



Chelmsford City Council Cabinet

13th October 2026

Mid-Year Financial Review 2026/27

Report by:

Cabinet Member for Finance

Officer Contact:

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Purpose

To update Members on the Council's overall financial outlook for current and future years, including managing the risk of Local Government Reorganisation.

Options

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

Preferred option and reasons

Accept the report's projections and recommendations. The report outlines the likely financial outcomes based on current approved policy and budgets.

Recommendations

That Cabinet

- 1) Notes the in-year monitoring and the financial forecast
- 2) Approves the actions to produce a Budget recommendation to Council in February 2027
- 3) Approves the amendments to the capital programme set out in Appendix 2

Summary of Key Points

- The Council's revenue budgets are forecast to have annual deficits. This is not unusual and is to be expected given Government funding limitations and inflation.
- The normal budget process should enable future budget shortfalls to be alleviated. However, the budget gap for 2028/29 is forecast to be more challenging.
- The report identifies some key areas where additional investment has been made in services and the approach to setting a budget and Council Tax for 2027/28.

1. Introduction

- 1.1. The recent Government announcement on Local Government Reorganisation (LGR) means work on merging Essex authorities has stopped. The process may be cancelled or delayed until at least April 2029. Financial planning must allow for all options until the Government makes further information available.
- 1.2. Given the uncertain outlook, the City Council's financial planning will continue to be based on the existing plans and policies, and LGR costs will be managed by maintenance of a sizeable reserve. It remains the case that operational and financial restraints arising from LGR could be imposed on the Council during the next two financial years.
- 1.3. In January, Cabinet is legally required to make a proposal to February Council for the 2027/28 Budget. This report forms a key part of that process, enabling Cabinet to:
 - develop a robust and balanced budget proposal for 2027/28; and
 - manage the Council's finances sustainably over the longer term, including providing the best possible starting position for any new unitary authority.
- 1.4. A balanced budget for a Council is legally defined as when the expenditure plans of the authority are fully funded from income and reserves.
- 1.5. The assessment of a robust budget is made by the Council's statutory finance officer (s151 officer) and is included with the budget proposals made to Council each February.
- 1.6. The Council is legally required to budget and account for its finances in the following categories:
 - Revenue: day-to-day expenditure on delivering services, such as employee costs
 - Capital: broadly, expenditure that relates to the acquisition or enhancement of assets which have a useful life of more than 12 months and are charged to the Council's balance sheet.

2. Content of Report

- 2.1. For Cabinet to assess the current and projected financial position, this report includes projections of:
 - Appendix 1 – current year (2026/27) revenue expenditure and income measured against the original budget
 - Appendix 2 – capital programme expenditure and funding projection
 - Appendix 3 – five-year forecast of revenue expenditure and income
 - Appendix 4 – five-year forecast of revenue reserves
- 2.2. Using the financial projections, a high-level summary of actions has been produced.

3. Summary of the Monitoring of 2026/27 Revenue Expenditure and Income as detailed in Appendix 1

- 3.1. The council undertakes regular monitoring of in-year income and expenditure (revenue) compared to the original budget. This section reports the latest monitoring.

- 3.2. The general reserve is used to fund one-off expenditure, overspends and make good temporary reductions of income. The difference between the forecast use of the General Fund Reserve in 2026/27 and the amount assumed in the original budget provides a good measure of how in-year income and expenditure are performing against the overall budget. A higher than budgeted use of the reserve indicates that expenditure has exceeded budget, income has fallen short of budget, or a combination of both. Conversely, a lower than budgeted use of the reserve generally reflects lower expenditure, higher income, or a combination of the two.
- 3.3. The General Fund Reserve use is now forecast to be £0.81m higher than the original budget, with the balance expected to be £11.869m on 31 March 2027. The balance remains above the £9m minimum level recommended by the s151 officer. The level of general fund balance is discussed later in the report. The key variations explaining the change are:
- £1.076m underspent on debt repayment due to timing of borrowing being later and at a lower level than budgeted
 - £0.243m estimated net additional income from the Theatre
 - £1.480m approved overspend on staffing and other expenditure, to be funded from the General Fund and LGR Reserve.
 - The City Council, with other councils across Essex, is reviewing the additional expenditure incurred since submitting the LGR business case, with the aim of seeking reimbursement from Government. However, it is unclear whether Government funding will be available. On the basis of financial prudence, it is currently assumed that these costs will be met from the Council's LGR Reserve. The £0.124m charged to the LGR Reserve relates only to additional expenditure incurred by the City Council. Further shared costs from across the Essex system will be identified over the next few weeks.
 - £0.720m estimated net overspend on Temporary Accommodation (TA) due to the higher number of households at the end of 2025/26 and over the first 5 months of 2026/27 compared with the budget.
 - £100k estimated overspend on Housing Benefit subsidy, due to an increase in benefits that cannot be recovered from Government for supported housing schemes.
 - If the landlords were registered social landlords, the full costs could be recovered from Government. The Council is working with CHERS to change their status to registered social landlord, which the Council expects will generate savings in future years.
- 3.4. Within Appendix 1, page 27 is a list of supplementary (additional) budget approvals. There is existing funding within the budget to fund some growth identified in year:
- The 2026/27 budget includes £0.3m funded from reserves for one-off growth items.
 - A further £0.2m is included for ongoing growth identified during the year.
- 3.5. To date, £0.44m of ongoing costs have been approved, of which £0.2m is funded from the above, growth provision in the 2026/27 budget.
- 3.6. A further £1.341m of one-off growth funding has been approved. The 2026/27 budget includes a £0.3m provision to fund one-off growth. The spend includes support for an orderly LGR process which in practice is operational improvements that would otherwise have been planned for later years. An example is procurement compliance improvement work, which has previously been identified to the Audit and Risk Committee.
- 3.7. The ongoing growth items are mainly service improvements for the public. Members are asked to note that the enhanced service items include:

- Community Protection officers, £90k. These roles will focus on littering and fly-tipping enforcement across the City Council area.
- Principal s106 planning officer, £74k. This role will coordinate and accelerate the completions of Section 106 agreements of strategic development sites (agreements with developers setting out the infrastructure they will provide or fund). This will help maintain housing supply and unlock affordable housing delivery.
- Planning Compliance officer, £40k. This role will monitor developers' compliance with planning conditions and will increase the number of retrospective planning applications for non-compliance.
- Bulky waste additional round, net £40k. This will provide a quicker service to residents for collection of bulky waste items.
- Natural Environment officer, £45k. This role covers increased work relating to statutory biodiversity net gain requirements.
- Sports Marketing officers, £60k. These roles will ensure the Council matches the growth in demand for marketing services against increasing income targets in a highly competitive local market.
- Climate Support Post £30k. This role will improve the Council's focus on the climate emergency, driving initiatives to reduce the Council's carbon footprint and increasing public engagement and education.

4. The Capital Programme and its associated financing costs (Appendix 2)

4.1. Appendix 2 includes the details of the approved capital programme and budget variances. These variations need approval.

4.2. Commentary on Appendix 2

Capital Programme

- The capital programme is forecast as a net £0.128m lower than the approved budget.
- Cabinet is asked to approve an additional £0.161m for the costs forecasts shown on appendix 2 on pages 33 to 41. Details are provided for a summary of those variations in excess of £25k, page 42 .

Replacement Programme

- The current budget for the Replacement Programme is £10.413m in 2026/27 and £5.966m in 2027/28.
- Following service reviews, the 2026/27 budget can be reduced to £8.285m. Of this, £2.076m can be deferred to later years and £0.077m savings have been identified. However, additional spend is needed due to price increases (£0.025m) and earlier replacement than planned (£0.013m).
- For 2027/28, the budget needs to increase by £2.183m (slightly more than the 2026-27 reduction). Most of this reflects the deferral of planned spend but a small actual saving has been found. Additional spend is needed due to price increases (£0.225m).
- A detailed list of variations over £25k is shown in Appendix 2.

4.3. The cost increases needing approval across the two years are £0.250m. Within Appendix 2, there is a forecast of the revenue cost of financing the capital programme. It also includes details of forecast borrowing and CIL income.

5. Revenue Five-Year Forecast Projections (details are in Appendix 3)

- 5.1. Given the uncertainty regarding the future LGR, the normal practice of preparing a five-year budget forecast will continue. As in previous years, the forecasts show deficits. In the view of the s151 officer, a normal level of deficit is in the range of £1m to £1.5m, judged in the context of gross Council expenditure in excess of £100m a year.
- 5.2. The forecast currently shows (table):
Revenue Forecast Annual Budget Deficits

Revenue Forecast Annual Budget Deficits				
27/28	28/29	29/30	30/31	31/32
£000s	£000s	£000s	£000s	£000s
1,236	2,530	1,611	1,330	1,567

- 5.3. The s151 officer considers the 2027/28 deficit to be within the normal annual range of £1m to £1.5m. It is expected to be resolved, based on experience of many previous years, by the time of the January 2027 Cabinet meeting, and the actions required are discussed in paragraph 6. These actions are broadly the same as in previous years.
- 5.4. The 2028/29 deficit is significant, and work will now begin to resolve it. As the main additional costs forecast relate to Temporary Accommodation and capital financing, initial work will focus on those areas. It should be noted that the Council has previously found ways to alleviate similar pressures.
- 5.5. The deficits for 2029/30 onwards return to levels at the upper end of the normal range of circa £1.5m per year. Given the uncertainty regarding LGR, it remains difficult to plan for these deficits, and the Council's approach should be to continue to minimise the financial pressures in those years.
- 5.6. The forecast's key assumptions of note are:
- A 3% Council Tax increase in each year; the Government's funding settlement assumes that all lower-tier local authorities raise Council Tax by that amount annually.
 - Supplementary estimate allowance of £300k per annum (for growth), funded from reserves.
 - The number of households placed in temporary accommodation is assumed to increase by 55 each year, at an average cost of circa £15,200 per case, plus inflation. A significant part of the increase in the 2027/28 estimate is a consequence of the overspend forecast in 2026/27. The forecast does not yet allow for any significant mitigation actions, which will be identified in the 2027/28 budget once they are more fully developed.
 - Capital financing costs are based on the programme shown in Appendix 2 plus allowances for possible cost changes. Previous estimates have overstated financing costs, and it is expected that further work on the estimate will lower the projected costs.
 - Planning charges: Government has long promised, but not yet delivered, complete freedom for councils to recover their planning costs fully from fees, which have historically been set centrally by Government below cost. Government has allowed a large increase in planning charges in December

2026 but retained control. It is still proposing to provide greater freedoms, but there remains a lack of clarity. The budget includes £800k for additional income. This was calculated last year, and officers are now reviewing that provision. The timing of decisions and the uncertainty around charges mean reserves may be used to smooth any changes. This will be addressed in the 2027/28 budget.

- Additional costs arising from volatile vehicle fuel price changes will be managed via reserves, reflecting the expected temporary nature of the price increases. The cost of utilities is mostly fixed for 2027/28, but a reserve will also be used to manage any cost increases.
- Pay costs are forecast at 3% for 2027/28 and 2.5% thereafter. There is a risk that costs will be higher if inflation rises significantly.
- Government funding is assumed and unlikely to increase within the Government's three-year settlement period to 2029/30.

5.7. The revenue projection identified in Appendix 3 can be adjusted for risk. These may be items which are not yet approved, are uncertain to take place, or where the cost has not been sufficiently determined. This analysis is intended to provide some downside risk sensitivity to the forecast, but a full review of risks will be made in the 2027/28 budget report. Given the uncertainty, the figures cannot be considered robust.

	27/28	28/29	29/30	30/31	31/32
	£000s	£000s	£000s	£000s	£000s
Variations on Prior Year					
-Surplus/+Deficit	1,236	2,530	1,611	1,330	1,567
Financing cost of Crematorium and additional running costs (£1.3m)	133	398	769	0	0
Adjustment for net change from higher pay at 3.5% pa		242	484	484	484
Crematorium additional income £0.76m increase			-250	-250	-260
Interest rate -example of 0.5% increase in assumption	222	92	26	-59	-27
Planning Income - freedoms not granted	TBC				
Forecast adjusted for major risks (annual change)	1,591	3,262	2,640	1,505	1,764

5.8. Reserves continue to be used to support the budget where appropriate. Projections of reserves are discussed below (detailed figures in Appendix 4)

6. Reserves: 5-Year Forecast Appendix 4

6.1. The Council's reserves are revenue money set aside to fund future known costs, manage known risks and cover unexpected costs or loss of income. The Council has earmarked reserves for specific risks and costs, and it has an unearmarked General Fund balance to help deal with unexpected costs. The projected level of reserves is shown in detail in Appendix 4; these are not intended for approval but enable consideration of financial risks and how those risks might be managed in the budget process.

- The reserves forecast shows the 2026/27 forecast and the five years of the forecast period to 2031/32.
- The forecast currently assumes minimal use of the LGR Reserve due to the Government's decision to stop and review LGR for Greater Essex in September 2026. The existence and use of the LGR Reserve will be reviewed when further information is received from Government.
- There are a range of transfers and uses of reserves in 2027/28, which are identified and discussed in Appendix 4.

- The s151 officer is required to set a recommended level of General Fund Reserve (contingency); the target remains at £9m. A review of the recommended level of General Fund balance will take place in the 2027/28 budget in the light of changes in perceived risks.
- The General Fund balance is forecast to fall from £11.869m to £9.2m in the five-year forecast period. That is marginally above the £9m target set by the s151 officer.

7. Actions & Conclusions

- 7.1. The recommended actions are to balance the 2027/28 budget through the actions identified below and to begin work to address the 2028/29 budget deficit.
- 7.2. Given the annual approach and forecast position, the budget process will need to:
 - retain significant flexibility in approach;
 - review temporary accommodation caseload forecasts to ensure that all current and expected initiatives and actions are included in the estimates. This should reduce cost estimates compared with the current forecast;
 - undertake the annual service budget review process by Directors, in consultation with Cabinet Members, to identify savings with limited impact on service delivery. Overall savings are likely to be small but will remain essential;
 - identify any additional revenue funding for service enhancement or essential to maintain services;
 - if needed, use any additional freedoms offered by Government to increase Council Tax in 2027/28 to protect against service cuts;
 - review the capital programme to ensure spend and any financing costs are needed to effectively meet corporate priorities. The Council's assets should continue to be reviewed and managed to keep costs low and increase income either from disposals or revenue income. Review if any slippage of capital schemes and replacements can be applied to push projected deficits to later years;
 - review all fees and charges;
 - use reserves to offset temporary income losses and smoothing in additional costs;
 - start work on the budget shortfall for 2028/29 now, while maintaining focus on ensuring a balanced budget for 2027/28;
 - seek to minimise the forecast budget gaps for the years after 2028/29, even though the uncertainties regarding LGR make long-term planning difficult.

List of appendices:

- Appendix 1 - current year 2026/27 revenue expenditure and income measured against the original approved budget
- Appendix 2 - capital programme expenditure and funding
- Appendix 3 – forecast five years of revenue expenditure and income
- Appendix 4 – forecast of five years revenue reserves

Background papers:

None

Corporate Implications

Corporate Implication	Response
Legal/Constitutional	To assist in meeting the legal requirements placed on the Council to set a balanced budget and approve a level of Council Tax for the coming year.
Financial	As detailed in the report. The recommendations enable the drafting of budget proposals for 2027/28
Potential impact on climate change and the environment	The Council's budget supports the Council in delivering its environmental objectives.
Contribution toward achieving a net zero carbon position by 2030	The report provides funding for initiatives to contribute towards this goal.
Personnel	Within the Budget, employee costs are the largest single expenditure. The limited financial resources and increasing inflationary pressures will make it difficult to maintain existing staffing levels.
Risk Management	A basic review of risks is included. A full review of financial risk will be made by the s151 officer in the budget report.
Equality and Diversity	None. There are no decisions which would have impact.
Health and Safety	None. There are no decisions which would have impact.
Digital	None. There are no decisions which would have impact.
Other	None. There are no decisions which would have impact.

Equality Impact Assessment

Assessment of impact

Using the information above, assess if the policy / function could potentially disproportionately impact on different protected groups.

Specify if the potential impact is positive, could adversely impact or if there is no impact. If an adverse impact, indicate how the impact will be mitigated.

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

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
Age What will the impact be on different age groups such as younger or older people?			No impact		
Disability Consider all disabilities such as hearing loss, dyslexia etc as well as access issues for wheelchair users where appropriate			No Impact		
Pregnancy and maternity Pregnant women and new and breastfeeding Mums			No Impact		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
Marriage or Civil Partnership Could this policy discriminate on the grounds of marriage or civil partnership			No impact		
Sex Is the service used by people of both male and female biological characteristics or intersex and are the sexes given equal opportunity?			No Impact		
Gender reassignment Is there an impact on people who are going through or who have completed Gender Reassignment?			No Impact		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
Additionally, is there an impact on people with different gender identity?			No Impact		
Religion or belief Includes not having religion or belief			No Impact		
Sexual Orientation What is the impact on people of different sexual orientation such heterosexual, lesbian, gay or bisexual people?			No Impact		
Race Includes ethnic or national origins			No impact		
Are there any other groups who could find it difficult to			No impact		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
access or make use of the policy / function? For example: low income / people living in rural areas / single parents / carers and the cared for / past offenders / long-term unemployed / housebound / history of domestic abuse / people who don't speak English as a first language / people without computer access etc.					

Consultation on Equality Impact Assessment

None required – this report is not a decision making report

Equality Impact Assessment Conclusion

Decision	Explanation
☐ Continue the policy with no changes No changes	
☐ Continue the policy with adjustments No change no risk	

☐ Adverse impact but continue <i>N/a</i>	
☐ Suspend or withdraw the policy for further review / consideration of alternative proposals n/a	

Consultees:

All services have been consulted on their relevant budgets

Relevant Policies and Strategies:

Capital, Investment and Treasury Management Strategies 2026/27 (Full Council February 2026)

Budget report 2026/27 (Full Council February 2026)

APPENDIX 1**Summary Revenue Monitoring**

This dashboard highlights the latest forecast for year end spend, income and reserve movements for the current financial year.

The **General Fund Reserve position** is forecast to be **£0.81m worse off than the Original Budget** summarised by the key variations.

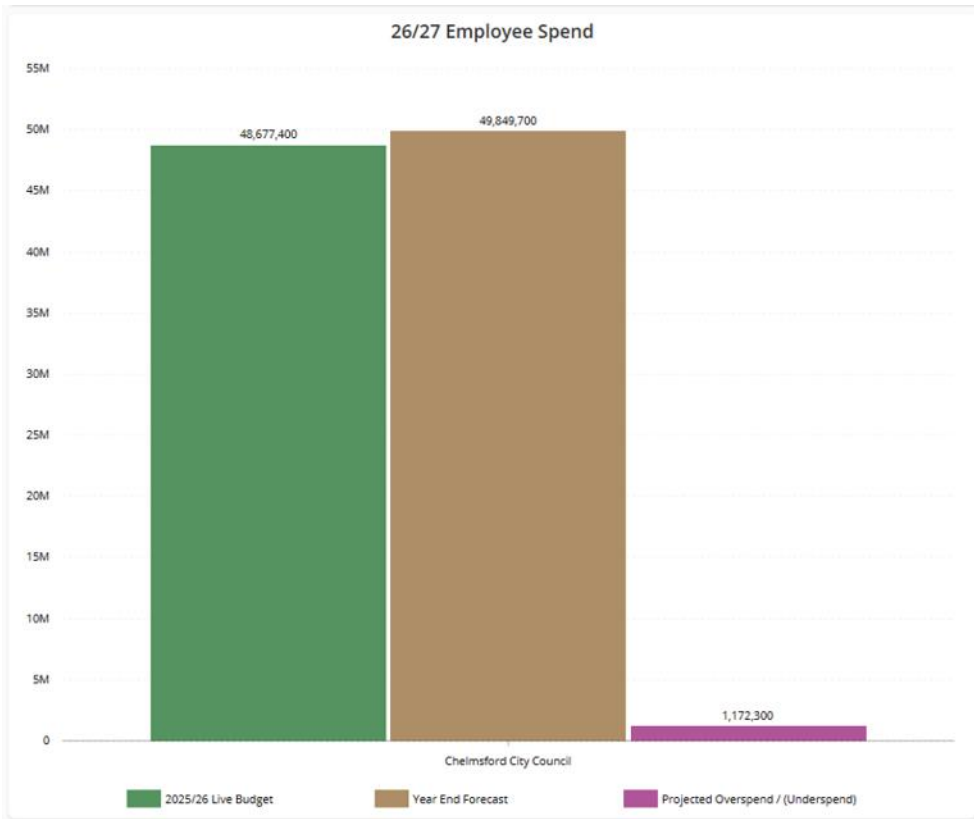
Favourable:

- £1,076k underspent on debt repayment due to timing of borrowing being later and at a lower level than budgeted
- £243k estimated net additional income from the Theatre

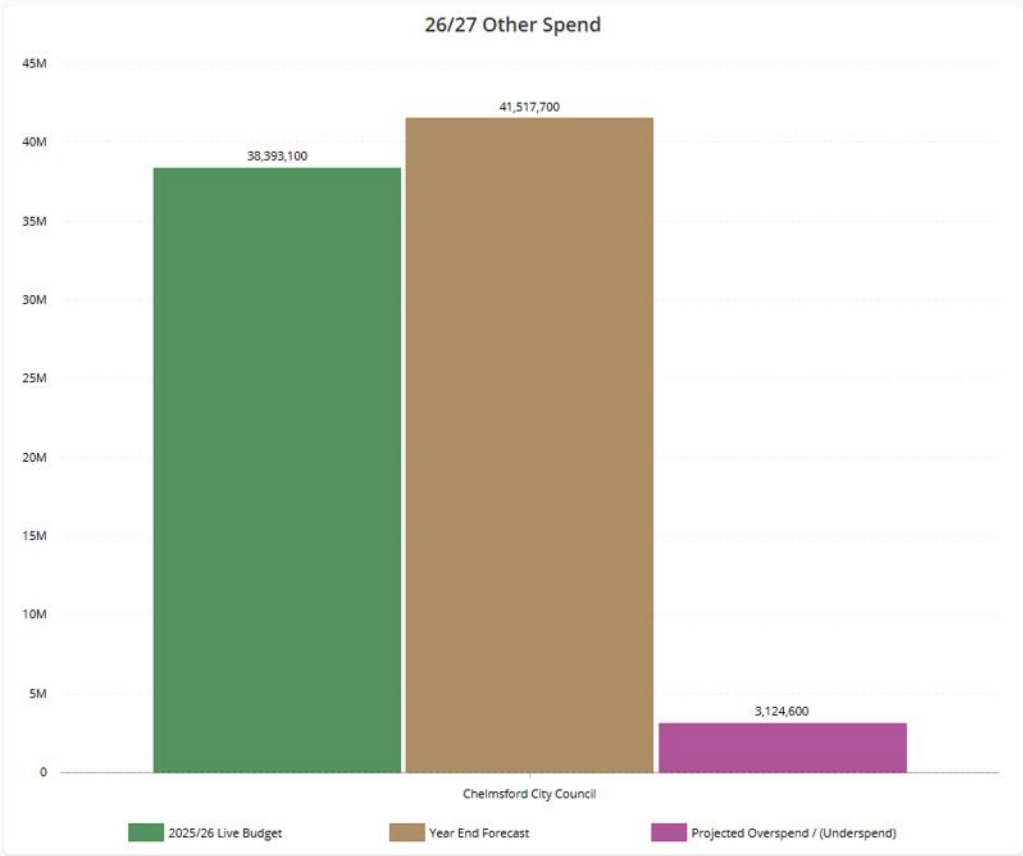
Adverse:

- £1,480k approved overspend on staffing and other expenditure to be funded from the General Fund (£1,356k) and LGR Reserve (£124k)
- £720k estimated net overspend on TA due to increased caseload at the end of 25/26 and start of 26/27 compared to the budget
- £100k estimated overspend on HB subsidy, due to increased losses around supported housing schemes, with several providers not being Registered Providers.

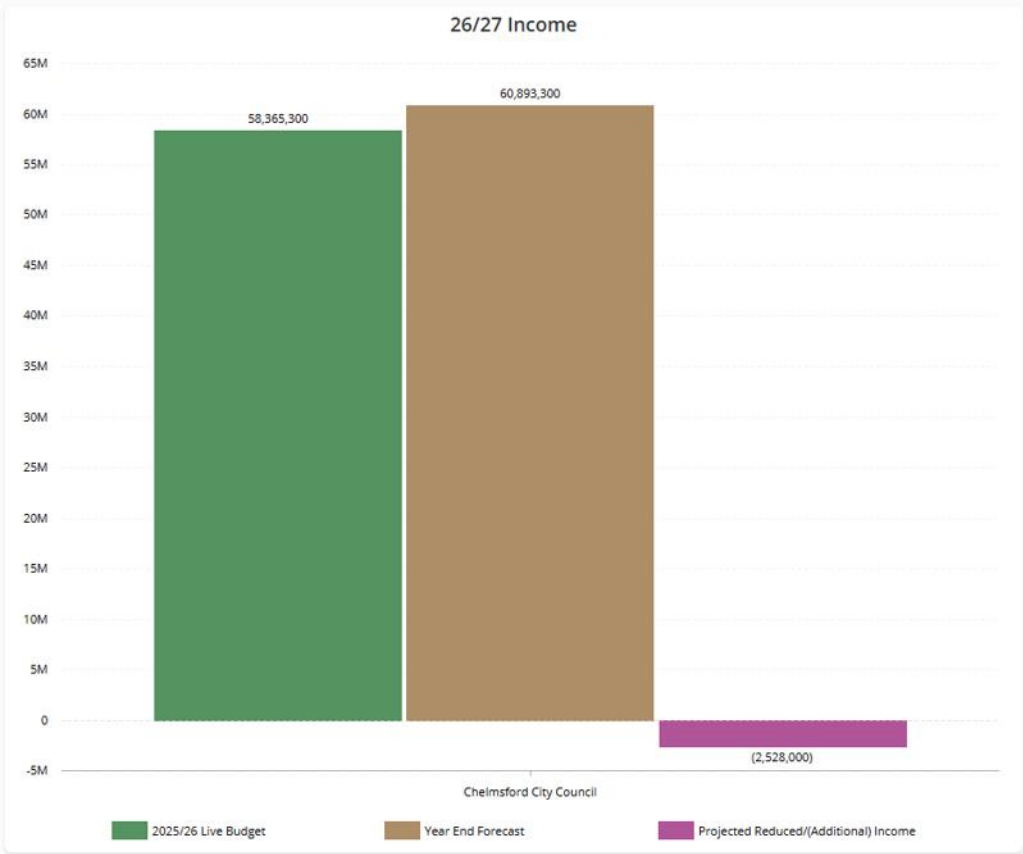
The charts below highlight the income, expenditure variations and the associated actions and risks, with non-service items and reserves movements at the bottom of this dashboard.



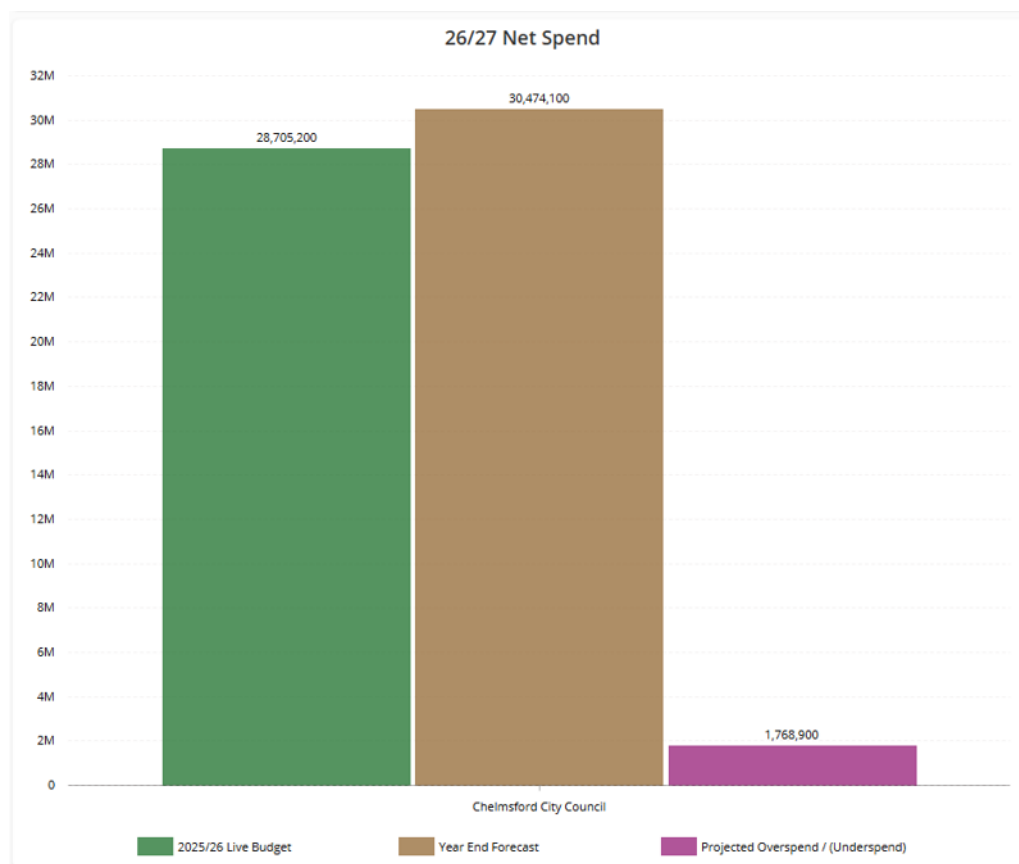
Employee Key Variations, Actions and Risks		
Variations	Actions	Risks
£711k approved overspend for various roles funded by supplementary estimates	Recruitment is in process for some of these roles to be filled, with others already filled	Additional supplementary estimates continue to be needed beyond the £300k central provision
£568k overspend on staff offset by additional grant or other income	Continue to monitor grant spend and income across the Council and maximise where possible to fund expenditure	Spend does not meet grant conditions and income has to be paid back
£230k underspend due to pay award central provision not needed	Release as a saving as part of 27/28 budget	Pay awards in future years outstrip budgeted level
£125k net overspend due to vacancy factor not being achieved	Continue to review throughout the year as further vacancies could materialise or savings could be generated for future years	Service provision is impeded with increasing vacancies



Other Spend Key Variations, Actions and Risks		
Variations	Actions	Risks
£1,232k overspend on TA costs due to an increased caseload compared to expected, both at the end of 25/26 and the start of 26/27, offset by increased income for a net overspend of £720k	Recruit to the Housing Initiatives Officer post to drive new and cheaper solutions for TA	The cost per case also increases and the caseload continues to rise above budgeted levels
£332k overspent on Theatres operational spend due to increased activity, offset by additional income, for a net additional income of £243k	Budgets have been realigned based off of 25/26 outturn for 26/27, further adjustments will be made for 27/28	Larger shows are not programmed in for future years
£771k overspent on grant schemes which is offset by increased income below (£124k PHPS, £26k UKSPF, £219k Planning, £402k Housing)	Assess whether any grant income and expenditure is ongoing for future budgets	Grant income falls away but the associated expenditure is still required in future years
£769k approved overspend for items approved by supplementary estimate (Highlands Farm Response, Sports Marketing, High Chelmer advice, Urban Grants, Public Art, Car Park works, Revs and Bens Software, Website, Bulky Waste Collections, AI in Customer Services)	Reflect any ongoing spend in future budgets	Supplementary estimate requests continue to outstrip the central provision
£237k estimated underspend on insurance premiums following tender	Realign budgets as part of the MTFS	Future years tenders result in increased costs
£115k overspend on Local Plan due to slippage from 25/26, offset with use of reserves	Reassess the reserves position over the 5 year forecast	Additional contributions to reserves are needed above the current provision
£122k estimated overspend on building maintenance costs, predominantly in Parks and Leisure	Review condition of buildings and delay spend where possible	Condition surveys result in further work being needed
£21k net various minor overspends across the Council and different budgets	Review whether ongoing with services	

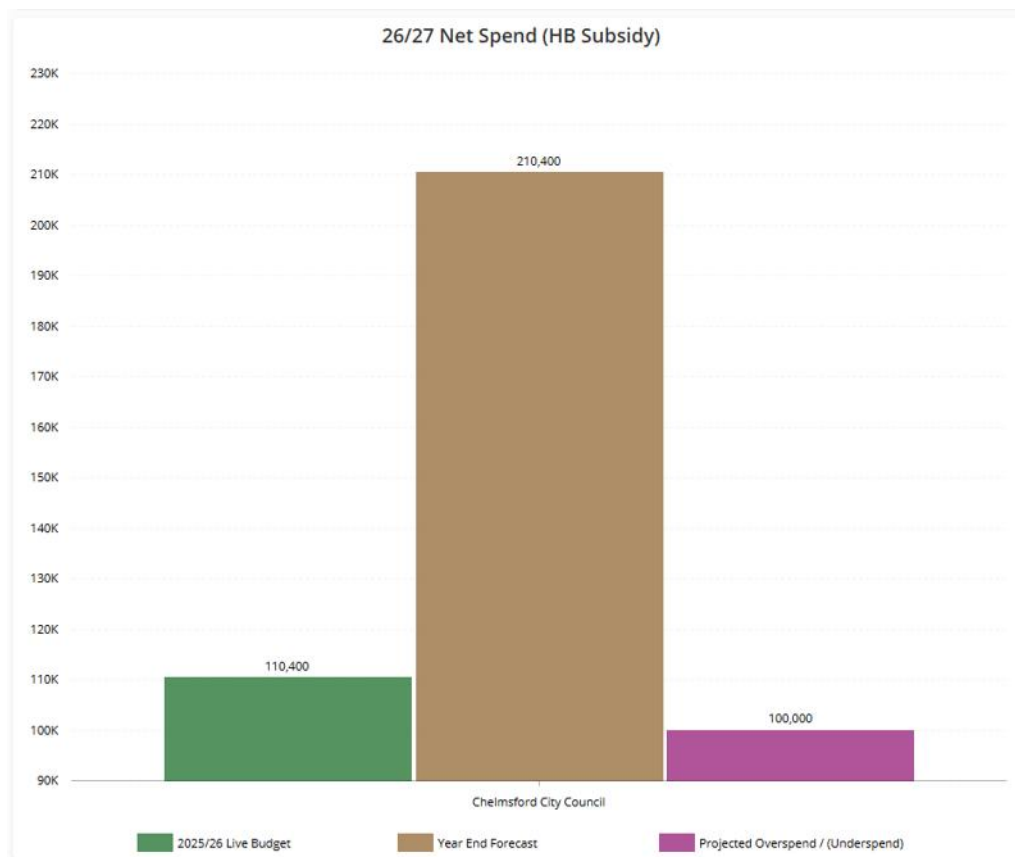


Variations	Actions	Risks
£225k estimated reduced grant income from Extended Producer Responsibilities compared to budget, offset by reserve use below	This is an assumption based on actuals received in 25/26 from Pack UK, with £225k being made up by DEFRA for that year only	Pack UK do not collect enough contributions from producers to fully pay this grant
£958k additional income from various grant schemes across the Council, offset by additional spend above (PHPS £279k, UKSPF £26k, Planning £322k, Housing £310k, £21k other)	Assess whether any grant income and expenditure is ongoing for future budgets	Grant income falls away but the associated expenditure is still required in future years
£728k additional income from 1 Springfield Lyons due to new tenant being in place	This is offset by reserves movements below	The lease is for 25 years on this property so limited risk
£104k lower than budget at the Cemetery and Crematorium due to increased competition	Budgets have been reviewed as for 26/27 Original Budgets, but further realignments may be necessary	Further competitors come to the market
£587k estimated additional income at the Theatre due to increased activity, offset by additional spend, for a net additional income of £243k	Budgets have been realigned based off of 24/25 outturn for 26/27, further adjustments will be made for 27/28	Larger shows are not programmed in for future years
£513k additional income from Temporary Accommodation, offset with increased spend, for a net overspend of £720k	Recruit to the Housing Initiatives Officer post to drive new and cheaper solutions for TA	The cost per case also increases and the caseload continues to rise above budgeted levels
£281k reduced income from two properties due to their sale, offset by increased interest income and reduced interest costs below	Continue to review the Council's property portfolio to maximise income and capital receipts	Capital receipts and their revenue impact do not offset the revenue income lost
£219k estimated additional income from other properties due to increased lettings of vacant suites and some new charges	Reflect in 27/28 budgets where appropriate	Property income is at risk of market movements in retail and office space
£95k estimated additional income from recycling sales and credits	This is predominantly down to additional cans income. Sales prices and tonnages will continue to be monitored	Sales prices or tonnages decrease
£38k additional net income from various other minor budgets	Review as part of the MTFS	Trends continue



Service Overspend/(Underspend) (Excluding HB Subsidy)

£1,768,900



Comments on HB Subsidy Variations

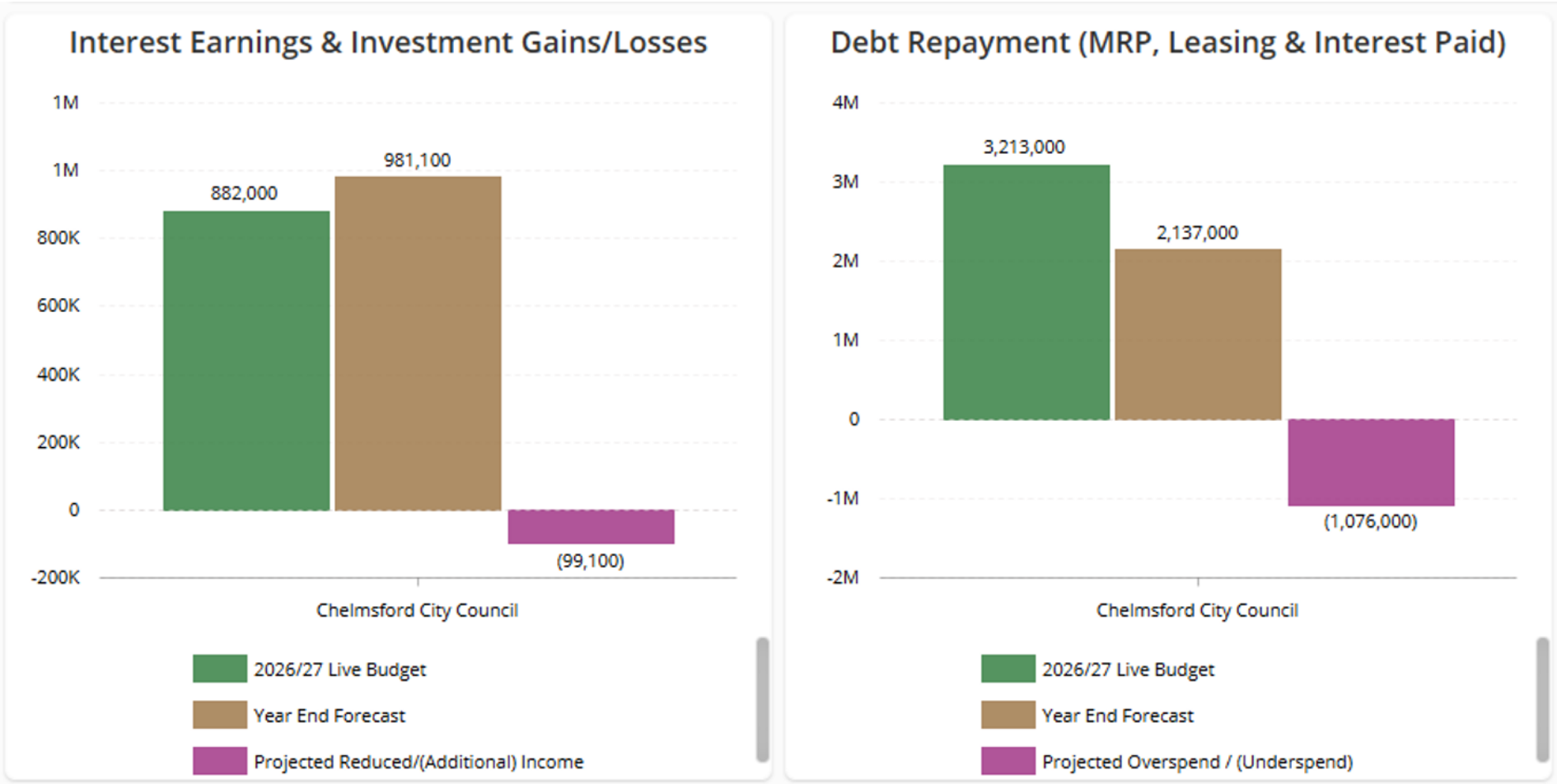
The net budget for HB subsidy (excluding TA Subsidy Loss) is a net cost of £110,400.

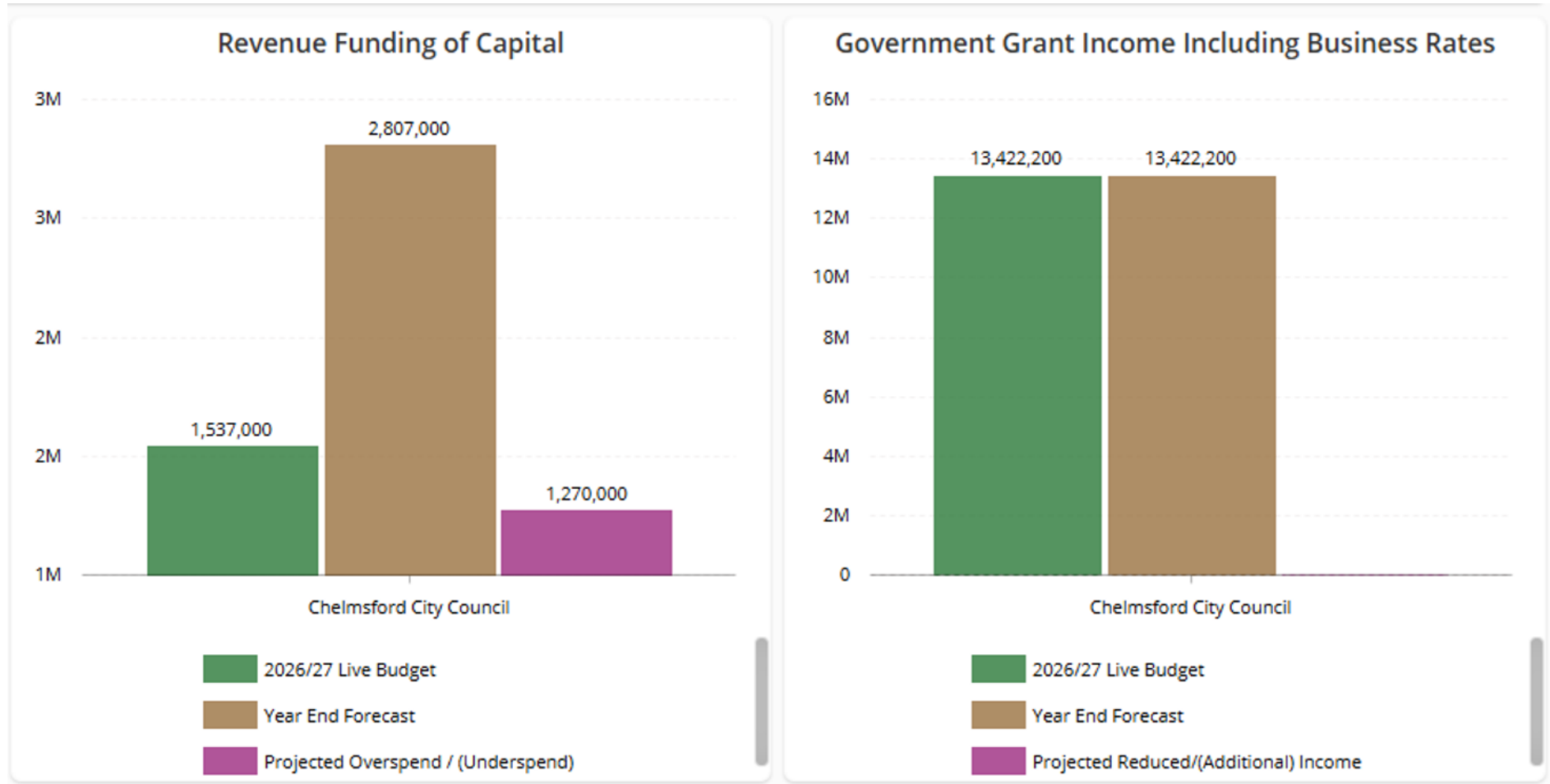
A net £100k overspend is projected for HB subsidy, predominantly due to irrecoverable housing benefit around supported housing schemes, with several providers not being Registered Providers (RP).

CHESS is in the process of becoming an RP which will reduce this cost in future years.

Service Overspend/(Underspend) Including HB Subsidy

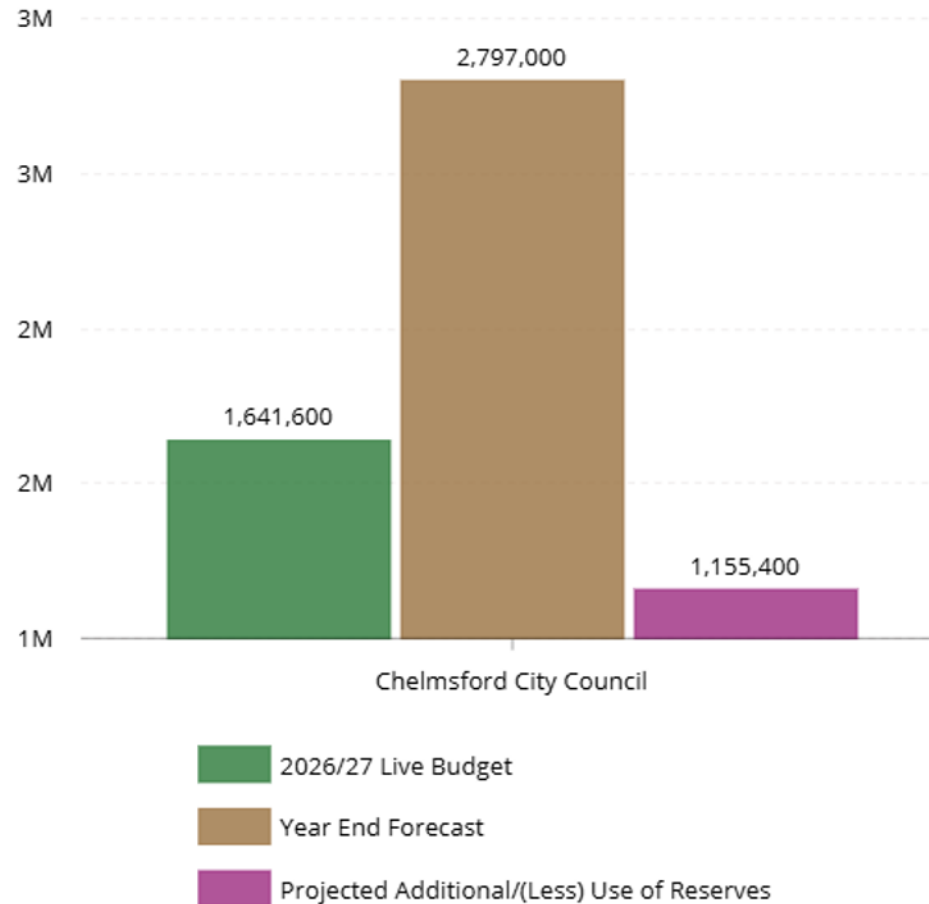
£1,868,900





Variations	Actions	Risks
£194k estimated additional income from interest earnings due to higher cash balances than expected earlier in the year	Review how best to manage the Council's portfolio of investments and borrowing to maximise income and minimise cost to the Council	Spend increases, reducing cash balances and therefore interest earnings, whilst also increasing the likelihood of needing to borrow
£95k realised loss on the sale of two multi-asset funds, which is offset by reserve movements below.	Utilise the pooled asset fund reserve to offset this loss and release the reserve to other reserves or the General Fund	The asset funds are now fully sold
£1,076k underspent on Debt Repayment due to timing of expected borrowing not being as early as originally forecast and also at a lower level. Higher capital receipts were also received than forecast.	Review how best to manage the Council's portfolio of investments and borrowing to maximise income and minimise cost to the Council	Spend increases, reducing cash balances and therefore interest earnings, whilst also increasing the likelihood of needing to borrow
£1,270k overspent on revenue funding of capital	One-off change due to a higher balance available from prior year. This is offset by reserves movements below	
Grant income - no expected variation as income is guaranteed to 100% for 26/27 by the government, this includes business rate income	Guaranteed income so no action needed	Guaranteed income

Use of Earmarked Reserves



Earmarked Reserves

The budget for use of earmarked reserves for 26/27 was set at £1,641,600, which was predominantly made up of reserve use to cover loss of rent from commercial properties, supplementary estimates and local plan spend.

The latest forecast is an increased use of reserves compared to the budget of £1,155,400 made up of the following variations,

£1,311k increased use of Chelmsford Development Reserve in relation to capital spend

£732k reduced use of property rent income reserve, due to new tenant in place for 1 Springfield Lyons

£124k increased use of the LGR reserve due to the government decision to withdraw decision in Essex

£95k increased use of the pooled fund losses reserve to offset the actual loss on the sale of the multi-asset funds

£225k increased use of the EPR reserve to cover the expected loss from this income stream against the budget

£115k increased use of the Local Plan reserve due to slippage of spend from 25/26

£17k increased use of other minor reserves

General Fund

The use of General Fund Reserve Original budget was set at £311,400 for 26/27.

The latest forecast is a use of £1,119,800, **£808,400 worse than the budget.**

The key variations that make up this amount are as follows:

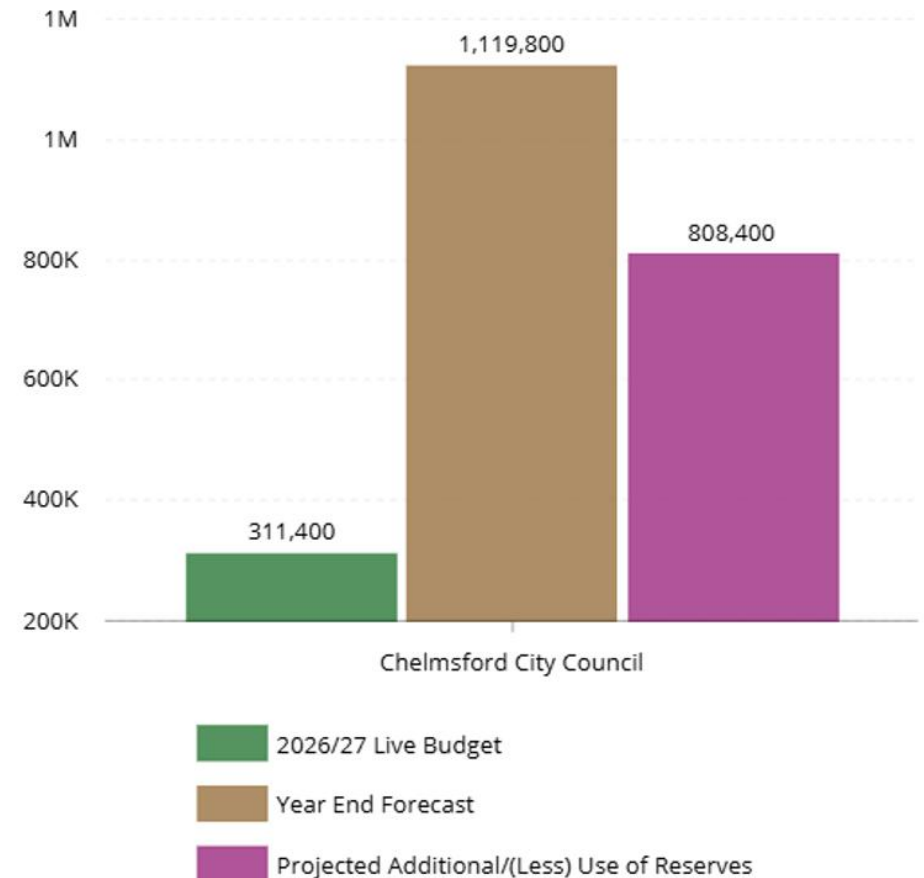
Favourable:

- £1,076k underspent on debt repayment due to timing of borrowing being later and at a lower level than budgeted
- £243k estimated net additional income from the Theatre

Adverse:

- £1,480k approved overspend on staffing and other expenditure to be funded from the General Fund (£1,356k) and LGR reserve (£124k)
- £720k estimated net overspend on TA due to increased caseload at the end of 25/26 and start of 26/27 compared to the budget
- £100k estimated overspend on HB subsidy, due to increased losses around supported housing schemes, with several providers not being Registered Providers

Use of General Fund (Unearmarked Reserves)



Supplementary Estimates Approved - 26/27

Description	Amount Requested	Estimated Ongoing Revenue
		Impact
High Chelmer Consultancy	£62,500	£0
Highlands Farm Response and Business Grants	£314,000	£0
Public Art	£50,000	£0
Urban Grants Top Up	£110,000	£0
Staircase Redecoration of High Chelmer Car Park	£70,000	£0
Staircase Redecoration of Meadows Retail Car Park	£41,000	£0
Recovery and Revenues Officers	£120,600	£0
HR Training Officer	£36,700	£0
Training Costs	£116,100	£0
Procurement Resource	£85,000	£0
AI in Customer Services	£29,500	£0
Thriving Places Public Health Officer	£33,000	£0
Legal Practice Manager	£119,100	£0
Website Consolidation	£21,300	£21,300
Economic Development Software	£27,000	£10,500
Community Protection Officers	£89,800	£89,800
Principal S106 Planning Officer	£71,900	£74,100
Planning Compliance Officer	£40,200	£40,200
Bulky Waste Additional Round	£40,000	£40,000
XL Print Software (Revs & Bens)	£19,600	£16,900
Natural Environment Officer	£44,900	£44,900
Housing Enabling Officer Increase of Hours	£12,900	£12,900
Sports Marketing Officers & One-Off Other Expenditure Increase	£70,500	£60,000
Climate Support Post	£30,000	£30,000
Total	£1,655,600	£440,600
Initial Allocation	£300,000	
-Overspend/+Underspend	-£1,355,600	
Total Additional Supplementaries Approved Ongoing		£440,600
£200k Additional Growth Provision		-£200,000
Total Ongoing Increase		£240,600

Supplementary Estimates Approved - 26/27 - LGR Reserve

Description	Amount Requested	Estimated Ongoing Revenue
		Impact
Comms Officers	£36,000	£0
HR Business Partner	£88,100	£0
Total Approved from LGR Reserve	£124,100	£0

1. Capital Programme

- 1.1 The budget and capital strategy reports taken to Council in February 2026 explain in depth the difference between capital and revenue. Broadly, capital can be defined as expenditure that relates to the acquisition or enhancement of assets which have a useful life of more than twelve months and are charged to the Council's balance sheet.
- 1.2 The Council will only undertake capital investment in support of its priorities and where it supports asset maintenance, invest-to-save schemes or strategic intent (such as the provision of affordable housing or Climate Emergency initiatives). Capital spending plans, whether funded from internal resources or through borrowing, must be affordable, prudent and sustainable.
- 1.3 This report updates the capital programme for changes identified by officers. There are no material changes that require prudential indicators to be updated in 2026/27. Updated borrowing forecasts are shown further below. These will be kept under review and approval requested in February 2027.
- 1.4 The Council's capital programme is shown on page 33 (in Table "Capital schemes") and on page 43 (in Table "Replacement Programme"). The changes can be summarised as:

Capital schemes

- 1.5 The current approved budget totals £112.707m; however, there is an expected net decrease in the programme of £0.128m. This comprises an increase of £0.161m requiring approval and a reduction of £0.289m where expenditure has been transferred to revenue. A detailed list of variations over £25k is shown on page 42.
- 1.6 Cabinet is asked to approve the additional net £0.161m expenditure.
- 1.7 There is a significant risk that costs will increase for the following schemes:
 - Condition survey works heating at the museum, and roof and chiller works at Riverside.
 - Chelmer Waterside Infrastructure: cost finalisation is being undertaken by contractors and there is a risk of higher spend on the GPRS element of the works.
- 1.8 Approval will be required for increased scheme costs once there is more certainty over the amounts. The financial forecasts of revenue financing costs will make allowance, on a best-estimate basis, for cost increases on these schemes.

The Replacement Programme

- 1.9 This covers two years of expenditure:

2026/27 Budget

The approved budget for the replacement programme in 2026/27 is £10.413m. Following service reviews, £2.089m needs to be rephased to later years and £0.013m is required to be rephased forward to 2026/27 from 2027/28.

There is also a reduction in budget of £0.052m due to changes in net cost of replacements that is made up of price increase variations of £0.025m, price decreases of £0.037m and reduced demand of £0.04m. After allowing for the rephasing of budgets and net reduction, the amended budget for 2026/27 is £8.285m.

2027/28 Budget

The approved budget for 2027/28 is £5.966m.

The service review has resulted in £1.976m being rephased into 2027/28 where £2.046m has been transferred from 2026/27 and £0.07m has been rephased to later years. In addition to the rephasing

of budgets there are changes to the net cost of replacements of £0.207m consisting of £0.225m of prices increases and reduced demand of £0.018m Following these adjustments, the revised budget for 2027/28 is £8.149m.

The net increase in cost variations between the two years that require approval is £0.25m. The budget proposals for 2027/28 will include any necessary revisions to the existing programme and any new schemes needed to deliver corporate plans.

2. Financing the Capital Programme and Implications for the Revenue Budget

- 2.1 The capital programme is different from revenue budgets in that borrowing and asset sales may be used to fund expenditure. The resources used to finance the Council's capital programme are always estimated as part of the budget process but only finalised under delegation at financial year-end. The s151 Officer will determine the optimal mix of resources at the end of the financial year. The actual methods of financing can differ from the estimates depending on the life of assets being financed, resources available, and the relative costs of each resource.

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

- Additional running costs, income, or savings resulting from the acquisition of equipment or on completion of a capital project.
- Financing capital schemes
 - A) Direct Revenue Financing of capital schemes. An expenditure line in the Council's Revenue budget which in effect funds capital expenditure instead of, say, borrowing.
 - B) Borrowing costs. Interest and principal repayments (Minimum Revenue Provision (MRP)) are a revenue cost.
 - C) Feasibility or design works on schemes that do not lead to an asset are revenue costs. Any such costs may initially have been funded from capital, capital grants or borrowing, but will need to be charged to revenue resources. This is a requirement under government accounting practice. Although necessary to ascertain viability of some larger schemes, this will have a detrimental impact on revenue reserves so needs to be minimised. Feasibility expenditure is often essential to determine if a scheme is affordable and the best option.

- 2.2 The Council does not have sufficient capital resources available to fund its capital programme so requires the use of borrowing. Borrowing does not necessarily lead to taking out external loans as the Council can and does borrow internal cash such as the general fund balance or unspent CIL (community infrastructure levy, a charge on developers). As internal resources are used to fund capital, and the forecast does not include any material new capital receipts, there is a move towards higher external borrowing. The latest projections of the Council internal and external borrowing are shown below:

Existing Schemes and Replacements-Internal and External Borrowing Combined	2025/26 £ms	2026/27 £ms	2027/28 £ms	2028/29 £ms	2029/30 £ms	2030/31 £ms	2031/32 £ms
Opening Cumulative Borrowing Exc. PSLs	41.160	42.128	55.326	76.569	85.403	84.633	84.097
New Annual Borrowing Approved Schemes	2.400	14.546	23.078	11.649	2.797	3.352	1.502
Less MRP Repaid	-1.432	-1.348	-1.835	-2.815	-3.567	-3.888	-4.376
Cumulative Borrowing Existing Schemes Exc. PSLs	42.128	55.326	76.569	85.403	84.633	84.097	81.223

- 2.3 The borrowing forecasts for 2026/27 and 2027/28 differ from those made in February Council report. However, over the period the borrowing forecasts have not materially changed (cumulative borrowing is higher by £1.2m by 2030/31) as it is mainly due to the rephasing of spend. The level of

borrowing is not the key financial metric; it is the cost of financing debt and whether it is affordable for the Council.

- 2.4 Changes in regulations, implemented with effect from 1st April 2024, required us to restate the overall debt position to fully reflect leases the Council had already undertaken becoming categorised as borrowing. The change in real terms has no impact on the Council's liabilities but merely changes how they are accounted for. Consequently, Private Sector Leased (PSL) properties used as temporary accommodation are, under the new regulations, technically classified as borrowing. The Section 151 officer believes their inclusion in management information would overstate the Council's borrowing position, so are excluded in the above table. Private sector leases are short-term, and the Council can end them at short notice. The memorandum table below shows the value of debt that has been taken onto the balance sheet for PSL agreements. These costs are included within the service budget to provide a complete view of the total cost of temporary accommodation provision.

Memorandum Table PSL Leases cost shown in Service budget	2025/26 £ms	2026/27 £ms	2027/28 £ms	2028/29 £ms	2029/30 £ms	2030/31 £ms	2031/32 £ms
From Table Above	42.128	55.326	76.569	85.403	84.633	84.097	81.223
PSL leases bought forward	4.288						
PSL Leases	0.263						
Less MRP Repaid	-0.796	-0.873	-0.915	-0.960	-1.007	0.000	0.000
Cumulative Borrowing (Capital Financing Requirement)	3.755	2.882	1.967	1.007	0.000	0.000	0.000
Total Cumulative Borrowing (Capital Financing Requirement)	45.883	58.208	78.536	86.410	84.633	84.097	81.223

Financing costs

Minimum Revenue Provision (MRP) charged to revenue budgets, which is effectively money used to repay debts.

The Gross MRP repayments of internal and external borrowing are forecast to be (before savings from new schemes):

Breakdown MRP Repaid - short term and long term	2025/26 £ms	2026/27 £ms	2027/28 £ms	2028/29 £ms	2029/30 £ms	2030/31 £ms	2031/32 £ms
Excludes	£ms	£ms	£ms	£ms	£ms	£ms	£ms
Capital Schemes Approved	0.615	0.646	0.820	1.253	1.382	1.490	1.592
Capital Schemes MRP	0.615	0.646	0.820	1.253	1.382	1.490	1.592
Capital Replacements life less than 10 years	0.014	0.015	0.544	1.176	1.796	2.068	2.485
Capital Replacements Finance Leases	0.803	0.687	0.471	0.386	0.389	0.330	0.299
Capital Replacements MRP	0.817	0.702	1.015	1.562	2.185	2.398	2.784
Total MRP Repaid in Year	1.432	1.348	1.835	2.815	3.567	3.888	4.376

The table above splits the MRP into:

- That required to fund replacement equipment and vehicles. Effectively this cost is payable just to keep the Council functioning at its current level.
- The revenue financing cost of borrowing for longer-life assets, including land and buildings.

- 2.5 The useful life of the asset determines how quickly we need to repay the debt (via MRP charged to revenue budgets). Most replacement assets such as vehicles and plant tend to have a shorter life than larger assets such as buildings and land. Consequently, the MRP charged to revenue for assets in the replacement programme is significantly higher (per pound borrowed) than the debt repayment charge for one-off schemes.

- 2.6 The net cost, after allowing for income gains, interest income and expenditure, of financing the capital programme is:

Budgeted Net Revenue Costs Changes - financing costs of Capital Programme	2025/26 £ms	2026/27 £ms	2027/28 £ms	2028/29 £ms	2029/30 £ms	2030/31 £ms	2031/32 £ms
Estimate Gross interest income	-1.199	-0.800	-0.556	-0.505	-0.690	-0.560	-0.584
Interest Paid							
Estimate interest costs all borrowing Excluding PSL	0.271	1.545	2.175	2.842	2.853	2.359	2.133
Other funds held interest	0.157	0.068	0.069	0.067	0.059	0.059	0.059
Income gain from existing schemes - removed Self-financing schemes		-0.046	-0.578	-0.555	-0.541	-0.526	-0.510
Sub-total interest paid	0.428	1.567	1.666	2.354	2.371	1.892	1.682
MRP							
Estimated Existing MRP schemes and leases	1.432	1.646	1.835	2.815	3.567	3.888	4.376
Income gain/saving from existing schemes MRP (self financing not in service budget)		-0.003	-0.106	-0.317	-0.338	-0.357	-0.377
Total MRP	1.432	1.643	1.729	2.498	3.229	3.531	3.999
Cost of financing capital programme excl PSLs	1.860	3.210	3.395	4.852	5.600	5.423	5.681
Net financing costs excluding new schemes	0.661	2.410	2.839	4.347	4.910	4.863	5.097
Change Year on year	1.059	1.749	0.429	1.508	0.563	-0.047	0.234

- 2.7 The net financing costs forecast for the period are increasing year on year as there is a need to borrow externally to finance the capital expenditure and the Council has limited cash balances to invest. The cost for 2027/28 is £392k lower and for 2028/29 £145k higher than the February 2026 budget report.
- 2.8 As mentioned above, a key funding resource is CIL. The projected receipts and use are shown below. The timing of payments and amounts of CIL contributions are dependent upon housing developments. While it is not expected that the total CIL in the period will change, the start date of developments could impact when contributions are received. There is still uncertainty in the housing market which may lead to delays in contributions being collected. Reductions in CIL income will increase borrowing projections and revenue costs, as noted in paragraph 1.7 above.
- 2.9 Of the CIL collected, 100% of the strategic CIL contributions due to be collected for South Woodham Ferrers and the Chelmsford Garden Community developments will be ringfenced for use in those areas.

Strategic CIL Table	2025/26 £ms	2026/27 £ms	2027/28 £ms	2028/29 £ms	2029/30 £ms	2030/31 £ms	2031/32 £ms
Balance 31/3							
Forecast CIL receipts to be received	-2.472	-0.418	-4.086	-8.446	-11.317	-14.182	-6.627
Ringfenced Income not available to use		0.000	1.801	4.072	5.663	7.705	1.331
CIL receipts committed to Capital Schemes	6.657	6.385	0.000	0.162	0.000	0.000	0.000
Cumulative un-ringfenced CIL	-7.487	-1.520	-3.805	-8.017	-13.671	-20.148	-25.444

Change in CIL Forecast	2025/26 £ms	2026/27 £ms	2027/28 £ms	2028/29 £ms	2029/30 £ms	2030/31 £ms	2031/32 £ms
Current	-2.5	-0.4	-4.1	-8.4	-11.3	-14.2	-6.6
Previous (Estimate Budget Report)	-1.8	-2.1	-5.6	-10.7	-9.7	-17.3	-17.3
+lower expected CIL in year/-higher expected CIL in year	-0.7	1.7	1.5	2.3	-1.6	3.1	10.7
+Cumulative lower expected/- higher expected CIL receipt	-0.7	1.0	2.5	4.7	3.1	6.2	16.9

The Affordability of Capital Expenditure

- 2.10 Within the context that the Council always has forecast budget shortfalls, it could be said any capital expenditure that increases the revenue financing costs could be deemed to be unaffordable. However, capital expenditure is a form of service delivery and is required to maintain existing service provision; equipment must be bought to maintain, say, collection of domestic waste, and refurbishment of buildings is necessary to ensure they remain fit to deliver services from. The budget process for 2027/28 will again need to make that wider assessment of the need for capital expenditure versus its cost to the revenue budget. The forecast includes the net financing cost for the current capital expenditure budgets.
- 2.11 Lower than forecast CIL income will mean increased external borrowing. The projections of CIL are a key element in determining the extent of the Capital Programme affordability.

Conclusion

Financing the cost of the capital expenditure is necessary to deliver Our Chelmsford, Our Plan and to continue existing service delivery. Changes to reduce the cost of the approved programme may be possible but must be judged within the context of how they impact current and future service delivery plans.

Should CIL forecasts change, there will be a need to fund more external borrowing, which will most likely result in higher finance costs and increased forecast budget gaps.

The programme and resourcing will be re-assessed during the autumn as part of the budget and reported back to Cabinet in January.

		CAPITAL SCHEMES	VARIATION IN TOTAL CAPITAL SCHEME COSTS							
			Latest Approved Budget - Approved February 2026 and Additional New Schemes Approved Since that Date			Latest Forecast Budget				
Net Spend to 31/03/2026			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
		Cleaner Chelmsford								
		Retail Market								
	1	Retail Market Traders' Conveniences Remodelling	102		102			102	Agreed to defer to 2027/28	Previously reported - Approved Council February 2023. Scheduled for 2023/24. October 2023 reviewed and deferred to 2026/27. Update - Deferred to 2027/28.
	2	Retail Market Canopy Roof Liquid System	90		90			90	Deferred to 2026/27	Previously reported - Approved by Council February 2024. Works scheduled for 2025/26. MT review October 2024 deferred scheme to 2026/27.
		Waste Management and Recycling								
74	3	Freighter House Depot Resurfacing Works	216		216			216	No	Previously reported - Approved at Council February 2023. Five year programme commenced 2024/25.
		Connected Chelmsford								
	4	Civic Offices Accommodation		570	570			570	New - Yes	Approved Cabinet April 2026 £282k additional budget and £288k taken from unused budget from completed scheme.
	5	Coval Lane - Expansion Arts Facility		100	100	100	Yes	Approved Cabinet April 2026.		
295	6	Green Initiatives Phase 1	500	-182	318	-23	295	Completed	Previously reported - Approved by Council February 2022. Two year programme with delegated authority to the Director of Public Places to spend within the approved budgets. Following consultation with the Cabinet Member for Safer and Greener Chelmsford, they will decide on the preferred schemes. £102k vired towards cost of electric vehicle - approved February 2023. October 2023 £43k vired to fund additional cost of electric sweepers. 2023/24 £37k budget transferred to revenue in relation to spend not capital. Majority of spend on LED lighting upgrades. Update - remaining balance transferred to phase 2 budget.	
148	7	Green Initiatives Fund Phase 2	6,500	-3,100	3,400	23	3,423	Business Cases to be Developed	Previously reported - Approved in principal Council Feb 2023 with delegated authority is given to the Director of Public Places, who after consultation with the Cabinet Member for Safer Chelmsford, will agree on the 6 year programme commencing 2024/25 for various schemes which will help the organisation achieve its objective of being Net Zero Carbon by 2030 and to ensure the spend is within the approved budgets. October 2023 Programme reviewed for affordability, budget reduced. Spend on LED lighting upgrades and SWF Pool heating initiatives. Update - £630k from this budget is being used for funding installation of solar panels in 2026/27 and 2027/28.	

			Latest Approved Budget - Approved February 2026 and Additional New Schemes Approved Since that Date			Latest Forecast Budget			
Net Spend to 31/03/2026			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
		<u>Building Services</u>							
408	8	Various Condition Survey Works Phase 1	809	3,851	4,660	-15	4,645	Scheduled over 2 years - No	Previously reported - A provision was established and approved at February Council for a sum of £4.7m identified from Building Services 5 yearly schedule of condition surveys for works to various buildings. A delegation was put in place. Update - Majority of original planned works will be completed by the end of 2026/27. The proposed museum and Riverside works will not be completed until 2027/28.
	9	Various Condition Survey Works Phase 2	769	2,323	3,092	15	3,107	Scheduled over 5 years	Additional Provision Approved Council February 2026.
		<u>Cultural and Leisure</u>							
		<u>Cultural Services</u>							
3,185	10	Theatres' Modernisation	1,000	2,198	3,198		3,198	Main works complete - final account agreed, identified list of outstanding work items complete	Previously reported -Approved at Council February 2021. Delegated authority to Director and Cabinet Member for Connected Chelmsford for a £1m budget. An additional £500k was approved November 2021. A further £1.246m was approved by Council in March 2022 following the return of tenders for the works. £500k approved Cabinet October 2022. £20k transferred to revenue as spend did not qualify for capital, budget reduced 2023/24. Update May 2026 - All items identified on the original snagging list and additional works have been completed.
	11	Oaklands Museum Staff Room and Kitchen Refit	24		24		24	Yes	Previously reported - Approved by Council February 2023 and scheduled for 2024/25. October 2023 following review rephased to 2026/27
	12	Oaklands Museum Roof Works	63		63		63	No	Previously reported - Approved at Council February 2024. Works scheduled for 2025/26. Update - works scheduled for 2026/27.
180	13	Great Baddow Hoard Gold Coins	180		180		180	Complete	Heritage Lottery Fund Grant
	14	Great Baddow Hoard Gold Coins Display Case	22		22		22	Yes	Heritage Lottery Fund Grant

		Latest Approved Budget - Approved February 2026 and Additional New Schemes Approved Since that Date			Latest Forecast Budget			
Net Spend to 31/03/2026		Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
	Leisure Services							
2,007	15 Dovedales Sports Centre Refurbishment	1,464	670	2,134		2,134	Completed. Post contract monitoring to be completed.	Previously reported - Budget approved Council March 2022. Delegated authority to the Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford. October 2023 scheme deferred to 2025/26 although work will progress on design. Scheme approved by Urgency November 2024 additional £710k - £644 works and £66k on equipment (see replacement schedule). Update - scheme completed, final account agreed and monitoring of works still to be undertaken in 2026/27. Likely that there will be a small saving on the final reported budget.
0	16 South Woodham Ferrers Gym Proposal	0	76	76		76	New	Approved July 2026 Cabinet.
	Economy and Sustainable Transport							
44	173 Public Realm Wayfinding Signs Phase 3	150	5	155		155	No	Previously reported - Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23. Still waiting for ECC confirmation that grant will be provided. Update - grant received from ECC.
647	18 Chelmsford Flood Resilience Programme	4,833	0	4,833		4,833	Business case to be developed with EA	Previously reported - This is the unspent budget from the withdrawn Environment Agency (EA). A new programme of works will be brought back to Cabinet at a later date. Agreement for S106 grants to be paid over to the EA £647k paid over to date.
5,034	19 Public Realm Tindal Square Design and Construction	160	4,874	5,034		5,034	Completed - final account for works agreed	Previously reported - Final account still to be paid

			Latest Approved Budget - Approved February 2026 and Additional New Schemes Approved Since that Date			Latest Forecast Budget			
Net Spend to 31/03/2026			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
36,704	20	Chelmer Waterside Infrastructure - Bow Bridge and Road, Remediation of Land and GPRS Relocation.	15,500	27,810	43,310	-135	43,175	Bridge Completed GPRS Works ongoing	Previously reported - £15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £11m budget to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing. £375k approved July 2022 Council for increased design fees and appointment of Project Manager. As noted on previous reports to Cabinet and Council, the cost of scheme is expected to increase significantly above the approved budget. A £9m increase was previously discussed and officers believe it may be materially higher when a report is made Council in July for a decision as to how to progress the works. An additional £16.410m was approved by Council in July 2023. The bridge is complete and the remaining works for the GPRS are ongoing. Update - GPRS works are now complete and final costs are being reviewed with the contractor. There is a risk that the cost of the GPRS works will increase.
55	21	Automatic Floodgates and Provision of Locks - Feasibility		55	55	-55	0	Feasibility complete	Previously reported - Budget approved September 2020 Cabinet. Feasibility completed and remaining budget vired from Rivers and Waterways Improvements. Update - No scheme proposal has been brought forward, feasibility spend to be transferred to revenue.
14	22	High Chelmer Car Park Lifts	355	71	426		426	No	Previously reported - Approved by Council February 2023. Scheduled for 2025/26.
2	23	S106 City Centre Public Art	62	50	112		112	Unknown	Approved use of S106 via delegation September 2025. Update - additional £50k budget approved Council February 2026 to be funded from CIL
		Voluntary and Community Sector Support							
99	24	Rural England Prosperity Fund- Supporting Businesses and Communities Grant		114	114		114	2025/26 Third party grant applications	Previously reported - October 2025 New funding has been provided for 2025/26.
38	25	UK Shared Prosperity Fund - Various Grant Funded Schemes		71	71		71	2025/26 Third party grant applications	Previously reported- New funding has been provided for 2025/26.

			Latest Approved Budget - Approved February 2026 and Additional New Schemes Approved Since that Date			Latest Forecast Budget			
Net Spend to 31/03/2026			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
	26	CIL Blessed Sacrament Church, Melbourne		10	10	21	10	NEW	CIL panel approved scheme funding towards accessible toilets
55	27	CIL Green Initiatives - Various Schemes	15	50	65		86	No - dependent on Third party	Previously reported - £100k CIL funding approved December 2021 for green initiatives grant funding. Spend approved Council February 2022. £100k pot is drawn down following approval of applications for funding. Update - scheme paid from revenue in prior year capital budget not required £8k and £21k for 3 new grants approved by CIL panel April 2026. Balance available £14k.
		Fairer Chelmsford							
		Housing Services							
	28	Supported Housing/Temporary Housing Provision		7,650	7,650	9	7,650	No schemes identified	December 2025 Budget approved under urgency November 2025 to purchase block of flats for supported housing. Proposed purchase now not progressing. Update - New budget approved Council February 2026. Business cases to be submitted.
84	29	Housing Initiatives - Modular Units Groundworks	250	-10	240		240	Yes	Previously reported - Use of housing initiatives pot. £250k Brownfield Land release Funding secured. December 2025 New scheme included on new schemes schedule for proposed modular unit scheme at Meteor Way Car Park site. This budget will be used towards the cost of the scheme. Update - £10k spend in relation to original lease proposal transferred to revenue and budget adjusted. Scheme being revised and reviewed.
	30	Housing Initiatives - Modular Units	4,244		4,244		4,244	Scheme Proposal Being Reviewed	Approved Council February 2026, subject to further business case. Also see scheme 29.
31	31	Housing Initiatives - Sandford Mill House Refurbishment for use as TA	165		165		165	Completed	Previously reported - Use of housing initiatives
21	32	Purchase Medway Garages	17		17	9	26	No - Dependent on Third party	Previously reported - Use of housing initiatives pot
	33	Housing Initiatives - Grant to YMCA	1,000		1,000		1,000	No - Dependent on Third party	Previously reported - Use of housing initiatives pot
160	34	Initiatives to increase the provision of Affordable Housing Funded by S106 - Grants	320		320		320	Completed	This budget is for a grant to CHP for a development at Pym's Road Galleywood.

			Latest Approved Budget - Approved February 2026 and Additional New Schemes Approved Since that Date			Latest Forecast Budget			
Net Spend to 31/03/2026			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
	35	Initiatives to increase the provision of Affordable Housing Funded by S106 - Grant to CHP for development Lower Anchor Street	600		600		600	No - Dependent on Third party	Previously reported - Approved Cabinet April 2025 to enable development of 15 units for affordable rent. Update - Unforeseen issues with site. Scheme proposal and options need to be discussed with Delta Housing.
	36	Local Authority Housing Fund Round 4	4,568		4,568		4,568	NEW - Dependent on Grant Conditions	LAHF4 Grant awarded and MOU in place with Delta Housing for acquisition of properties in 2027/28 and 2028/29.
		Corporate Property							
369	37	Land Development Site Investigations - Waterside	365	21	386	50	436	Under review	Previously reported - Approved Cabinet November 2021. Additional £50k approved by Council February 2024. £90k transferred to revenue 2024/25 1st Marketing exercise. Further marketing exercise has been undertaken.
37	38	Riverside Outdoor Pool Site New Car Park Proposal	26		26	35	61	Delivery times not yet agreed	Budget approved Council February 2026. Report will be submitted once investigations completed for design, costs and planning.
	39	Cost of Property Asset Disposals				46	46	New - dependent on timing of asset disposals	Cost of asset disposals to be funded by capital proceeds within 4% threshold
4,852	40	Enabling Lockside Growth Area	450	5,706	6,156		6,156	In Negotiations - Late delivery	Previously reported - A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. An additional £500k was approved November 2021. Additional £956k approved July Council 2022. October 2023 delay in purchase of properties now delayed until 2024/25. Acquisition of remaining 2 properties delayed to 2025/26 and potentially later into 2026/27 Update December 2025 - one further property purchase complete and the remaining property will need to be acquired through CPO and is unlikely to complete until 2027/28.

			Latest Approved Budget - Approved February 2026 and Additional New Schemes Approved Since that Date			Latest Forecast Budget			
Net Spend to 31/03/2026			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
196	41	Land Acquisition Cemetery/Crematorium	1,800	1,600	3,400		3,400	To identify potential Land Site	Previously reported - Approved at Council February 2019. Additional £1.8m approved Council February 2020. Additional £2.4m approved July 2022 Council. October 2023 Potential site identified, surveys for suitability being undertaken, budget adjusted for estimated cost of land Council February 2024. Update - An additional £0.2m approved July 2026 Cabinet increase as agreed in contract.
217	42	Refurbishment of Commercially Leased Properties - 1 Springfield Lyons	720	1,596	2,316	-99	2,217	No	Previously reported - Approved at Council February 2024. Delegation to Cabinet to approve a business case following feasibility and to spend within the approved budget. Works required to enable reletting of property. A new approval will be required by Council following tender exercise. Additional £950k budget approved April 2025. Update - tenant to undertake works partially funded by contribution £2m. Building now let on 25 year lease.
39	43	Acquisition Granary Car Park	4,035		4,035		4,035	Completed	£4.035m Budget approved by Urgency November 2025.
	44	Acquisition Princes Road Allotment Site	64		64		64	Dependent on third party	Approved Council February 2026. To be funded from Neighbourhood CIL.
	45	Acquisition Lake Central Park	133	-6	127		127	Completed	Approved Council February 2026. To be funded from Neighbourhood CIL.
		Greener Chelmsford							
		Parks and Green Spaces							
179	46	Cemetery and Crematorium Infrastructure - proposed new facility	6,800	-5,886	914		914	Spend to get scheme to planning approval	Previously reported - Approved Council February 2020 with a delegation for Cabinet to approve a final scheme. MT review October 2024 - decision to remove scheme to Unfunded Priorities List as uncertainty with scheme and scheme costs. Update - additional £199k approved supplementary estimate March 2026 to continue design works. Additional £415K approved at July Cabinet.
14	47	Beaulieu Pavilion Health and Safety Works	33		33		33	No	Previously reported - Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.

			Latest Approved Budget - Approved February 2026 and Additional New Schemes Approved Since that Date			Latest Forecast Budget			
Net Spend to 31/03/2026			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
	48	Rivers and Waterways Improvements	600	-55	545		545	No - Scheme to be developed	Previously reported - Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Originally programmed over 3 years commencing 2021/22. Start of three year programme deferred to 2024/25. MT Review October 2024 deferred scheme to 2027/28. £52k vired from underspend on Lockgates Feasibility scheme number 21 .
	49	Rivers and Waterways Improvements and Art Project	36		36		36	Yes	Approved February Council 2026. Scheme estimated to be fully funded S106 and CIL.
674	50	Mass Tree planting and Woodland Creation	4,400	-2,702	1,698		1,698	Reviewed Annually	Previously reported - Approved at Council February 2020 £4.4m with delegated authority to Director of Public Places, S151 Officer and the relevant Cabinet Members. Funding to be sought circa £2m. Three year programme scheduled wef 2021/22. Spend will now occur over longer period to 2029/30. Budget reduced £2.6m reduction reported to Council February 2024. Spend in relation to revenue transferred and budgets reduced annually. £23k transferred to revenue in 2024/25. Forecast spend increased by £100k over remaining years. Update - £12k transferred to revenue in 2025/26 budget reduced.
	51	S106 Beaulieu Park Sport Pitches Top up	800		800		800	Dependent on third party	Previously reported - Approved February 2025 Council
	52	Safer Spaces for Girls 4 Sites - Savernake, John Shennan, Lionmede and Melbourne	120		120		120	Yes - 2 year programme	Approved February Council 2026. Scheme estimated to be fully funded S106 and CIL.
	53	Melbourne Park Conversion of Toilet Block to Operational Asset	128		128		128	Yes	Approved February Council 2026. Scheme estimated to be fully funded S106 and CIL.
19	54	Central Park Chess Garden	35		35		35	Yes	Approved February Council 2026. Scheme estimated to be fully funded S106 and CIL.
	55	Restoration Works Central Park Bridge	126		126		126	Yes	Approved February Council 2026. Scheme estimated to be fully funded S106 and CIL.

			Latest Approved Budget - Approved February 2026 and Additional New Schemes Approved Since that Date			Latest Forecast Budget			
Net Spend to 31/03/2026			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budget	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
		Public Health and Wellbeing							
	56	Market Road Conveniences Accessibility	20		20		20	No	Previously reported - Approved by Council February 2023. Originally Scheduled for 2023/24. Funded from CIL.
114	57	Public Convenience Refurbishment - Admirals and Central Park	168	50	218		218	No	Previously reported - Approved by Council February 2023 £84k each site. Two year programme scheduled to commence 2023/24. Central Park completed £114k. Remaining budget for Admirals Park £54k. Virement from completed scheme Retail Market Refurbishment £50k. Update -works scheduled for Nov/Dec 2026.
		Planning and Place-Shaping							
283	58	Garden Communities Infrastructure Fund	290		290		290	Main Works complete	Previously reported - Various schemes will be grant funded
56,278		Grand Total	65,127	47,580	112,707	-128	112,579		
					Net Variation	-128			
Summary of Changes Since Previous Council Report Feb. 2026 £000's Latest Approved Budget February 2026143,802 New Schemes4,936 Supplementary Estimates Existing Schemes864 Variances reported Audit Committee June 2026-101 Completed schemes removed-36,794 Total Approved Budget112,707 Unreported variations Increased Budgets Require Approval140 Increased Budgets Funded to be noted21 Decreased budgets transferred to revenue-289 Total Unreported Variations-128 Latest Forecast Budget August 2026112,579									

Reasons for Variations Greater Than £25,000							
Capital Scheme Variations in Excess of £25k							
	Scheme Description	Latest Approved Budget	Estimated Budget Required	Variation	Variation Type	Percentage Change	Reason
		£000's	£000's	£000's			
20	Chelmer Waterside Infrastructure - Bridge	43,310	43,175	-135	Transfer to revenue	N/A	Additional revenue grant received from Homes England and capital spend for project management transferred to revenue. The overall cost of the project has not changed it is just a reallocation of the spend.
21	Automatic Floodgates and provision of locks	55	0	-55	Transfer to revenue	N/A	Feasibility completed in 2022 and as no scheme has come forward will need to transfer spend in work in progress to revenue.
37	Land Development Site Investigations - Waterside	386	436	50	Increased budget	12.95%	The services required to enable the future use of the Waterside site have proved to be more complex than first anticipated and professional services' costs have continued to increase.
38	Riverside Outdoor Pool Site - Car Park Proposal	26	61	35	New budget	134.62%	In order to progress a potential scheme on this site the services of professionals have been instructed to provide designs and scheme costs.
39	Cost Property Asset Disposals	0	46	46	New budget funded	N/A	There is provision in regulations that allows 4% of asset disposal proceeds to be used to fund the cost of asset disposals.
42	Refurbishment of Commercially Leased Properties - I Springfield Lyons	2316	2217	-99	Reduced budget	-4.27%	An opportunity has arisen to enter into a long lease for this property with a saving on the refurbishment cost due to it being replaced by a contribution to the lessee. Costs associated with the lease agreement have been transferred to revenue and the budget reduced by this amount.

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME										
2026/27						2027/28				
REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE						2027/28 REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE REPHASING VARIATIONS				
Analysis of Variations						Variations				
CAPITAL ASSET REPLACEMENT PROGRAMME	Latest Approved Budget for 2026/27	Rephasing to + and from -	More/Less () Than Approved Budgets	Net Variance for 2026/27 Additional Cost	Total Proposed Budget 2026/27	Original Approved Budget for 2027/28	Rephasing to + and from -	More/Less() Than Approved Budgets - More Requires Approval	Net Variance for 2027/28 Additional Cost	Total Proposed Budget Requirement for 2027/28
SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cleaner Communities										
1 Scootas for the Disabled	27			0	27	8			0	8
2 Chignal Vehicle Activated Signs (VAS)	9			0	9	0			0	0
3 Town Centre Bins	49			0	49	0			0	0
4 Retail Market Plant and Equipment	0			0	0	0			0	0
5 Route Optimisation System	0			0	0	45			0	45
6 Freightier House Equipment	0			0	0	16			0	16
7 Street Cleansing Vehicles	1,066		-6	-6	1,060	0			0	0
8 Street Cleansing Equipment	3			0	3	0			0	0
9 Street Cleansing Gully Cleanser	220			0	220	0			0	0
10 Street Cleansing Crane Vehicle	100	-100		-100	0	0	100	60	160	160
11 Wet Team Equipment	117	-14	6	-8	109	0	14	6	20	20
12 Hit Squad Replacements	72			0	72	0			0	0
13 Refuse Vehicles	735		-8	-8	727	0			0	0
14 Vehicle Maintenance	52			0	52	42			0	42
15 Recycling Vehicles	1,063		-9	-9	1,054	1,355			0	1,355
16 Recycling MRF	20			0	20	20			0	20
17 Food Vehicles	0			0	0	0			0	0
18 Prov. for Replacement with Electric Veh.	70			0	70	100			0	100
19 Love Your Chelmsford Van	32			0	32	0			0	0
20 Public Convenience Van	32			0	32	0			0	0
21 A12 Lighting Van	46			0	46	0			0	0
Connected Chelmsford										
Digital Services			43							
22 Digital Services Replacement Programme	18	-16		-16	2	708	10	159	169	877

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME

2026/27						202728				
REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE						2027/28 REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE REPHASING VARIATIONS				
Analysis of Variations						Variations				
CAPITAL ASSET REPLACEMENT PROGRAMME	Latest Approved Budget for 2026/27	Rephasing to + and from -	More/Less () Than Approved Budgets	Net Variance for 2026/27 Additional Cost	Total Proposed Budget 2026/27	Original Approved Budget for 2027/28	Rephasing to + and from -	More/Less () Than Approved Budgets - More Requires Approval	Net Variance for 2027/28 Additional Cost	Total Proposed Budget Requirement for 2027/28
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
23 Digital Storage	0			0	0	0			0	0
24 Digital Servers	65			0	65	42			0	42
25 Website Upgrade	140	-140		-140	0	0	140		140	140
26 System Upgrade	9			0	9	9			0	9
27 System Security	20	-20		-20	0	0	20		20	20
28 Networks	0			0	0	12	-12		-12	0
29 Investment in Digital Technology - DPO	120			0	120	0			0	0
Building Services										
30 Civic Centre Plant and Equipment	0			0	0	14			0	14
31 Civic Centre Pool Cars	50			0	50	0			0	0
32 Civic Centre Stairlift	9			0	9	0			0	0
33 Print and Post Room Replacement Equip.	16			0	16	0			0	0
34 Street Lighting	5			0	5	0			0	0
Culture and Leisure										
Leisure and Heritage										
35 Dovedales Replacement Equipment and Plant	16			0	16	0			0	0
36 Riverside Replacement Equipment	203	-10	-34	-44	159	87	10		10	97
37 Riverside Ice Rink	13			0	13	0			0	0
38 Riverside Magic Water System	10			0	10	0			0	0
39 Riverside Pool pod	50		-10	-10	40	0			0	0
40 Riverside Plant	55		-4	-4	51	0			0	0
41 CSAC Replacement Equipment	109			0	109	0			0	0
42 CSAC Plant	97			0	97	30			0	30
43 SWFLC Replacement Programme	34			0	34	51			0	51
44 SWFLC Pool pod	50			0	50	0			0	0
45 SWFLC Plant Replacement	51			0	51	527			0	527

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME

2026/27						2027/28				
REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE						2027/28 REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE REPHASING VARIATIONS				
CAPITAL ASSET REPLACEMENT PROGRAMME	Analysis of Variations					Variations				
	Latest Approved Budget for 2026/27	Rephasing to + and from -	More/Less () Than Approved Budgets	Net Variance for 2026/27 Additional Cost	Total Proposed Budget 2026/27	Original Approved Budget for 2027/28	Rephasing to + and from -	More/Less() Than Approved Budgets - More Requires Approval	Net Variance for 2027/28 Additional Cost	Total Proposed Budget Requirement for 2027/28
SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
46 SWF 3G Pitch	421	-350		-350	71	0	350		350	350
47 Hylands House Mechanical and Electrical	27		1	1	28	0			0	0
48 Hylands Pavilion Infrastructure	33			0	33	0			0	0
49 Hylands Pavilion Equipment	60		2	2	62	0			0	0
50 Hylands House Equipment	34			0	34	10			0	10
<u>Cultural Services</u>										
51 Theatres' Plant and Equipment	451	-99	6	-93	358	1,668	17	-18	-1	1,667
52 Museum Equipment and Vehicles	100	-10		-10	90	0	10		10	10
<u>Economy & Sustainable Transport</u>										
53 Car Park Pay on Foot Equipment	5			0	5	0			0	0
54 Car Park Vehicles and Equipment	54			0	54	0			0	0
55 Car Parks CCTV	0			0	0	124			0	124
<u>Fairer</u>										
None										
<u>Greener Chelmsford</u>										
56 Crematorium Equipment	70			0	70	170			0	170
57 Crematorium Columbarium	0			0	0	0			0	0
58 Cemetery Plant	0			0	0	0			0	0
59 Play Area Replacements	366			0	366	163			0	163
60 Parks and Sports Grounds Heating Systems	43			0	43	0			0	0
61 Parks Replacement Vehicles and Equipment	733		3	3	736	351			0	351
62 Melbourne 3G Pitch	356	-300		-300	56	0	300		300	300
63 Hylands Estate Car Park Equipment	0			0	0	110			0	110
64 Hylands Estate Sewerage pump	0		45	0	0	25			0	25

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME

2026/27						2027/28				
REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE						2027/28 REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE REPHASING VARIATIONS				
CAPITAL ASSET REPLACEMENT PROGRAMME	Latest Approved Budget for 2026/27	Analysis of Variations		Net Variance for 2026/27 Additional Cost	Total Proposed Budget 2026/27	Original Approved Budget for 2027/28	Variations		Net Variance for 2027/28 Additional Cost	Total Proposed Budget Requirement for 2027/28
		Rephasing to + and from -	More/Less () Than Approved Budgets				Rephasing to + and from -	More/Less () Than Approved Budgets - More Requires Approval		
SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
65 Chelmer Park Artificial Pitch	0			0	0	0			0	0
66 Springfield Hall Park 3G Pitch	1,030	-1,030		-1,030	0	0	1,030		1,030	1,030
67 Town Centre parks Cycle Racks	4			1	5	0			0	0
Health and Wellbeing										
68 CCTV Replacement Equipment	92	13		13	105	89	-13		-13	76
69 CCTV Various Schemes Sites CIL	1			0	1	0			0	0
70 PHPS Vehicles	28			0	28	90			0	90
71 PHPS Air Monitoring Equipment	68			0	68	0			0	0
72 Healthy Home Loans	0			0	0	0			0	0
73 Discretionary Loans DFG Funded	0			0	0	0			0	0
74 RIA Loans DFG Funded	0			0	0	0			0	0
75 RIA Grants DFG Funded	0			0	0	0			0	0
76 Disabled Facility Grants (fully externally funded)	1,416			0	1,416	0			0	0
77 Social Capital Funding Projects DFG funded	85			0	85	0			0	0
78 Housing Standards	0			0	0	0			0	0
Planning and Place-Shaping										
None										
79 Provision for Increases in Prices - Proposed Delegation to S151 Officer	83		46	0	83	100			0	100
Totals	10,413	-2,076	-52	-2,128	8,285	5,966	1,976	207	2,183	8,149
		-2,128					2,183			

	2026/27 Analysis of Forecast Variations from Latest Approved Estimate	2027/28 Analysis of Projected Variations	
	£000's		£000's
Rephasing of Schemes to 2026/27	13	Rephasing of Schemes from 2026/27	2,046
Rephasing of Schemes to Later Years	-2,089	Rephasing of Schemes to Later Years	-70
Price Variations Increases to be approved	25	Price Variations Increases to be approved	225
Price variations Decreases	-37	Price Variations Decreases	
Reduced Demand	-40	Reduced Demand	-18
	-2,128		2,183

Reasons for Variations Greater Than £25,000 in Asset Replacement Programme						
Scheme Description	Latest Approved Budget £000's	Estimated Budget Required £000's	Variation £000's	Variation Type	Percentage Change	Reason
2026/27						
Cleaner Communities						
10 Street Cleansing Crane Vehicle	100	0	-100	Rephasing of spend to 2027/28	-100.00%	Service have rescheduled replacement to 2027/28 and reviewing options
Connected Chelmsford						
25 Website Upgrade	140	0	-140	Rephasing of spend to 2027/28	-100.00%	Service have rescheduled replacement to 2027/28
Culture and Leisure						
36 Riverside Replacement Equipment	203	159	-44	Rephasing of spend to 2027/28 and reduced demand	-21.67%	Service have rescheduled replacement to 2027/28 and pool pods replaced via pool
46 SWF 3G Pitch	421	71	-350	Rephasing of spend to 2027/28	-83.14%	Service have rescheduled replacement to 2027/28
51 Theatres' Plant and Equipment	451	358	-93	Rephasing of spend to 2027/28 and future years	-20.62%	Service have rescheduled replacement to 2027/28 and future years
Greener Chelmsford						
62 Melbourne 3G Pitch	356	56	-300	Rephasing of spend to 2027/28	-84.27%	Service have rescheduled replacement to 2027/28
66 Springfield Hall Park 3G Pitch	1,030	0	-1030	Rephasing of spend to 2027/28	-100.00%	Service have rescheduled replacement to 2027/28
2027/28						
Cleaner Communities						
10 Street Cleansing Crane Vehicle	0	160	160	Rephasing of spend to 2027/28 & Price Variation	100.00%	Service have rescheduled replacement to 2027/28 and reviewing options, however the replacement is expected to be significantly higher.
Connected Chelmsford						
22 Digital Services Replacement Programme	708	877	169	Rephasing of spend to 2027/28 & Price Variation	23.87%	Higher replacement costs based on current prices.
25 Website Upgrade	0	140	140	Rephasing of spend to 2027/28	100.00%	Service have rescheduled replacement to 2027/28
Culture and Leisure						
46 SWF 3G Pitch	0	350	350	Rephasing of spend to 2027/28	100.00%	Service have rescheduled replacement to 2027/28 and undertake a joint procurement with Melbourne 3G Pitch
Greener Chelmsford						
62 Melbourne 3G Pitch	0	300	300	Rephasing of spend to 2027/28	100.00%	Service have rescheduled replacement to 2027/28 and undertake a joint
66 Springfield Hall Park 3G Pitch	0	1,030	1030	Rephasing of spend to 2027/28	100.00%	Service have rescheduled replacement to 2027/28

APPENDIX 3

Revenue Budget Projections for the Next Five Years

- Below is a high-level summary of forecast changes in the Council's income and expenditure compared to each preceding year. The Jan 26 Forecast column is the deficit for 2027/28 identified in the February 2026 budget report.

Variations on Prior Year	Jan 26 Forecast	27/28	28/29	29/30	30/31	31/32	Note
Description	£000s	£000s	£000s	£000s	£000s	£000s	
Inflation							
Pay Inflation	1,413	1,455	1,157	1,185	1,214	1,245	A
Other Inflation	299	353	365	372	385	399	A
Temporary Accommodation	861	1,932	1,246	1,332	1,421	1,515	B
Staff & Other Expenditure Changes							
One-Off Growth Items	0	539	-687	0	0	0	C
Ongoing Growth Items	0	241	0	0	0	0	D
Central Pay Provision and Pension Primary Rate Changes	-220	-451	-218	0	0	0	A
One-Off Growth from 26/27 removed	-412	-507	0	0	0	0	
HB Subsidy	0	120	-400	0	0	0	
Insurance Premiums Following Tender	0	-236	0	0	0	0	
Income							
Income Inflation @ 3%	-1,140	-1,205	-1,186	-1,222	-1,257	-1,294	E
Property Income Adjustments	-897	-516	0	0	0	0	
Theatre Additional Income	0	-250	0	0	0	0	
Extended Producer Responsibility Grant	0	225	0	0	0	0	
Government Decisions							
Planning Cost Recovery	-800	-800	0	0	0	0	F
Core Funding	-3	126	-459	-275	-281	-286	G
Asylum Seeker Grant	0	264	0	0	0	0	H
Revenue Impact of Capital							
Interest Income, MRP, Leasing and Interest Paid	933	508	1,508	563	-47	234	I
Revenue contribution to Capital	-50	-143	74	27	-127	101	
Reserves							
Use of General Fund Balance for one-off items	311	-675	987	0	0	0	C
Use of Reserves for capital funding	229	136	120	291	541	190	
Use of other Earmarked Reserves	992	741	364	-30	0	0	
Council Tax Income	-625	-630	-531	-547	-563	-580	
Other	-337	10	191	-84	44	44	
-Surplus/+Deficit	554	1,236	2,530	1,611	1,330	1,567	

2. Below are short explanatory notes on some of the key variances identified in the table above:
- i. Inflation and Pay increases have been allowed for. However, there is uncertainty to due to world energy prices feeding through to other costs and pay.
 - ii. Additional costs from volatile fuel and energy market prices are to be managed in year by specific reserves (Appendix 4). Gas and electricity prices are mostly fixed for 2027/28. The main risks are longer term. Vehicle fuel remains at risk to world events. For information, every 10p variation in price per litre costs the Council approximately £69k.
 - iii. Pay. A provision of 3% has been allowed for in 2027/28, with 2.5% in future years. This carries some risk, including the potential for a larger increase in the National Living Wage. A 1% pay award costs an additional circa £484k. Additionally, the central pay award provision in 2026/27 is underspent and can be taken as a saving.
 - iv. The pension primary fund costs charged to employers by Essex Pension Fund for employees who are part of the pension scheme are reducing over the next two financial years, generating savings of £220k in 2027/28 and an additional £218k in 2028/29. The pension fund will be reviewed again, with new contribution rates set in 2029/30. Based on the last valuation, the outlook in 2029/30 is favourable and rates are expected at least to stabilise at the lower levels.
 - v. Other costs are also experiencing inflationary pressures, due to world events passing through supply chains. Building maintenance costs are increasing and 5% inflation has been allowed for. Various software contracts the Council holds have inflationary increases built in as part of the terms of the contract, so these have been allowed for. Business Rates, Members Expenses and some other minor budgets have also had inflationary increases applied in the forecast.
- b. Temporary Accommodation use:
- i. The number of households in Temporary Accommodation (TA) is expected to continue to rise. The forecast assumes an additional 55 households in TA each financial year. These households are assumed to use the most expensive form of TA, Nightly Lets, due to there being no capacity elsewhere. Price inflation of 3% has also been included for landlord charges, including Nightly Lets, Bed and Breakfast and Private Sector Landlords (PSLs). The large increase in 2027/28 is partly due to the forecast number of households in TA being higher in 2026/27 than the budget allowed, which results in a higher budget increase for 2027/28.
The current costs of a new case of TA are an average of £15.2k; however, there are variations according to the number of bedrooms required. These are shown below, as at September 2026, to aid understanding of the financial issues:

Property Size	Average Cost per Case
Room	£14,736
1 Bed	£11,476
2 Bed	£16,537

3 Bed	£21,009
4 Bed	£18,346

- ii. To alleviate the financial cost of TA;
 - A new Housing Initiatives Officer is being recruited, with the intention of this delivering different solutions to the housing challenges Chelmsford City Council faces, which could in turn reduce the financial impact shown in this forecast.
 - Other initiatives will be looked at in order to increase supply of both TA and permanent social housing, to reduce the projected, overspend.

The impact of any new measures has not been allowed for in the projections but will be reviewed as part of the 2027/28 budget

- c. Staff and Other Expenditure Changes (including One-Off Growth Items and LGR costs)
 - i. Before the Government announcement in early September to withdraw its decision on LGR for Greater Essex, several roles were recruited to across the Council. These roles had begun the work needed to make the Council safe and legal on 1 April 2028, when the new unitary Council was due to launch. All other recruitment for LGR roles was paused in September, but the work undertaken by the roles recruited into remains of value to the Council regardless of the outcome on LGR. It is proposed that these posts remain in place until the end of 2027/28. If there is no new LGR process, they will be reviewed to determine whether they should be funded on an ongoing basis. The LGR Reserve balance is discussed in the reserves section below.
 - ii. The change in the use of the General Fund balance in 2027/28 is to fund one-off spend for example on City Council elections, the laptop (device) replacement programme and additional temporary posts. This will be reviewed in the budget.
- d. Ongoing growth items – several new posts and initiatives were agreed during 2026/27 as part of the supplementary estimate process, which are referenced further in Appendix 1 of this report. These are discussed in paragraph 2.5 of the introduction to this report.
- e. The forecast assumes a 3% increase in all fees and charges, and Council Tax, from 2028/29 onwards. In practice, all changes are reviewed fee by fee and charge by charge, and hence some will vary from this budget assumption
- f. The Government consulted on allowing local authorities to set planning charges at 90% cost recovery. The charges currently are determined by Government and effectively result in local taxpayers subsidising planning services. The impact of the change is not yet certain but previous analysis identified an additional £800k of income was possible. That remains the working assumption but will be reviewed in the budget.
- g. The Government's funding settlement in 2026/27 covered the three years up to 2028/29. The Council's financial forecast then assumes annual 2% increases. When the 2026/27 settlement was provided, the Government indicated that various data sources supporting the figures could be updated throughout the three-year period, which could result in the level of funding changing. However, current indications are that there will be no material change to the 2027/28 funding.

- h. The Council has for the last three years received grant funding for each asylum seeker housed in Home Office accommodation in the district on 1 April. Due to the Government's aim to move asylum seekers out of these forms of accommodation, it is assumed that this funding will end in 2027/28. The budgetary impact is a loss of £264k.
- i. The cost of financing the council capital programme is rising. However:
 - i. Of the rising cost over the next 5 years, most is caused by funding the replacement equipment programme from debt.
 - ii. Borrowing costs are often met or exceeded by the benefits of the scheme. So increased borrowing costs are not always a detriment to the revenue budget.
 - iii. In common with many other local authorities, the Council's capital expenditure forecasts have tended to overstate actual spending, leading to significant underspends of revenue capital financing costs.

3. Possible risks to the forecast

The s151 officer will include a more detailed review of risks in the January 2027 Budget report. Indicatively, the major known risks are:

- a. The forecast is not the budget, and more detailed work is being undertaken with services to identify proposals for the January 2027 Cabinet meeting.
- b. Additional costs arising from vehicle fuel price changes will be managed via reserves, reflecting the expected temporary nature of the price increases. The cost of utilities is mostly fixed for 2027/28, but a reserve will also be used to manage any cost increases.
- c. Pay inflation. The 2027/28 pay provision at 3% is below 3.5% paid in 2026/27 and below average earnings (3.5%). With inflation potentially increasing over the next year, there is a risk of a higher cost; each 0.5% extra would be circa £242k per year.
- d. The Council will receive a report during 2027 on replacing the existing Cemetery and Crematorium. The figures identified in a previous Cabinet report suggested an increased annual cost, due to potential new income not fully offsetting the financing and running costs. If the existing facility is not replaced, it can be expected to run out of capacity or fail. The timing of the failure is not sufficiently certain, and neither are replacement costs, so this is treated as a risk in the five-year forecast.
- e. Interest rate risk on borrowing. The Council's external debt is forecast to increase, and the direction of interest rates is currently volatile. In addition, long-term interest rates have been rising, however the Council may choose to borrow for shorter periods of up to one year at lower interest rates. This does expose the Council to interest rate risk; costs could rise or fall. A 0.5% increase in the interest rate is shown as an example below for each year.

	27/28	28/29	29/30	30/31	31/32
	£000s	£000s	£000s	£000s	£000s
Potential additional cost of 0.5% change in interest rate	222	92	26	-59	-27

- f. Planning Income. The Council has been advised by civil servants and through ministerial statements that it will have greater freedom to set planning charges locally. This will mean a significant increase in council income. However, there remains some risk that Government statements do not match reality and the freedom to set charges is delayed. This could potentially leave

a shortfall compared to the £800k per annum assumed. Officers have not yet quantified this risk.

- g. A summary of the potential risks is:

	27/28	28/29	29/30	30/31	31/32
Variations on Prior Year	£000s	£000s	£000s	£000s	£000s
-Surplus/+Deficit	1,236	2,530	1,611	1,330	1,567
Financing cost of Crematorium and additional running costs (£1.3m)	133	398	769	0	0
Adjustment for net change from higher pay at 3.5% pa		242	484	484	484
Crematorium additional income £0.76m increase			-250	-250	-260
Interest rate -example of 0.5% increase in assumption	222	92	26	-59	-27
Planning Income - freedoms not granted	TBC				
Forecast adjusted for major risks (annual change)	1,591	3,262	2,640	1,505	1,764

4. Actions

The forecast identifies a deficit for 2027/28 and the following years, with 2028/29 identified as the most significant challenge. The approach to the budget should therefore be:

- Significant flexibility in approach
- Review forecasts of temporary accommodation caseload to ensure that all current and expected initiatives and actions are included in the estimates. This should provide downward movement in cost estimates beyond the current forecast.
- Undertake the annual process of service budget reviews by Directors in consultation with cabinet members to find savings with limited impact on the delivery of services. Overall savings are likely to be small but will contribute to fund any service enhancement or growth.
- Identify any additional revenue funding for service enhancement or to maintain essential services.
- If needed, use additional freedoms if they are offered by the Government to increase Council Tax in 2027/28 to protect against service cuts.
- Review the capital programme to ensure spend and any financing costs are needed to effectively meet corporate priorities. The Council's assets should continue to be reviewed and managed to keep costs low and increase income either from disposals or revenue income.
- A review of all fees and charges should be undertaken.
- Use reserves to offset temporary income losses and smoothing in additional costs.
- The budget shortfall for 2028/29 work should start now, but the main focus should be ensuring a balanced budget for 2027/28.
- The Council should seek to minimise the forecast budget gaps for the years after 2028/29, even though the uncertainties regarding LGR make long-term planning difficult.

5. Conclusion

Council budgets will need to be reassessed in the light of the Government's decision in September to cancel and review LGR in Greater Essex. There is uncertainty around the process, but it seems more likely than not that LGR will still go ahead, at least a year later than initially proposed. This means that the 2027/28 and 2028/29 annual budgets will both need to be balanced, with significant deficits currently showing for both years. The main focus needs to be the 2027/28 budget while taking early steps to plan how the 2028/29 forecast deficit can be resolved.

The usual annual reviews of capital and revenue budgets along with fees and charges will need to be undertaken.

Reserves Forecast

The following commentary and figures are not for approval but are included to provide an outline of the s151 officer's current view of reserve needs. The reserves forecast covers the 2026/27 forecast and the five years of the forecast period to 2031/32, covered on the next page. The forecast currently assumes minimal use of the LGR Reserve, established in 2026/27, due to the Government's decision in September 2026 to cancel and review LGR for Greater Essex. The reserve will be reviewed when any further decisions are forthcoming and will result in changes in the use of this reserve in later years of the forecast.

- The s151 officer is required to set a recommended level of General Fund Reserve (contingency); the target remains at £9m. A review of the recommended level of General Fund balance will take place in the 2027/28 budget. The reserve is forecast to remain above the current £9m target.
- Key transfers between reserves in 2027/28
 - It is likely that a proposal will be made to transfer £0.5m from the Extended Producer Responsibility (EPR) funding reserve to the project evaluation reserve. The 2026/27 budget allows for a reduction of £225k in the expected EPR grant from Government, so any future reductions will be met from the General Fund Reserve. The project evaluation reserve is in place to cover evaluation costs and the risk of capital schemes not being progressed. The proposed transfer reflects the current risks.
- Key use of and contributions to reserves in 2027/28
 - £0.3m use of the LGR Reserve in 2027/28 to fund one-off spend on various posts recruited to before the announcement to cancel and review LGR for Greater Essex.
 - £0.9m use of the General Fund balance in 2027/28 to fund one-off spend on including City Council elections, the device replacement programme, and additional temporary posts.

Earmarked

Corporate Investment

Cultural Support Fund
Hylands House Reserve
DPO Reserve
Local Development Plan
Supplementary estimate Reserve
New: LGR Reserve

	2026/27 Budget and forecast				2027/28 (Forecast)				2028/29 (Forecast)				2029/30 (Forecast)				2030/31 (Forecast)			
	Budget		Updated Forecast		Transfers		+Use/ +Contribution		Transfers		+Use/ +Contribution		Transfers		+Use/ +Contribution		Transfers		+Use/ +Contribution	
	£000s	s £000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000	£000s	£000s	£000s	£000	£000s	£000s	£000s	£000	£000s	£000s
	0		4	4	4			4	4			4	4			4	4			4
	3		75	78	78			78	78			78	78			78	78			78
	0		0	0	0			0	0			0	0			0	0			0
	232	500	-23	709	709		-200	509	509		-200	309	309		-230	79	79	500	-230	349
	0	600	-300	300	300		-300	0	0	300		-300	0	0	300	-300	0	300	-300	0
	0	6,000	-264	5,736	5,736		-264	5,472	5,472			5,472	5,472			5,472	5,472			5,472
	235	7,100	-508	6,827	6,827	0	-764	6,063	6,063	300	-500	5,863	5,863	300	-530	5,633	5,633	800	-530	5,903

Capital Programme

Project Evaluation Reserve
Infrastructure fund (to be closed)
Sinking Fund for let property
Earmarked CIL interest reserve
Chelmsford Development & Asset Replacement

	177	500	-122	555	555	500		1,055	1,055			1,055	1,055			1,055	1,055			1,055
	542	-542	0	0	0			0	0			0	0			0	0			0
	57		66	123	123		50	173	173		50	223	223		50	273	273		50	323
	0		0	0	0		33	33	33		125	158	158		283	441	441		500	941
	36	73	-31	78	78		16	94	94		44	138	138		177	315	315		501	816
	812	31	-87	756	756	500	99	1,355	1,355	0	219	1,574	1,574	0	510	2,084	2,084	0	1,051	3,135

Risk Management

Insurance
Investment Reserve
Pension deficiency
Park and Ride
Vehicle Fuel Reserve
Utility Costs Reserves
Government funding and Business Rates Contingency Reserve
Business timing reserve
Rent income (temporary loss of tenant)
EPR Funding Reserve

	798	402	50	1,250	1,250			1,250	1,250			1,250	1,250			1,250	1,250			1,250
	736		-736	0	0			0	0			0	0			0	0			0
	1,240	-690	0	550	550			550	550			550	550			550	550			550
	298		48	346	346			346	346			346	346			346	346			346
	300	-300	400	400	400			400	400			400	400			400	400			400
	1,500	-1,000	800	1,300	1,300			1,300	1,300			1,300	1,300			1,300	1,300			1,300
	4,068	-4,068	0	0	0			0	0			0	0			0	0			0
	1,312		-1,312	0	0			0	0			0	0			0	0			0
	2,062	-101	-1,711	250	250		-100	150	150			150	150			150	150			150
	779		-225	554	554	-554		0	0			0	0			0	0			0
	13,093	-5,757	-2,686	4,650	4,650	-554	-100	3,996	3,996	0	0	3,996	3,996	0	0	3,996	3,996	0	0	3,996

Total Earmarked Reserves

	14,140	1,374	-3,281	12,233	12,233	-54	-765	11,414	11,414	300	-281	11,433	11,433	300	-20	11,713	11,713	800	521	13,034
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Unearmarked

General Fund
Recommended level £9m

	11,896	-1,374	1,347	11,869	11,869	54	-987	10,937	10,937	-300		10,637	10,637	-300		10,337	10,337	-800		9,537
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	11,896	-1,374	1,347	11,869	11,869	54	-987	10,937	10,937	-300	0	10,637	10,637	-300	0	10,337	10,337	-800	0	9,537
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Total reserves

	26,036	0	-1,934	24,102	24,102	0	-1,751	22,351	22,351	0	-281	22,070	22,070	0	-20	22,050	22,050	0	521	22,571
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The forecast general balance for 2031/32 is £9.237m. The column has been removed for presentational reasons.