions of a crime and disorder committee pursuant to Section 19 of the Police and Justice Act 2006;
- consider Councillor Call for Action requests following agreement by the Chair and Vice-Chair of the Committee after consultation with the Director of Corporate Services
- consider and respond to petitions, requesting that officers appear before the Committee to answer questions on functions, services or decisions for which they are responsible
- review the Council's handling of or responses to petitions where the petition organiser is dissatisfied with the action taken.

The Committee will also be responsible for

- providing opportunities for officers to acquaint members with the operation of the Council.

(c) Membership of the Committee

The Committee had 13 members, all Members of Chelmsford City Council. They are appointed by the full Council at its Annual Meeting in May of each year on a proportionality basis. No member of the Cabinet may be a member of the Committee.

In 2022/23 the membership of the Committee comprised the following members:

LD Councillors L. Ashley, M. Bracken, J. Deakin, I. Fuller, J. Lager, C. Tron, and S. Young (Vice Chair)

CON Councillors R. Gisby, I. Grundy, R. Poulter (Chair), M. Sismey, and M. Steel

IND Councillor W. Daden

Following the Annual Council Meeting on 24th May 2023, the membership is as follows –

The Committee is currently chaired by Councillor J. Jeapes who is a member of the Opposition group on the Council (the Conservatives).

LD Councillors H. Clark, P. Davey, A. Davidson, J. Deakin, K. Franks, A. Thompson (Vice-Chair), and S. Young

CON Councillors V. Canning, S. Dobson, B. Knight, and M. Taylor

IND Councillor S. Davis

(d) Programme of Meetings

The Committee met on four occasions in the municipal year 2022/23. It has five meetings programmed for 2022/23. Additional meetings may be arranged as required, including any which may be necessary if any decisions of the Cabinet become subject to the ‘Call In’ procedure mentioned in Part 3 of this Report.

(e) Publication of Information

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.

Work Programme 2022-23

The main areas of activity considered by the Committee during the municipal year (May to May) 2022/23 were as follows –

<u>Subject</u>	<u>Date(s) considered</u>
Cabinet Portfolio Updates – Leader of the Council	21 June 2022
Responding to Rough Sleeping	21 June 2022
Reports from Representatives in Outside Bodies	21 June 2022
Report on Decisions Taken under Delegation to the Chief Executive	21 June 2022
Annual Report of the Committee	21 June 2022
Cabinet Portfolio Updates – Deputy Leader of the Council	26 September 2022
Temporary Accommodation	26 September 2022
Climate Change and Ecological Emergency Action Plan Update	26 September 2022
South Essex Parking Partnership Presentation	26 September 2022
Annual Report from the Chelmsford Policy Board	26 September 2022
Terms of Reference for Task and Finish Group	26 September 2022
Cabinet Portfolio Updates – Cabinet Member for Fairer Chelmsford	21 November 2022

Review of Our Chelmsford, Our Plan	21 November 2022
Revenue Monitoring 2022/23	21 November 2022
Cultural Services Presentation and Terms of Reference for a Task and Finish Group	21 November 2022
Report on Decisions Taken Under Delegation to the Chief Executive	21 November 2022
Cabinet Portfolio Updates – Cabinet Member for Greener & Safer Chelmsford	6 February 2023
Annual Presentation by Safer Chelmsford Partnership and Essex Police	6 February 2023
Cabinet Portfolio Updates – Cabinet Member for Sustainable Development	6 February 2023
Annual Report on Housing Delivery	6 February 2023
Final Report from Task and Finish Group on Outside Body Appointments	6 February 2023

The Overview and Scrutiny Committee took on the role of scrutinising Safer Chelmsford to meet the requirements of the Police and Justice Act 2006, which stated that there must be a formal place where community safety matters can be discussed. The presentations on the Safer Chelmsford Partnership and by the Essex Police are both made to the Committee annually at its February meeting, so that cross-cutting issues can be identified and discussed.

‘Call-in’ of Cabinet Decisions

This Council’s Executive Arrangements, made under Section 21 of the Local Government Act 2000, provide an opportunity for Members to require that the Overview and Scrutiny Committee review a decision taken by the Executive (Cabinet) but not yet implemented. Depending on its conclusion, that Committee could then request that the Cabinet reconsider, and possibly amend, that decision.

The procedure for “calling in” Cabinet decisions is set out in the Council’s Constitution (Part 4.5 – Overview and Scrutiny Rules – Rule 4.5.11). In brief this provides that at least five Members of the Overview and Scrutiny Committee must request the call-in in writing, setting out their reasons, and the request must be received by the Council’s Legal and Democratic Services Manager by 5 p.m. on the fourth working day after the Cabinet decision was taken.

During 2022-23, no decisions of the Cabinet were called in for consideration by the Overview and Scrutiny Committee.

Future Projects

The Committee keeps its work programme under constant review. The work programme is considered at the end of each meeting.

Training and Development

Members of the Overview and Scrutiny Committee form small “Task and Finish” groups to look into a particular subject or service where appropriate. They work with officers

to find out more about the service area and to identify possible improvements. They attend site visits, forums and meetings and undertake research as necessary in order to obtain further understanding and information to support the review. Their findings are fed back to the rest of the Committee in the form of a report and recommendations. In addition to ensuring value for money and that things are done correctly, 'Task and Finish' groups provide excellent development opportunities for Members, help to maintain good Member/Officer relations, raise awareness of issues and services amongst Members and can identify gaps in Member training.
