

# Council Meeting Agenda

Tuesday, 22 February 2022 at 7pm

Hylands Pavilion, Hylands House,  
Chelmsford CM2 8WQ

## MEMBERSHIP

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

and Councillors

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

Local people are welcome to attend this meeting, where your elected  
Councillors take decisions affecting YOU and your City.

There is also an opportunity to ask your Councillors questions or make a  
statement. These have to be submitted in advance to

[committees@chelmsford.gov.uk](mailto:committees@chelmsford.gov.uk). Further details are on the agenda page.

If you would like to find out more, please telephone Brian Mayfield in the  
Democracy Team on Chelmsford (01245) 606923, email  
[brian.mayfield@chelmsford.gov.uk](mailto:brian.mayfield@chelmsford.gov.uk), call in at the Civic Centre, or write to the  
address above.

# MEETING OF CHELMSFORD CITY COUNCIL

22 February 2022

## AGENDA

### 1. Apologies for Absence

### 2. Mayor's Announcements

### 3. Declarations of Interest

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

### 4. Minutes

Minutes of meeting on 8 December 2021

### 5. Public Questions

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

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

### 6. Cabinet Question Time

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

## 7. Reports from the Cabinet on 25 January 2022

### 7.1 Local Council Tax Support Scheme 2022/23

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

### 7.2 Capital, Treasury and Investment Strategies for 2022/23

To consider the attached report from the Cabinet Member of Fairer Chelmsford

### 7.3 Budget for 2022/23

To consider the attached report from the Cabinet Member of Fairer Chelmsford

## 8. Appointment of External Auditor

To consider the attached report from the Audit and Risk Committee

## 9. Pay Policy Statement 2022/23

To consider the attached report from the Leader of the Council

## 10. Community Governance Review Terms of Reference

To consider the attached report from the Leader of the Council

## 11. Authorised Absence of Councillor Shepherd

To consider the attached report from the Leader of the Council

## 12. Notice of Motion – Housing Strategy and Responding to Housing Need

In accordance with notice duly given, Councillor C Davidson will move, and Councillor G H J Pooley will second:

“Council notes that

- The housing charity Shelter said, “we live in a country that is feeling the effects of 40 years of failure in housing policy” and believes there are “six million households whose right to a home is either denied or under threat”<sup>1</sup>.
- The Government acknowledges that we have nowhere near enough homes in the right places and that housing is becoming increasingly expensive<sup>2</sup>.
- While supply is of critical importance, so is affordability (as the House of Commons Library has reported)<sup>3</sup>.
- In Chelmsford:

---

<sup>1</sup> [https://england.shelter.org.uk/what\\_we\\_do/strategy\\_2019-2022](https://england.shelter.org.uk/what_we_do/strategy_2019-2022)

<sup>2</sup> Foreword to August 2020 “Planning for the Future” White Paper

<sup>3</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-7671/>

- The national housing crisis has led to the price of an average house in Chelmsford rising by 54% in the last 8 years, far higher than general inflation at just over 15%. The price of an average home in Chelmsford is now £380,000. And market rents have responded, rising by nearly one-fifth over the last two years.<sup>4</sup>
- Rising market prices for both buying and renting reflect the shortage of supply – Chelmsford does not have enough homes. These market options have become unaffordable for an increasing number of residents, especially as the local housing allowance is at least of £150 per month lower, making benefits insufficient.
- This and reduced re-letting by social landlords have led to over 300 Chelmsford households now being in temporary accommodation arranged by the City Council; over 850 households are on our Housing Register, waiting for a permanent home that meets their needs to become available.
- Insufficient supply of homes of the right type becoming available means that, at best, a family needing a 4-bedroom home is likely to wait more than 3 years in temporary accommodation after becoming homeless, and a similar family that is overcrowded or in otherwise unsuitable accommodation will wait far longer on the Housing Register before they can hope that their needs will be met.

In addressing these challenges, Council therefore:

- Welcomes its emerging Housing Strategy and Actions, published today and expected to be adopted by its Cabinet next month following consideration at the Policy Board on 3 March, and endorses the Vision to address the housing needs of all Chelmsford residents so everyone can reasonably aspire to having a home that meets their needs.
- Looks forward to seeing an increase in the availability in Chelmsford of affordable housing of the right size and tenure as a consequence of the actions set out in this Strategy.

However, Council notes that the housing crisis reflects failures by governments over many years to address the underlying causes and shape government policy and legislation to ensure sufficient housing is available. It is concerned by reports of local house-building being limited by shortages of building contractors and materials. It therefore:

- Calls on the Government to
  - Refocus planning law to enable local authorities to respond to local housing need, abandoning its First Homes policy which will make little or no contribution to meeting housing need in Chelmsford and permitting land to be allocated for social housing
  - Provide more resources to support the acquisition of land for social housing

---

<sup>4</sup> Median rent for a 2-bed property in Chelmsford is up from £975pcm in December 2019 to £1150pcm in December 2021.

- Empower local authorities such as Chelmsford, with no directly owned social housing stock, to influence the allocation of grants to housing associations and others so they better meet local housing needs
- Allocate Chelmsford to the same Local Housing Allowance area as Brentwood, increasing the current levels of Local Housing Allowance so they more closely reflect Chelmsford's housing costs
- Urgently introduce measures to address the shortages of skilled construction workers so that the building of new homes is not limited by this factor"

After this meeting has closed, members are requested to stay behind  
to consider the nomination of Mayor for 2022/23

## CHELMSFORD CITY COUNCIL

### MINUTES OF THE MEETING OF THE COUNCIL

held on 8 December 2021 at 7pm

#### PRESENT:

The Mayor (Councillor J A Deakin)

Councillors L Ashley, H Ayres, K Bentley, M W Bracken, D J R Clark, P H Clark, A E Davidson, C K Davidson, S M Dobson, N A Dudley, J A Frasca, I D Fuller, M C Goldman, S M Goldman, I S Grundy, N Gulliver, R J J Hyland, J C S Lager, J S Lardge, R J Lee, M J Mackrory, R Massey, L Mascot, R J Moore, R J Poulter, S Rajesh, I C Roberts, S J Robinson, T E Roper, E J Sampson, C M Shaw, M Sismey, A B Sosin, J E Sosin, M S Steel, A Thorpe-Apps, R T Whitehead, T N Willis and S Young

#### 1. Apologies for Absence

Apologies for absence had been received from Councillors R H Ambor, N B Chambers, W A Daden, J Galley, N Gulliver, P V Hughes, A John, D G Jones, G B R Knight, L A Millane, G H J Pooley, J A Potter, J M C Raven, C R Tron, N M Walsh and I Wright.

#### 2. Mayor's Announcements

The Mayor informed the Council that she and the Deputy Mayor had recently returned from an enjoyable and successful visit to the city's twin town in Germany, Backnang.

The Council was informed that one of the Mayor's charities, Sanctus, was in need of items to donate to vulnerable people who needed to be rehoused. Anyone who could help was asked to contact Sanctus.

Another of the Mayor's charities, Mid Essex MIND, was organising its "Mental Elf" hunt again in the city centre this year.

Helping Hands Essex and Sanctus were looking for volunteers and anyone who was interested was asked to contact them.

### 3. Declarations of Interest

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

### 4. Minutes

The minutes of the meeting held on 22 September 2021 were confirmed as a correct record.

### 5. Public Question Time

There were no questions or statements from members of the public.

### 6. Cabinet Question Time

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

#### 1. Question from Councillor S Dobson to the Cabinet Member for Greener and Safer Chelmsford

"Our dog club met up on a beautiful sunny morning on Sunday 28<sup>th</sup> November at Hylands Park. In the past we have been concerned about whether we can park near each other, especially with the weather being so good.

This was certainly not an issue on Sunday at Home Farm. There were around 20 cars in the car park; two people only in the cafe and the Stables was deserted.

In previous weeks it would have been heaving.

Does the Cabinet Member have statistics for usage since the charges were introduced and how do these compare with previous figures prior to charging?"

The Cabinet Member replied that during the period 8 November 2021 (when parking charges were introduced) and 23 November 2021 there were just over 4,563 uses of the car parks that attracted a payment charge, excluding those covered by season tickets and those eligible for free parking.

After such a short period since the introduction of parking charges meaningful comparisons were not possible. Anecdotally, feedback from those managing the site was that the introduction of parking charges had not impacted on the use of the Estate since they were introduced, but trends of use would be monitored and comparisons with previous years made over the coming 12 months.

In response to a supplementary question, the Cabinet Member said that the introduction of parking charges appeared not to have had a negative impact on businesses operating in the Park but, again, this would be closely monitored.

## 2. Question from Councillor R J Poulter to the Leader of the Council

“The Local Government and Public Involvement in Health Act 2007 empowers, but does not require, Local Authorities to undertake community governance reviews.

Such reviews consider, inter alia, changes to parish boundaries, creation of new parish councils and changes to the number of parish councillors. No such review has been undertaken in Chelmsford for many years. In the words of the Leader at the last Council meeting no-one can recall when such a review was last undertaken.

Council has authorised that a review now be undertaken. Terms of reference were agreed in December 2020. The result of the review was presented to the last Council meeting on 22<sup>nd</sup> September.

1. Why in view of the huge impact of Covid 19 on council finances was this review undertaken at this time and not deferred?
2. What is the total cost to the Council to date (including the cost of officer time) and what is the final anticipated cost to the Council also including the cost of officer time?”

The Leader of the Council said that no-one could remember when such a review was last carried out. Government guidance recommended that a review be undertaken every 10-15 years and given the level of development within Chelmsford a review was very overdue in Chelmsford.

In addition, it would be recalled that the Conservative Group had urged in July 2019 that a review be carried out of City Council ward boundaries. The Local Government Boundary Commission for England (LGBCE) had suggested that the Council consider undertaking a Community Governance Review (CGR) in advance of review wards, as the parish boundaries were the building blocks for that. It was therefore sensible to do the CGR first.

Having carried out a CGR, the Council would be well prepared for that review. Following information from the LGBCE, it was now expected that there would be a review of wards before the elections currently scheduled for 2027, likely to be undertaken 2025-2027.

As to the costs, this was a one-off cost and, as such, was less impacted by the Covid challenges, which affected the ongoing revenue budget. External costs for an Association of Electoral Administrators consultant (as at end of October 2021) were £19,560. Consultation related costs so far invoiced amounted to £10,896. In the informal consultation, the vast majority of replies were online. Had the recent consultation been online only and not included leaflet deliveries, that would have saved a fair amount. However, the Conservative



Group had urged that the extra costs of leaflets and letters should be accepted and the Leader thought that was the right decision.

Supplementary estimates for both elements of additional expense had been approved. In terms of additional costs, there remained a significant amount of ongoing work/costs in completing the review, including analysing the consultation responses, providing advice, preparing the final report and post review steps. Officer time had not been recorded, although it was fair to say that, as a whole city CGR, a significant amount of officer time continued to be invested in undertaking the review.

The Leader ended by saying that if the Conservative Group had concerns about this process, it would be helpful if they raised them in the working group that had overseen the review. As this was akin to constitutional changes, the Leader was keen to proceed by consensus if possible. He trusted that the Conservative Group would raise any issues so they could be properly addressed.

### 3. Question from Councillor R T Whitehead to the Leader of the Council

"I am pleased that after a public consultation the Hamburger option has been selected for the Army & Navy junction.

The Leader of the City Council, who is a member of the Task Force, said in his press comments

'It's vital that we take this chance to look at the whole of Chelmsford's network, and improve the options for cycling, walking and buses, including Park and Ride. This will help reduce congestion and improve the local environment.'

It is my understanding that funding is being sought from the Government to enable this long-standing problem to be resolved. When I was a member of the group looking at the various options it was agreed that as part of the traffic management options a new park & ride would be provided in Widford. This would lessen the traffic coming into the city centre and that Sandon Park & Ride would be further extended for the same reason, producing a considerable improvement in air quality.

I believe that the application to Government for the whole project included funding for the Widford option, so could he confirm that the Widford option is still being pursued?

It is over two years since the flyover was demolished so could he also advise us of the timescale for the work to start, as, despite the initial reduction of traffic due to Covid, there are now long delays at the junction once more."

The Leader of the Council agreed that traffic at the junction was now almost at pre-Covid levels, although not so much in the morning peak. It was vital that Essex County Council pressed on with their plans for the junction and the wider network.

The County Council believed that expansion to the Sandon Park & Ride site would be an essential part of the package, and that would need to be carried out before the main works on the junction, to help alleviate the hold-ups that construction was likely to cause. That was therefore a key part of the proposals.

The Administration Group had long been advocates of a third Park & Ride site. Councillor Whitehead would recall that seven years previously the Leader had suggested that the Britvic factory could have been a location for it. The principle was included in the Local Plan.

The project plan and recent consultation included two options for a Park and Ride site at Widford and the Department for Transport accepted that it was eligible to be in the funding bid for the Army & Navy.

Now that a single option had been settled, it was time for Essex County Council to start detailed work on the full business case for funding, which had to be submitted to the Government. It was also worth noting that this would have to include an estimate of the substantial increase in construction costs over the last year, caused in part by Covid and part by leaving the EU. However, the Government had not increased the amount of money available for these projects.

The City Council had urged Essex County Council to carry out a full remodelling of transport data to take account of changing travel habits following Covid, and to model the impact of the new station, the new distributor road around Beaulieu and the north east bypass, all of which had become more certain since the A&N project started.

The City Council would continue to work with the Essex County Council taskforce to develop the business case that would be submitted to the Government to secure funding for the full Sustainable Transport Package.

As to the timetable, the business case had to be worked on in early 2022 and submitted to Government, before a planning application could be submitted. The City Council had offered help to ensure no delays in the application. The Government decision was unlikely before 2023, with a contract and construction period of two years or more after that.

#### 4. Question from Councillor R T Whitehead to the Cabinet Member for Fairer Chelmsford

“Given the on-going reduction in the use of the City Council’s car parks due to Covid and the loss of discretionary income from them, does the City Council propose to readjust the designation of long stay car parks to accommodate shorter stay parking and to use surplus sites for new housing, including affordable housing?

Is a new car parking strategy to be published before the Council’s budget proposals are announced next year?”

The Cabinet Member replied that the Council's Improving Movement around the City and Housing Working Groups had been assessing many of the issues raised by Councillor Whitehead.

A consultation document on a new Sustainable Transport and Parking Strategy was scheduled to be considered by the Chelmsford Policy Board early in the New Year.

(7.04pm to 7.23pm)

## 7. Treasury Management Strategy Mid-Year Review

The Council considered a report on the Treasury Management activities undertaken in the first part of 2021-22 and the extent of compliance with the approved Treasury Management Strategy. The Treasury Management and Investment Sub-Committee and the Cabinet had concluded that no changes to the Strategy were required ahead of the full, annual review later in the financial year.

During discussion of the report reference was made to the graph in paragraph 3.2 of the Strategy which showed the Council returns versus benchmarking interest rates. It was stated that it would be helpful if the "CCC performance including funds" line did not include the CCLA returns and it was suggested that, for the next Strategy, the graph should show only the multi-asset fund returns. The Cabinet Member for Fairer Chelmsford said he would look at providing additional information in future Strategies for the purposes of clarity.

RESOLVED that the report on the Treasury Management activities in 2021-22 be noted and that the 2021-22 Treasury Strategy be approved without change.

(7.27pm to 7.27pm)

## 8. South Essex Parking Partnership Joint Committee Agreement

On 28 October 2012 the South Essex Parking Partnership had considered the proposed working arrangements for a new term of the Joint Committee Agreement.

The new Agreement would run for five years from 1 April 2022 with annual extensions possible for three years after that. The business model was based on the services currently provided by the Partnership but the new Agreement would also

- Establish a new surplus sharing model
- Encourage plans and ideas for innovation and technology
- Look at how cost efficiencies could be delivered in future

The proposed new surplus sharing arrangements would comprise three parts.

Part 1 would be a reserve of up to £400,000 a year to cover any potential deficit on the Partnership. The level of reserve would be maintained (and topped up as appropriate) before any surplus was moved into the second and third parts. Any surplus generated after any calls to maintain the Part 1 deficit reserve at the agreed level would be split between Part 2 (55%) and Part 3 (45%) subject to certain conditions.

Part 2 would be used for local needs as set out in the annual business plan. Specifically, it would cover (a) the operational and funding costs for Traffic Regulation Orders and the essential maintenance of parking related signs and lines and (b) innovation around different ways to manage parking within each partnership. Any capital/innovation funds required above the level agreed in the annual business plan that could not be contained within Part 2 could be bid for in Part 3 and considered on merit against other county-wide priorities. Any in-year surplus must cover the costs of TRO delivery and innovation to manage on-street parking. If the 55% share did not cover those costs they would be covered but the remainder would be allocated to Part 3.

Part 3 was intended to cover Essex wider strategic highways priorities and was proposed to be governed through a new Strategic Panel led by the County Council cabinet member and including the two Partnerships' chairmen and possibly one other member from each of the three partners. Any surplus achieved in this area from North and South Partnership Areas would be directed towards county-wide priorities within the respective areas, still in line with section 55 of the Road Traffic Regulation Act 1984. The County Council would work with the two Lead Authorities to develop the assessment criteria for bids for this funding. Bids would be put forward by officers from both the partnerships and Essex County Council.

Service Level Agreements would also be agreed with Essex County Council to cover:

- Management of additional on-street Pay and Display parking, which would replace limited waiting parking
- Management of CCTV cameras installed to monitor school parking

There would also be scope in the Agreement to engage in separate service level agreements for the Partnership to manage other activities such as discretionary disabled badge holder bays, enforcement on highways outside country parks, Traffic Management Act 2004 Part 6 moving traffic offences and electric vehicle charging points.

The Joint Committee had been of the unanimous view that the revised terms of the new Agreement were satisfactory and had recommended to its respective authorities that it be approved.

In response to a question on why a Reserve Fund of £300,000 was maintained, the Cabinet Member for Sustainable Development said that it was a contingency fund to cover unexpected costs and shortfall in income. It had proved its worth during the past 18 months or so, when revenue had reduced significantly as a result of the Covid pandemic.

The success of the Parking Partnership over the past 10 years was welcomed by members and the work of City Council officers in carrying out the lead authority role was acknowledged and appreciated.

RESOLVED the proposed terms of the new offer from Essex County Council to enter into a new South Essex Parking Partnership Joint Committee Agreement from 1 April 2022 be approved and that the City Council continue to act as the lead authority for the Partnership.

(7.27pm to 7.37pm)

### 9. Neighbourhood Plans for South Woodham Ferrers and Writtle

Following independent examination, the Neighbourhood Plans for South Woodham Ferrers and Writtle had both gained the required community support at their formal referendums and had become part of the statutory Development Plan for the administrative area of Chelmsford. The Council was recommended formally to 'make' the Plans as part of the Development Plan.

RESOLVED that:

1. the Council formally make the Neighbourhood Plan for South Woodham Ferrers, and the Neighbourhood Plan for Writtle, in accordance with Section 38(A)(4) of the Planning and Compulsory Purchase Act 2004; and
2. the necessary legal and procedural processes to make the Neighbourhood Plans are delegated to the Director of Sustainable Communities in consultation with the Cabinet Member for Sustainable Development.

(7.37pm to 7.42pm)

### 10. Gambling Act 2005 – Statement of Licensing Principles

The Council was requested to approve the latest Statement of Licensing Principles under the Gambling Act 2005. The Licensing Committee and the Cabinet had recommended that the Council adopt the Statement.

RESOLVED that the Statement of Licensing Principles under the Gambling Act 2005 submitted to the meeting be adopted.

(7.42pm to 7.44pm)

## 11. Notice of Motion – Air Quality and Safety Around Schools

The Motion had been withdrawn before the meeting.

## EXCLUSION OF THE PUBLIC

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the meeting during the consideration of Item 14 on the grounds that it involves the likely disclosure of exempt information falling within paragraph 3 of Part 1 of Schedule 12A to the Act (information relating to the financial or business affairs of any particular person including the authority holding that information)

## 12. Acquisition of Property in the City Centre

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

The Council was requested to authorise officers to negotiate the possible acquisition of the long leasehold interest of a property in Chelmsford.

During discussion of the report doubts were expressed about the prospective purchase and the wisdom of proceeding with it was questioned for a number of reasons. From a financial point of view, it would not be possible to obtain a loan through the Public Works Loan Board if the purchase was intended to provide a financial yield to the Council. Any purchaser was likely to face large capital costs for refurbishment and, together with the high purchase price referred to in the report and the current dwindling income from the property, the overall yield was likely to be less than envisaged. The proposal in its current form therefore would be of dubious financial benefit to the Council and it was suggested that a better tactical approach to the purchase should be explored that would carry less risk.

The Cabinet Member for Fairer Chelmsford confirmed that alternative approaches to the acquisition would be considered with a view to unlocking the potential of the property. The Leaders of both Opposition Groups would be kept informed of progress and given details of any terms that had been negotiated should it be decided to proceed with the acquisition.

On being put to a recorded vote, the motion to approve the recommendations in the report to the meeting was carried, with the voting being as follows:

For the motion:

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

Against the motion:

Councillors Bentley, P Clark, Dobson, Grundy, Hyland, Massey, Poulter, Roper, Sismey, Steel, Thorpe-Apps and Whitehead

Abstained:

Councillors Deakin, Roberts and Sampson

RESOLVED that:

1. The Director of Public Places after consultation with the Cabinet Member for Fairer Chelmsford pursuant to para 3.4.5.46 of the Constitution be authorised to consider, negotiate, and agree terms for the purchase of the property interest as described in the report to the meeting.
2. As no financial provision for this purchase has been made it is outside the approved Council budgets, pursuant to para 3.2.2.11 of the Constitution, a budget in the amount referred to in the report be allocated to support the purchase of the property interest.

The meeting closed at 8.18pm

Mayor



Chelmsford City Council

22 February 2022

---

## LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2022/23

---

### Report by:

Cabinet Member for Connected Chelmsford

---

### Officer Contact:

Rob Hawes, Revenue and Benefit Services Manager, 01245 606695,  
[robert.hawes@chelmsford.gov.uk](mailto:robert.hawes@chelmsford.gov.uk)

---

### Purpose

To present for consideration a Local Council Tax Support (LCTS) scheme for 2022/23, a decision on which must be made by 11 March 2022.

### Recommendation

That the existing LCTS scheme for 2021/22 set out in the Appendix to this report is adopted, without alteration, as the LCTS scheme for 2022/23.

---

## 1. Background

- 1.1. Since 2013/14, every billing authority has been required to approve a Local Council Tax Support (LCTS) Scheme, prior to 11 March, in respect of the forthcoming financial year. The LCTS scheme assists people on a low income to pay their Council Tax by reducing the amount they have to pay. Entitlement to Council Tax Support (CTS) is 'means-tested', whereby entitlement reduces as household income increases. The Council must



incorporate Government rules in respect of pensioners, but it has significant freedom to decide the rules in respect of 'working age' households.

- 1.2. In 2013/14, the Council decided to reduce the maximum level of CTS which could be awarded to an amount equivalent to 80% of a household's Council Tax liability. This meant that all working age households paid a minimum of 20% of their Council Tax liability. This decision was taken to ensure that scheme expenditure did not exceed the funding provided. Following a reduction in Government grant for 2014/15, the minimum payment was raised to 23% and has remained at that level ever since. Subsequent reductions in Government grants have meant that the scheme expenditure now exceeds any grant received and Chelmsford taxpayers are now contributing to the cost of the scheme. The amount of that contribution cannot be calculated exactly as the direct link between Central Government grant for LCTS was broken in 2014/15 when the specific grant was incorporated into the overall Settlement Funding Assessment.
- 1.3. Eligibility for the LCTS scheme has provided eligibility for a free Hylands car park season ticket with effect from 8 November 2021.

## 2. Current 2021/22 LCTS scheme summary

### Key principles

- 2.1. The key principles of the existing LCTS scheme are as follows:
  - All working age recipients pay a minimum of 23% of their Council Tax liability. Pensioners can receive a maximum of 100% of their Council Tax liability
  - Council Tax liability, for the purpose of calculating entitlement, is restricted to the appropriate Band D level. A working age person in a Band H property will have their LCTS calculated using the Band D amount applicable to the parish area in which they live. A pensioner household receives LCTS based on their actual liability regardless of Band.
  - LCTS is not available to working age households with more than £6,000 in savings. Pensioners can have up to £16,000 in savings before entitlement is removed.
  - Households with other non-dependant adults in them receive reduced amounts of LCTS as the non-dependants are expected to contribute towards the running costs of the household. These contributions depend on the income of the non-dependant. Non-dependant deductions also apply to pensioner households, for whom the level is set by the Government.
  - £10 per week of child maintenance received is disregarded. Any child maintenance paid to a pensioner household is disregarded in full.

- There are additional disregards to earned income to encourage work. This provision is more generous for the working age than for pensioners.
- For self-employed recipients, national minimum wage levels are assumed as income for the purposes of calculating LCTS entitlement if the declared income from self-employment is lower than the minimum wage. This applies after the first year of self-employment.

2.2. The amount of any reduction in Council tax for people on low incomes is means-tested. This means that a household's income is compared against a set of allowances. These allowances vary depending on the personal circumstances of the household i.e., number of children, any disabilities etc. Households with an income equal to, or below, the relevant allowances receive maximum allowable LCTS i.e., 77% of Council Tax liability (capped at Band D rates, as described above). Households with an income above the relevant allowances have support withdrawn at the rate of 20p for every pound by which income exceeds allowances. The rules for pensioner households are set by the Government. Local councils have the power to decide how much help is given to working age households.

2.3. The Council is required to agree and approve a working age LCTS scheme for 2022/23. It is recommended that the 2021/22 scheme is retained in its current form without amendment. It is possible that the Government may decide to amend the Council Tax Support Prescribed Regulations, affecting either working age or pension age households, after any Council decision. This would be a statutory change and there is no requirement for Cabinet or Full Council to approve it.

### 3. Scheme Finances

3.1. The Government includes an amount in respect of LCTS scheme expenditure in the annual settlement for Chelmsford City Council, Essex County Council and the Police and Fire authorities. It is the billing authority, Chelmsford City Council, which is responsible for assessing the amount of LCTS payable and reconciling this through the Council Tax collection fund.

3.2. Since the amount of grant in respect of LCTS is no longer separately identified it is not possible to accurately estimate the amount by which LCTS scheme expenditure exceeds the available grant. What is clear is that overall annual amount of Government grant to the precepting bodies (Essex County Council, Chelmsford City Council and Essex Police, Crime and Fire Commissioner) has reduced by £193m since 2013/14, while scheme expenditure has remained relatively constant at around £6.5m per annum until 2019/20. It seems reasonable to assume that the gap between CTS grant amounts and scheme expenditure has risen each year.

3.3. The Covid-19 pandemic and reduction in economic activity caused an increase in caseload numbers in 2020/21 and scheme expenditure rose to £6.873m. Although total Government grants to Essex precepting bodies increased by 3.95% in 2020/21, CTS scheme expenditure rose by 6.6% meaning that the shortfall between CTS grant and expenditure increased once more. During 2021/22, CTS caseload numbers have begun to reduce and CTS expenditure for 2021/22 is currently £6.78m as at the end of December 2021. The amount of LCTS paid to working age households totals £3.53m, with a further £3.25m paid to pensioner households. £1.78m of the working age total is being paid to households receiving minimum levels of income. As the only cost-effective method of recovery available in such cases is a £3.75 per week deduction from benefits, there is a strong likelihood that any attempt to reduce scheme expenditure by reducing the amount of LCTS that is paid would be matched by a comparable fall in collection rates

#### 4. Equality Issues

4.1 When deciding upon a scheme, the Council is required to have due regard to its Public Sector Equality Duties. The Public Sector Equality Duties (PSED) are found in s149 of the Equality Act 2010, which requires public authorities to give due regard to the need to:

- i. Eliminate unlawful discrimination and harassment in the respective fields of race, sex and disability;
- ii. Promote equality of opportunity between those with a protected characteristic and others; in addition, the Race and Disabilities Duties include the need to promote good race relations;
- iii. Take steps to take account of disabled people's disabilities even where that involves treating disabled people more favourably than others; and,
- iv. Promote positive attitudes towards disabled people and to encourage participation by them in public life.

4.2 An Equality Impact Assessment (EIA) for 2021/22's LCTS scheme is attached for reference at Appendix 1. This will need to be revisited if changes to the scheme are proposed in future years. The EIA identifies impacts upon relevant groups and any mitigations which are in place. It is important that decisions relating to our LCTS scheme are taken with these matters in mind. Although the PSED does not prevent councils from taking decisions which impact adversely on groups with 'protected characteristics', they must ensure that they are not impacted in a worse fashion than non-protected groups.

## 5. Council Options

### 5.1 Option 1 – Do nothing and adopt 2021/22's LCTS scheme with no changes for 2022/23

If this option is chosen, the difference between Government grants and the cost of the LCTS scheme will have to be covered by the preceptors, each according to their share of the Council Tax collection fund. It is likely that scheme cost will increase in 2022/23 as a result of increases in Council Tax levels. The only way to reduce scheme expenditure is to make it less generous for working age households. As it is likely that working age households will be disproportionately affected by any adverse economic conditions, reducing the amount of LCTS assistance will increase the impact of higher unemployment or reduced income levels. In these circumstances, it is highly unlikely that Council Tax collection rates would be able to be maintained at a sufficient level to realise all of the savings created by reducing the generosity of the LCTS scheme.

5.2 Option 2 – Amend 2021/22's LCTS scheme to increase or decrease scheme expenditure in 2022/23. Any proposed changes to the scheme must be the subject of a public consultation lasting at least 6 weeks. Consultations with internal stakeholders indicated that there was no desire to make alterations to the 2022/23 LCTS scheme so no public consultations have taken place for consideration.

## 6. Conclusion

6.1 The LCTS scheme is an important support for low income households. Given the economic impact of the Covid-19 pandemic and the ongoing uncertain economic outlook for 2022/23, the Cabinet on 25 January 2022 was of the view that it would not be desirable to reduce the level of support provided by the LCTS scheme and nor do the Council's finances permit any substantial expansion to scheme expenditure by making it more generous. Option 1 maintains the current 2021/22 LCTS scheme unchanged for 2022/23 and the Cabinet therefore recommends that the existing scheme for 2021/22 be retained in 2022/23.

### List of appendices:

Appendix 1 – Equality Impact Assessment

### Background papers:

None

## Corporate Implications

**Legal/Constitutional:** A local scheme must be agreed by Full Council before 11 March 2022. If Cabinet is minded to propose changes to the existing scheme, a public consultation lasting a minimum of six weeks must take place on any proposed change. This paper cannot be deferred to a later meeting as a delay would mean that there would be insufficient time to obtain a ratifying decision at Full Council.

**Financial:** The exact relationship between reducing LCTS expenditure and Council Tax collection rates is unclear, although in-year collection rates of Council Tax have dropped by 2% since LCTS was introduced in April 2013. 2% equates to a shortfall of £2.5m on an estimated Council Tax debit of £129m in 2021/22, although strong performance on arrears collection in subsequent years has offset this reduction. 2020/21's in-year collection rate was 0.7% lower than 2019/20 due to the fact that the Court Service was not operating, so no enforcement action could take place.

**Potential impact on climate change and the environment:** None.

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

**Personnel:** None

**Risk Management:** None

**Equality and Diversity:** No change. Equality impact Assessment attached as Appendix 1

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

**Health and Safety:** None

**Digital:** The existing Benefits software is capable of maintaining the current scheme. Any radical proposed changes will need to be evaluated as to whether the software can deliver them.

Other:

---

Consultees: Director of Connected Chelmsford, Legal and Democratic Services Manager, Pan Essex Council Tax Support Scheme Project Group

---

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

Benefits Operational and Internal Security Policy  
Benefits Customer Service Policy

---

This form enables an assessment of the impact a policy, strategy or activity on customers and employees.

A: Assessor Details	
Name of policy / function(s):	Local Council Tax Support scheme with effect from April 2021
Officer(s) completing this assessment:	Robert Hawes
Date of assessment:	18 January 2021
B: Summary Details	
Description of policy, strategy or activity and what it is aiming to do	<input type="checkbox"/> new                      OR <input checked="" type="checkbox"/> existing ( <i>If existing, when was the last assessment?</i> November 2018) <input type="checkbox"/> internal                OR <input checked="" type="checkbox"/> external (i.e. public-facing) <input type="checkbox"/> statutory            OR <input checked="" type="checkbox"/> non-statutory – parts of the policy will be governed by statute, those affecting pensioners and rules relating to entitlement to persons from abroad for both pensioners and working age
Policy Owner (service)	Revenues and Benefits
Scope: Internal - Service/Directorate/Council wide External – specify community groups	External – applies to any member of the community on a low income requiring assistance with their Council Tax liability

**C: 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
<b>Age</b> What will the impact be on different age groups such as younger or older people?		The amount of assistance available does vary dependent upon age, although no changes are proposed in this respect for 2021/22.		Pensioners receive additional allowances that ensure that they receive more support than a working age person with the same income. Individuals or households where both members are under 25 will receive less assistance than when one or both members are over 25. This disparity in assistance is a standard feature of all welfare benefit schemes. Pensioner households are entitled to a maximum of 100% of their Council Tax liability. Working age households are entitled to a maximum of 77% of their Council Tax liability	The amendment to the policy proposed for 2021 allows the Council to ensure that working-age households receive the full benefit of any Government policy change intended to increase their income.



Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
<b>Disability</b> Consider all disabilities such as hearing loss, dyslexia etc as well as access issues for wheelchair users where appropriate			No changes are proposed to affect people with this characteristic		Additional allowances are already in place for people receiving specified disability benefits. The proposed alteration to the 2021/22 policy could be beneficial depending on the type of changes Government may implement.
<b>Pregnancy and maternity</b> Pregnant women and new and breastfeeding Mums			No changes are proposed to affect people with this characteristic		Households with children receive additional allowances which result in higher entitlements. Chelmsford City Council has not implemented the wider welfare benefit policy which restricts that assistance to the first two children in a household. The amendment to the policy proposed for 2021/22 allows the Council to ensure that working-age households receive the full benefit of any Government policy change intended to increase their income.
<b>Marriage or Civil Partnership</b> Could this policy discriminate on the grounds of marriage or civil partnership			There is no distinction between the treatment of married persons or		The amendment to the policy proposed for 2021/22 allows the Council to ensure that working-age households receive the full benefit of any Government policy change intended to increase their

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
			persons in a civil partnership.		income.
<b>Sex</b> Is the service used by people of both male and female biological characteristics or intersex and are the sexes given equal opportunity?			No distinction is made in the assessment of entitlement as a result of biological gender.		The amendment to the policy proposed for 2021/22 allows the Council to ensure that working-age households receive the full benefit of any Government policy change intended to increase their income.
<b>Gender reassignment</b> Is there an impact on people who are going through or who have completed Gender Reassignment?  Additionally, is there an impact on people with different gender identity?			No distinction is made in the assessment of entitlement as a result of gender identity.		The amendment to the policy proposed for 2021/22 allows the Council to ensure that working-age households receive the full benefit of any Government policy change intended to increase their income.
<b>Religion or belief</b> Includes not having religion or belief			No distinction is made in the assessment of entitlement as a result of religious belief.		The amendment to the policy proposed for 2021/22 allows the Council to ensure that working-age households receive the full benefit of any Government policy change intended to increase their income.
<b>Sexual Orientation</b>			No distinction		The amendment to the policy

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
What is the impact on people of different sexual orientation such heterosexual, lesbian, gay or bisexual people?			is made in the assessment of entitlement as a result of sexual orientation.		proposed for 2021/22 allows the Council to ensure that working-age households receive the full benefit of any Government policy change intended to increase their income.
<b>Race</b> Includes ethnic or national origins		Yes		Brexit will remove entitlement from EU nationals without 'settled status'. This is in addition to the restrictions to benefit already in place on non-EU nationals.	This element of the policy is dictated by Government by way of statutory instrument and cannot be amended by the Council.
<b>Are there any other groups who could find it difficult to access or make use of the policy / function?</b> 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.			No		

<b>D: Consultation process, information used to analyse the effects on protected groups/equality and key findings</b> Please describe the consultation process and evidence gathered. You may attach copies or links to the data / research you are using.		
1.	<b><u>Consultation/engagement</u></b> <b>What consultation or engagement has been undertaken regarding this policy?</b> <i>[Please summarise what, when and who was involved]</i>	The policy was subject to public consultation between 3/12/20 and 18/01/21. Following analysis of the consultation responses, this impact assessment has been amended and is being considered at Cabinet level and Full Council before the local scheme is finalised.
2.	<b><u>Key findings</u></b> <i>(Summarise the key findings of your consultation in relation to protected groups as outlined above).</i>	The consultation attracted very few responses. However, each of the three respondents identifying themselves as being in one or more of the protected groups agreed that the proposed change in wording should be made, with one respondent suggesting that the change should be more wide-ranging to allow changes in scheme design to be made at any time.
3.	<b><u>Data/Information</u></b> <b>What relevant data or information is currently available about the customers and employees who may use this service or could be affected by this policy?</b> <i>(For example: equality monitoring, surveys, demographic data, research, evidence about demand/ take-up/satisfaction etc).</i>  <b>What additional information could be collected which would increase your understanding about the potential impact of the policy?</b> <i>(What involvement or consultation with affected groups is still needed?)</i>	<p>Incomes, capital holdings, age, sex and household make-up of existing recipients of Council Tax Benefit recipients are known. Data regarding disability can be inferred from both income and qualification for additional premiums. Data regarding ethnicity, sexual orientation, religious beliefs and language is minimal as these characteristics are not relevant when assessing entitlement. Respondents to the consultation were given the option to provide ethnicity, age, sexual orientation, disability and religious beliefs in addition to their answers.</p> <p>Feedback from customers, voluntary or community groups, advice agencies and residents was sought as part of the consultation.</p>

4.	<p><b>For existing policies, strategy, activity only:</b>  <b>What has changed since the last assessment?</b>  <i>(For example: evidence of public concern or complaints / new information has come to light / changes in service provision / changes in service users/ assessed impact on protected groups etc)</i></p>	<p>Reductions in overall grants from central Government are placing pressure on Chelmsford's finances. Councillors are able to decide whether or not to increase expenditure on Local Council Tax Support.</p>
----	--	--

**E: Relevance to the Equality Duty Aims:**

*Consider how the policy relates to the aims below (directly or indirectly), and if it could be adjusted to further meet these equality aims.*

1.	<p><b>To eliminate unlawful discrimination, harassment and victimisation</b></p>	<p>People with disabilities will continue to receive additional premiums as part of the calculation of local Council Tax Support. Chelmsford's Local Council Tax Support scheme has retained additional premiums for disabled people and continues to disregard the whole of any Disability Living Allowance or its replacement, Personal Independence Payment, from the assessment of entitlement.</p>
2.	<p><b>To advance equality of opportunity between people who share a protected characteristic and those who do not</b>  <i>(This means removing or minimising disadvantages, taking steps to meet needs of different people and encouraging participation. It can involve treating people better than others, e.g. disabled people).</i></p>	<p>As above, disabled people will continue to be treated more favourably than non-disabled people with a similar income, which recognises the extra costs attributable to disability. Parents with dependent children will continue to receive additional premiums in respect of children as part of the calculation of support, thereby recognising the extra costs associated with bringing up a family. In 2015, Councillors rejected the option to remove the Family Premium (worth a maximum of £3.48 per week in Council Tax Support) from the calculation of LCTS for new working age claimants with effect from April 2016. There is no intention to remove the additional premiums awarded to households with more than 2 children within the means test. Therefore, people with children will still be treated more favourably than people without insofar as the additional cost of raising children is reflected in the amount of income a household with children can have before CTS is affected.</p>

3.	<b>To foster good relations between those who share a protected characteristic and those who do not. If so, how?</b> <i>(This means promoting understanding between different groups and tackling prejudice)</i>	This policy is not intended to affect community relations and no such effects have been identified, nor are any anticipated.
----	---	--

F: Conclusion	
Decision:	Explanation:
<input checked="" type="checkbox"/> <b>Continue the policy with no changes</b> <i>[For example: evidence suggests no potential for discrimination / all opportunities have been taken to advance equality.]</i>	The recommended change to the policy ensures that no group will face reduced entitlement to CTS as a result of changes to wider Government welfare policies which are intended to increase the income of benefit recipients.
<input type="checkbox"/> <b>Continue the policy with adjustments</b> <i>[For example: Low risk of negative impact / actions or adjustments would further improve positives or remove a potential negative impact.]</i>	
<input type="checkbox"/> <b>Adverse impact but continue</b> <i>[For example: Negative impact has been objectively justified.]</i>	
<input type="checkbox"/> <b>Suspend or withdraw the policy for further review / consideration of alternative proposals</b> <i>[For example: High risk of negative impact for any group / insufficient evidence / need to involve or consult with protected groups / negative impact which cannot be mitigated or justified / unlawful discrimination etc.]</i>	

**Approved by:**

Lead Officer / Responsible officer: .....Date: .....

Senior Manager: ...Robert Hawes.....Date: ...18 January 2021.....

***[Please save a copy and send one to Human Resources for publication on the website as appropriate]***



Chelmsford City Council

22 February 2022

## Capital, Treasury and Financial Strategies 2022/23

---

**Report by:** Cabinet Member for Fairer Chelmsford

---

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

---

### Purpose

To seek approval for the Council's main financial strategies for 2022/23.

### Recommendations:

That the Capital, Treasury and Investment Strategies for 2022-23 as submitted to the meeting be approved.

---

On 25 January 2022, the Cabinet considered the attached report which sets out a proposed approach to the management of the Council's cash, capital investments (the capital expenditure programme) and other types of investment, including property.

The Cabinet agreed to recommend to the Council that the strategies be approved without amendment.

### List of appendices:

None

### Background papers:

None



### Corporate Implications

Legal/Constitutional: Enables the Council to meet statutory obligations

Financial: As identified in the report

Potential impact on climate change and the environment: Supports corporate goals

Contribution toward achieving a net zero carbon position by 2030: Supports corporate goals

Personnel: None

Risk Management: None

Equality and Diversity: None

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

Health and Safety: None

Digital: None

Other: None

---

### Consultees:

Legal and Democratic Services Manager

---

### Relevant Policies and Strategies:

None relevant



## Chelmsford City Council Cabinet

25<sup>th</sup> January 2022

---

### Capital, Treasury Management & Investment Strategies 2022/23

---

#### Report by:

Cabinet Member for a Fairer Chelmsford

---

#### Officer Contact:

Phil Reeves, Accountancy Services Manager, 01245 606562, [phil.reeves@chelmsford.gov.uk](mailto:phil.reeves@chelmsford.gov.uk)

---

#### Purpose

To recommend an approach for managing the Council's:

- Cash and
- Other types of investment including property

#### Options

1. Accept the recommendations contained within the report
2. Recommend changes to the way by which the Council's investments are to be managed

#### Preferred option and reasons

Recommend the report to Council without amendment for consideration and thereby meet statutory obligations.

## Recommendations

That Cabinet requests that Full Council approve the Capital, Treasury Management and Investment Strategies.

---

### 1. Background

1.1. There are three financial strategies that the Council is obliged by Government to approve when setting a budget:

- Capital Strategy
- Treasury Management Strategy
- Investment Strategy

1.2. Capital Strategy

The Capital strategy **Appendix 1** sets out a framework for the management of capital finance and links to capital and revenue budget (plans) being reported to January Cabinet. The strategy is not reviewed by the Treasury Management and Investment Sub-committee.

1.3. Treasury & Investment Strategies

Members of the Treasury Management & Investment Sub-Committee have reviewed the contents of these strategies and recommended that the Cabinet note their contents and seek Council approval for the Strategies.

The activities around the management of the Council's cash and external borrowing are known as Treasury Management. Under statute and the CIPFA Code of Practice on Treasury Management ("the Code"), members are required to receive reports on the Council's Treasury Management (TM) activities. The document in **Appendix 2** complies with the Code and relevant Government regulations.

Full Council has overall responsibility for the Treasury Strategy but delegates to the Treasury Management and Investment Sub-committee responsibility to monitor activity and recommend changes to strategy. The Accountancy Services Manager (Section 151 Officer) has been delegated responsibility to manage operational TM activities within the approved strategy.

1.4. The Department for Levelling Up, Housing and Communities requires the Council to publish and have approved an Investment Strategy. This strategy covers investments that are deemed not to be Treasury Management activities. The Investment Strategy is in **Appendix 3**.

## 2. Executive Summary

### Capital Strategy

- Sets limits to amounts that can be borrowed by the Council.
- Summaries the costs of the capital programme.
- Identifies how the Council plans to finance its capital expenditure programme.

### Treasury Strategy

#### Investments

- Changes from last year's strategy are
  - A small change is proposed to categorisation of long-term investments moving from 364 days to 365 days.
  - No material changes from the previous year.
- It is proposed to have a target of at least £15m of liquid funds to manage cashflow during the year. This reflects monthly fluctuations in cash levels.
- Cash available for investment is expected to reduce as the Council intends to internally borrow to fund the capital programme.
- Interest income of £701,000 is expected in the budget for 2022/23 at a rate of 1.04% across the Council's portfolio. This assumes an increase in the Bank of England's base rate to 0.25%.

#### Borrowing

- No changes to last year's strategy are proposed.
- Borrowing will only be undertaken for the purpose of managing temporary liquidity or to fund the capital programme.
- A clarification from PWLB issued in 2021 means that any investment made by Council primarily for yield blocks access to PWLB borrowing. The implications are considered in the capital strategy.
- The Section 151 Officer under the constitution manages investments and borrowings. Current planning assumes internal borrowing will be the main source of funding, but the Section 151 Officer will externalise borrowing should it represent better financial value to the authority.

#### Non-Cash Investments (Investment Strategy)

- No new capital expenditure (investments) will be made where the purpose of the investment is primarily for yield. This restriction is broader than the 2020/21 Strategy which stated that the Council will not invest in commercial property. The PWLB has during 2021 clarified that it does not allow Councils to borrow if they undertake any capital investment primarily for yield.
- The strategy has provision to allow for the creation of a stand-alone housing company, if needed.

- The monitoring of non-treasury investments is undertaken by the Treasury Management and Investment Sub-committee.

### 3. Conclusion

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

3.2. Cabinet is asked to recommend the Capital Strategy to Council.

#### List of appendices:

Appendix 1- Capital Strategy 2022/23

Appendix 2 – Treasury Management Strategy 2022/23

Appendix 3 – Investment Strategy 2022/23

#### Background papers:

Nil

---

### Corporate Implications

Legal/Constitutional: The report meets statutory obligations on reporting Treasury Management Activity

Financial: As detailed in the report

Potential impact on climate change and the environment:

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

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

Contribution toward achieving a net zero carbon position by 2030:

N/A

Personnel:

N/A

Risk Management:

The report is part of the Council's approach to managing risks arising from Treasury Management

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

Consultees:

---

Relevant Policies and Strategies:

## Capital Strategy 2022/23

- 1.1 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and a local policy framework, summarised in this report.

- 1.2 Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. Additionally, in local government it can include spending on assets owned by other bodies, and loans or grants to other bodies which enable them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 do not have to be capitalised and can be charged to revenue in year.

- 1.3 Governance: Capital Investment in Council Services - Capital Schemes and Replacement Programme

Replacement Programme is expenditure required to maintain existing levels of service provision, including Digital hardware, and in some cases software, vehicles and plant and it also includes annual grants and improvement loans which are budgeted for annually.

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

Governance: Service managers bid annually in September to include projects and replacement items in the Council's capital programme. Bids are collated by Accountancy who review the financial elements of the bid and calculate any financing and/or running costs.

In determining viability, capital bids must include:

- details of the intended outcomes and potential running costs;
- statement of the risks of undertaking the scheme and how these will be managed;
- details of consultations undertaken in arriving at the proposal and any potential alternatives; and

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

There are always going to be schemes which need to be approved outside this process, due to urgent health and safety issues for example, or the need to respond quickly to market opportunities, and will need approval in line with financial rules.

- 1.4 Funding the Costs of Capital Expenditure

Below is an explanation of the Council's proposed approach to funding capital expenditure.

### Methods of Capital Financing

Capital resources, i.e. the funds that pay for capital expenditure, can come from many sources. Broadly speaking these are:

- Sales of Assets (Capital Receipts): Any disposal of property or equipment over £10,000 in value is a capital receipt. These can only be spent on other capital items.
- Leasing: This is where we can use an asset in exchange for making a series of revenue payments over several years. From 2022/23 all leasing will be counted as a debt. However, leasing differs

from traditional debt as often the leasing company can retain legal ownership of the asset and is able to obtain capital allowances to reduce the cost to the Council.

- Borrowing (excluding leasing):
  - The Council can borrow externally from other local authorities, the Government or the private sector.
  - Borrowing can also be carried out internally, where cash balances are “borrowed” to fund capital expenditure.

If the Council undertakes any form of internal or external borrowing, then payments must be made to cover future or current principal debt repayments (Minimum Revenue Provision (MRP)). The method to calculate MRP is set out in the section on Borrowing Strategy. Councils can choose to pay off debt from surplus capital resources, such as capital receipts, at any time.

- Revenue contributions to capital; the Council can use revenue budgets to fund capital expenditure.
- Lottery or Government grants; the Council can often bid for grants from external organisations towards specific works.
- Section 106 agreements and CIL; if a new development is undertaken in the City, the Council is legally entitled to ask for assets or money to mitigate the impact of the development.

The circumstances where each type of capital resource will be used depends on the nature of the scheme. Whilst developing scheme proposals, consideration should be given to the types of funding which offer the best value for money for the Council. Clearly, the optimal funding arrangements are those where third parties fund or help fund the investment. The S151 Officer will, at the end of each financial year, determine the appropriate funding for the capital programme.

#### 1.5 Cost of the Capital Programme

In the 2022/23 budget, the Council is planning capital expenditure as summarised below:

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Replacement Programme	£2.565m	£4.047m	£5.483m	£2.589m	£3.324m
Capital Projects	£6.118m	£25.427m	£44.984m	£8.016m	£8.568m
New Capital Bid Submissions 2021/22 Require Approval		£0.168m	£2.777m	£2.653m	
Provision for potential new Capital Projects		£0.595m	£4.834m	£3.200m	£7.200m
TOTAL	£8.683m	£30.237m	£58.078m	£16.458m	£19.092m

Details of the programme can be found in the Budget Report 2022/23 section 4 table 5 and section 10, elsewhere on this agenda.



Financing of the programme is currently planned as

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Capital Receipts	£2.841m	£1.233m	£5.550m	£7.850m	£10.200m
Grants and Contributions	£3.923m	£13.576m	£31.935m	£4.986m	£7.999m
Revenue Contributions	0.000m	£3.418m	£1.555m	£0.300m	£0.100m
Borrowing	£1.919m	£11.738m	£17.893m	£3.181m	£0.429m
Finance Leases	£0.000m	£0.272m	£1.145m	£0.141m	£0.364m
TOTAL	£8.683m	£30.237m	£58.078m	£16.458m	£19.092m

#### 1.6 Borrowing strategy

The Capital Financing Requirement (CFR) is the calculation of the Council's internal and external borrowing used to finance its capital expenditure. Statutory guidance is that long-term debt should remain below the capital financing requirement. Temporary breaches for cashflow are acceptable.

*Estimates of Gross Debt and the Capital Financing Requirement in £ millions*

	31.3.2021 actual	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
Leasing (Debt)	£0.635m	£0.468m	£1.597m	£1.121m	£0.919m
External Borrowing	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m
<b>Total "External Borrowings"</b>	£0.635m	£0.468m	£1.597m	£1.121m	£0.919m
Total Capital Financing Requirement (CFR)	£14.031m	£23.456m	£42.104m	£44.066m	£43.286m
Internal Borrowing (makes up the difference between CFR and external borrowings)	£13.396m	£22.988m	£40.507m	£42.945m	£42.367m

The Government guidance identifies that local authorities should not borrow more than, or in advance of, their needs purely in order to profit from investment of extra sums borrowed. It also makes clear that this extends to borrowing taken on to finance the acquisition of property or other forms of non-financial assets. Local authorities can acquire financial or non-financial assets from capitals receipts but should not repurpose receipts allocated to the acquisition of assets that contribute to service delivery to fund the purchase of investments, solely to avoid the requirements against borrowing in advance of need. However, the guidance does allow for local authorities to disregard this provision of borrowing to fund investment activity with appropriate explanations contained in the Capital and Investment Strategy. The City Council will undertake borrowing to finance commercial property where it meets other strategic requirements such as economic regeneration or supporting small and medium enterprises (SMEs) for example, and also to profit from the sums borrowed, but only after undertaking robust due diligence and review of risk (including an assessment of proportionality of the investment to reflect the scale of the Council's operations).

The Council is required to approve a policy for repaying debt (MRP) which is in italics below:

*MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis up a period of 50 years. For assets acquired under finance leases the principal repayment inherent in the lease will be used as the basis for MRP in respect of those assets. This policy does not prevent the Council from making early or one-off repayments of debt from Capital receipts or from revenue provisions.*

Planned repayments of debt, net of self-financing schemes, are shown below

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
MRP	£0.275m	£0.666m	£0.909m	£1.131m	£1.340m

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. The higher borrowing limit may not reflect long-term need and may only be reached for short periods. It therefore can be higher than the Capital Financing Requirement.

*Authorised limit and operational boundary for external debt in £m*

	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit
Authorised limit - total external debt	£24m	£43m	£45m	£44m
Operational boundary - total external debt	£0.65m	£0.48m	£1.6m	£1.13m

Authorised limit – total external debt – this includes Finance leases.

Operational Boundary – total external debt – this is based on the debt outstanding on forecast finance leases. Future changes to accounting regulations may require restatement during 2022/23.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the annual treasury management strategy approved by Council. Three times a year the Treasury Management and Investment Sub-committee meets to review activity and any new material issues, recommend new strategy and review year-end performance.

## 2. Sustainability - Capital Funding

The consequences of the Capital programme, such as loss of interest on capital receipts spent or scheme running costs, will be included in the annual revenue budget reports to Council and Medium-Term Financial Forecast. This mechanism does provide Members with assurance of the affordability and sustainability of the capital expenditure plans.

The Council has a plan for disposals of assets and the expected funding is summarised below (individual values of receipts are not shown for commercial reasons)

## Appendix 1

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Asset sales	£1.185m	£1.083m	£5.000m	£7.300m	£10.000m

There were no material disposals in 2020/21 and the £1.185m was from the disposal of three assets. In future years the asset sales include Waterside parcels of land and Riverside old pool site.

At the end of 2025/26 there is currently forecast a balance of £9.6m receipts from the sales of significant assets.

### Treasury Management Strategy

- 1.1 Treasury Management at Chelmsford City Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA code) which requires the authority to approve a Treasury Management strategy before the start of each financial year. This report fulfils the authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA code.
- 1.2 CIPFA is currently in the process of proposing a new TM code, but responses to the consultation from Local Authorities have not been finalised and the new code has not been approved. The Council's 2022/23 Treasury Management Strategy will continue to have regard to the 2017 TM code, rather than the draft 2021 TM code. CIPFA have advised the new code does not need to be implemented until April 2023. Officers will provide the Treasury Management and Investment Sub-committee with updates on the code.
- 1.3 Treasury Management covers the management of the Council's cash flows, borrowing and investments, and any associated risks. Chelmsford City Council has substantial cashflows and investments from its activities and is therefore exposed to a series of financial risks including the loss of invested funds. Risk also comes from possible changes in interest rates affecting investment income or the cost of any external borrowings.
- 1.4 The Council's investment priorities, as required by Government regulations are, in order of priority:
  - (a) the security of capital
  - (b) the liquidity of its investments; and
  - (c) yield.

The Government regulations and CIPFA both advise that absolute certainty of security of capital and liquidity does not have to be achieved before seeking yield from investments. An appropriate balance of all three should be sought and that balance is determined by the Council in its Treasury Strategy.
- 1.5 It is important to note that the borrowing of monies purely to invest or lend on to make a return is unlawful and this Council will not engage in such activity. The borrowing of monies to fund the capital programme is allowed.
- 1.6 In the event of major changes to the external or internal context in which this strategy has been set, it may be necessary for the Council to revise its strategy during the year.
- 1.7 This Treasury Management Strategy will focus solely on investments arising from the organisation's cashflows and debt management activity and matters of borrowing. Non-treasury investments will be covered separately under the Investment Strategy (**Appendix 2**). The monetary limits on borrowing will be set in the Capital Strategy which forms part of the 2022/23 budget papers going to Cabinet and Council in the new calendar year.

## 2. External Context

- 2.1 The Council's Treasury Management Strategy operates in a macroeconomic environment which can have a significant impact on the Council's treasury operations in terms of inflation, interest rate and counterparty risks.

### **The economic environment and interest rate forecast**

- 2.2 The ongoing impact on the UK from coronavirus, together with higher inflation, the likelihood of higher interest rates, and the country's trade position post-Brexit, will be major influences on the Treasury Management strategy for 2022/23.
- 2.3 The Bank of England (BoE) held Bank Rate at 0.10% in November 2021 and maintained its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 7-2 to keep rates on hold and 6-3 to maintain the asset purchase programme. Within the announcement the MPC suggested interest rates would be increased soon, but to less than the 1% level expected by financial markets.

Within the November 2021 Monetary Policy Report, the Bank expected consumer price index (CPI) inflation to peak at around 5% in April 2022 before falling back as the impact from higher energy prices fades and demand slows. UK CPI for October 2021 registered 4.2% year on year.

The most recent labour market data for the three months to August 2021 showed the unemployment rate fell to 4.5% while the employment rate rose to 75.3%. Both measures were helped by the extension of the government's furlough scheme, but this ended in September 2021 and while this may put some pressure on the jobs market, it is not expected to be material, with the BoE forecasting unemployment will only increase modestly in Q4 2021 according to its November 2021 Monetary Policy Report but remain low overall.

### **Credit Outlook and counterparty risk**

- 2.4 Where operationally possible, the Council tries to reduce the amount of unsecured bank deposits it holds in reaction to the "bail in" risk arising from reform to the banking sector. Under "bail in" provisions, investors would face losses to their deposits and shareholdings in order to recapitalise a bank before any Government bailout would occur.

The institutions on the Council's approved counterparty lists are well-capitalised and general credit conditions across the sector are expected to remain benign, limiting the chances of losses to the Council.

- 2.5 Public Bodies provide much less risk as investment counterparties, but yields are usually lower. The Council should, where possible, continue to spread investments over different organisations and different investment categories (property, pooled funds, public bodies, etc) to provide a satisfactory balance of security of capital and return.

## 3. Local Context: Investment Balances and Potential External Borrowing

- 3.1 At the end of November 2021, the Council held £86.8m of investments. These investments arise from balances including unspent Community Infrastructure Levy (CIL) and reserves, as well as income received in advance of expenditure. Also, the Government's support to Councils and

Businesses has increased cash holding over the last year, the majority of this cash has either been paid out to Businesses or returned to the government on finalisation of the various schemes, however, the Council still holds a small proportion of cash relating to this in 21/22.

The level of investment balance is not expected to be as high over the next couple of years but is then expected to rise slightly in view of increasing income from the Community Infrastructure Levy scheme under the new Local Plan and relatively reduced spend on the Capital Programme.

Forecasted year end investment balances are detailed in the table below. These are best estimates at this stage, significant variation could occur due to changes in the Capital Programme and other changes. *(please note should the budget included new capital proposals, then below figures will be amended before the report is presented to Council by the Section 151 officer)*

Date	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
Balance (£m)	66	34	35	40	62

- 3.2 During most months the cash balance can rise and fall by between £10-15m due to receipt of income and payment of precepts to other Essex bodies. The Council should therefore aim to keep sufficient cash in hand to manage these fluctuations. Alternatively, it can undertake temporary borrowing, but will do so wherever possible in advance of need to ensure sufficient liquidity. It is not expected that the Council will have to undertake temporary borrowing for liquidity purposes at the time of drafting this Strategy.

The financial year-end tends to be the lowest point for the Council's cash balances. This is because most residents pay their Council Tax over 10 instalments, but the Council pays these out to central government and other precepting authorities on a monthly basis; so significant net cash outflows occur in February and March each year. The principles to establish how investments should be managed are discussed in Section 4 below.

- 3.3 The Capital Strategy published with the Revenue 2022/23 budget papers will include debt limits reflective of the 2022/23 budget.

The CFR (Capital Financing Requirement) is the amount of capital expenditure the Council has financed by (internal or external) borrowing. The budget report will update the forecast of the CFR. The current level of CFR reflects the decisions taken by Council to cease revenue contributions to capital in 2019/20 and 2020/21.

The historic level of CFR is shown in the table below with the external and internal debt.

Temporary Use of Surplus cash	Mar 2021	Forecast Apr 2022
Capital Financing requirement	14.410m	23.151m
External Debt	0.635m	0.531m
Surplus cash internally borrowed	13.775m	22.620m

The main advantages of this strategy are a lower exposure to external debt, and at the same time, lower exposure to counterparty risk in external investments.

However, no strategy is entirely risk free. The main risk of using cash surpluses generated as described above is that some will be available only temporarily. When the cash is required for its original purpose, the authority may need to borrow externally to fund its capital spending plans at a time when interest rates are higher or other conditions are not favourable.

The Council has reserves which can be considered as cash backed and can be invested for longer periods as the Council always maintain a certain level of reserves and working capital. It is not unusual for Councils to hold investments equal to working capital whilst external debt is being used to fund capital expenditure. Working capital is the day-to-day cash balances held for the normal operations of the Council such as making payments to suppliers.

There can be an opportunity cost on internal borrowing which is the interest we could have earned externally (the margin between external borrowing costs and investment income). On most occasions the interest rates on borrowing are higher than those earned on investments made by the Council. However, if long-term borrowing rates are expected to rise, then it may be favourable to borrow to lock into favourable funding, the cash can be held as investments until utilised to pay for expenditure. The consultation on a new CIPFA code does seek views on what is best practice regarding balancing external and internal debt levels. Officers will have regard to the conclusions of the code when undertaking Treasury Management next year, but this will only be formally adopted for 2023/24.

The Section 151 Officer undertakes Treasury Management within the limits set by the Capital Strategy and has the flexibility to adjust the balance between borrowing and investments to meet changing circumstances. The current preferred option is to as far as possible, internalise all surplus funds. However, with rates potentially starting to rise it may become prudent to lock into longer-term debt and this option should remain open to the Council.

3.4 The principles of how borrowing could be undertaken externally are discussed in Section 5 below.

## 4 Investments 2022/23

4.1 The Council's treasury investment strategy will prioritise its investment objectives in the following order:

- Security of assets – investing in counterparties only where the risks of incurring a capital loss through default and the risks of late payment of principal and interest, are low. Also, by spreading risk as widely as is practically possible.
- Liquidity – Ensuring that the authority can access enough cash to meet its obligations with appropriate notice. It is recommended for 2022/23 a target of at least £15m of short notice funds is held. The definition of short notice will be any held for less than or equal to 35 days.
- Yield – subject to the management of risks associated with security and liquidity of assets, the Council will seek to maximise the yield from its investment portfolio

This is a prudent approach in line with CIPFA and DLUHC guidance.

4.2 One minor change to investment counter party rules is proposed for 2022/23 compared to 2021/22 to allow 365-day investments rather than limiting to 364 days. This is outlined in the tables below. The Council takes advice from Arlingclose, the Council's Treasury Advisors in determining who are suitable counter parties to hold Council funds.

4.3 No fixed duration investments over 365 days are currently proposed for 2022/23. This can be reviewed during 2022/23 depending on interest rates, cashflow and counterparty risk. It is

recommended any investments beyond 365 days are at the discretion of the Section 151 Officer, up to a limit of £10m limit as recommended in Section 7.4.

- 4.4 The Council use Credit Ratings and Arlingclose's recommendations to determine suitable counter parties. Arlingclose's approach is not based on a rigid model but on an assessment of a range of measures that require a final human judgement of the overall risk. The assessments include the following: credit ratings, the likelihood of UK or another Government support, market information (e.g., share price or Credit Default Swap), collateral offered by the Counter Party, types of activity undertaken by the institution and other external advice. The Counter Parties recommended in this report reflect discussions by officers with Arlingclose, which are then reviewed by the Cabinet Member for Fairer Chelmsford and the Treasury Management and Investment Sub-committee.

Arlingclose aim to promote security of assets first through diversification, as well as limits on the sums invested and limits on which counterparties the Council can invest with. An approved list of counterparties is released by Arlingclose each month.

The Council policy has been and is recommended to differ from Arlingclose advice when it comes to duration of investments with Banks (UK and Foreign) and Building Societies. Officers have been concerned that Arlingclose have taken too cautious an approach to assessing duration limits, an example being 35-100 days limits for investments with UK clearing banks. The Council's Officers have focused more on credit ratings and an assessment of systematic importance to UK economy when assessing investment duration. This allows the Council to have a slightly longer duration and increased pool of potential counterparties, whilst maintaining diversification of investments and therefore security of the Council's assets. How this works in practice is explained in sections 4.6, 4.7 and 4.8 below, whilst section 4.13 sets out the duration limits allowed.

No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

Given the advice received by the Council regarding credit risks, sub-inflation returns and potential economic slowdown the Council will retain within the strategy the following investment types:

- Enhanced Money Market Funds & Money Market Funds (MMF)
- UK Public bodies
- Unsecured Bank Investments
- Unsecured Building Society Investments
- Unsecured Non-UK Bank Investments
- Unsecured Registered Social Landlord Loans
- Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds
- Potential to undertake unsecured Challenger Bank investments
- Multi Asset funds, Bond funds and Property funds

- 4.5 **Enhanced Money Market and Money Market Funds.** The Council has access to enhanced money market funds (AAA rated) which offer a rate of return (0.0-0.1%) but require 2 – 5 days' notice to withdraw funds.

The Council invests short-term cash in several AAA-rated money market funds. These funds provide a modest rate of interest around 0.01% at November 2021 and most importantly allow same day access to funds. Interest rates are linked to the BOE base rate and so any increase in this will feed through to the rates earned for the Council.

These funds spread the Council's investment over many financial institutions, so reducing risk. Historically the funds have proved very safe.



- 4.6 **UK Public Bodies.** Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts as these are all investments with the UK Central Government. These are the safest possible form of UK investment, so the Council will place no limit on the amount that can be invested.

Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans). These are theoretically as safe as lending to Government, but what would happen should a Local Authority go bankrupt has never been tested in law. It is therefore prudent to place some limit on investments with each local authority but recognising this type of investment is much safer than most alternatives. Arlingclose offer some guidance on risks of each local authority but the data is based on snap-shot year end accounts as only a few authorities can afford the cost of ratings by credit agencies.

- 4.7 **Unsecured UK bank investments.** The changes to UK Bank regulation from the adoption of a “bail-in” approach to recapitalising banks and the move to ringfencing of UK bank retail operations has increased the amount that could be lost in the event of a bank failure. With the completion of ringfencing activities by major banks to protect retail investors from investment banking losses, different banks have placed local authority depositors in either the retail or investment banking divisions. It should be noted that the credit scores for the banks with which the Council operates have either remained the same or improved as a result of ringfencing. The Council believes that it is prudent to invest with banks who are on Arlingclose’s approved lists. Arlingclose only recommend investments with UK banks for up to 100 days. The Council differs from Arlingclose advice in terms of the length of investment, up to a period of 365 days. But only if the credit rating criteria (table 4.13 below) is met and no information is available that identifies unacceptable risk. The Council will not invest with any bank that is not on the approved Arlingclose list.
- 4.8 **Unsecured building society investments.** Arlingclose have in the past recommended a wide pool of Building Societies that its clients could invest with. During this time, the Council was not comfortable with this approach as some Building Societies were recommended which did not have sufficiently high credit ratings. The Council therefore chose to go beyond Arlingclose advice and only invest with Building Societies with a long-term credit rating of A- and only for up to and including 365 days. In recent times, Arlingclose have significantly reduced the number of Building Societies on their approved lists, so that at present, only Nationwide Building Society are an approved counterparty. The Council’s treasury strategy therefore takes a different approach to investing with building societies than that recommended by Arlingclose, and will continue to look at credit rating first, requiring that building societies have a long-term credit rating of at least A-. This is the same as the Council’s previous counterparty policy for Building Societies.
- 4.9 **Unsecured Non-UK bank investments.** Arlingclose review the approach to investment with non-UK banks separately to UK banks. This reflects the different risks and ownership structures that affect the security of the investment. The Council first uses Arlingclose advice to select appropriate non-UK banks and then uses credit rating information to make investment decisions. The Council uses credit rating of AA- for selecting investments with non-UK banks of up to 365 days but over 100 days and A- for investments of up to 100 days. Arlingclose recommends a limit of 35 days for investments with non-UK banks on their approved counterparty list. The Council differs from Arlingclose advice in terms of the length of investment, as long as the credit rating criteria above are met. An example of where this may differ would be an investment with DBS bank, which currently has a credit rating of AA- (Fitch). This credit rating is better than several of the UK banks that are approved on Arlingclose’s counterparty list and so the Council is comfortable investing for a longer period than Arlingclose

recommend, as per the credit rating criteria above. The Council will not invest with any bank that is not on the approved Arlingclose list.

- 4.10 **Registered Social Landlord (RSL) Loans.** The Council can lend to RSLs in the pursuit of treasury management objectives but must treat any loans made for policy reasons as capital expenditure. The option to lend for Treasury purposes has been on the Council's counter party list for several years but there has not been a suitable opportunity.
- 4.11 **Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds.** These are all different investment products but have in common the highest levels of credit rating. They are either backed by a pool of guaranteed bank assets or UK and/or foreign Governments. The Council takes advice from Arlingclose before undertaking any of these investments, so an investigation of the individual strength of each investment has been determined. They are rarely used by the Council.
- 4.12 **Multi-Asset, Bond and Property Funds.** These potentially offer the Council income and capital growth of the sum invested. There are several types of fund including property funds, bond funds, equity funds and multi asset funds. Funds seek to reduce risk by building a pool of investments and as such are considerably safer than an investment of comparable size in a specific single asset.

However, any fund exposes the Council to market price volatility. Officers will carefully consider any investment opportunities and always keep any ownership under review. A review of the risks and benefits of using Funds was made in the summer of 2019 and which concluded that Multi-Asset, Bond and Property funds provide a suitable method to invest Council funds.

At the time of drafting this report the Council has an investment of over £6m in the CCLA property fund and 3 further investments in Multi-Asset funds totalling just under £10m.

- 4.13 **Challenger Banks.** As part of the Government's policy to reduce the size of banks and to encourage competition, new 'challenger banks' are appearing in the UK banking market. Many of these challenger banks are unrated but do have high levels of capital buffers. There has been insufficient evidence to demonstrate during 2021/22 that investments would be appropriately secure. However, it is recommended that the Treasury Management and Investment Sub-committee reviews any new evidence on these challenger banks and if satisfied that they provide sufficient Security, Liquidity and Return, that up to £3m could be invested by the Council.
- 4.14 **Counterparty – Duration and Monetary Limits**  
The duration that an investment is made for impacts on the level of risk to the capital invested. The longer the investment the more risk of some unexpected change occurring to the financial strength of the deposit taker. Perhaps, more importantly the Council can only invest for durations that enable Council liquidity to be managed effectively. To reduce these risks limits can be placed on the length of investments. The Council is required by law to identify the proposed investment criteria under the categories Specified and Non-Specified, as shown below:

#### **Specified Investments**

- investments of duration less than or equal to 365 days and denominated in sterling.
- investments made to UK Government, UK local authorities or institutions of high credit quality.
- high credit quality defined as a minimum A- by Fitch or the equivalent score of the other main rating bodies (Standard & Poor's, Moody's).

## Appendix 2

Specified Counterparty	Minimum Credit Criteria	Max. Limit £m	Max. maturity period	Change from Prev. approach
Enhanced Money Market Funds (Variable Unit Price) Up to 5 funds	AAA	£6m each fund	2-5-day notice	None
Money Market Funds (per fund)	AAA	£6m each fund	Instant Access	None
Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts	UK Government	No Limit	365 days	Increased to 365 days from 364
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	£10m each authority	365 days	Increased to 365 days from 364
UK Banks	A-	£3m for each group	365 days	Increased to 365 days from 364
Building Societies	A-	£3m for each group	365 days	Increased to 365 days from 364
Non-UK Banks	AA-	£3m each group	365 days	Increased to 365 days from 364
Non-UK Banks	A-	£3m each group	100 days	None
Registered Social Landlord Loans	A-	£3m each group	365 days	Increased to 365 days from 364
Covered Bonds	AA-	£6m	365 days	Increased to 365 days from 364
Reverse Repurchase Agreements (each agreement)	AA-	£6m	365 days	Increased to 365 days from 364
Supranational Bonds (per institution)	AAA	£6m	365 days	Increased to 365 days from 364

A factor in setting the current individual limit of £3m per financial institution was it represented some 5% of total funds (as can be seen in predicted year-end balance for 21/22 in table in section 3.1), clearly as investment balances fall the £3m represents a greater percentage of total funds, so investments become less spread proportionally if the £3m limit is kept.

However, reducing the £3m limit would reduce the number of institutions willing to take Council deposits as the investment is judged too small to be economic for large institutions. Indeed, there are several institutions who will not accept £3m from the Council as this is too small for them. The strategy must therefore balance these factors and for 2021/22 has retained the £3m limit.

Non-specified Investments				
These do not meet the criteria of specified investments. They are identified separately to ensure the Council understands that these are higher risk, either due to counter party risk, liquidity risk, market risk or interest rate risk				
Counterparty	Min. Credit Criteria	Max. Limit £m	Max. maturity period	Change from existing approach
CCLA Local Authority Property Fund	Unrated	£8m	n/a	None
Multi-Asset or Bond funds	Unrated	£5m per fund	n/a	None
Covered Bonds (per bond)	AA-	£6m	3 years	None
Supranational Bonds (per each institution)	AAA	£6m	3 years	None
Debt Management Agency Deposit Facility, Government Bills or Gilts	UK Government	No Limit	5 years	None
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	£10m each authority	5 years	None
Challenger Banks e.g. Aldermore, Metro etc	Unrated	Delegate to Treasury Management and Investment Sub-Committee authority to determine criteria to invest up to £3m		

## 5. Borrowing Sources

- 5.1 The Council has a need to fund its capital plans from borrowing. This section of the strategy sets out the Council's approach to borrowing. Long term borrowing is only used to fund the capital

programme so the level of borrowing will never exceed the CFR for any meaningful amount of time. As previously stated in Section 3.3, the CFR (Capital Financing Requirement) is the amount of capital expenditure the Council has financed by internal or external borrowing and so will be determined by the Budget Report 2022/23.

- 5.2 As identified in Section 3.3, the current assumption is internal borrowing is prioritised over externalising debt, however, the Section 151 Officer will monitor external rates of borrowing and the sustainability of using internal borrowing to determine if it becomes more beneficial to externalise the debt.
- 5.3 When the Authority needs to borrow externally it will seek to strike a balance between minimising interest costs and securing certainty of borrowing costs. Examples of where the Council can seek to borrow funds from are:
- Public Works Loan Board (PWLB). This is only allowed if a Council has no approved capital plans to purchase assets primarily for the purposes of yield. More details can be found in the Investment Strategy and paragraph 5.4 below.
  - Other UK Local Authorities. This is usually relatively short-term debt running from a few days to two years in duration.
  - Any institution which meets the Council's investment criteria.
  - UK public or private sector pension funds (Excluding the Essex Local Authority Pension Fund).
- 5.4 The PWLB can lend for up to 50 years and also for the short term to Local Government. The PWLB is the source of loans/funds if no other lender can provide finance. The Government after a period of consultation has announced that the PWLB will not lend to an authority that plans to buy investment assets primarily for yield that is identified in their capital programme. The Section 151 Officer will be expected by the PWLB to certify that no such purchases are planned.

The CIPFA guidance by which Local Authority treasury management is assessed and governed, will likely be amended to encourage further restriction of borrowing to fund investment purchases. This has been reflected in the draft TM code produced by CIPFA. However, officers believe the draft nature of the code makes it difficult to define impact on the 2022/23 strategy. So, as previously stated any changes finally agreed by CIPFA will not be imposed/implemented until April 2023, although officers will have regard to the new code when undertaking Treasury Management in 2022/23.

From a Treasury Management perspective, it is recommended that the PWLB should be retained as a borrowing option and therefore the purchase of investment assets primarily for yield should be excluded from the capital programme. This is recommended not only due to the reduced rates now available through PWLB but due to the backstop accessibility of this source of borrowing.

- 5.5 The Council already has in place the following set of debt indicators and will revise them in the Capital Strategy:
- The Authorised Limit is the limit placed by the Council on the absolute level of its gross debt at any time. The Local Government Act 2003 stipulates that it must not be breached at any time.
  - The Operational Boundary on the other hand is a lower figure reflecting the planned maximum level of debt at any time, the difference being designed to give headroom to deal with unforeseen movements in cash flow. It will not normally be a matter of concern if the Operational Boundary is breached temporarily due to variations in cash flow. However, a sustained or regular trend above the Operational Boundary would require investigation and appropriate action.

The authorised and operational borrowing will be set out in the Capital Strategy to be published in January 2022; they will be linked to the CFR (the borrowing needed to fund the capital programme).

Should the Council undertake long-term borrowing during 2022/23 then the Section 151 Officer will establish indicators to assist in the management of borrowing and these will be reported back to members. Indicators will also reflect where possible the new CIPFA code.

- 5.6 Officers may find it appropriate to undertake short-term borrowing for liquidity purposes.
- 5.7 In addition to borrowing via loans, other debt financing models may be used to finance the capital programme where this represents best value for the authority. These forms of debt are included in the overall borrowing limits. Such debt finance models include:
- Sale and leaseback arrangements
  - Hire purchase arrangements

## 6. Role of the Treasury Management and Investment Sub-committee

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

## 7. Treasury Management Indicators

- 7.1 Officers will review the indicators once the finalised version of the CIPFA code is published. Until then the following Treasury Management Indicators will be used. These assist in measuring and managing the Council's exposure to Treasury Management risk in 2022/23.
- 7.2 The Council has both limits and targets within the below indicators. Limits cannot be breached during the time period covered by the Strategy, whereas Targets are an aim that Officers will try and work within, but which can be breached during the year if absolutely necessary.
- 7.3 Liquidity – The liquidity indicator seeks to ensure that the Council has the necessary funds to meet its normal day to day payments.

Liquidity Risk Indicator	Target
Total cash available within 35 days	£15m

- 7.4 Long-Term Treasury Management Investments – This indicator sets two separate limits, one limit on the total amounts invested in longer term instruments with no fixed maturity date such as Multi Asset or Property funds, and one on the limit of total amounts invested in fixed term investments over 365 days

Long Term Investments Indicators	Limit
Total cash invested over 365 days with a fixed maturity date	£10m
Total cash invested with no fixed maturity date	£20m

(The £10m limit for cash invested over 365 days is only expected to be used if cash balances turn out materially different than forecasted)

- 7.5 Counterparty Indicator – This indicator measures whether the Council has operated within its approved limits for counterparties.

Counterparty Indicator	Limit
Council and Arlingclose counterparty approved limits	No breach

- 7.6 Target Income Yield – This indicator measures the interest income return for the Council's investments in funds, as these are the most significant drivers of investment income as a whole.

Yield Indicator	Target
Interest Rate Earned on external funds	3%

## 8. Interest Income

- 8.1 The budget for interest income for 2022/23 is £701,000, based on an average investment portfolio of £67.5m at an interest rate of 1.04%. If actual levels of investments or actual interest rates differ from those forecasted, performance against the budget could be significantly different.

## **Investment Strategy**

This document ensures compliance with the requirements of the CIPFA Prudential Code and Department for Levelling Up, Housing and Communities (DLUHC) guidance on local authority investment. The CIPFA code and DLUHC guidance recognise that organisations may make investments for reasons outside of treasury management objectives and these investments may prioritise other objectives above the security of capital. A consultation on a new Prudential code is taking place so any changes will be identified and implemented by April 2023 in line with the timetable placed on the Council.

### **Contents of the Investment Strategy**

- The types of Non-cash investments
- How Council monitors performance
- The role of the sub-committee

### **Investment Primarily for Yield (overarching principle)**

New guidance from the PWLB issued in 2020/21 prevents any local authority from borrowing from it for any purpose, if, the authority in the current or following 2 years has plans in its capital programme to invest in assets primarily for purpose of obtaining yield. This new guidance is more restrictive than the previous guidance which placed limits only on commercial property investment. The City Council can access non-PWLB sources to fund capital investment. However, the Council approved last year the principle that keeping access to PWLB borrowing was more important than keeping the option to undertake the purchase of investment property primarily for yield. So, the recommended overarching principle in the investment strategy is that the Council will not undertake any capital investment with the primary objective of yield.

### **Service Investments: Loans and Shareholdings**

These are investments, including making loans to and buying shares in local service providers, local small businesses to promote economic growth and for some authorities to subsidiary companies that provide services. In light of the public service objective, Councils can take moderate risk with the principal invested but still plan for such investments to return the sum invested.

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans have been set as follows



Category of borrower	31.3.2021 actual			2022/23
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Chelmsford City Football Club	£0.104m	£0.104m	£0.000m	£0.104m
BID Company	£0.022m	Nil	£0.022m	£0.011m
Maximum New loans if required.	Nil	Nil	Nil	£10.000m
<b>TOTAL LIMIT</b>	<b>£0.126m</b>	<b>£0.104m</b>	<b>£0.022m</b>	<b>£10.115m</b>

The above table includes an allowance of up to £10m of new loans should the Council decide to create a standalone company for example to facilitate the creation of additional affordable housing or for other trading purposes. Any decision would be subject to Council approval.

The Council will monitor the financial position of the recipient or potential recipient through the use of (but not limited to) financial reporting tools, credit ratings where appropriate, published financial information (such as annual accounts), press articles and by maintaining an open dialogue.

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Governance: Service managers bid annually in September in the same way as for Capital Projects and Replacement Programme.

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

There are always going to be schemes which need to be approved outside this process, due to urgent health and safety issues for example, or the need to respond quickly to market opportunities and will need approval in line with financial rules.

#### **Commercial Investments:**

DLUHC defines property to be a commercial investment if it is held primarily or partially to generate a profit. This type of investment may also involve making loans to subsidiaries or partners, where the aim is achieving profit.

The Council's commercial property investments are summarised below.

Property Type	31.3.2021 actual £ms					31.3.2022 expected £ms			
	Acquisitions	Disposals	Transfers*	Gains or (losses)	Value in accounts	Acquisitions	Disposals	Works/ Additional Gains or (losses)	Value in accounts
	In Year	In Year				In year	In Year	In Year	
Office	£0.00	£0.00	£0.00	-£0.95	£19.57	£0.00	£0.00	£1.1	£20.67
Other	£0.00	-£1.31	-£0.68	-£0.10	£6.12	£0.00	-£0.14	£0.00	£5.98
Retail	£0.00	-£0.18	£0.00	-£8.56	£46.56	£0.00	£0.00	£0.00	£46.56
TOTAL	£0.00	-£1.49	-£0.68	-£9.61	£72.25	£0.00	-£0.14	£1.1	£73.21

The Council will continue to purchase commercial property but only where it supports regeneration, facilitates land assembly for future regeneration projects or supports Council priorities set out in "Our Chelmsford: Our Plan" but not where the primary purpose would be for yield.

Properties will only be purchased within the Council's geographic area.

Any properties purchased that generate commercial yield will be monitored by the Treasury Management and Investment sub-committee until redevelopment occurs.

#### **Loan Commitments and Financial Guarantees**

Although not strictly counted as investments, since no money has exchanged hands, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness. The Council has not committed to any such agreements.

#### **Capacity, Skills and Culture**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Accountancy Services Manager (Section 151 Officer) is a qualified accountant with over 25 years' experience, the Head of Property is a member of the Royal Institution of Chartered Surveyors with over 20 years' experience in both Public and Private Sectors. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and external short courses in order to keep abreast of developments and maintain up to date skills and knowledge.

**Elected members:** The Council does not expect members to make investment decisions but to understand the risks the Treasury Strategy creates. The Council therefore provides training for members on the appropriate issues by providing advice and access to Arlingclose, the Council's Treasury Advisors.

**Due Diligence:** When undertaking investments there is a need to recognise where the Council is lacking detailed market knowledge and then external advisors will be employed. The Council uses Arlingclose as Treasury Management Advisors and external property valuers are engaged when undertaking material purchases.

### Investment Indicators

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

**Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third-party loans.

Total investment exposure	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Treasury management investments	£47.2m	£66m	£34m
Service investments: Loans	£0.126m	£0.115m	£10.144m
Commercial investments: Property	£72.25m	£73.21m	£72.76m
TOTAL INVESTMENTS	£119.576m	£139.325m	£116.904m

The changes in commercial property values are projected changes in assets values, which given the Covid pandemic and structural changes to the economy (home working) are highly uncertain.

**How investments are funded:** Investments funded from borrowing have more risk than those funded from surplus resources, so the Government guidance is that there should be indicators on how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing.

Investments funded by borrowing	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast	31.03.2024 Forecast
Service investments: Loans	Nil	Nil	Nil	Nil
Commercial investments: Property*	£3.5m	£3.5m	£3.4m	£3.4m
TOTAL FUNDED BY BORROWING	£3.5m	£3.5m	£3.4m	£3.4m

\*A commercial property was funded by debt in 2019/20 as a result of the Council decision to not make revenue contributions to capital in 2019/20 due to the pandemic. If the revenue contributions had been made the overall level of borrowing would have been lower and the commercial assets (Aquarium offices) would not have been funded from internal borrowing.

**Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investments net rate of return (income)	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	0.62%	0.69%	1.04%
Service investments: Loans	Nil	Nil	Nil
Commercial investments: Property	5.56%	5.22%	5.31%
Treasury Management Income £ms (draft estimate 22/23)	£0.5m	£0.5m	£0.7m
Investment Rent Income £ms (draft estimate 22/23)	£4.0m	£3.9m	£4.2m

#### *Other investment indicators*

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

Estimates	2020/21 estimate	2021/22 estimate	2022/23 estimate	2023/24 estimate
Income from Treasury Management as Percentage of Net Revenue Income	No longer to be measured less than 1% of budget			
Total Borrowing Undertaken to Fund Investment Properties	£3.5m	£3.5m	£3.4m	£3.4m
Commercial Income as percentage of Net Service Expenditure	10.32%	9.64%	10.03%	11.42%

The estimates/indicators reflect the historic decisions and the schemes included in the proposed/approved Capital programme. Below are limits on investments which reflect the estimates above plus allowance for some headroom or flexibility to undertake higher levels of investment activity. The limit is that recommended by the Section 151 Officer. These limits are required under Government guidance and should not be exceeded. If the Council does exceed these limits, then it is expected not

to rashly dispose of investments but instead should avoid entering into any further investments except for short term Treasury Management activity until appropriate alleviation of the breach is undertaken.

Limits	2021/22 Limit	2022/23 Limit	2023/24 Limit	2024/25 Limit
Commercial Income as percentage of Net Service Expenditure	14.8%	16.3%	15.5%	16.7%

### Role of Treasury and Investment Sub-committee

The non-cash investments require continuous monitoring, and the role of the sub-committee is to undertake that ongoing assessment. At a previous sub-committee meeting it was agreed that the following would be the basis of the ongoing monitoring:

- Any changes in the portfolio in the period (acquisitions and sales)
- All charges and receipts, indicating any arrears.
- Capital expenditure; planned or reactive.
- Performance against budgets; both expenditure and income.
- Any potential changes to the income through lease renewals and rent reviews.
- Any changes to Dunn and Bradstreet rating of tenants

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



## Chelmsford City Council

22 February 2022

Budget for 2022-23

---

**Report by:** Cabinet Member for Fairer Chelmsford

---

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

---

### Purpose

Each year Cabinet is required to make a proposal to Council to agree a budget for the next financial year. This report contains the recommendations of Cabinet for a budget for 2022/23.

### Recommendations:

1. That the Council notes the Budget Forecast in **Section 6** and the report of the Section 151 Officer on the risks and robustness of the budget in **Section 7**.
2. That the Council approves:
  - A. The budget report in **Appendix 1**, including:
    - i. The new Capital and Revenue investments in Council Services shown in **Section 4**
    - ii. The Revenue Budgets in **Section 9** and Capital Budgets in **Section 10**
    - iii. The delegations to undertake capital schemes identified in **Section 4, Table 5**
    - iv. An increase to the average level of Council Tax for the City Council increasing the average annual Band D Council Tax to £208.86 in **Section 8**
    - v. The movement in reserves shown in **Section 6**
    - vi. Special expenses, Parish and Town Councils precepts as identified in **Section 8, Table 11**.
    - vii. A delegation to the Chief Executive to agree after consultation with the Leader of the Council the pay award for 2022/23 within the normal financial delegations.

viii. a delegation to the Section 151 Officer after consultation with the Cabinet Member for Fairer Chelmsford that should a surplus level of reserves be determined at 31<sup>st</sup> March 2022 then if appropriate an additional revenue contribution to capital is made in the financial year 2021/22.

B. The Council Tax Resolution in **Appendix 2**, which fulfils the legal requirements to set a Council Tax for 2022/23.

---

## 1. Introduction

1.1 The budget proposals from Cabinet have since been amended and wording updated, under a delegation to allow for:

- Submission of a statutory estimate (NDR1) for Business Rate Retention Income which was completed after Cabinet. The net budgetary impact of finalising the business rate accounting estimates is Nil as all changes are neutralised by the use of Business rate retention reserve. The reserve is used to hold the multi-year flow of accounting entries for the Business Rate Retention scheme. **Section 8** contains declaration of Business Rate surplus or deficit for the year.
- The Government has announced a final grant settlement for 2022/23 and there is no change to the overall total of the Council's funding compared to the provisional settlement reported to Cabinet.
- The report now includes details of Parish Precepts & Band D Council Tax.

1.2 The budget report in **Appendix 1**, provides the funding for core Council Services and supports the aims of Our Chelmsford, Our Plan. The budget reflects the need to find budget reductions to offset low government funding and to invest in the priorities of the authority.

1.3 Key elements of the budget proposals are:

- New Capital and Revenue Service Investment as shown in **Section 4**.
  - New Revenue investment of £434k of which £231k is ongoing.
  - New capital investment of £5.598m.
- Section 10, Capital Budgets show an increase of £6.2m to the existing capital programme predominantly on Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy
- Council Tax proposal. The Government rules allow Chelmsford to raise Council tax up to £5.00 without triggering a local referendum. It is proposed to increase the City Council's Council Tax by 2.41% or just under 10 pence per week (£4.91 per year) in 2022/23, similar to the level of increase in previous years.
- A review of reserves to ensure that they are sufficiently robust to sustain the Council in the medium term, as set out in **Section 6**.
- The report identifies precepts for other bodies and special expenses and their effect on the overall Council Tax levels in **Section 8 of Appendix 1**.

### 3. Financial Challenges

The report identifies an estimated budget shortfall for 2023/24 of £1.7m and a further £1m by 2026/27, however these estimates will change over time as events and income become more certain. Details can be found in **Section 6** of Appendix 1.

### 4. Risks and a Robust Budget

In **Section 7**, the Section 151 officer analyses the major risks contained within the budget and provides an opinion on the robustness of the estimates and the adequacy of reserves, in line with statutory requirements. The Section 151 Officer identifies the key considerations that have been taken into account in arriving at the opinion, which Members are required to consider when setting the Council's budget.

### 5. Conclusion

A Council Tax Resolution (**Appendix 2**) has been prepared which identifies the legal information required to set the Council Tax for 2022/23 for Chelmsford City.

---

#### List of appendices:

1. Budget Report 2022/23
2. Council Tax Resolution

#### Background papers:

Nil

---

### Corporate Implications

Legal/Constitutional: To meet the legal requirements placed on the Council to set a balanced budget and approve a level of Council Tax for the coming year

Financial: As detailed in the report

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

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

Personnel: N/A



Risk Management: A review of the risks is identified

Equality and Diversity: The budget report itself does not require its own equality impact assessment but individual proposals within the report are considered for their impact, and equality impact assessments are produced where applicable

Health and Safety: N/A

Digital: N/A

Other: N/A



## Budget report 2022/23

### Index

		Page Numbers
Section 1	Introduction	5
Section 2	Government Funding	7
Section 3	Cost Pressures, Income Assumptions & Efficiencies	11
Section 4	Service Investment	16
	Revenue Investment	
	Capital Funded Investment	
Section 5	Impact of Capital Expenditure on the Revenue Budget	26
Section 6	Balanced Revenue Budget 2022/23 Forecast and Strategy -Budget & Reserves	28
Section 7	Risks & Robust Budget by Section 151 Officer	34
Section 8	Council Tax & Business Rates	41
	Legal Requirements & Tax base	
	Parish Precepts & Special Expenses	
	Chelmsford City Council Tax	
	Business Rates	
Section 9	Revenue Budgets	44
Section 10	Capital Programme Budgets	52

## Section 1 Introduction to the Council's 2022/23 Budget

This report contains the revenue and capital budgets for 2022/23 (financial year starting 1<sup>st</sup> April 2022) and background context. The Covid-19 pandemic has meant budgets and financial forecasts have been subject to regular revision as measures to contain the virus change.

The level of reserves to manage the financial risk is therefore the key assurance that the budget plans are affordable. It should be noted that the report identifies reserve levels that depend on the forecast of 2021/22 income and expenditure which may also be materially different when a financial outturn is determined after the 31<sup>st</sup> March 2022. The report will identify risks and a targeted level of reserves.

The table below shows a summary of how the revenue budget is proposed to change between the current year 2021/22 and next year 2022/23:

£000s	Summary Budget Movements Between 2021/22 and 2022/23
1,755	Cost Pressures (see Section 3)
-1,638	Income -reduced Covid impact (see Section 3)
1,266	Government Funding (Section 2)
-300	Business Rate Retention (Section 2)
-723	Savings & Efficiencies (Section 3)
214	Net cost Service Enhancements (revenue and capital Section 4)
-764	Council Tax Income (Section 8)
190	Less use of Reserves (Section 6)
-	<b>Budget Gap</b>

The Government has announced a one-year settlement for 2022/23 and **Section 2** identifies the various funding streams.

The Council, in common with all other Local Authorities, has faced significant revenue budget pressures for a number of years. **Section 3** identifies the cost pressures the Council continues to face. By practising strong financial management, we have planned and dealt with those challenges. The actions, savings and efficiencies proposed to balance the budget are identified in **Section 3** in Table 3c.

Even with the financial constraints, there is a need to adapt and improve service provision to deliver Our Chelmsford, Our Plan. **Section 4** identifies the new investments in services that are funded by revenue and capital resources in the 2022/23 budget.

**Sections 5 to 7** identify the medium- to long-term financial planning issues that the Council needs to consider.

The Local Government Act 2003 Section 25 includes a specific personal duty on the Chief Financial Officer (CFO) (also known as Section 151 officer) to make a report to the authority when it is considering its budget and Council Tax for the forthcoming year. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. (For the purpose of the Act, 'reserves' include 'general balances'). The Act requires the Council to have regard to the report in making its decisions. The report is contained in **Section 7**.

The Government has based its grant-funding settlement on the assumption that all Councils will increase their Council Tax by the maximum allowed before a referendum is required, which is £5. The budget includes proposals to increase an average band D Council Tax by £4.91 per year, after allowing for rounding of Council Tax bills into ninths.

**Section 8** identifies the detail of the Council Tax proposals and the associated legal matters, including meeting the legal requirement to declare a Business Rate Surplus or Deficit.

**Sections 9 & 10** contain a breakdown of the revenue and capital budgets.

## Section 2

### Government Funding (estimated)

The Government has provided Councils with a funding settlement for 2022/23.

The settlement includes the assumption that all Councils will increase their Council Tax by the maximum allowed (before a referendum is required), that is a £5 increase on a Band D property.

It is expected that funding methods and allocations will be changed by Government after 2022/23. The changes are expected to include:

- Reset Business Rate Baselines, which initially is likely to reduce income from the business rate retention scheme
- Changing how funding is allocated between local authorities, as a result of Government agendas on 'fair funding' and 'levelling up'
- Reform of the New Homes Bonus Scheme

Further discussion of these matters is covered in **Sections 6 and 7**.

The overall funding position available to support ongoing expenditure (ignoring Covid-19 funding) is a cash improvement of some £0.4m. However, the Government did commit to funding the cost of public sector NI increases, which is some £0.2m for the City Council. This leaves some £0.2m to fund the very significant financial pressures the Council faces. **Table 1** below shows a comparison of 2020/21 & 2021/22 Government funding to the provisional (reported to Cabinet) final settlement for 2022/23. Below the table there is a short explanation of each grant

**Table 1**

Funding Streams (Un-ringfenced)	2020/21	2021/22	2022/23 (provisional)	2022/23 (Final)
	£ms	£ms	£ms	£ms
A) Revenue Support Grant	0	0	0.0	0.0
B) Baseline business rate retention	3.4	3.4	3.4	3.4
C) Sec 31 Grants	0.3	0.2	0.3	0.4
D) Lower Tier Funding	0	0.6	0.7	0.6
E) New - 2022/23 Service grant	0	0	0.2	0.2
Total Core Funding (excludes New Homes Bonus)	3.70	4.20	4.6	4.6
<b>Temporary Covid Funding</b>				
F) Covid 19 Expenditure pressures grant	2.3	0.8	0	0
G) Local Council Tax Support Grant	0	0.2	0	0
H) Sales, Fees and Charges Grant (estimate)	7.8	0.7	0	0
Covid Funding	10.1	1.7	0	0

- A. Revenue Support Grant (RSG) £Nil – a central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of RSG given to each authority is determined by a needs assessment which includes estimates of local resources such as council tax, population, and other local data. The Council lost

all its remaining RSG in 2018/19, however some authorities still receive RSG as a result of the needs assessment.

- B. Business Rates Baseline £3.4m – the City Council retains only a small share (around 4%) of the Business Rates collected locally; a Government formula is used to determine the amount the local authority can keep. The Business Rate Retention scheme detailed later is measured against this baseline.
- C. Section 31 Grants (£0.348m) – The complexity of the Business Rates Retention Scheme has led to grants being paid to local authorities for Government initiatives such as freezing business rates rather than increasing it in line with inflation. These grants vary in value each year.
- D. Lower Tier Services Grant £0.644m. The Government allocated a “one-off” Lower Tier Services Grant in 2021/22 but it has continued into 2022/23. The grant is an allocation of £111 million to local authorities with responsibility for lower tier services (for example, homelessness, planning, recycling and refuse collection, and leisure services). This is shared using a traditional needs-assessment methodology and a “floor” to ensure that no local authorities have a reduction in spending power as measured by Government. Spending power is discussed in **Section 7**. The future of the grant is no different to all the other funding streams and will no doubt be merged into whatever changes come into effect in 2023/24 from the Government’s levelling up and fairer funding agendas.
- E. 2022/23 Services Grant £0.235m. This has been provided to ensure that no local authorities have a reduction in spending power as measured by Government, just like the Lower Tier Grant. The funding (£822m) will be ongoing but will be allocated to authorities on a different basis in future. The government has stated that any transition to new funding arrangements will not take account of the Services grant allocation.

#### **Covid Funding (2021/22 only) items F-H**

Extraordinary support was provided for Covid financial pressures in 2020/21 & 2021/22. At the time of drafting no specific Covid-related funding has been provided for 2022/23.

#### Retained Business Rate Growth (Above Baseline Funding)

Under this scheme, the Government allows local authorities to share some of the growth in Business rate income in their area.

The Government scheme is materially unchanged from 2022/23, so in summary:

- i. A baseline funding position is calculated on our historic business rates collection, adjusted by a ‘tariff’ payment. A local authority must pay a tariff if its individual authority business rates share is greater than its assessed baseline funding level. Conversely, a local authority will receive a top-up if its baseline funding level is greater than its individual authority business rate share. The City Council in 2022/23 must pay a tariff of £27.5m and is able to retain Baseline Funding of £3.4m of the Business Rates it collects.
- ii. Under the Business Rates Retention Scheme, local authorities can come together on a voluntary basis to pool their business rates receipts and then agree collectively how these will be distributed between pool members. Pooling provides the opportunity to keep a greater share of business rates growth which otherwise would be paid to Government as a ‘Levy’. However, the protection each authority receives is less in the event of losses, so in the event of the pool having an overall reduction in Business Rate Income against the Baseline set by Government, an authority could share a higher burden than they would have done outside a pool. Chelmsford has been a member of an Essex pool for a number of years and re-joined for 2022/23. The income from the pool is difficult to project as it relies upon the approach taken by other authorities as well as Chelmsford.

The Business Rate Retention Scheme is complex with gains and losses occurring in one financial year but then not impacting on the Council's finances until later ones. The Business Rate Retention Reserve is used to manage these timing differences.

- iii. The forecast for the business rate retention scheme income is based on assumptions regarding the level of appeals made by taxpayers against their property valuations and reliefs.
- iv. Additional net Retention income of £3.3m is expected in 2022/23. However, the Council's budget reflects £500k of Business Rate Retention being used to support annual service expenditure. This is a £300k increase over 2020/21. Officers have taken a more cautious approach on budgeting Business Rate income historically which has usually resulted in income being much higher than initially budgeted for. This year an increase in the initial amount used to support services is therefore considered reasonable.
- v. The Council is required to finalise, and provide to Government, its Business Rate Retention income estimate in late January which will be after the Cabinet meeting. The submission is made by completing a NDR1 return. The Section 151 Officer will therefore provide the Council with any appropriate amendments which result from the final estimates. Any changes would only have an impact on the Business Rate Retention Reserve.

#### New Homes Bonus (NHB)

This is a grant paid by central government to local authorities. It aims to reward councils for each additional home added to the council tax base, including newly built properties and conversions as well as long-term empty properties brought back into use, after allowing for certain deductions such as demolitions. An additional sum is paid for each new affordable home built. The scheme, as previously reported, has over its life been made less generous. New payments are only receivable for one year rather than the previous four years. The expected funding for New Homes Bonus is shown in **Table 2** below:

**Table 2**

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
2017/18	1082	1082			
2018/19	1134	1134	1134		
2019/20	884	884	884	884	
2020/21		1326			
2021/22			1113		
2022/23				1271	
2023/24					Not Known
	3100	4426	3131	2155	0

The government has been committed to radically changing New Homes Bonus for the last 3-4 years, so most authorities do not use the income to support ongoing service expenditure. The City Council has taken that approach. It has been assumed in the financial planning that:

- the sums payable will be contributed to the Chelmsford Development Reserve or directly used to fund capital expenditure or other large one-off projects; and
- no further NHB will be received after 2023/24.

## Homelessness Grant

The funding provided is £877k, which has been frozen at last year's level.

The grant is ringfenced for the following purposes:

- To fully implement the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness,
- Reduce family temporary accommodation numbers through maximising family homelessness prevention,
- Eliminate the use of unsuitable bed and breakfast accommodation for families for longer than the statutory six-week limit.

The Government has provided other ring-fenced housing grants during the last year. It has also announced a £13k grant to support people forced to move home due to domestic violence in 2022/23.



### Section 3

#### Cost Pressures, Covid-19 Assumptions and Efficiencies

#### Cost Pressures

The cost pressures the Council is facing are detailed in table 3a below. Background narrations of the more significant items are set out after the table.

**Table 3a Cost Pressures 2022/23**

Variations from preceding year	Cost Pressures 2022/23
£000s	<u>(Increases/changes over previous year)</u>
830	Pay inflation - 2.5% 2022/23
515	Pay Inflation 2021/22 Increase
1,100	Utilities Inflation – 69 % electric & gas 209%% in 2022/23
241	Provision for Inflation Uncertainty
163	Inflation (on Fuel, Agency Staff, and repairs)
268	Housing and Temporary Accommodation
195	National Insurance
175	Pension deficiency
60	Other
89	Car Parks closures (Waterloo Lane part year only)
	<b><u>Compensating Factors</u></b>
-74	Capitalisation of Costs
-80	Lower than budgeted Gas usage
-89	Minimum Revenue Provision (capital financing)
-137	Hylands Car Parking charges (2nd year (full year))
-407	Car Parking Charges review
-411	Use of External Fund Managers & interest
-683	Fees & charges 3.2% inflation
<b>1,755</b>	<b>Total</b>

#### **Cost Inflation and Pay**

The Council experiences cost inflation on the supplies and services it purchases. The budget only allows for increases on Pay, Business Rates and Energy in normal years. This means, in real terms, service budgets decrease. The real terms reduction is difficult to quantify as each service purchases different supplies and services, so experiences different inflation. However, in 2021/22 and 2022/23 inflation and inflation expectations are historically high (5 to 6% as measured by CPI). It has therefore been necessary to add additional funding.

Pay: There is significant demand for labour in the UK at present and this with other factors has resulted in the need to increase staff pay at a faster rate than anticipated. A 2% pay award has recently been accepted by Council staff for 2021/22 at an additional cost of £515k. The 2022/23 budget assumption is a 2.5% increase. There is a risk that may be insufficient with inflation expected to be around 6% in April 2022.

The Council is required to consult with Unison before implementing changes to staffing pay and conditions. Additionally, national pay bargaining on behalf of local government workers may influence the outcome of local negotiations. It is therefore proposed that a delegation be made to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award

for 2022/23 with any change from the above assumptions being funded in 2022/23 from General (unearmarked) reserves within the normal financial delegations.

Gas and Electric: The Council has in place a procurement contract which bulk buys on behalf of Councils nationally. The contract locks into gas and electric supply in stages, with a final price agreed in April. Initial indications from the supplier suggested a 38% increase in prices in 2022/23, however further advice was provided just before the new calendar year which required a late adjustment to the budget papers to Cabinet. The revised position is that the expected increase is 69% for electricity and 209% for gas. The initial Cabinet budget report contained £500k of additional resource to fund the 38% increase. The budget has been increased by a further £600k. So overall the 2022/23 budget has increased by £1.1m in total to meet the utility price increases.

Other Inflationary costs: The budget contains provision (£163k) for increased fuel, agency, and some repair costs. To de-risk to some extent the overall budget, a £241k inflation provision has been included. This would be used subject to the normal delegations, if required.

### **Housing Services and Housing Benefits**

The Council's Strategic Housing team has a significant budget to enable it to deliver statutory duties to alleviate homelessness. As well as the direct costs of housing services, the Council incurs additional costs (subsidy loss) from placing households in temporary accommodation. This is due to the interaction with the Government's Housing Benefit rules which do not fully fund the cost to the Council of this temporary accommodation.

The number of households in Council Temporary Accommodation (TA) remains too high at around 300 in December 2021. It is expected that during 2022/23 it will average 348 in TA (369 by end of year). Also, there are increasing costs of TA (rents are rising), so it has been necessary to increase the budget by £268k. The Council has included capital programme budgets to help to address the costs of TA.

### **National Insurance**

From April 2022 there is going to be an increase in employee and employer national insurance rates of 1.25%. The cost to the City Council is £195k per year. The Government appears to have provided funding within the settlement.

### **Pension Costs – 3-year Actuarial Valuation**

The Council is obliged by statute to offer its employees membership of the Local Government Pension Scheme (administered by Essex County Council). The scheme changed from a "final salary" to a "career average" scheme in 2014/15. The scheme offers members a defined benefit funded by employee and employer contributions. Every three years an actuarial valuation of the fund takes place which determines the Council's contributions for the current employees and a deficiency payment to make good any estimated historic shortfalls in the fund's assets measured against its expected liabilities.

For the 3-year valuation period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2023, it was more cost-effective to fund the 3-year pension deficiency cost with an up-front payment as a discount was offered compared to paying by annual instalments. The Council therefore makes contributions into a reserve to ensure it has funds to meet the next valuation cycle's upfront payment. It is planned to increase the 2022/23 budget by £175k each year until the annual payment into the deficiency reserve reaches the required level.

### **Compensating Factors which have reduced Budget Pressures**

#### Minimum Revenue Provision (MRP)

The MRP is a revenue contribution made to capital each year to pay down any borrowings.

More details can be found in **Section 5**. A reduction in the expected MRP cost of £89k as capital expenditure was deferred due to Covid, so borrowing was lower than planned. The costs of MRP

are forecast to rise over the coming years and this is included in the revenue budget forecast shown in **Section 6**.

#### Use of External Fund Managers to increase cash Investment returns.

As has been reported previously to Council, the amount of its cash managed by external managers has been increased. There is a slight increase in risk to sums invested and higher-volatility to capital values. The increase in returns is expected to be £300k per annum.

#### Fees and Charges Inflation

The budget guidelines recommended a 2% increase in fees and charges in 2022/23. During the course of the budget process, it became apparent that a higher rate of inflation will be prevailing during 2021, 2022 and possibly 2023. The average rate of increase in fees and charges has therefore been set at 3.2% (September CPI rate). The setting of fees and charges is however more nuanced. Increases must reflect wider Council policy objectives and competitors. The area where there is a materially different approach is Car Parking Charges. A report is elsewhere on the agenda.

#### Covid-19 Forecast Financial Impact (Income Changes)

**Table 3b**

2022/23 £000s	COVID 19 Impact and Recovery (-Improved/+lower)
-1,015	Improved -Car Parking (only partial recovery to around 80% of 2020/21 budget)
380	Reduction in net Theatre income- this includes closure for refurbishment and full recovery in 2023/24
-128	Higher Rental Income including High Chelmer
-498	Additional Leisure Income (full recovery to pre covid levels)
-310	Additional Income from Council Tax Sharing Agreement with Essex County Council
-67	Other (net)
<b>-1,638</b>	<b>Total Covid Impacts</b>

Prior to the onset of the Omicron variant of Covid, income at the Council in most areas was recovering strongly. The outlook is now less certain, but the evidence now supports that income can recover quickly after the lifting of covid restrictions.

The changes in income identified above are compared to the 2021/22 budget which was lower in many cases than pre-covid income. So, the above variances unless stated do not imply income has fully recovered to pre-covid levels. Income in 2022/23 is expected to remain below pre-Covid-19 levels in the following key areas:

- Retail Markets
- Rents (retail)
- Office rents are lower due to a re-let.
- Civic building room hire
- Car Parking. Long stay car parking is not expected to recover as more people are working from home
- Theatre Income is expected to take several years to achieve pre-Covid-19 levels. The modernisation investment within the capital programme will make a full recovery more likely.

Clearly there is a significant risk that income will remain low or volatile during 2022/23. A judgement will need to be made during the year whether some services will have permanently lower income. This will require reductions in Council expenditure to offset losses but if income losses are just a temporary phenomenon, reserves can be used to fund the shortfalls. The current budget does use reserves (£0.8m) to offset Office rental and Theatre income shortfalls in 2022/23 (detailed in **Section 6**).

**Section 6** Revenue Forecast and Reserves, identifies the assumed changes in income in later years. The Section 151 Officer in **Section 7** comments on the risks around fluctuations in income, including how that will be managed, but effectively that will be by having robust reserves.

#### Efficiencies

The increased costs identified and enhancement to services give rise to a budget gap. To fund some of this shortfall, Directors and Cabinet members have identified cost reductions and income generation plans whose financial impact is shown on the next page in Table 3c.

Table 3c Efficiencies

Type (Income generation/ Cost Saving)	Description	Saving 2022/23 £000s	Saving 2023/24 £000s
Income	Hylands music festival – additional income compared to current contract as a result of negotiations to switch dates and re-focus festival	-160	-160
Spend to Save	Recent purchase of on street Temporary Accommodation properties. Release saving	-85	-85
Expenditure	Sports and leisure centres – a variety of actions to improve efficiency and effectiveness following base budget review	-70	-70
Income	Planning Income	-50	-50
Staffing	Local Plan – vacant post	-40	-40
Expenditure	A range of minor budgets	-38	-38
Income	Theatre – bar income	-36	-36
Expenditure	Grounds Maintenance-operational savings associated with changes to the policy for creating and managing species-rich grassland.	-26	-26
Income	Building control. A range of initiatives (Building control is a financially ring-fenced account and this saving relates to items outside the ring-fenced account)	-20	-20
Expenditure	Training budget	-10	-10
Expenditure	Cash Collections – review of locations where cash accepted and collection rounds	-10	-10
Income	Hylands outdoor venue – income return from new outdoor space from weddings and other activities and pricing adjustments following EMC review	-25	-25
		<b>-570</b>	<b>-570</b>

## Section 4

### 2022/23 Service Investment

The Council's budget is a financial plan to contribute to delivering Our Chelmsford, Our Plan. This section of the report identifies increases in 2022/23 budget to deliver new corporate initiatives. These investments in services are categorised according to how they are funded.

#### **Revenue Funded Service Investments**

There are two types:

- Those that create ongoing costs and must be funded from ongoing financial resources to be sustainable. Examples of sustainable funding streams are statutory sources of income such as Council tax or grants and Council-generated income such as fees and charges or from budget reductions/service efficiencies.
- One-off or temporary enhancements funded by the use of unearmarked reserves or temporary income streams such as one-off grants.

The one-off service investments are being funded by one-off income. The ongoing items are being built into the ongoing base budget and will be funded from ongoing income sources.

**Table 4** on the next page identifies the new revenue service investments.

#### **Capital Investments in Services**

Capital Expenditure relates to the acquisition or enhancement of assets which have a useful life in excess of 12 months and are charged to the Council's balance sheet. To be an enhancement, the expenditure on the asset must lengthen substantially the useful life of the asset, increase substantially its open market value, or increase substantially the extent to which the Council can use the asset.

Local Authorities can, under statute, also fund grants to other bodies or individuals from capital resources, if they meet the definition of capital. Such items are referred to in the capital programme as REFCUS (Revenue Expenditure Funded by Capital Under Statute). Additionally, Government can, on an individual basis, grant permission to capitalise non-capital costs such as redundancy.

Council approval is sought annually each February for the Capital Strategy, which provides details of overall funding and capital expenditure plans. A summary of how revenue and capital expenditure are linked is included in **Section 5** of this report.

**TABLE 4 - REVENUE FUNDED - New Service Investment for 2022/23**

<b>Scheme</b>	<b>Cost 22/23 £000s</b>	<b>Cost 23/24 £000s</b>	<b>Ongoing Cost £000s</b>	<b>Details</b>
1 Modernisation and Replacement of Digital Software and Equipment	100	100	100	The capital programme for 2022/23 includes the creation of £500k budget to support improvements and modernisation of the Council's Digital infrastructure. There is a need to increase the revenue budgets to support this investment and a £100k is sought to cover ongoing revenue running costs.
2 Legal Salary and Agency Costs	25	25	25	An increasing problem is recruitment and retention of staff.
3 Digital (Media) Marketing Post	31	31	31	Additional work loads including: Creating and editing images and videos to be used across social media channels, websites, and emails across Hylands Estate, Museums, and Events. Attending events outside of normal work hours to obtain GDPR compliant photos and videos to be used for future promotions
4 Cyber Security	75	75	75	There is nationally an increasing risk of Cyber attacks. The Council cannot prevent an attack but this funding will identify areas of higher risk and in event of an attack will help manage the consequences.
5 Strategic Planning Staffing	203	203	0	4 new staff on a 2 year fixed term contract are required to support the 'Chelmsford Garden Community' programme, at a cost of £203k in each year. This will be partly funded by one off income received in 2021/22 and 2022-23. The balance will be funded from income received in 2021/22 and held in reserves until used in 2023/24
Planning Income	-220	0	0	
<b>Total</b>	<b>214</b>	<b>434</b>	<b>231</b>	

### **Approval of New Capital Schemes**

**Table 5** shows the new capital schemes. Within the scheme narrations in **Table 5**, the approval process for capital expenditure is dealt with in three ways: firstly, a number of schemes are fully approved for officers to undertake; a second category requires Directors and Cabinet members to agree a more detailed business case before undertaking the scheme; a third category allows for the budget to be initially approved by Council with delegation to future Cabinet meetings to agree individual business cases. The ongoing revenue impact based on planned funding including use of CIL and New Homes Bonus results in a revenue benefit of some £50k per year from completion of the schemes.

The budgets set out in the new schemes **Table 5** and the approved programme in **Section 10**, are based on the best advice available. However, there is unprecedented inflationary pressure in the economy which make the outcomes of tenders for goods and services erratic. Changes in project cost will be dealt with under the normal financial delegation.



[illegible]

								Later	Total
		Details	2021/22	2022/23	2023/24	2024/25	2025/26	Years	Spend
			£000s	£000s	£000s	£000s	£000s	£000s	£000s
		<b><u>Potential Funding</u></b>							
10		Central Park lake Edge S106		-62					-62
11		Beaulieu Pk Conversion Tarmac Court to 3G Pitch S106		-63					-63
12		Oaklands Park Upgrade tennis Courts to MUGA S106		-44					-44
15		Initiatives to Improve the Provision of Affordable Housing S106		-993	-650				-1,643
16		Dovedales Sports Centre Refurbishment CIL		-36	-1,158				-1,194
16		Dovedales Sports Centre Refurbishment Contribution from CCFE			-270				-270
		<b>Total of New Scheme Proposals After Funding Applied</b>	168	1,579	575	0	0	0	2,322

## **Table 5 New Schemes Narratives**

### **1. Museum Roof Access £11k**

This proposal is for the provision of steps and handrails to provide safe access across pitched roofs for maintenance purposes. At the moment, some areas of the roof cannot be accessed safely for maintenance purposes. Access to these areas is required on a regular basis and this requires the hire of a scaffold or mobile access platform. With this proposal there will be no ongoing hire costs.

Delegated authority to the Director of Connected Chelmsford to spend within the approved budgets is requested.

### **2. Land Disposal Costs £612k**

This proposal seeks the provision of a budget which will be used for the preparation of planning applications, including supporting survey and design work for Council-owned sites. This proposal is being made to secure future development opportunities of Council-owned sites that will be developed to provide affordable housing. Without this investment, the land will be retained by the Council and no additional housing will be created which will further impact the Council's revenue budget. There is the potential to recover some of this spend against receipts from the disposals. The proposed sites for disposal are Riverside (site of former pool), Glebe Road Car Park, Rectory Lane East Car Park, Coval Lane Car Park, Land St. Michaels Drive Roxwell, Medway Close garage site and land at Pease Place.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

### **3. Market Road Public Convenience Roof £101k**

This proposal is for the replacement of the existing roof coverings with new built-up felt membrane, together with the replacement / improvement of roof insulation, roof outlets and associated works. The leaking roof has impacted upon the use of toilets as some areas have had to be cordoned off. Replacement of the covering will allow the toilets to maintain full capacity and upgrading of the insulation will improve the energy efficiency of the building.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

### **4. Chelmer Park Pavilion Roof £148k**

The Chelmer Park Pavilion provides useful changing facilities and accommodation for local sports clubs and the community to allow the sports facilities at the park to be fully enjoyed by Chelmsford residents and visitors to Chelmsford. This proposal is for a roof repair and new roof lights. Without these repairs, the availability of the facilities for use by the public would be impaired as areas would have to be put out of use which could reduce hires and income. Ongoing reactive maintenance costs would inevitably be increased. In the longer term, water penetrating the structure could also give rise to an accelerated deterioration of the roof structure and the risk of more expensive repairs.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

#### **5. Crematorium Toilet Refurbishment £86k**

This proposal is for the refurbishment of toilet facilities to provide new water heaters, hand dryers, sanitary fittings, wall finishes, nonslip safety flooring and redecoration. The facilities are used by the public, many of whom will have been recently bereaved. New fittings will be designed to help to minimise water usage. Chelmsford Crematorium is scheduled to remain open for the foreseeable future; any new facility will not come on stream until 2025 at the earliest and public toilet facilities at this site will still be needed for those visiting the graves of loved ones and to facilitate burial services for those people who propose to be buried within an existing shared grave.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

#### **6. CSAC Floodlights Upgrade to LED £61k**

The sum of £29k was forecast in the capital programme for a straight replacement of the floodlights. There is the opportunity to upgrade these lights to energy-efficient and longer-lasting LED floodlights. An additional £32k is required to convert the current stadium light system to LED, generating an annual net saving of around £5,000 with a payback within 7 years. This proposal will help the Council to achieve its net carbon zero footprint and also reduce the cost of maintenance.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

#### **7. Hylands House Basement Toilet Refurbishment £150k**

This proposal is for the refurbishment of the Hylands House basement toilets, accessible toilet, mother-and-baby changing room, ground floor accessible toilet and butler sink relocation. The current toilet facilities have not been refurbished since 2001. They are dated and are no longer in keeping with the rest of the venue. The refurbishment of these toilets was recommended in the extensive external consultancy report. There will be an associated water saving from the updated fittings.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

#### **8. Retail Market Drainage Improvements £31k**

This proposal is to carry out works which will stop the flooding to the kiosks located within the South Hall. Under extremely heavy rainfall, which is now being experienced on a regular basis, the storm water drains back up and discharge rainwater through the back inlet gullies into the kiosks. It is essential that the drainage works are put in place to ensure the kiosks remain fit for purpose.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

#### **9. Beaulieu Park Pavilion Health and Safety Works £33k**

A fire risk assessment has been carried out and identified risks that require actions. This proposal is for the provision of the following:

- New fire alarm panel and fire detection systems to meet fire safety requirements. Doing nothing would leave the building in a non-compliant condition.

- Improvement of access arrangements to the boiler located in roof space. Access to the boiler room is required regularly for maintenance. The access arrangements require improvement whilst maintaining fire compartmentation between the boiler room and escape routes.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

#### **10. Section 106 Central Park Lake Edge £62k**

This proposal is for the re-instatement of Central Park lake edge with gabion-style retaining walling. The current wooden edges have collapsed. This is a public safety hazard which requires remedial action. This proposal is fully funded from Section 106 planning contributions.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

#### **11. Beaulieu Park Conversion Tarmac Court to 3G Pitch and Floodlight Upgrade £90k**

The current floodlit tarmac 5-a-side and multisport court at Beaulieu Park is underused. The facility was first opened in 2002 and the surface and chain-link ball-stop fence are now reaching it's the end of their lifespan. The flood lighting lamps are also in need of replacement.

The sports development plan and associated collection of S106 contributions have identified the site where a 3G sports surface is required. It is proposed to replace the surface and overlay with 3G artificial grass carpet, replace ball-stop fence with v-mesh fencing and replace/refurbish the floodlighting, including replacement energy-saving LED. The facility is currently not used for pitch hire and generates no income due to lack of public interest.

The proposal is estimated to generate an income of £5.5k per annum. 70% of the cost will be funded by Section 106 planning contributions.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

#### **12. Oaklands Park Upgrade Tennis Courts to MUGA £91k**

This proposal is for the walled garden courts to be resurfaced and laid out as multisport tarmac courts which will include tennis. . The current surface and fencing are at the end of their lifespan and, in the absence of investment, the facility would need to be closed permanently. 48% of the cost of this scheme is funded by Section 106 planning contributions.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested.

#### **13. Townfield Street Car Park – Strengthening of Barriers £15k**

This proposal is to provide strengthening to the existing vehicle barriers to minimise the possibility of vehicles breaching the existing barriers. A recent structural survey has identified this need.

Delegated authority to the Director of Sustainable Communities to spend within the approved budget is requested.

#### **14. Investment in Digital Technology £500k**

The Council's previous investment in digital technology has paid dividends throughout the pandemic, enabling staff to work remotely, with most services continuing to be delivered to our customers relatively seamlessly. We need to continue to provide services as efficiently as possible, and this proposal will enable us to do that, supporting ongoing income streams, enabling service improvements and avoiding future costs. It will allow: -

- Improved productivity.
- Improves services to customers, which is expected to at least maintain income.
- Improves customer experience.

A multi-year budget is required to fund these improvements. Projects will originate from across the whole of the Council, with bids accompanied by business cases being subject to a selection process overseen by an internal panel, the DPO board. Revenue provision of £100k has been set aside to fund ongoing software costs (included elsewhere in this report).

Delegated authority to the Director of Connected Chelmsford to spend within the approved budget is requested.

#### **15. Initiatives to Increase the Provision of Affordable Housing £1.643m**

Over the next 2 years the Council will receive contributions from developers which are earmarked for the provision of affordable Housing. The contributions are paid to the Council in lieu of the developer meeting the Local Plan obligations for 35% affordable housing on development sites. The funds will be used to subsidise additional affordable housing provided by registered providers.

Delegated authority to the Director of Sustainable Communities to spend within the approved budgets is requested. After consultation with the Cabinet Member for Fairer Chelmsford, he will decide on the preferred schemes.

#### **16. Dovedales Sports Centre Refurbishment £1.464m**

This proposal is for the full Refurbishment of the joint-use Sports Centre in partnership with Chelmsford College. An options appraisal was carried out and a full refurbishment was preferred from a financial and community-use perspective. The refurbishment will include:

- New entrance and reception (access from Moulsham Street side)
- Increasing the size of the fitness room and ensuring full accessibility
- Additional studio and flexible space (reducing from 3 squash courts to 2)
- Improvements to showers and changing rooms
- Redecoration and modernisation of finishes throughout
- Assessment of building and plant and, where required, replacement to increase energy efficiency

A new agreement with Chelmsford College to 2050 will be signed.

If full refurbishment or improvements are not undertaken, there will still be ongoing and increasing maintenance costs in order to keep the current building safe and operational.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested. After consultation with the Cabinet Member for Safer and Greener Chelmsford, he will decide on the preferred scheme.

#### **17. Green Initiatives £500k**

This proposal is for a fund to be established which can be drawn down when initiatives are brought forward to enable the Council to move towards its objective for its activities and operations to be net-zero carbon by 2030.

Investment has already been made in 'on-site' electricity generation by installing photovoltaic panels on key buildings and in energy efficiency measures such as a comprehensive LED lighting replacement programme, installation of voltage optimisers, flow restrictors and other devices to improve energy efficiency and reduce consumption.

The funding will be used for the next phases of this programme which will focus on the transition of the vehicle fleet to low or zero emission fuels and the decarbonisation of heating systems. This will include the need to invest in the charging infrastructure for electric vehicles, the use of battery storage to complement solar energy generation and the earlier-than-planned replacement of gas boilers with alternative technologies.

Delegated authority to the Director of Public Places to spend within the approved budgets is requested. After consultation with the Cabinet Member for Safer and Greener Chelmsford, he will decide on the preferred schemes.

## Section 5

### The impact of Capital Expenditure on the Revenue Budget

The Council is required by statute to produce a Capital Strategy each year. It gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. It also provides an overview of how the associated risks are managed and the implications for the future financial sustainability of the Council. The next few paragraphs are a short summary of how the capital expenditure links to the revenue budget.

The Council capital programme is shown in **Section 4** (table 5, new schemes) and **Section 10** (Replacement Programme and previously approved schemes). The capital programme is different from revenue budgets in that borrowing and asset sales may be used to fund expenditure.

The Council's financing of its capital programme is always estimated as part of the budget process and concluded at financial year-end. The actual methods of financing can differ from the estimates, depending whether the relative costs of each method change. The Section 151 Officer will determine the optimal mix of resources at the end of the financial year.

The Medium-Term Financial Strategy identified the following policy:

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

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

- Additional running costs, income or savings resulting from the acquisition of equipment or on completion of a capital project.
- Funding of capital schemes
  - A. Direct Revenue Financing of capital schemes. An expenditure line in the Council's Revenue budget which in effect funds capital expenditure
  - B. Borrowing costs. Interest and principal repayments (Minimum Revenue Provision (MRP)) are a revenue cost
  - C. Aborted Schemes. Feasibility or design works on schemes that are aborted are revenue cost. So, any such costs funded from capital, capital grants or borrowing will need to be charged to revenue resources. This is a requirement under government accounting practice.

#### A. Direct Revenue Financing of capital schemes

The revenue budget for 2022/23 contains a contribution to (Direct Revenue Financing) Capital expenditure of £2.155m.

- New Homes Bonus (NHB) has previously contributed to funding of capital expenditure and will continue to do so. The NHB of £2.155m (current year allocation plus previous legacy payments) will be fully utilised to fund capital expenditure. The funding will pass directly to the capital programme but be transferred to the Chelmsford Development reserve if unspent in 2022/23 until applied in a later year to the capital programme.
- The Council Medium Term Financial Strategy Report (July 2021 Council) identified that the Council had surplus Unearmarked Revenue Reserves and this is discussed in **Section 6** of this report. Any surplus reserves can be used to make additional revenue contributions to capital which will reduce the MRP (capital financing cost) charged to



revenue each year. Given the uncertainties about the levels of Council income due to the Omicron variant, rather than commit to a certain value of contribution, this report recommends a delegation to the Section 151 Officer after consultation with the Cabinet Member for Fairer Chelmsford that if a surplus level of reserves is determined at 31<sup>st</sup> March 2022 then, if appropriate, an additional revenue contribution to capital can be made in the financial year 2021/22.

#### B. Borrowing Costs

The Council's capital programme does require the use of borrowing which forecasts predict will be internal borrowing (using council cash balances instead of taking on external loans). The cost of internal borrowing is the interest forgone from not investing Council funds and a charge to revenue for a Minimum Revenue Provision. These matters are discussed in the Capital Strategy 2022/23 elsewhere on the agenda.

Minimum Revenue Provision (MRP), money set aside to repay the principal of debt, is £921k in 2022/23. Further details can be found in the Capital Strategy 2022/23. The MRP charge is made to revenue budgets for any assets funded from borrowing the year after the asset is complete. The use of borrowing means the Council will finance its programme on a sustainable basis but through annual contributions to repay debt. The revenue forecast in **Section 6** includes the MRP cost of the proposed Capital Programme.

Debt costs for the authority can increase if planned capital receipts are delayed, as borrowing will be used to fund the capital expenditure instead.

#### C. Aborted Schemes Feasibility or Design Works

The Council can charge feasibility and design works to capital resources only when a scheme creates an asset. Should a scheme not continue to completion, any costs charged to capital would be required under Government accounting practice to be charged to revenue. The risk of costs falling on revenue increases when the Council undertakes schemes with partners or where the scheme is only viable due to external funding. In these circumstances, the Council may find it cannot continue with a scheme for reasons beyond its control. The capital programme includes a number of large schemes with significant third-party involvement; the works at Chelmer Waterside, supported by Homes England's Housing Infrastructure Fund (HIF), and flood defences are the best examples. Given the significant size of this type of scheme and their structure, provision has been made for the risks of costs falling back onto revenue by maintaining an earmarked reserve to alleviate the consequences, which is detailed in **Section 6**.

## Section 6

### Balanced Revenue Budget 2022/23, Forecast & Reserves

#### Balanced Revenue Budget 2022/23

The Budget for 2022/23 is based on income and expenditure projections before the Omicron Variant was detected in the UK. The Budget assumes improvements to income experienced post lockdown and pre-Omicron. Income was expected to recover further in 2022/23.

The option available to officers was to change the assumptions in the budget to try to reflect a new scenario including Omicron. However, what this would look like at the time of publication was simply unknowable. The risk that these pre-Omicron assumptions become too optimistic is to be mitigated by holding sufficient Unearmarked reserves, which is discussed later in **Section 6**.

**Table 6a** below summarises the movements and variation in resources applied to balance the 2022/23 budget.

**Table 6a Balanced Revenue Budget 2022/23**

2022/23 £000s	Variations to a Balanced Revenue Budget 2022/23
1,755	Base Budget Position (see section 3)
-1,638	Covid Impact and Recovery (see Section 3)
434	Growth in Revenue Budget (see Section 3)
-220	Planning Income (see Section 3)
-153	Savings previously reported
-570	Savings & Efficiencies (Section 3)
-105	Council Tax Surplus (Section 8)
-300	Business Rate Retention (Section 2 & 8)
-319	Council Tax base growth (Section 8)
-340	Council Tax £4.91 annual increase
1,266	Government Funding (Section 2)
-190	<b>Budget Variation (before use of unearmarked reserves)</b>
190	Less use of Reserves (Section 6)
-	<b>Budget Gap remaining</b>

The draft budget assumes a Council tax increase of £4.91 (£340k of extra income). After allowing for the increase in the number of properties in Chelmsford (tax-base increase), this results in total additional Council Tax income of £659k and after allowing for the change in Council tax surplus that increases to a favourable variance of £764k. Further details on Council Tax can be found in **Section 8**.

**Reserves:** The £190k in the table is a reduction in the use of reserves compared to 2021/22 when Covid pressures meant it was financially essential. The planned net use of reserves in 2022/23 is £939k (Section 6 Table 8) and is discussed later in Section 6 after reviewing the multi-year financial forecast to provide context on the prudence and affordability of reserve use.

### Revenue Budget Forecast

The Section 151 Officer produces regular forecasts of the Council's finances and an annual Medium-Term Financial Strategy which uses these forecasts to set out a financial strategy to manage the challenges faced.

The Budget should be considered along with the forecast (including Reserves and Council tax) when decisions are made regarding whether the budget is affordable and sustainable.

A forecast of capital expenditure and income is contained in the Capital Strategy, in line with statutory requirements.

At the time of writing, Covid cases are running at over 100,000 a day, RPI inflation is 6%, energy prices continue to rise. These problems could be short-lived or become part of the ongoing financial outlook. The Forecast will therefore be seen as either optimistic or too cautious depending on the reader's view of events. By the summer and the publication of the Council's MTFS, more clarity may be available. It will become necessary, when planning financially, to no longer consider what income and expenditure used to be prior to the pandemic but base all assumptions on a new environment.

### **Revenue Forecast**

In summary the projected budget shortfalls are shown in **Table 6** below:

<b>Year on Year Budget Forecast</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	
<b>Budget Changes</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>Notes</b>
Base Budget Position	605	741	672	581	<b>A</b>
Car Park Closures for redevelopment	205	-	-205	-	<b>B</b>
Covid & Theatre Closure Income changes	-912	-	-	-	<b>C</b>
<b>Initial Budget Gap</b>	<b>-102</b>	<b>741</b>	<b>467</b>	<b>581</b>	
Service Investments	300	300	300	300	<b>D</b>
Council Tax Income	-511	-515	-519	-523	<b>E</b>
Government Funding (net)	734	-	-	-	<b>F</b>
Use of Unearmarked Reserves	1,240	-	-	-	<b>G</b>
<b>Budget Gap</b>	<b>1,661</b>	<b>526</b>	<b>248</b>	<b>358</b>	
<b>Cumulative</b>		<b>2,187</b>	<b>2,436</b>	<b>2,794</b>	

The notes to Table 6 are:

- A. Base Assumptions: These costs are essentially the normal year-on-year increases for pay inflation 2% £690k, pension fund deficiency £175k, MRP £210k (2023/24), less assumed increases from inflationary price rises on fees and charges levied by the Council of £300k excluding an increase in car park charges in 2023/24 (£500k from 2024/25). There is also an allowance of £80k per year for the need to fund service growth to meet the growing number of properties in Chelmsford. Utility cost price increases are assumed to fall back from a high in 2022/23 by about £300k and then increase by 2% annually from 2023/24; there is considerable uncertainty on this.

- B. Income Recovery Assumptions: The 2022/23 Budget is constructed on a return to pre-Covid-19 activity in most service areas. There are a number of key areas where income has not fully recovered in 2022/23 (see **Section 4**) and below how those areas are expected to perform in future is explained:
- o Car Parking Income. This is expected to return to an average 82% of pre-Covid-19 levels in 2022/23 and no further improvement. This could be too cautious an assumption. However, changes to car parking provision due to City redevelopment are expected in future and these will need to be more fully factored into the MTFS in July. Currently, the forecast only assumes loss of income (£205k per year) from the temporary closure of Waterloo Lane 1 & 3 for a period of 2 years for redevelopment.
  - o Rental Income from shopping centres is not expected to fully recover. This is a result of structural changes to the retail sector.
  - o Theatre income is below pre-pandemic levels until 2023/24, when the impact of the modernisation scheme and Covid-19 recovery should resolve this.
  - o Retail Market and Civic Centre meeting room hire are not expected to return to pre-covid levels.
- C. Service Investments: The impact of the 2022/23 revenue and capital service investments (**Section 4**) will not be fully realised until 2023/24. Additionally, a presumed £300k of service enhancements are allowed for in each year.
- D. Council Tax Income: The forecast assumes 800 properties a year are built in Chelmsford and a £5 increase in annual Band D, which is the current maximum allowed for by Government (without triggering a referendum).
- E. Government funding: The settlement is for one year, 2022/23, and nearly all the key elements are proposed to be reviewed by the Government in 2023/24. The reviews have in most cases all been deferred from previous years. The forecast assumes that Business rate Retention Income is reset in 2023/24, so £500k currently supporting the budget ceases. Additionally, the new Service grant £234k is assumed to cease in 2023/24 as the Government has stated that it is a one-off allocation that will not be considered in transition to new funding arrangements. These assumed losses could be too cautious as Government has found it difficult over the last few years to reduce a local authorities' funding year on year.
- F. Reserve: The use of reserves in the forecast is expected to decline to nil.

#### Reserves in 2022/23

The Reserves are intended to be used in the following circumstances:

- Ø To fund planned & unplanned one-off expenditure/loss of income:
- Ø The need to protect against unbudgeted risks, for example:
  - Business Rate retention timing difference or reduced business rate income
  - Temporary falls in income
  - Homelessness and other demand-led costs

The Council should target a level of approximately £9m of unearmarked reserves, whilst recognising that the level of balances will fluctuate over time as it adjusts to short-term pressures in the revenue budget. **Section 7** identifies the issues that the Section 151 Officer considers when setting the target.

The Reserve levels have been updated and are discussed below.

In summary, the material transfers to and from reserves in 2022/23 are:

**Table 7**

Transfer +to/-from reserve £m	Reserve Name
<u>Contribution from Revenue:</u>	
£0.867m	To the Pension deficiency cost
£2.155m	New Homes Bonus to Chelmsford Development Reserve and then contribute to Capital (see below use of reserves)
<u>Transfer from General Fund and Contingency</u>	
£0.3m	To earmark funding for a usual level of supplementary estimates in 2022/23. This is intended to provide greater clarity over the level of any surplus unearmarked reserves
£0.315m	To Local Development Framework. To fund local plan expenditure.
<u>Use of Reserves to Support expenditure</u>	
£0.207m	Local Development framework
£2.155m	Chelmsford Development Reserve to support the capital programme. The actual amount used will be determined at the end of the financial year depending on the level and nature of capital expenditure incurred.
£0.1m	Anticipated use of Insurance reserve to cover uninsured losses. Annual provision is now being made to cover insurance claims. The use of reserve is expected to decline to zero over the two years following 2022/23. This will make the Council's finances more sustainable.
£0.6m	Utility price increase: The timing of the advice identifying a further increase was beyond the control of CCS or the Council. The consequence of that late timing (after the budget was drafted) is that it is impossible to amend the proposed budget in the traditional way. That being identifying savings, efficiencies or income to meet the additional ongoing cost. It is therefore proposed in the budget to fund the £0.6m additional cost from unearmarked reserves.
£0.849m	Use of General Balance to meet Covid-19 losses, theatre closure and expected temporary shortfalls in rent income in 2022/23

A forecast of the reserves for 2022/23 and future years is shown in **Table 8**, at the end of this section. It also identifies the purpose of each reserve and any delegation for their use.

**Table 8 - Usable Reserves Projections**

		2021/22 Forecast					2022/23 (Forecast)					2023/24 (Forecast)					2024/25 (Forecast)					2025/26 (Forecast)			
		Provisional Opening Balance	Budgeted (use of) / contribution to reserves	Transfers	Closing Balance		Opening Balance	Budgeted (use of) / contribution to reserves	Transfers	Closing Balance		Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance		Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance		Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance			
Earmarked		£000s	£000s		£000s		£000s	£000s	Transfers	£000s		£000s	£000s	£000s		£000s	£000s	£000s		£000s	£000s	£000s			
1 Cultural Support 'Fund'		159			159		159			159		159		159		159		159		159		159			
2 Chelmsford development		0			0		0			0		0		0		0		0		0		0			
3 Infrastructure Provision		0		2,000	2,000		2,000			2,000		2,000		2,000		2,000		2,000		2,000		2,000			
4 Growth fund		69			69		69			69		69		69		69		69		69		69			
5 Insurance		1,049	-150		899		899	-100		799		799	-50	749		749		749		749		749			
6 Local Development Framework		570	-210	300	660		660	-207	315	768		768	-268	500		500	-250	250		250	-250	0			
7 Pension deficiency		1,116	717		1,833		1,833	867		2,700		2,700	-1,800	900		900	1,217	2,117		2,117	1,392	3,509			
8 Park and Ride		184	-100		84		84			84		84		84		84		84		84		84			
9 Hylands House Reserve		3			3		3			3		3		3		3		3		3		3			
10 Housing Initiatives		150			150		150			150		150		150		150		150		150		150			
11 DPO Reserve		310	-310		0		0			0		0		0		0		0		0		0			
12 Project Evaluation Resrve		390	-62		328		328			328		328		328		328		328		328		328			
Carry forwards & Supplementary estimate																									
13 Reserve		272	-87		185		185	-50	300	435		435		435		435		435		435		435			
Total Earmarked Reserves		4,272	-202	2,300	6,370		6,370	510	615	7,495		7,495	-2,118	5,377		5,377	967	6,344		6,344	1,142	7,486			
Unearmarked																									
14 General Fund & Contingency		16,017	-2,456	-2,300	11,261		11,261	-1,449	-615	9,197		9,197	-203	8,994		8,994		8,994		8,994		8,994			
		16,017	-2,456	-2,300	11,261		11,261	-1,449	-615	9,197		9,197	-203	8,994		8,994	0	8,994		8,994	0	8,994			
Total other reserves		20,289	-2,658	0	17,631		17,631	-939	0	16,692		16,692	-2,321	14,371		14,371	967	15,338		15,338	1,142	16,480			
Not Available to Support Spend, until financial year end when the actual position is determined.																									
15 Business Retention reserve		17,856	-12,197		5,659		5,659	-1,767		3,892		3,892	-3,892	0		0		0		0		0			

[illegible]

## **Section 7**

### **Risks & Robust Budget**

#### **Statement from the Chief Financial Officer under s25 of the Local Government Act 2003**

##### **Introduction**

The Chief Financial Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under the Local Government Act 2003 (Section 25) and must be made at the time the budget is considered and the council tax is set. The Act requires the Council to have regard to the report in making its decisions at its budget- and council-tax-setting meetings.

In expressing this opinion, I have considered the financial management arrangements of the Council, the overall financial and economic environment, the financial risk facing the Council, the budget assumptions, the level of reserves, and the Council's overall financial standing.

##### **Financial Management Arrangements**

The Council has a rigorous system of budget monitoring and financial control in place, with regular reporting both at Executive and Scrutiny level, via the Audit & Risk Committee (year-end review), Overview and Scrutiny Panel (mid-year review) and Cabinet. Where budget variances have arisen, prompt management actions are identified to minimise any adverse effect.

Cabinet Members supplied a critical layer of budget challenge to the process, through meetings with their Directors, to explore opportunities for efficiencies, cost reduction or income generation. The Council's Management Team has reviewed and challenged the budget at various stages throughout its construction, including the reasonableness of the key budget assumptions, such as estimates of inflationary and corporate financial pressures, realism of income targets and the extent to which known trends and liabilities are provided for.

The budget has been prepared within the terms of the Medium-Term Financial Strategy and in consideration of the key financial risks identified. However, during the budget process the inflation assumption for 2022/23 was increased from 2% to 3.2% (September 2021 CPI). The level of inflation continues to give concern as it is now expected to be between 5-6% during 2022 and is a factor when considering the appropriate level of reserves.

Budget estimates are estimates of spending and income made at a point in time and which will change as circumstances change. The estimates for 2022/23 were made when the impact of Omicron was unknown. The section 151 statement about the robustness of estimates gives Members reasonable assurance that the budget has been based on the best information and assumptions available at the time. The statement does not and cannot give a 100% guarantee about the accuracy of the budget.

The Council is internally carrying out an assessment against Financial Management Code, CIPFA's model of best practice and will report it to Audit and Risk Management Committee during 2022.

The Council continues to meet requirements to produce what has now become a suite of financial management reporting, including the budget report, Medium-Term Financial Strategy (MTFS), Treasury Management and Investment Strategies and Capital Strategy, which form the framework for financial decision-making. In addition, the Council has due regard to both statutory and non-statutory guidance including the Prudential Code for Capital Finance in Local Authorities



and related DLUHC Investment Guidance. There are changes proposed to those Codes for implementation in 2023/24. Officers will fully review the codes and report in 2022/23 if there are any material issues impacting on the Council's financial management. Initial reports on the revised draft codes have already been made to the Treasury Management and Investment Sub-committee.

Reporting against the financial framework is undertaken via the budget monitoring process referred to earlier in this section and through the external review of the financial statements of the Council and its arrangements to secure economy, efficiency, and effectiveness in its use of resources (value for money conclusion) from the Council's external auditors. This is supported by the Performance review work of the Overview and Scrutiny Committee, the Treasury Management and Investment Sub-committee and the Risk Management process.

There are two factors beyond the Council's control which create some weakness in the financial arrangements that should be resolved over the next couple of years but currently need to be highlighted:

- Timeliness of External Audit. Nationally only 9% of Local Authority Audits were completed on time (as of September 2021). There are always some local authorities whose accounts are not of sufficient quality to enable completion of audits to the prescribed timetable. However, for the last two years the vast majority of delays nationally in audit completion were due to external audit firms. For Chelmsford the lateness of external audit reports means the budget is being set without external validation of the reserve balances. The Section 151 officer does sign off the accounts with confidence that financial reporting (including reserves) is correct, but it is of great importance that timely external scrutiny of the accounts takes place.
- Prior to Covid, the Council's services had for two years overspent their net budgets. The budgets following those overspends built in additional financial capacity to fund the higher level of net spending by services. Unfortunately, the onset of Covid has meant that it has not been possible to keep service net expenditure within those increased budgets. The risk of changes in circumstances once the estimates are set can only be mitigated by an appropriate level of reserves/contingency to cover risk.

I consider the financial management arrangements of the Council to be sufficiently robust to maintain adequate and effective control of the budget for 2022/23.

### **Financial and Economic Environment, Risks and Assumptions**

The financial strategy is revisited fully annually every July in the Medium-Term Financial Strategy (MTFS) report to Cabinet and Council. This budget report updates the financial forecast in **Section 6**. The budget and forecast assumptions are based on Members' commitment to continue with a prudent and sustainable financial approach going forward.

During 2020/21 and 2021/22, much of the financial focus has been on the effect of the coronavirus pandemic on the Council's income streams, with parking, commercial rents, Leisure, and other income streams being badly hit. For 2022/23, and beyond, assumptions have been made in the budget as to how quickly, and to what extent, these income streams will recover. The levels of income are not certain but are based on the best information available. The position for 2022/23 does require the use of reserves (£0.5m) to offset lower income of the theatre in part from covid but also because of the closure for modernisation and a further £0.3m to cover

temporary lost rent income. It is prudent and sensible to use reserves in such a manner if it is believed, as it is, that over the medium-term income will recover.

The forecast for 2023/24 does not assume a further recovery in car parking income but evidence in 2021/22 pre-omicron suggest that it may be possible. Car parking income over the next few years is likely to be detrimentally affected by the developments taking place on the former Riverside site, Baddow Road and also following reviews of the City Centre car parks. On the financial upside a new surface car park at the north Chelmsford Station will be transferred into the Council's ownership. There is insufficient data regarding timings to take a comprehensive view in the forecast on these matters. So financial planning in the next MTFS report in July will attempt to address this area of financial risk.

**Rental Income:** the Council prior to Covid was dependent on £5.3m of rental income per annum. The structural changes taking place in the retail and office space rental markets make it likely that income will not fully recover. The 2022/23 budget contains £4.1m of rental income with an increase of £0.4m assumed in 2023/24. However, a number of office spaces that the Council rents out are due to be relet (Aquila House and Visteon) over the next few years putting at risk some £1.3m of rental income at least temporarily.

**Inflation:** The budget has provision for inflation on employee costs and other key items for 2022/23. It also contains a general inflation provision. However, the expected increase of CPI to around 6% does leave the Council exposed to financial risk. The Council has traditionally under budgeted for inflation costs with services generally succeeding in managing the inflation risk. The main inflationary risk will be the 2022/23 pay award. The budget allows for a 2.5% increase in pay, every 1% increase above that is an additional cost of £0.35m. The late inclusion in the budget of a very significant increase in gas and electricity prices does mean the budget is likely now to reflect the full cost of utility price inflation. However, the late timing did also result in the reserves being the only viable option to fund the cost. So, there remains a financial risk to the Council should utility prices not decline, as ongoing funding will be required to meet the costs. There is also a significant additional inflationary risk to the Capital programme which will feed into higher project costs and borrowing/financing costs in revenue. There is little the Council can do to mitigate these risks at this time given the uncertainty. An increase in financial provision would require additional savings and service cuts that may turn out not to be required. In the short-term use of reserves could be used to manage the risks but, on the basis that savings would be needed to fund any ongoing costs beyond 2022/23.

**Revenue budget growth:** The forecast in Section 6 includes provision for £0.3m of annual revenue growth. This is for items where service provision needs to be enhanced. Consideration may need to be given in the 2023/24 budget to building in a contingency which can be used to fund this growth in advance. As supplementary estimates and cabinet reports seeking additional ongoing revenue are funded at the expense of increasing the next year's budget gap. Given the increasingly challenging financial environment, this matter will need to be considered in the July MTFS report.

The Covid/economic climate will affect income received for other services offered by the Council, on the collection rates for both Council tax and Business Rates, and on the level of bad debts experienced by the Council. To date the Government has pretty much fully funded Council tax and Business Rates losses.

Chelmsford like all Councils received additional emergency funding for Covid-19 pressures in 2020/21 and 2021/22. Without this additional Covid-19-related funding, the Council would have had to draw considerably higher amounts from its reserves to plug the temporary gap in its budget, while waiting for income streams to recover over time. This would have left the Council with a severely reduced buffer to deal with unpredicted spending (such as future unknown events related to Covid or anything else or to compensate for any falls in major income streams). It is reasonable to assume should income losses be on the same scale as in 2020/21, that the Government will provide Councils with one-off financial assistance.

The Government funding settlement for 2022/23 is again only providing a funding position for one year rather than a 3-year funding plan. The Government has a headline figure of “core spending power” (CSP), which is meant to represent the overall revenue funding available for local authority services. For 2022/23 this will rise by 6.9% across England in cash terms. This assumes maximum Council Tax increases and growth in the number of homes paying Council Tax. This increase in funding is intended to cover the increases in employer costs of National Insurance and Social Care costs.

However, for Chelmsford, core spending power for 2022/23 as measured by Government, is in fact retained at its 2021/22 level i.e., zero growth. The major reduction in New Homes Bonus, due to removal of legacy payments from previous years, meant that an overall reduction in resources would have been experienced. To combat this, the Government introduced a floor mechanism, for 2022/23 only (but they also said that in 2021/22), and protected Councils via a Lower Tier Services Grant (continued from 2021/22) and Service Grant. The Service Grant has been identified by Government as only payable for one year and will not be included in any transitional arrangements to new funding allocations after 2022/23. The national funding for the Service grant will be re-allocated to local authorities in future years but in an unknown manner.

	2021/22	2022/23	Change	Change
	£m	£m	£m	%
<b>Core Spending Power</b>	<b>21.348</b>	<b>21.349</b>	<b>0.001</b>	<b>0.0%</b>
Breakdown of core spending power:				
Settlement Funding Assessment	3.408	3.409	0.001	0.0%
Council Tax (Assumed Council Tax for 2022/23)	13.987	14.557	0.570	4.1%
Other grants	3.953	3.383	-0.570	-14.4%

Breakdown of other grants:				
New Homes Bonus	3.130	2.155	-0.975	-31.2%
Lower Tier Service Grant	0.645	0.713	0.068	10.5%
2022/23 Services Grant	0	0.235	0.235	
Other	0.178	0.280	0.102	57.7%

The New Homes Bonus (NHB) Scheme is set for review. The Council has not used NHB to support ongoing revenue expenditure which is generally the approach taken by most Councils nationally, given the Government has stated on many occasions a desire to reduce the generosity of the scheme or potentially abolish it. New Homes Bonus has been used in the Council's budget to support capital spend via the Chelmsford Development Reserve.

The risks inherent in the funding announcement are multi-fold and remain unchanged from those reported last year. First and foremost is the continued uncertainty provided by a single-year Settlement, exacerbated by the lack of information on progress with Levelling Up and the Fair Funding review, rescheduled for introduction in 2023/24, which could see seismic shifts in the redistribution of funding between authorities, based on a major overhaul of the mechanism for assessing their relative needs. While the 2022/23 Settlement removed the threat of negative Revenue Support Grant and provided the funding floor mechanism described above, there is no guarantee that this will not unwind under a new allocation mechanism, leaving the Council worse off. The expectation would be that any major redistributive effects would have some sort of transition arrangements attached, to allow Councils time to respond, however, this is simply speculation at this point. Of course, the Government could also base its on-going settlement on the spending power (less Service grant), if such a commitment were made the Council's ongoing funding assumptions might be revised up depending on Business rates retained income. This potential gain is because the City does not treat New Homes Bonus as an ongoing funding stream, though it is in Core spending power as defined by Government.

Without a longer term stable financial settlement, local authority budgets, including the City's, can only be effectively planned for one year.

The remodelling of the Business Rates Retention Scheme has also been deferred, with one of the major factors at play being whether the baselines for business rates growth will be reset within the system, potentially wiping out gains to date. However, cutting this source of local authority funding is very difficult as Councils have become reliant on it. The City Council's base budget for 2022/23 relies on some £0.5m of Business Rate retention, this level of income has proven to be much lower than what was actually received annually over the last 3 years.

Outside of core spending power, funding streams for homelessness support and prevention have been maintained but, once again, are for a single year with no certainty as to future allocations or mechanisms for distribution.

The Council continues to seek other forms of funding and has an excellent track record in securing grants from a variety of sources such as Homes England (Housing Infrastructure Fund), DLUHC (Rough Sleeper Initiatives, Rapid Rehousing Pathway, Next Steps Accommodation Programme), Arts Council (Culture Recovery Fund), National Lottery Heritage Fund and many others. However, it is important that any one-off funding is used to provide additional services over and above that provided by core delivery or to provide one-off enhancements to assets, rather than to form any part of funding for ongoing service delivery.

These are all key considerations in assessing the robustness of the estimates contained within the budget report and the adequacy of the Council's reserves. There is interplay between the two, as the more certain we can be about the estimates, the lower the level of "just in case" reserves we need to keep and vice versa. The 2022/23 budget will yet again contain a great deal of uncertainty and risk, however, the estimates are as accurate as can be produced under the current circumstances, so it is vital that sufficient reserves are held to guard against changes to these estimates.

I consider that these budget proposals take due regard to risk, including the financial and economic environment, and that the assumptions within the budget are reasonable and the estimates used are robust.

## Level of Reserves and Overall Financial Standing

Nationally there are an increasing number of Councils issuing Section 114 notices. A s114 notice stops all non-essential spending and provides for a 21-day period for the Council to consider the report and what action it may take as a result. A further notice must be issued if the budget remains unbalanced. CIPFA amended their guidance on issuing s114 notices, so that Councils could hold off issuing them if they were in talks with Government about funding. This is likely to have reduced the number of s114 reports that would otherwise have been issued. High profile Section 114 cases are Northamptonshire, Nottingham, Slough, and Croydon. It is believed that a further 20-30 Councils are in active discussions seeking further government support to avoid effective bankruptcy (Section 114 notices). It is unclear if Covid has accelerated financial failure in these local authorities or if existing financial and managerial problems were the cause.

The Section 151 officer of the Council declares if a Section 114 notice is necessary. The City Council does not have a foreseeable need for a Section 114 notice.

The level of reserves needs to be an appropriate level to support any change in circumstances after estimates have been set. In past years, councils have been criticised for holding too high a level of reserves but more recently, given the increased awareness of the potential for local government failure, there has been greater emphasis on financial sustainability, which requires holding a “reasonable” level of reserves. Determining the appropriate levels of reserves is a professional judgement based on local circumstances including the overall budget size, risks, robustness of budget preparation, corporate plans, budget assumptions, earmarked reserves and provisions, and the Council’s track record in budget management. It is also a judgement on the external factors that influence the Council’s current and future funding position.

The Budget Strategy, approved by Council in December 2020, contained a recommendation to increase the target level of unearmarked reserves to £9m. While this was only a small percentage rise (to around 6% of gross expenditure (£7m to £9m)) it provided additional capacity to cope with variations in the estimates. This is vital in the current circumstances, particularly given the volatility of the Council’s income streams during the pandemic and the increased difficulty of projecting how these income streams will respond in the future.

The level of reserves must also be determined by looking beyond a single year. It must also be recognised there is much less ability going forward to boost the level of reserves, so their use must be carefully managed.

In **Section 6, Table 8**, the projected use, and levels of Reserves to the period 2025/26 are shown. There is a decline in the level of unearmarked reserves, so they fall to the £9m target. The decline is due to their use to manage short term income losses as previously discussed but also allows for a £1.0m additional contribution to Capital. This is in line with the financial strategy in 2021/22, which is to use surplus reserves to minimise capital borrowing. The level of contribution to capital will depend upon the 2021/22 financial outturn, which if more adversely affected by Covid than currently forecast will result in a lower contribution.

The contributions to capital from ‘surplus’ reserves will reduce the ongoing revenue financing costs (MRP) of the capital programme, but it does reduce the flexibility to fund short term income losses or one-off costs going forward. So, should income continue to be affected by Covid for longer than expected, it will become necessary to review reserve levels but more importantly the ongoing costs of the Council.

The high-level revenue budget forecast set out in **Section 6** shows a potential budget gap of £1.4m in 2023/24 rising to some £2.5m by 2026/27. The report has already highlighted the potential risks in this forecast, not least from the unknown changes that may occur from Covid 19, the inflationary pressures cost including utilities and pay plus new Government funding arrangements from 2023/24. The unearmarked reserves need to be at or around the £9m target level to support mitigation of these risks.

To maintain the Council's good financial standing:

- The Council will need to make an early start on identification of savings proposals to ensure a balanced budget moving forward and will continue to look for innovation and efficiency in its use of resources.
- Continuation of best practice by the development of business cases for new initiatives and capital schemes to ensure costs are minimised and benefits maximised.
- Continually commit to maintaining adequate Unearmarked Reserves
- Recognition that cost increases need to be matched by funding, which may include the potential need to reduce costs
- Plan for service enhancements in a timely manner to ensure funding is available for Corporate priorities
- Continuing to drive service improvement in an affordable way
- A review of the Financial Strategy in July 2022 based on the prevailing conditions at that time.

In addition to unearmarked reserves, the Council holds a number of earmarked reserves to provide for future expenditure such as pension deficit payments, to guard against specific risk such as the reserve to support revenue costs of abortive capital projects, and to hold uncertain income until it is fully realised (Business Rates Retention income). Further detail on these reserves is contained in **Section 6** of the report.

I consider the level of reserves presented in the budget estimates to be adequate to support the on-going financial sustainability of the Council. However, early identification of additional costs and future net savings (cost reductions or increased income generation) is essential to support the sound financial standing of the Council.

### **Conclusions**

The City Council faces uncertain government funding and loss of ongoing income due to Covid. This is the same for all English local authorities and will require the Council to maintain robust control over costs, maximise income, continue to find ongoing savings whilst managing the risks associated with these processes by having adequate levels of reserves. This will require members, the Chief Executive and Directors to continue to practice strong financial discipline including recognising the financial restrictions the Council faces.

Taking all of the above into account, as the Council's Chief Financial Officer, I am satisfied that the budget proposals set out in this report are robust and sustainable and that the level of reserves is adequate to address the financial risk facing the Council.

Phil Reeves - Section 151 Officer/Chief Financial Officer

## Section 8

### Council Tax & Business Rates

The Council's budget is heavily dependent on Council tax income. Not only is the amount significant (£14m) but it also provides a stable income. The Council has only limited discretion to increase Council Tax, as the Government annually set a threshold which if exceeded requires a local referendum.

The Council also benefits from business rates, keeping some 4% of the total business rates raised locally. This share is determined as part of the Government's formula funding assessment. Additionally, through the Business Rates Retention Scheme, the Council receives one-off rewards for growth in the total local business rate income. The Council has no ability to increase local business rates but does have some limited ability to offer local reductions in business rates paid but at the Council's cost.

This section identifies the issues arising from Business Rates and Council Tax when setting the Council's Budget for 2022/23.

#### Council Tax Referendums

The Government has announced that Council Tax increases of the greater of either 2% or £5 for District authorities will not be subject to a local referendum. The budget includes proposals to increase a band D Council Tax by £4.91 per year.

#### Council Tax, Parish Grant & Special Expenses Proposal 2022/23

The Council levies Council Tax by identifying a Precept (net Council expenditure after government grants); a charge is then calculated for each residential property. The average of these charges is expressed as a "Band D Average". The average is estimated by dividing the precept by the tax base (the number of Band D equivalent properties in the City Council area). The tax base for 2022/23 is 70,141.68.

A summary of the known Council Tax charges from each of the precepting authorities (an average is shown for Parishes) is shown in **Table 10**.

**Table 10**

	2021/22	2022/23	Increase	
	£	£	£	%
Chelmsford City Council (average)	203.95	208.86	4.91	2.41%
Essex County Council	1,340.91	1,401.12	60.21	4.49%
Police, Fire and Crime Commissioner for Essex (Police)	208.53	218.52	9.99	4.79%
Essex Police, Fire & Crime Commissioner (Fire & Rescue Authority)	73.89	75.33	1.44	1.95%
	1,827.28	1,903.83	76.55	4.19%
Parish and Town Councils (average)	39.93	41.93	2.00	5.01%
<b>TOTAL</b>	<b>1,867.21</b>	<b>1,945.76</b>	<b>78.55</b>	<b>4.21%</b>

Special expenses and Parish/Town precepts are in Table 11

The Average Band D Council Tax for Chelmsford City for 2022/23 is 208.86. **A Council Tax resolution is attached in Appendix 2.**

Collection fund surplus/deficit: As part of the formal budget-setting process, the Council is required to estimate each year the surpluses or deficits arising from Council Tax and Business Rates collection.

#### **Council Tax Surplus or Deficit**

The Collection Fund records the amount of income collected from Council Tax, the LCTS costs, together with precept payments to principal authorities. These elements will generate a surplus or a deficit which should be taken into account when determining the Council Tax for the following year. Chelmsford City Council's share of the Council Tax Surplus for 2022/23 is £53k; after adjustment for the 2020/21 deficit, the Government allowed us to spread this over 3 years (using a set formula).

#### **Business Rate Surplus or Deficit**

To meet the legal requirements when setting the budget for 2022/23, the Council is required to declare by the 31st January 2022 a Business Rate Retention Surplus or Deficit, after submitting a return (NDR1) to Government. The Business Rate Retention figures contained in this report reflect the NDR1 position (Cabinet January 2022 included only provisional figures). The impact of Covid 19 and the various reliefs result in a complex series of accounting entries between revenue and reserves across a number of years. These accounting entries are based on current estimates and have no net impact on the Council's real finances. The statutory declaration is

<b>The estimated Business Rate retention position for 2022/23 is made up of</b>	<b>£000s</b>
deficit relating to prior years	4,505
Less	
Deferral of 2020/21 deficit required by government regulation	1,443
2022/23 Income above Baseline Business Rate Income	1,956
Business Rate Pool Income	187
<b>Total</b>	<b>919</b>

The deficits have no impact on the level of Council Tax and are effectively fully funded by the business rates retention scheme.



CHARGES TO PARISH AND TOWN COUNCIL AREAS									Table 11							
PARISH/ TOWN COUNCIL	2021/22								2022/23							
	PARISH PRECEPTS -->			BAND D EQUIVALENTS					PARISH PRECEPTS -->			BAND D EQUIVALENTS				
	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Great Baddow	438,650	-170	438,480	179.10	8.28	187.38	80.64	268.02	454,244	109	454,353	183.69	8.55	192.24	82.89	275.13
Little Baddow	46,053	34	46,087	179.10	19.08	198.18	52.56	250.74	47,435	-28	47,407	183.69	19.35	203.04	54.09	257.13
Boreham	89,950	-5	89,945	179.10	5.67	184.77	63.09	247.86	90,900	-18	90,882	183.69	5.85	189.54	63.09	252.63
Broomfield	139,500	-104	139,396	179.10	22.50	201.60	55.08	256.68	159,360	84	159,444	183.69	22.41	206.10	57.15	263.25
Chignal	7,600	4	7,604	179.10	29.70	208.80	24.12	232.92	8,001	0	8,001	183.69	29.70	213.39	24.12	237.51
Danbury	265,623	-8	265,615	179.10	3.42	182.52	109.17	291.69	331,618	-12	331,606	183.69	3.60	187.29	135.00	322.29
Galleywood	107,223	-47	107,176	179.10	27.54	206.64	51.12	257.76	109,812	-47	109,765	183.69	27.00	210.69	51.57	262.26
Good Easter	10,710	6	10,716	179.10	17.55	196.65	61.29	257.94	10,710	4	10,714	183.69	17.73	201.42	59.85	261.27
East Hanningfield	35,892	18	35,910	179.10	26.37	205.47	73.44	278.91	36,459	-20	36,439	183.69	26.73	210.42	73.35	283.77
South Hanningfield	86,500	-45	86,455	179.10	19.44	198.54	71.82	270.36	90,825	-30	90,795	183.69	19.62	203.31	74.16	277.47
West Hanningfield	26,625	-15	26,610	179.10	21.33	200.43	55.89	256.32	26,406	-8	26,398	183.69	21.69	205.38	54.90	260.28
Highwood	31,851	8	31,859	179.10	19.62	198.72	98.01	296.73	40,030	-3	40,027	183.69	19.89	203.58	119.79	323.37
Great & Little Leighs	30,000	-17	29,983	179.10	32.58	211.68	26.01	237.69	33,000	33	33,033	183.69	33.39	217.08	28.71	245.79
Margaretting	12,420	-1	12,419	179.10	19.89	198.99	31.68	230.67	12,420	-12	12,408	183.69	20.16	203.85	31.95	235.80
Mashbury	0	0	0	179.10	17.55	196.65	0.00	196.65	0	0	0	183.69	17.73	201.42	0.00	201.42
Pleshey	8,432	3	8,435	179.10	17.55	196.65	61.47	258.12	7,479	5	7,484	183.69	17.73	201.42	54.72	256.14
Rettendon	42,099	-27	42,072	179.10	24.48	203.58	53.82	257.40	44,336	36	44,372	183.69	24.66	208.35	54.54	262.89
Roxwell	15,000	-6	14,994	179.10	0.00	179.10	31.32	210.42	16,000	-19	15,981	183.69	0.00	183.69	33.30	216.99
Runwell	109,438	33	109,471	179.10	17.91	197.01	59.76	256.77	113,506	37	113,543	183.69	18.09	201.78	59.76	261.54
Sandon	35,200	-26	35,174	179.10	23.31	202.41	47.70	250.11	36,960	-24	36,936	183.69	23.49	207.18	48.15	255.33
Springfield	410,540	89	410,629	179.10	31.86	210.96	51.93	262.89	430,483	320	430,803	183.69	31.77	215.46	52.47	267.93
Stock	44,790	-52	44,738	179.10	18.90	198.00	37.71	235.71	49,174	-25	49,149	183.69	19.08	202.77	40.23	243.00
Great Waltham	53,180	-39	53,141	179.10	21.78	200.88	56.61	257.49	73,620	37	73,657	183.69	22.05	205.74	77.49	283.23
Little Waltham	44,355	0	44,355	179.10	23.85	202.95	54.81	257.76	49,526	-8	49,518	183.69	23.67	207.36	55.80	263.16
South Woodham Ferrers	428,187	159	428,346	179.10	23.85	202.95	70.47	273.42	436,914	67	436,981	183.69	24.21	207.90	71.37	279.27
Woodham Ferrers & Bicknacre	82,621	26	82,647	179.10	18.63	197.73	66.87	264.60	83,384	50	83,434	183.69	18.90	202.59	67.05	269.64
Writtle	136,063	-66	135,997	179.10	2.34	181.44	67.59	249.03	147,786	-81	147,705	183.69	2.43	186.12	72.99	259.11
Town Centre (non-Parished area)				179.10	33.57	212.67	0.00	212.67				183.69	34.11	217.80	0.00	217.80
TOTALS	2,738,502	-249	2,738,253						2,940,388	447	2,940,835					
	.....	.....	.....						.....	.....	.....					
AVERAGE						203.95	39.93	243.88						208.86	41.93	250.79

## Section 9

### Revenue Budget Reports

#### Revenue Service Budgets

This section contains

1. Subjective Analysis of the Council Revenue Budget (**Table 12**)
2. A summary of the budget (**Table 13**)
3. Service Budgets (Expenditure and Income) for 2022/23 (**Table 14**)

**Table 12 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET**

2020/21 Actual £000s		2021/22 Original £000s	2022/23 Estimate £000s
	<b>EXPENDITURE</b>		
36,720	Employees - Salaries	33,703	35,485
351	- Other	344	237
7,256	Premises	7,568	8,731
9,882	Supplies and Services	10,788	11,557
2,175	Transport and Plant	1,862	1,668
1,451	Third Party Payments	1,771	1,810
42,995	Benefit Payments	38,985	39,313
<b>100,830</b>	<b>TOTAL CONTROL EXPENDITURE</b>	<b>95,021</b>	<b>98,801</b>
	<b>INCOME</b>		
-53,299	Government Grants	-38,510	-38,811
-4,045	Other Grants and Reimbursements	-3,511	-3,820
-563	Sales	-941	-960
-11,182	Fees and Charges	-21,552	-23,934
-7,463	Rents	-7,849	-8,428
-1,043	Other	-2,060	-2,100
<b>-77,595</b>	<b>TOTAL CONTROL INCOME</b>	<b>-74,423</b>	<b>-78,053</b>
<b>23,235</b>	<b>NET CONTROL EXPENDITURE</b>	<b>20,598</b>	<b>20,748</b>
	<b>INTERNAL RECHARGES</b>		
25,185	Service Management and Overheads	25,352	26,434
-25,336	Recharges	-25,507	-26,624
<b>-151</b>		<b>-155</b>	<b>-190</b>
<b>23,084</b>	<b>SERVICE EXPENDITURE</b>	<b>20,443</b>	<b>20,558</b>
	<b>OTHER ITEMS</b>		
-434	Interest Receivable & Investment Income	-290	-701
275	Interest Payable & MRP	1,009	921
-21,399	Business Rate Retention Adjustment	16,673	1,266
-	Direct Revenue Financing of Capital	3,130	2,155
-4,720	New Homes Bonus & Other Govt Grants	-5,625	-3,383
<b>-26,278</b>		<b>14,897</b>	<b>258</b>
	<b>USE OF RESERVES AND BALANCES</b>		
14,110	Contributions - from / to Earmarked Reserves	-16,677	-1,256
6,174	Contributions - from / to Un-Earmarked Reserves	-1,321	-1,449
<b>20,284</b>		<b>-17,998</b>	<b>-2,705</b>
<b>17,090</b>	<b>BUDGET REQUIREMENT</b>	<b>17,342</b>	<b>18,111</b>
-3,408	<b>LESS GOVERNMENT SUPPORT</b>	<b>-3,408</b>	<b>-3,408</b>
-100	Collection Fund (Surplus) / Deficit	53	-53
<b>13,582</b>	<b>CALL ON COLLECTION FUND</b>	<b>13,987</b>	<b>14,650</b>

Please note the implementation of a new finance system has meant this schedule has been restated since last year

TABLE 13 - SUMMARY OF REVENUE ESTIMATES

2021/22		2022/23	2022/23	2022/23
Original Estimate	Original Estimates 2022/23	Estimated Spend	Estimated Income	Net Estimate
£'000		£'000	£'000	£'000
498	<b>Chief Executive</b>	572	-25	<b>547</b>
9,547	<b>Connected Chelmsford</b>	51,365	-41,030	<b>10,335</b>
29	<b>Fairer Chelmsford - CDRM</b>	577	-515	<b>62</b>
1,067	<b>Fairer Chelmsford</b>	9,925	-8,694	<b>1,231</b>
-1,981	<b>Sustainable Development</b>	7,040	-10,133	<b>-3,093</b>
11,438	<b>Greener &amp; Safer Chelmsford</b>	29,322	-17,656	<b>11,666</b>
20,598	<b>Service Expenditure</b>	98,801	-78,053	<b>20,748</b>
	<b>Other General Fund Items</b>			
-155	- Charges to SEPP			<b>-190</b>
-290	- Interest Income			<b>-701</b>
1,009	- Minimum Revenue Provision & Interest Paid			<b>921</b>
3,130	- Revenue Funding of Capital			<b>2,155</b>
-5,625	- Other Grants (including New Homes Bonus, Section 31 Grants)			<b>-3,383</b>
16,673	- Business Rate Retention Scheme			<b>1,266</b>
	<b>Earmarked Reserves</b>			
0	- Use of Carry Forward Reserves			<b>-50</b>
-16,874	- Business Rates Retention Scheme Reserve			<b>-1,766</b>
197	- Contributions to / -use of Other Earmarked reserves			<b>560</b>
18,663	<b>Net Expenditure</b>			<b>19,560</b>
-1,321	Contribution to / -from Balances			<b>-1,449</b>
17,342	<b>Budget Requirement</b>			<b>18,111</b>
-3,408	Baseline Retained Business Rates			<b>-3,408</b>
53	Council Tax -Surplus/+Deficit			<b>-53</b>
13,987	<b>Income from Council Tax</b>			<b>14,650</b>

**TABLE 14 - SERVICE BUDGETS**

**CHIEF EXECUTIVE**

<b>2021/22 Original Budget £</b>		<b>2022/23 Estimated Spend £</b>	<b>2022/23 Estimated Income £</b>	<b>2022/23 Net Estimate £</b>
497,500	CHIEF EXECUTIVE & DPO	572,300	-25,200	547,100
<b>497,500</b>		<b>572,300</b>	<b>-25,200</b>	<b>547,100</b>
<b>497,500</b>		<b>572,300</b>	<b>-25,200</b>	<b>547,100</b>

## CONNECTED CHELMSFORD

2021/22 Original Budget £		2022/23 Estimated Spend £	2022/23 Estimated Income £	2022/23 Net Estimate £
258,500	<b>DIRECTOR OF CONNECTED CHELMSFORD</b>	271,700	-	271,700
<b>258,500</b>	DIRECTOR OF CONNECTED CHELMSFORD	<b>271,700</b>	<b>0</b>	<b>271,700</b>
2,875,100	<b>DIGITAL SERVICES</b>	3,069,300	-43,300	3,026,000
<b>2,875,100</b>	DIGITAL SERVICES	<b>3,069,300</b>	<b>-43,300</b>	<b>3,026,000</b>
764,000	<b>MARKETING AND COMMUNICATIONS TEAM</b>	752,900	-	752,900
770,900	CUSTOMER SERVICES	847,800	-	847,800
<b>1,534,900</b>	MARKETING & COMMUNICATION	<b>1,600,700</b>	<b>0</b>	<b>1,600,700</b>
743,700	<b>HUMAN RESOURCES</b>	786,300	-39,000	747,300
125,000	HUMAN RESOURCES	136,800	-4,300	132,500
<b>868,700</b>	PAYROLL	<b>923,100</b>	<b>-43,300</b>	<b>879,800</b>
777,100	<b>LEGAL &amp; DEMOCRATIC SERVICES</b>	870,200	-18,800	851,400
239,700	LEGAL AND DEMOCRATIC SERVICES	258,600	-1,300	257,300
786,100	ELECTIONS	811,500	-	811,500
<b>1,802,900</b>	DEMOCRATIC SERVICES	<b>1,940,300</b>	<b>-20,100</b>	<b>1,920,200</b>
140,000	<b>PROCUREMENT, RISKS &amp; INSURANCE</b>	167,500	-	167,500
290,000	PROCUREMENT	290,000	-	290,000
147,100	VOLUNTARY GRANTS	140,600	-	140,600
55,300	INSURANCE & RISK	57,600	-	57,600
<b>632,400</b>	FRAUD INVESTIGATIONS	<b>655,700</b>	<b>0</b>	<b>655,700</b>
835,200	<b>BENEFITS &amp; REVENUES</b>	2,131,400	-1,189,000	942,400
-281,600	REVENUES & BENEFITS	38,135,000	-38,416,600	-281,600
<b>553,600</b>	HB SUBSIDY	<b>40,266,400</b>	<b>-39,605,600</b>	<b>660,800</b>
31,200	<b>CULTURE</b>	405,400	-351,100	54,300
321,800	CULTURE	1,415,400	-823,600	591,800
668,300	THEATRES	816,900	-142,600	674,300
<b>1,021,300</b>	MUSEUM	<b>2,637,700</b>	<b>-1,317,300</b>	<b>1,320,400</b>
<b>9,547,400</b>		<b>51,364,900</b>	<b>-41,029,600</b>	<b>10,335,300</b>

## FAIRER CHELMSFORD - CDRM

2021/22 Original Budget £		2022/23 Estimated Spend £	2022/23 Estimated Income £	2022/23 Net Estimate £
28,500	CORPORATE MANAGEMENT & DEMO. REPRESENT.	576,600	-515,200	61,400
<b>28,500</b>		<b>576,600</b>	<b>-515,200</b>	<b>61,400</b>
<b>28,500</b>		<b>576,600</b>	<b>-515,200</b>	<b>61,400</b>

## FAIRER CHELMSFORD

2021/22 Original Budget £		2022/23 Estimated Spend £	2022/23 Estimated Income £	2022/23 Net Estimate £
	<b>SECTION 151 OFFICER</b>			
175,500	FINANCE MANAGER	-	-	-
763,600	FINANCE CM & DRM	774,500	-4,200	770,300
<b>939,100</b>		<b>774,500</b>	<b>-4,200</b>	<b>770,300</b>
	<b>ACCOUNTANCY, SYSTEMS &amp; EXCHEQUER</b>			
985,500	ACCOUNTANCY	1,055,500	-2,400	1,053,100
<b>985,500</b>		<b>1,055,500</b>	<b>-2,400</b>	<b>1,053,100</b>
	<b>AUDIT</b>			
189,900	INTERNAL AUDIT	196,100	-	196,100
<b>189,900</b>		<b>196,100</b>	<b>0</b>	<b>196,100</b>
	<b>PROPERTY SERVICES</b>			
-3,730,000	PROPERTY HOLDINGS	240,900	-4,135,400	-3,894,500
434,900	PROPERTY - SUPPORT SERVICES	448,400	-2,100	446,300
<b>-3,295,100</b>		<b>689,300</b>	<b>-4,137,500</b>	<b>-3,448,200</b>
	<b>HOUSING SERVICES</b>			
386,200	STRATEGIC HOUSING	1,511,100	-876,900	634,200
406,400	TEMPORARY ACCOMMODATION	2,095,100	-1,611,900	483,200
68,800	BED & BREAKFAST	2,008,100	-1,926,500	81,600
20,800	HOUSING NEEDS	60,500	-8,200	52,300
268,500	STRATEGIC HOUSING - RDS	268,500	-	268,500
1,097,200	STRATEGIC HOUSING SUPPORT	1,266,500	-125,900	1,140,600
<b>2,247,900</b>		<b>7,209,800</b>	<b>-4,549,400</b>	<b>2,660,400</b>
<b>1,067,300</b>		<b>9,925,200</b>	<b>-8,693,500</b>	<b>1,231,700</b>

## SUSTAINABLE DEVELOPMENT

2021/22 Original Budget £		2022/23 Estimated Spend £	2022/23 Estimated Income £	2022/23 Net Estimate £
	<b>DEVELOPMENT MANAGEMENT</b>			
479,200	DEVELOPMENT MANAGEMENT	2,097,500	-1,508,300	589,200
-89,900	LOCAL LAND CHARGES	121,100	-231,300	-110,200
<b>389,300</b>		<b>2,218,600</b>	<b>-1,739,600</b>	<b>479,000</b>
	<b>ECONOMIC DEVELOPMENT AND IMPLEMENTATION</b>			
283,900	ECONOMIC DEVELOPMENT & IMPLEMENTATION	581,300	-112,100	469,200
<b>283,900</b>		<b>581,300</b>	<b>-112,100</b>	<b>469,200</b>
	<b>BUILDING CONTROL</b>			
82,200	BUILDING CONTROL	598,800	-509,600	89,200
<b>82,200</b>		<b>598,800</b>	<b>-509,600</b>	<b>89,200</b>
	<b>PLANNING POLICY</b>			
762,900	PLANNING POLICY	1,117,900	-312,000	805,900
<b>762,900</b>		<b>1,117,900</b>	<b>-312,000</b>	<b>805,900</b>
	<b>CAR PARK OPERATIONS</b>			
-3,617,500	CAR PARKS	2,082,300	-7,125,600	-5,043,300
141,300	PARKING SUPPORT	147,300	-	147,300
-23,200	PARK AND RIDE	294,200	-333,600	-39,400
<b>-3,499,400</b>		<b>2,523,800</b>	<b>-7,459,200</b>	<b>-4,935,400</b>
<b>-1,981,100</b>		<b>7,040,400</b>	<b>-10,132,500</b>	<b>-3,092,100</b>



## GREENER & SAFER CHELMSFORD

2021/22 Original Budget £		2022/23 Estimated Spend £	2022/23 Estimated Income £	2022/23 Net Estimate £
	<b>OPERATIONS</b>			
1,858,400	WASTE & GARDEN COMPOSTING	2,496,700	-577,400	1,919,300
-492,700	TRADE WASTE	1,032,100	-1,604,300	-572,200
523,900	RECYCLING - MRF, GENERAL & FOOD	3,547,800	-2,905,600	642,200
408,200	VEHICLE MAINTENANCE WORKSHOP	497,600	-74,800	422,800
<b>2,297,800</b>		<b>7,574,200</b>	<b>-5,162,100</b>	<b>2,412,100</b>
	<b>STREET CARE AND PERFORMANCE</b>			
160,200	PUBLIC CONVENIENCES	172,900	-	172,900
-45,100	MARKET	454,400	-471,200	-16,800
1,478,500	STREET CLEANING	1,626,300	-86,300	1,540,000
99,200	STREET SERVICES	195,600	-115,400	80,200
165,500	LOVE YOUR CHELMSFORD	167,200	-	167,200
254,600	FREIGHTER HOUSE DEPOT	282,900	-8,300	274,600
1,007,700	FREIGHTER HSE CUSTOMER & BUSINESS SUPP	1,060,400	-	1,060,400
<b>3,120,600</b>		<b>3,959,700</b>	<b>-681,200</b>	<b>3,278,500</b>
	<b>BUILDING SERVICES</b>			
478,200	BUILDING SERVICES - SUPPORT	488,500	-	488,500
1,133,300	BUILDING SERVICES - PROPERTIES	1,416,200	-150,400	1,265,800
255,200	ENERGY & CONTRACT MANAGEMENT	259,300	-	259,300
28,100	PRINT UNIT	-	-	-
<b>1,894,800</b>		<b>2,164,000</b>	<b>-150,400</b>	<b>2,013,600</b>
	<b>PUBLIC HEALTH AND PROTECTION SERVICES</b>			
44,700	HIGHWAYS	62,000	-	62,000
-8,000	SCIENTIFIC	38,300	-45,000	-6,700
-212,600	LICENSING	195,500	-395,100	-199,600
-4,300	BUSINESS COMPLIANCE	44,600	-23,500	21,100
26,700	PUBLIC HEALTH PROTECTION	39,800	-7,900	31,900
27,600	HEALTH & SAFETY	27,600	-	27,600
-11,200	PEST CONTROL	32,000	-16,500	15,500
1,406,400	PUBLIC HEALTH & PROTECTION SUPPORT	1,395,800	-28,000	1,367,800
305,900	CCTV	355,900	-55,500	300,400
107,400	COMMUNITY SAFETY	141,800	-28,200	113,600
12,500	HOUSING STANDARDS	49,400	-38,100	11,300
1,600	ANIMAL WELFARE	15,900	-14,800	1,100
<b>1,696,700</b>		<b>2,398,600</b>	<b>-652,600</b>	<b>1,746,000</b>
	<b>PARKS AND GREEN SPACES</b>			
-10,400	ALLOTMENTS	18,200	-28,500	-10,300
554,400	PARKS & HERITAGE CUSTOMER & BUSINESS SUP	577,400	-	577,400
-100,900	HYLANDS PARK & ESTATE	147,800	-385,200	-237,400
100,300	PARKS GARDENS & RECREATION GROUNDS	123,000	-16,500	106,500
126,800	PLAY AREAS	128,800	-	128,800
-64,300	PARKS EVENTS & ACTIVITIES	1,300	-65,900	-64,600
-62,500	OUTDOOR SPORTS & PLAYING FIELDS	326,700	-383,200	-56,500
120,300	TREE INSPECTION & MAINTENANCE	124,000	-3,700	120,300
-11,700	NATURAL & GREEN SPACE, COMMON	15,000	-27,200	-12,200
-1,100	AMENITY GREEN SPACE& GREEN INFRASTR	184,400	-178,800	5,600
2,058,200	GROUND MAINTENANCE OPERATIONS	2,588,800	-434,700	2,154,100
186,000	GROUND MAINTENANCE - CREMATORIUM	192,500	-	192,500
-1,684,800	CEMETERY AND CREMATORIUM	704,800	-2,376,800	-1,672,000
<b>1,210,300</b>		<b>5,132,700</b>	<b>-3,900,500</b>	<b>1,232,200</b>
	<b>LEISURE AND HERITAGE SERVICES</b>			
35,600	DOVEDALE SPORTS CENTRE	207,800	-176,200	31,600
336,700	CHELMSFORD SPORTS AND ATHLETIC CENTRE	877,700	-576,100	301,600
319,000	RIVERSIDE ICE AND LEISURE	4,233,600	-3,912,100	321,500
418,000	SOUTH WOODHAM FERRERS LEISURE CENTRE	1,121,900	-781,200	340,700
-210,000	CULTURAL EVENTS	-	-370,000	-370,000
255,600	COMMUNITY SPORTS & WELLBEING	387,600	-105,900	281,700
62,900	HYLANDS HOUSE & VISITORS CENTRE	1,263,800	-1,187,700	76,100
<b>1,217,800</b>		<b>8,092,400</b>	<b>-7,109,200</b>	<b>983,200</b>
<b>11,438,000</b>		<b>29,321,600</b>	<b>-17,656,000</b>	<b>11,665,600</b>

## Section 10

### Capital Budget Reports

#### Capital Budgets

This section contains:

- Revisions to Existing Approved Capital Schemes – Details in **Table 15** and **Table 16**
- Revisions to the Asset Replacement Programme 2021/22 and proposals for new budgets for 2022/23 – Details in **Table 17** and **Table 18**

#### **Introduction**

The capital programme for 2021/22 identified in **Section 10** of this report reflects updated information in December 2021.

Capital schemes have in most cases two types of cost. One-off, those which result from procuring or improving an asset and are funded from capital and ongoing, those incurred to run the asset, and these must be funded from Council Tax, i.e. revenue costs.

Capital expenditure is separated between Capital Schemes and the Asset Replacement Programme.

Capital schemes are one-off projects which are required to either maintain an existing service, for example essential repairs to an existing car park, or aim to enhance service delivery or generate additional income, for example additional provision of sports facilities.

The Asset Replacement Programme ensures that the existing service provision is maintained and replaces larger items of equipment and vehicles as the need arises.

As a matter of policy, electrical or zero emission vehicles will be the first choice of replacement unless technical/practical constraints prevent their use by a service. Funding of £170k has been provided within the programme and, if required, services will request supplementary estimates to draw down from this if their current budget provision proves insufficient.

#### Existing Approved Capital Schemes

Project Officers have been monitoring schemes and the updated budgets in **Table 15** reflect the latest estimated cost information. The total estimated cost is £143.963m.

A summary of variations for the current approved total scheme costs across all years is a net increase of £6.212m. Proposed increases in budget will require approval. Details of the £6.212m net increase are shown in **Table 15** with further details in **Table 16** where those variations are in excess of £25k.

Scheme numbers 56, 57 and 58 are CIL schemes where funding has been approved by the Community Funding Panel. They need Cabinet approval for the £117k spend for the grants to be made to the organisations.

In Section 7 of the report the Section 151 officer identifies inflation as a significant financial risk facing the Council. The prices of raw materials and labour are rising. Capital scheme costs could increase above estimates when tenders are undertaken. Recently the tender for construction of the

industrial units at Galleywood Hall has identified a £850k cost increase (including additional contingency). A proposal for Cabinet to increase the budget has been included, as it is necessary seek early approval to meet the terms of the tender. An additional review of the business case will take place before entering any contractually binding agreements. The HIF Access Road and Bridge budgeted cost is £26.6m but large elements of the scheme are still subject to tender. There is a high risk of significant cost increases. When the results of tenders are known any material changes in the financial implications will be reported to Cabinet and Council.

The capital and revenue figures exclude the budget approved for a potential city centre asset purchase, as the matter is still subject to commercial discussions. Should the position change then the budget papers for Council will be updated under delegation by the Section 151 Officer after consultation with the Cabinet member for a Fairer Chelmsford.

#### Asset Replacement Programme

In order to maintain the existing level of service delivery, it is necessary to replace items of equipment and vehicles on a regular basis.

Previously, asset replacements have been approved as part of the overall programme. A decision has been taken to challenge the need for scheduled replacements to take place, and although an estimated overall cost of the asset replacement programme will be kept for forward planning purposes to enable the monitoring of the resource position, approval of individual items will be on an annual basis.

#### 2021/22 Asset Replacements

**Table 17** provides details of the 2021/22 asset replacement programme. The current approved programme is £4.388m. It has now been identified that £379k is required to be rephased to 2022/23 and future years, due to services deferring or delays in acquiring the assets. These assets require approval to be rephased to 2022/23. Details of these delays are provided in **Table 18**.

**Table 17** also shows a net change in scheme costs, a net increase of £38k. Increases to individual budgets will require approval. **Table 18** provides further details for those variations in excess of £25K.

Table 17 includes a number of items that need approval by Cabinet in order to have timely delivery. Scheme numbers 10 and 11 are being funded by the Safer Streets Grant and require approval by Cabinet for the £185k budget as the schemes need to be completed by the 31st March 2022.

The balance of costs is for approval by Council in February 2022.

After allowing for the above adjustments, **Table 17** shows the total proposed budget requirement for 2021/22 as £4.047m.

#### 2022/23 Replacements

There is currently £2.963m approved for 2022/23. There is a net increase of £9k identified for these schemes and increases will require approval.

As stated above, of the £379k being rephased from 2021/22, £367k will be rephased into 2022/23 and requires approval.

**Table 17** provides details of the new asset replacements or refurbishments for 2022/23 which total £2.144m.

The total replacement budget for 2022/23 is £5.483m.

**Table 18** provides explanations for those variations in excess of £25k for both 2021/22 and 2022/23.

#### Capital and Revenue Resources

The Council funds its capital programme from leasing, contributions, government grants, capital receipts, revenue contributions and borrowing.

The Capital Strategy 2022/23 identifies the capital resources position and the Medium-Term Financial Forecast, in **Section 6**, identifies the revenue budget position allowing for financing costs. The Prudential Indicators are detailed in the Capital Strategy 2022/23.

		Table 15 - CAPITAL SCHEMES	VARIATION IN TOTAL CAPITAL SCHEME COSTS							
			Latest Approved Budget - Approved November 2021 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval				
Net Expenditure to Date			Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget		Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
		<u>Connected Chelmsford</u>								
38	1	Theatres' Modernisation	1,000	500	1,500	0	1,500		Programming of works still to be determined	Approved at Council February 2021 and programmed for 2021/22. Delegated authority to Director and Cabinet Member for Connected Chelmsford for a £1m budget. Works have been deferred until Summer 2022. An additional £500k was approved November 2021. Tenders have not yet been returned.
		<u>Fairer Chelmsford</u>								
	2	Land Development Site Investigations	365		365		365		Programming of works still to be determined	Approved Cabinet November 2021.
1,934	3	Enabling Lockside Growth Area	450	4,550	5,000		5,000		In Negotiations Late delivery	A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. It is likely that this scheme will continue into 2022/23. An additional £500k was approved November 2021.
246	4	Galleywood Hall Development Industrial Units	1,200	-200	1,000	850	1,850		Awaiting planning permission - Late Delivery	Approved at Council February 2019. Following a reassessment of the budget £400k was removed. Additional £200k was approved November 2021 due to rising prices of materials and construction.
65	5	Bridge Repairs	300	-185	115		115		No	Approved at Council February 2019. May 2020 non urgent works deferred to later year.
	6	Land Acquisition Cemetery/Crematorium	1,800	1,800	3,600		3,600		To identify potential Land Site	Approved at Council February 2019. Additional £1.8m approved Council February 2020.
	7	High Chelmer Roof	1,500		1,500		1,500		Awaiting Proposal	Approved at Council February 2020 and programmed for 2021/22. These works have now been programmed to commence in 2022/23.
	8	Refurbishment of Commercially Leased Properties	720	380	1,100		1,100		Under Review	Approved at Council February 2020 and programmed for 2021/22. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. An additional £380k was approved November 2021.

6,105	9	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy	7,000	143	7,143	10,920	18,063	No - delay due to lack of suitable properties.	Approved at Council February 2020 and currently programmed for 2020/21. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Additional £50k approved November 2021.
12	10	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	9,900		9,900	-5,675	4,225	Business Case to be Developed	Approved at Council February 2020. Delegated authority to Cabinet. Following a review of the programme works will now commence in 2021/22 with completion estimated 2023/24.
237	11	Enabling Role - Housing	237		237		237	Dependent on Third party - Late delivery	The remaining balance is for a previously agreed payment to CHP.
80	12	Drakes' Lane Travellers Site	1,950		1,950		1,950		Approved by Urgency March 2021.
		<u>Greener and Safer Chelmsford</u>							
	13	Cemetery and Crematorium Infrastructure	6,800		6,800		6,800	Business Case to be Developed	Approved Council February 2020 with a delegation for Cabinet to approve a final scheme.
	14	Civic Offices Improvement Programme	460		460		460	Under Review	Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme.
135	15	Community Flood Improvements	184		184		184	Third party Dependent - Late Delivery	Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017. Works scheduled to be completed in 2021/22.
148	16	Hylands Park North Kiosk Toilet Refurbishment	60	88	148		148	Completed	£60k approved Council February 2019. Scheme review resulted in additional £138k approved July 2020 Cabinet. Returned tenders came in at £148k and the budget was increased by an additional £10k, approved at Council Feb 2021.
35	17	Hylands' Hanbury Memorial Garden	45		45		45	No	Approved via supplementary estimate 2/9/19 funded by a contribution from The Friends of Hylands House (FOHH).
67	18	Hylands' Outdoor Wedding Ceremony Area	75		75		75	Yes	Approved supplementary estimate June 2021 £75k
253	19	Saltcoats Park and Compass Gardens Car Park	253		253		253	Yes	Approved at Council February 2020 and programmed for 2021/22.
	20	Beaulieu Park Pavilion Refurbishment	57		57		57	Yes	Approved at Council February 2020 and programmed for 2021/22.
	21	Chancellor Park Pavilion Works	46		46		46	Yes	Approved at Council February 2020 and programmed for 2021/22.
	22	Rivers and Waterways Improvements	600	-107	493		493	Scheme to be developed	Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Programmed over 3 years commencing 2021/22.
14	23	Automatic Floodgates and Provisin of Locks - Feasibility		107	107		107	Yes	Budget approved September 2020 Cabinet. Budget vired from Rivers and Waterways Improvements.

	24	Mass Tree planting and Woodland Creation	4,400		4,400		4,400	Yes	Approved at Council February 2020 £4.4m with delegated authority to Director of Public Places and the Director of Finance and the relevant Cabinet Members. Funding to be sought circa £2m. Three year programme scheduled wef 2021/22.
9	25	CIL Landscape Enhancement Scheme Chignal Road	11		11		11	Yes	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.
	26	CIL Parks and Open Space	6	10	16		16	No	£6k CIL funding approved July 2019 for Coronation Park Basketball Court. £10k additional budget approved supplementary estimate. Location also changed to Lionmede Park.
533	27	Chelmsford Indoor Market Refurbishment	500	100	600		600	Indoor works completed, outdoor works progressing	Approved supplementary estimate February 2018. Scheme design finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling. Estimate reduced by £50k. New budget reported Council February 2020. A further reduction in budget, £50k, was noted by Council in July 2020.
40,127	28	Riverside Ice and Leisure Centre Scheme	950	39,187	40,137		40,137	Building Works Completed	£700,000 approved Council July 2015. £60,000 budget vired to fund conversion of outdoor pool to car park. £180K approved April Cabinet for Project Manager and a further £945K approved June Cabinet for the design to RIBA stage 7. £400K approved at October 2016 Cabinet for early enabling works (main contractor). Additional £1m approved Cabinet April 2017 for early works. Additional early works required a further £500k, approved in June. £250k approved for Cafe fit out at Council February 2018. Full scheme cost excluding cafe approved at July 2018 Council as £35.216m. Additional £4.5m approved at February 2019 Council. Additional £200k approved by Cabinet November 2019.
22	29	Riverside Elevations	2,000		2,000		2,000	Under Review	£2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme.
31	30	Dovedales - Grant for Works 2019/20	32	2	34		34	Completed	Approved at Council February 2019 contribution towards new studio. Additional £2k approved November 2019 cabinet based on actual spend.
15	31	Dovedales - Grant for Works 2020/21	42	-2	40		40	Yes	Approved at Council February 2020 and programmed for 2020/21.
	32	Dovedales - Grant for Works 2021/22	23		23		23	Yes	Supplementary estimate approved March 2021 £23k grant for repairs to roof.
167	32	Hylands House Refurbishment First Floor Accommodation	174		174		174	Works Completed	£174k approved at Council February 2019 3 year programme for refurbishment.
34	33	Hylands House Refurbishment Terrace Room	35		35		35	Yes	£35k approved via supplementary estimate December 2019. Scheme funded by contribution from Friends of Hylands House.
	34	Hylands House Stable Block Toilets	44		44		44	Yes	Approved at Council February 2020 and programmed for 2022/23. Now programmed for 2023/24
		<u>Sustainable Development</u>							
1,667	35	Flood Alleviation Scheme	6,100	400	6,500		6,500	Dependent on Third Party - Late delivery	Increased cost of scheme from EA now capped at £6.5 million approved Cabinet July 2013. The scheme is being reviewed by the EA.
16	36	Public Realm Wayfinding Signs Phase 3	150		150		150	Yes	Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23
473	37	Public Realm Tindal Square Design and Construction	160	3,678	3,838		3,838	Scheduled to complete by Oct. 2022	Approved at Council February 2018. The design works were completed until 2020/21. Additional £320k approved by Cabinet June 2020 for design and tender to be funded from S106. A further report will be taken to Council for approval of the scheme and budget. Report taken to Cabinet October 2021 and urgency letter requested for approval of the agreed scheme an additional £3.358m.
4	38	HIF Access Road and Bridge - CCC Budget		250	250		250	Yes	Virement allocated for HIF bid design works.

4,474	39	HIF Access Road and Bridge - Grant Funded	15,500	11,095	26,595		26,595	Yes	£15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Report taken to September cabinet requesting an additional budget of £11m of which is to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing. An additional £11m approved by Council December 2020.
1,461	40	S106 Beaulieu Park Station	100	1,550	1,650		1,650	Unspecified	Scheme approved for £100,000 via Director of Sustainable Communities delegated authority. £1,550,000 approved at Council February 2016. The expenditure on this scheme will be funded by S106.
2,865	41	S106 Beaulieu Park Station 2nd Phase	2,917	514	3,431		3,431	Unspecified	£2,917m approved at February Council 2018. The expenditure on this scheme will be funded by S106.
1,311	42	S106 Beaulieu Sports Facility	477	834	1,311		1,311	Completed	£477k approved by Cabinet in January 2019 with delegation to spend further S106 contributions when received. Additional contributions received and therefore added to approved budget.
38	43	S106 Public Art Bond Street	44		44		44	No	Approved by delegation February 2019.
34	44	S106 Stonebridge Illuminations	37	6	43		43	No	Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k.
2	45	S106 River Can Pathway Lighting Design	10	6	16		16	No	Approved by delegation £10k January 2020. Additional budget approved by delegation March 2020 £6k.
11	46	S106 Public Art Channels	21	79	100		100	No	Approved by delegation January 2020 £21k. Additional sum approved by delegation £79k October 2021.
106	47	CIL REFCUS Schemes 19/20	72	34	106		106	Yes	Scheme approved April 2019 £72k. Revenue Expenditure Funded by Capital Under Statute (REFCUS). NEW £30k various CIL schemes approved July 2019.
10	48	CIL REFCUS Schemes 20/21	17	-7	10		10	Unspecified	£17k Approved March 2020.
	49	CIL Sutherland Lodge Refurbishment	525		525		525	Awaiting Business case - Late delivery	Approved Council July 2017.
	50	CIL St Andrew's Scout Hut Building	80		80		80	Dependent on Third party - Late delivery	CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019.
300	51	CIL Homelessness Day Centre CHESS New London Rd	300		300		300	Dependent on Third party - Late delivery	CIL funding approved July 2019.
247	52	CIL Age Concern First Floor Extension Grant	212	35	247		247	Dependent on Third party - Late delivery	Approved scheme with CIL funding March 2020. Additional CIL funding approved Urgency letter October 2020 £25k
47	53	CIL Integrated Cycling Infrastructure Grant	100		100		100	Yes	CIL funding approved at meeting of the CIL Panel 23/1/2020.
	54	CIL Trinity Road School Improvements	950		950		950	Yes	Proposal for CIL funding will need to be approved by Cabinet once notification of support received from ECC's Capital Investment Board. Approved at Council February 2021
43	55	CIL Sanctus New Premises Fit Out Grant	43		43		43	Completed	Approved October 2020 Urgency Letter



97	56	CIL Road Improvements Main Road Hospital Approach Grant to ECC			0	97	97	Yes	CIL funding approved January 2019.
	57	CIL Grant Chelmsford Society Model Engineers			0	5	5	Yes	CIL funding approved December 2021
	58	CIL Green Initiatives			0	15	15	Yes	CIL funding approved December 2021
	59	CIL NE Bypass Bridge Forward Funding	1,500		1,500		1,500	Yes	Forward funding grant to ECC to be made 2021/22. Approved Council May 2021.
370	60	Townfield Street Car Park Water Ingress Prevention	360	10	370		370	Yes	Approved February 2021 Council
63,883		<b>Grand Total</b>	72,894	64,857	137,751	6,212	143,963		
					Net Variation	6,212			
			Summary of Changes Since Previous Council Reports November 2021						
63,883		Total Expenditure to 31/12/2021	£000's						
78,304		Latest Forecast Expenditure 31/03/2022	Latest Approved Council November 2021 133,926						
-14,421		Spend Still to Commit in Year	Previously Approved Schemes 3,450						
			New Schemes Approved 365						
23,960		2021/22 Latest Forecast Spend in year	Supplementary Estimates Approved for Existing Schemes 10						
-150		Spend deferred to later year	Completed schemes removed						
117		Net Changes in Scheme Cost in Year							
23,927		Current Forecast in Year spend	<b>Total Approved Budget 137,751</b>						
			<u>Latest Forecast Variations shown above</u>						
			Increased Budgets Require Approval 6,212						
			Decreased budgets						
			<b>Latest Forecast Budget October 2021 143,963</b>						

**Table 16 - Capital Schemes - Reasons for Projected Variations to Latest Approved Total Scheme Costs More Than £25,000**

			Latest Estimated Expenditure - If Additional Budget Requires Approval	Variation	Variation Type	Percentage Change in Scheme Cost	Reason
	Scheme Description	Latest Approved Budget £000's	£000's	£000's			
	<b>Fairer Chelmsford</b>						
4	Galleywood Hall Development Industrial Units	1,000	1,850	850	Increase in budget	85.00%	Tenders have now been received, The construction cost has increased from an estimated £800k to £1.5m. Rising costs of construction and materials have previously been reported as a risk. A 10% contingency on build costs has also been included.
9	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy	7,143	18,063	10,920	Increase in budget	152.88%	The pressures of the pandemic and a national housing shortage means the Council continues to face higher demand for temporary accommodation. The budget therefore needs to be increased. Additional investment will only be undertaken if it offers a more cost effective solution than existing solutions.
10	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	9,900	4,225	-5,675	Reduction and virement of budget	-57.32%	The budget was intended to undertake purchase of exception sites which provide additional housing. Changes to planning rules has reduced the availability of such sites. The Council is also likely to transfer a number of its own land sites to social housing providers rather than undertake direct development itself. Some of the budget is therefore being transferred to other Housing initiatives.
	<b>Sustainable Development</b>						
56	CIL Road Improvements Main Road Hospital Approach Grant to ECC	0	97	97	Increase in budget, Fully Funded	100.00%	Funding provision was approved in principal at Cabinet in January 2019 but at that time there was not a fully worked up scheme. ECC have now submitted their request for the grant to be made.

**Table 16**

**Tab 17 - CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME**

2021/22											2022/23							
2021/22 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE TO LATEST FORECAST											2022/23 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS							
VARIATION FROM 2021/22 BUDGET ONLY											2022/23 BUDGET							
Net Expenditure to Date	CAPITAL ASSET REPLACEMENT PROGRAMME	Analysis of Variations									Variations							
		Original Approved Estimates for 2021/22	Additional/ Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2021/22	Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Variance for 2021/22 Additional Budget	Total Budget Requirement 2021/22	Original Approved Estimate 2022/23	Additional/ Reduced (-) Approved Budget	Reason for Change - see key below	Latest Approved Estimate for 2022/23	Re phasing from 2021/22 Requires Approval	More/Less(-) Than Approved Budgets - More Requires Approval	New Replacement Proposals for 2022/23	Total Proposed Budget Requirement for 2022/23
£000's	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s		£000s		£000s	£000s	£000s	£000s	£000s
	<u>Connected Chelmsford</u>																	
21	1 Digital Services Replacement Programme	290	-255	PH, RD, V	35	-8		-4	-12	23	186			186	8		40	234
6	2 Digital Helpdesk System Replacement	25			25				0	25				0				0
26	3 Website Upgrade	75			75	-23			-23	52				0	23		75	98
75	4 Theatres' Equipment	115	-40	PH	75				0	75	40			40			0	40
16	5 Cramphorn Theatre Replacement Floor	17			17				0	17				0				0
	6 Museum Equipment and Vehicles													0			30	30
	<u>Fairer Chelmsford</u>																	
	No Schemes				0				0	0				0				0
	<u>Greener and Safer Chelmsford</u>																	
9	7 CCTV Replacement Equipment	13			13	-10			-10	3				0	10			10
	8 CCTV Various Schemes Sites CIL	3			3	-3			-3	0				0	3			3
156	9 CCTV Safer Streets Bunny Walks				0		165		165	165				0				0
	10 Street Lighting Safer Streets Bunny Walks				0		20		20	20				0				0
1	11 Crematorium Equipment	17	60	SEN	77	-16			-16	61				0	16		68	84
11	12 Crematorium Columbarium	14	-3	PV	11				0	11				0				0
4	13 Civic Centre Alarm	6			6				0	6				0				0
12	14 Civic Centre Heating	13			13				0	13				0			32	32
36	15 Civic Centre Server Room Air Conditioning	40			40				0	40				0				0
	16 Civic Centre Floor Replacements	31			31	-31			-31	0				0	31			31
	17 Print and Post Room Replacement Equip.	28	-20	RD, V	8			1	1	9				0			3	3

		2021/22										2022/23							
		2021/22 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE TO LATEST FORECAST										2022/23 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS							
		VARIATION FROM 2021/22 BUDGET ONLY										2022/23 BUDGET							
		Analysis of Variations										Variations							
Net Expenditure to Date	CAPITAL ASSET REPLACEMENT PROGRAMME	Original Approved Estimates for 2021/22	Additional/ Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2021/22	Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Variance for 2021/22 Additional Budget	Total Budget Requirement 2021/22		Original Approved Estimate 2022/23	Additional/ Reduced (-) Approved Budget	Reason for Change - see key below	Latest Approved Estimate for 2022/23	Re phasing from 2021/22 Requires Approval	More/Less(-) Than Approved Budgets - More Requires Approval	New Replacement Proposals for 2022/23	Total Proposed Budget Requirement for 2022/23
£000's	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s		£000s	£000s		£000s	£000s	£000s	£000s	£000s
3	18 Dovedales Replacement Equipment	10	-6	PH	4				0	4		6			6			4	10
17	19 Riverside Replacement Equipment	48	-31	PH, PV, SEN	17				0	17					0			24	24
	20 Riverside Plant														0			2	2
16	21 CSAC Replacement Equipment	135	-118	PH, PV, SEN	17				0	17		118			118		10	30	158
	22 CSAC Plant	6	-6	PH	0				0	0		6			6				6
3	23 SWFLC Replacement Programme	69	-21	PH,PV	48	-45			-45	3		19		✓	19	45		1	65
8	24 SWFLC Plant Replacement	7	14	SEN	21	-8		-5	-13	8				✓	0	8		17	25
	25 SWF 3G Pitch				0				0	0				✓	0			20	20
	26 Hylands House Fire Alarm				0				0	0				✓	0			15	15
	27 Hylands Pavilion Skins and Linings				0				0	0				✓	0			60	60
	28 Hylands pavilion Equipment				0				0	0				✓	0			14	14
236	29 Play Area Replacements	265	5	PV	270			8	8	278		311		✓	311				311
25	30 Sports Equipment, floodlights, Irrigation	35			35				0	35				✓	0				0
116	31 Hylands Car Park Machines and CCTV	135			135			-10	-10	125				✓	0				0
380	32 Parks Replacement Vehicles and Equipment	624	-201	PH, PV	423	-25		-4	-29	394	✓	218		✓	218	25		304	547
	33 Waterhouse Lane Depot Heating				0				0	0				✓	0			10	10
19	34 PHPS Vehicles and Electric Chargers	100	-3	PV	97			-78	-78	19				✓	0				0
	35 PHPS Air Monitoring Equipment	20			20	-20			-20	0				✓	0	20		60	80
	36 PHPS Street Lighting	21			21	-21			-21	0				✓	0	21			21
	37 CIL Street Lighting Meadows Car Park	5			5	-5			-5	0				✓	0	5			5
	38 Travel pool Cars	60			60			-60	-60	0				✓	0				0
	39 Scootas for the Disabled	10	2		12	-12			-12	0				✓	0				0
30	40 Retail Market Vehicle	31			31			-1	-1	30				✓	0				0
271	41 Street Cleansing Vehicles	720	-339	PH	381	-109			-109	272	✓	363		✓	363	109	8	125	605
80	42 Street Cleansing Dog Litter van	81	1	PV	82				0	82				✓	0				0
	43 Wet Team Equipment	8	-8	PH	0				0	0		8		✓	8			3	11

		2021/22										2022/23							
		2021/22 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE TO LATEST FORECAST										2022/23 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS							
		VARIATION FROM 2021/22 BUDGET ONLY										2022/23 BUDGET							
		Analysis of Variations										Variations							
Net Expenditure to Date	CAPITAL ASSET REPLACEMENT PROGRAMME	Original Approved Estimates for 2021/22	Additional/ Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2021/22	Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Variance for 2021/22 Additional Budget	Total Budget Requirement 2021/22		Original Approved Estimate 2022/23	Additional/ Reduced (-) Approved Budget	Reason for Change - see key below	Latest Approved Estimate for 2022/23	Re phasing from 2021/22 Requires Approval	More/Less(-) Than Approved Budgets - More Requires Approval	New Replacement Proposals for 2022/23	Total Proposed Budget Requirement for 2022/23
£000's	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s		£000s	£000s		£000s	£000s	£000s	£000s	£000s
39	44 Hit Squad Replacements	83			83				0	83					0				0
	45 Refuse Vehicles				0				0	0		256			256		-7	110	359
	46 Vehicle Maintenance				0				0	0					0			13	13
1461	47 Recycling Vehicles	1,499	-11	PV	1,488			-4	-4	1,484		422			422		-2	450	870
	48 Food Vehicles	0			0				0	0		840			840				840
	49 Service Development Van	35			35	-35			-35	0					0	35			35
	50 Prov. for Replacement with Electric Veh.				0				0	0		170			170				170
10	51 Healthy Home Loans				0		10		10	10					0			10	10
7	52 Discretionary Loans DFG Funded				0				0	0					0				0
464	53 Disabled Facility Grants	600			600				0	600					0			600	600
	54 Housing Standards	12			12				0	12					0				0
54	55 PLACE		54	SEG	54				0	54					0				0
	<u>Sustainable Development</u>																		
	56 Car Park LED Lighting	8			8	-8			-8	0					0	8			8
	57 Car Park Vehicles and Equipment														0			24	24
3,612	Totals	5,314	-926		4,388	-379	195	-157	-341	4,047		2,963	0		2,963	367	9	2,144	5,483
							38										376		
																	2,520		

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
	<u>2021/22</u>						
	<u>Connected Chelmsford</u>						
	No Variations over £25k						
	<u>Greener and Safer Chelmsford</u>						
9,10	Safer Streets Bunny Walks	0	185	185	New Scheme fully funded by Grant	100.00%	Grant received to implement safety measures previously included as revenue but is actually a capital spend.
16	Civic Centre Floor Replacements	31	0	-31	Rephasing of spend to 2022/23	-100.00%	Works have been rephased pending a fully worked up scheme for improvements to the Civic Centre following the increase in home working.
23	SWFLC Equipment	48	3	-45	Rephasing of spend to 2022/23	-93.75%	The scheme to replace the gym equipment has been rephased to 2022/23
32	Parks Replacement Vehicles and Equipment	423	394	-29	Rephasing of spend to 2022/23	-6.86%	Review of vehicles undertaken by service manager which has resulted in the deferral of replacements £25k as the existing assets are in good condition and can be used for another year before replacement and a saving £4k.
34	PHPS Vehicles	97	19	-78	Budget to be removed - no longer required	-80.41%	Following investigation into the options to acquire these vehicles, a decision has been reached that contract hire is the best option for the Council and therefore the budget is not required for the outright purchase of the vehicles and can be removed. These vehicles will be electric.
38	Travel Pool Cars	60	0	-60	Budget to be removed - no longer required	-100.00%	Following investigation into the options to acquire these vehicles, a decision has been reached that contract hire is the best option for the Council and therefore the budget is not required for the outright purchase of the vehicles and can be removed. These vehicles will be electric.
41	Street Cleansing Vehicles	381	272	-109	Rephasing of spend to 2022/23	-28.61%	Service manager has had problems sourcing suitable replacement vehicles and has deferred the budget to 2022/23.
48	Service Development Van	35	0	-35	Rephasing of spend to 2022/23	-100.00%	Service manager has had problems sourcing suitable replacement vehicles and has deferred the budget to 2022/23. This vehicle will be electric.
	<u>2022/23</u>						
	<u>Greener and Safer Chelmsford</u>						
16	Civic Centre Floor Replacements	0	31	31	Rephasing of spend from 2021/22	100.00%	See above
23	SWFLC Equipment	0	45	45	Rephasing of spend from 2021/22	100.00%	See above
32	Parks Replacement Vehicles and Equipment	0	25	25	Rephasing of spend from 2021/22	100.00%	See above
41	Street Cleansing Vehicles	0	109	109	Rephasing of spend from 2021/22	100.00%	See above
48	Service Development Van	0	35	35	Rephasing of spend from 2021/22	100.00%	See above

Table 18

Table 18

**COUNCIL TAX RESOLUTION****INTRODUCTION**

To set the 2022/23 Council Tax for Chelmsford City Council, the Council is asked to approve the information as set out in this Resolution.

**Council Tax**

The Council Tax Requirements for this Council and the precepts for the other precepting authorities are detailed below.

Chelmsford City Council's council tax requirement is £14,650,038 after allowing for a surplus balance on the Collection Fund of £52,581. This results in an average Band D Council Tax of £208.86.

The Parish and Town Council precepts are detailed in the recommendation below and total £2,940,835. This results in an average Band D Council Tax figure of £41.93.

Essex County Council has set a precept at £98,276,911 after allowing for a surplus balance on the collection fund of £286,295. This results in a Band D Council Tax of £1,401.12.

Police, Fire and Crime Commissioner for Essex has set a precept at £15,327,360, after allowing for a surplus balance on the collection fund of £45,808. This results in a Band D Council Tax of £218.52.

Essex Police, Fire and Crime Commissioner Fire and Rescue Authority has set a precept at £5,283,773 after allowing for a surplus balance on the collection fund of £15,571. This results in a Band D Council Tax of £75.33.

The formal Council Tax Resolution is given below. If the Resolution is approved the Council Tax for 2022/23 will be as follows.

	<b>2021/22</b>	<b>2022/23</b>	<b>Increase</b>	<b>Increase</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
Chelmsford City Council (average)	203.95	208.86	4.91	2.41%
Essex County Council	1,340.91	1,401.12	60.21	4.49%
Police, Fire and Crime Commissioner for Essex	208.53	218.52	9.99	4.79%
Essex Police, Fire & Crime Commissioner Fire & Rescue Authority	73.89	75.33	1.44	1.95%
	<hr/>	<hr/>	<hr/>	
Parish and Town Councils (average)	39.93	41.93	2.00	5.01%
<b>TOTAL</b>	<hr/>	<hr/>	<hr/>	
	1,867.21	1,945.76	78.55	

**RECOMMENDED** that in accordance with the provisions of the Local Government Finance Act 1992 as amended ("the Act"):

The following be approved :-

1 (a)	Council Tax Requirement for 2022/23	£
	Chelmsford City Council	14,650,038
	Parish and Town Councils	2,940,835
	Total Council Tax requirement	<u>£17,590,873</u>
(b)	The individual Parish budgets were set out in Table 11 of the Council report	
2	It be noted that the Accountancy Services Manager, under delegated authority, calculated the following amounts as its Council Tax base for the year 2022/23 in accordance with regulation 3 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 made under Section 31B(3) of the Act.	
(a)	The amount calculated by the Council, in accordance with regulation 3 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the year.	<u>70,141.68</u>
(b)	Part of the Council's area (Parish or Town Council, or the Town Centre)	2022/23 Tax Base (Band D equivalent)
	GREAT BADDOW	5,481.40
	LITTLE BADDOW	876.45
	BOREHAM	1,440.51
	BROOMFIELD	2,789.92
	CHIGNAL	331.71
	DANBURY	2,456.34
	GALLEYWOOD	2,128.47
	GOOD EASTER	179.01
	EAST HANNINGFIELD	496.78
	SOUTH HANNINGFIELD	1,224.31
	WEST HANNINGFIELD	480.84
	HIGHWOOD	334.14
	GT. & LITTLE LEIGHS	1,150.59
	MARGARETTING	388.37
	MASHBURY	45.41
	PLESHEY	136.76
	RETTENDON	813.56
	ROXWELL	479.92
	RUNWELL	1,899.99
	SANDON	767.10
	SPRINGFIELD	8,210.47
	STOCK	1,221.71
	GT. WALTHAM	950.53
	LT. WALTHAM	887.42
	SOUTH WOODHAM FERRERS	6,122.75
	WOODHAM FERRERS & BICKNACRE	1,244.36
	WRITTLE	<u>2,023.63</u>
		44,562.45
	special expense area of	
	TOWN CENTRE (non Parished area)	<u>25,579.23</u>
		<u>70,141.68</u>

Being the amounts calculated by the Council, in accordance with regulation 6 of these Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

3	The following amounts be now calculated by the Council for the year 2022/23 in accordance with Sections 30 to 36 of the Act:-	
		£
(a)	The aggregate of the amounts which the Council estimates for the items set out in Section 31A (2)(a) to (f) of the Act	139,343,424
(b)	The aggregate of the amounts which the Council estimates for the items set out in Section 31A (3)(a) to (d) of the Act	-121,752,551
(c)	The amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its council tax requirement for the year (including parish precepts)	17,590,873
(d)	The amount at 3(c) above divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its council tax for the year (including parish precepts)	250.79
(e)	The aggregate amount of all special items referred to in Sections 34(1) and 35 of the Act	4,706,548
(f)	The amount at 3(d) above less the amount given by dividing the amount at 3(e) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates (excluding parish precepts)	183.69



(g) Part of the Council's area (Parish or Town Council, or the Town Centre)

	Basic Council Tax per Band D £	<--- Special Items --->		TOTAL per Band D £
		Special Expenses per Band D £	Parish Precepts per Band D £	
GREAT BADDOW	183.69	8.55	82.89	275.13
LITTLE BADDOW	183.69	19.35	54.09	257.13
BOREHAM	183.69	5.85	63.09	252.63
BROOMFIELD	183.69	22.41	57.15	263.25
CHIGNAL	183.69	29.70	24.12	237.51
DANBURY	183.69	3.60	135.00	322.29
GALLEYWOOD	183.69	27.00	51.57	262.26
GOOD EASTER	183.69	17.73	59.85	261.27
EAST HANNINGFIELD	183.69	26.73	73.35	283.77
SOUTH HANNINGFIELD	183.69	19.62	74.16	277.47
WEST HANNINGFIELD	183.69	21.69	54.90	260.28
HIGHWOOD	183.69	19.89	119.79	323.37
GT. & LITTLE LEIGHS	183.69	33.39	28.71	245.79
MARGARETTING	183.69	20.16	31.95	235.80
MASHBURY	183.69	17.73	0.00	201.42
PLESHEY	183.69	17.73	54.72	256.14
RETTENDON	183.69	24.66	54.54	262.89
ROXWELL	183.69	0.00	33.30	216.99
RUNWELL	183.69	18.09	59.76	261.54
SANDON	183.69	23.49	48.15	255.33
SPRINGFIELD	183.69	31.77	52.47	267.93
STOCK	183.69	19.08	40.23	243.00
GT. WALTHAM	183.69	22.05	77.49	283.23
LT. WALTHAM	183.69	23.67	55.80	263.16
SOUTH WOODHAM FERRERS	183.69	24.21	71.37	279.27
WOODHAM FERRERS & BICKNACRE	183.69	18.90	67.05	269.64
WRITTLE	183.69	2.43	72.99	259.11
special expense area of TOWN CENTRE (non Parished area)	183.69	34.11	0.00	217.80

The amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate. The effect on individual banded properties is shown in Annex A.

(h) Valuation Bands

That the amounts detailed in Annex A being the amounts given by multiplying the amounts at 3(f) and 3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 4 It be noted that for the year 2022/23 Essex County Council, the Police, Fire and Crime Commissioner for Essex and the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown below:-

<u>PRECEPTING AUTHORITY</u>	<----- VALUATION BANDS ----->							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Essex County Council	934.08	1,089.76	1,245.44	1,401.12	1,712.48	2,023.84	2,335.20	2,802.24
Police, Fire and Crime Commissioner for Essex	145.68	169.96	194.24	218.52	267.08	315.64	364.20	437.04
Essex Police, Fire and Crime Commissioner Fire and Rescue Authority	50.22	58.59	66.96	75.33	92.07	108.81	125.55	150.66

- 5 Having calculated the aggregate in each case of the amounts at 3(h) and 4 above, the Council, in accordance with Section 30(2) of the Act, hereby sets the amounts detailed in Annex B attached as the amounts of council tax for the year 2022/23 for each of the categories of dwellings shown.

**ANNEX A: Chelmsford City Council - Council taxes 2022/23 - Excluding Essex County Council, Police, Fire & Crime Commissioner  
for Essex & Essex Police, Fire and Crime Commissioner Fire and Rescue Authority**

Parish of:-	-----> VALUATION BANDS <-----							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
GREAT BADDOW	183.42	213.99	244.56	275.13	336.27	397.41	458.55	550.26
LITTLE BADDOW	171.42	199.99	228.56	257.13	314.27	371.41	428.55	514.26
BOREHAM	168.42	196.49	224.56	252.63	308.77	364.91	421.05	505.26
BROOMFIELD	175.50	204.75	234.00	263.25	321.75	380.25	438.75	526.50
CHIGNAL	158.34	184.73	211.12	237.51	290.29	343.07	395.85	475.02
DANBURY	214.86	250.67	286.48	322.29	393.91	465.53	537.15	644.58
GALLEYWOOD	174.84	203.98	233.12	262.26	320.54	378.82	437.10	524.52
GOOD EASTER	174.18	203.21	232.24	261.27	319.33	377.39	435.45	522.54
EAST HANNINGFIELD	189.18	220.71	252.24	283.77	346.83	409.89	472.95	567.54
SOUTH HANNINGFIELD	184.98	215.81	246.64	277.47	339.13	400.79	462.45	554.94
WEST HANNINGFIELD	173.52	202.44	231.36	260.28	318.12	375.96	433.80	520.56
HIGHWOOD	215.58	251.51	287.44	323.37	395.23	467.09	538.95	646.74
GT. & LITTLE LEIGHS	163.86	191.17	218.48	245.79	300.41	355.03	409.65	491.58
MARGARETTING	157.20	183.40	209.60	235.80	288.20	340.60	393.00	471.60
MASHBURY	134.28	156.66	179.04	201.42	246.18	290.94	335.70	402.84
PLESHEY	170.76	199.22	227.68	256.14	313.06	369.98	426.90	512.28
RETTENDON	175.26	204.47	233.68	262.89	321.31	379.73	438.15	525.78
ROXWELL	144.66	168.77	192.88	216.99	265.21	313.43	361.65	433.98
RUNWELL	174.36	203.42	232.48	261.54	319.66	377.78	435.90	523.08
SANDON	170.22	198.59	226.96	255.33	312.07	368.81	425.55	510.66
SPRINGFIELD	178.62	208.39	238.16	267.93	327.47	387.01	446.55	535.86
STOCK	162.00	189.00	216.00	243.00	297.00	351.00	405.00	486.00
GT. WALTHAM	188.82	220.29	251.76	283.23	346.17	409.11	472.05	566.46
LT. WALTHAM	175.44	204.68	233.92	263.16	321.64	380.12	438.60	526.32
SOUTH WOODHAM FERRERS	186.18	217.21	248.24	279.27	341.33	403.39	465.45	558.54
WOODHAM FERRERS & BICKNACRE	179.76	209.72	239.68	269.64	329.56	389.48	449.40	539.28
WRITTLE	172.74	201.53	230.32	259.11	316.69	374.27	431.85	518.22
special expense area of TOWN CENTRE (non Parished area)	145.20	169.40	193.60	217.80	266.20	314.60	363.00	435.60

**ANNEX B: Chelmsford City Council - Council taxes 2022/23 - At taxpayer level**

Parish of:-	-----> VALUATION BANDS <-----							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
GREAT BADDOW	1,313.40	1,532.30	1,751.20	1,970.10	2,407.90	2,845.70	3,283.50	3,940.20
LITTLE BADDOW	1,301.40	1,518.30	1,735.20	1,952.10	2,385.90	2,819.70	3,253.50	3,904.20
BOREHAM	1,298.40	1,514.80	1,731.20	1,947.60	2,380.40	2,813.20	3,246.00	3,895.20
BROOMFIELD	1,305.48	1,523.06	1,740.64	1,958.22	2,393.38	2,828.54	3,263.70	3,916.44
CHIGNAL	1,288.32	1,503.04	1,717.76	1,932.48	2,361.92	2,791.36	3,220.80	3,864.96
DANBURY	1,344.84	1,568.98	1,793.12	2,017.26	2,465.54	2,913.82	3,362.10	4,034.52
GALLEYWOOD	1,304.82	1,522.29	1,739.76	1,957.23	2,392.17	2,827.11	3,262.05	3,914.46
GOOD EASTER	1,304.16	1,521.52	1,738.88	1,956.24	2,390.96	2,825.68	3,260.40	3,912.48
EAST HANNINGFIELD	1,319.16	1,539.02	1,758.88	1,978.74	2,418.46	2,858.18	3,297.90	3,957.48
SOUTH HANNINGFIELD	1,314.96	1,534.12	1,753.28	1,972.44	2,410.76	2,849.08	3,287.40	3,944.88
WEST HANNINGFIELD	1,303.50	1,520.75	1,738.00	1,955.25	2,389.75	2,824.25	3,258.75	3,910.50
HIGHWOOD	1,345.56	1,569.82	1,794.08	2,018.34	2,466.86	2,915.38	3,363.90	4,036.68
GT. & LITTLE LEIGHS	1,293.84	1,509.48	1,725.12	1,940.76	2,372.04	2,803.32	3,234.60	3,881.52
MARGARETTING	1,287.18	1,501.71	1,716.24	1,930.77	2,359.83	2,788.89	3,217.95	3,861.54
MASHBURY	1,264.26	1,474.97	1,685.68	1,896.39	2,317.81	2,739.23	3,160.65	3,792.78
PLESHEY	1,300.74	1,517.53	1,734.32	1,951.11	2,384.69	2,818.27	3,251.85	3,902.22
RETTENDON	1,305.24	1,522.78	1,740.32	1,957.86	2,392.94	2,828.02	3,263.10	3,915.72
ROXWELL	1,274.64	1,487.08	1,699.52	1,911.96	2,336.84	2,761.72	3,186.60	3,823.92
RUNWELL	1,304.34	1,521.73	1,739.12	1,956.51	2,391.29	2,826.07	3,260.85	3,913.02
SANDON	1,300.20	1,516.90	1,733.60	1,950.30	2,383.70	2,817.10	3,250.50	3,900.60
SPRINGFIELD	1,308.60	1,526.70	1,744.80	1,962.90	2,399.10	2,835.30	3,271.50	3,925.80
STOCK	1,291.98	1,507.31	1,722.64	1,937.97	2,368.63	2,799.29	3,229.95	3,875.94
GT. WALTHAM	1,318.80	1,538.60	1,758.40	1,978.20	2,417.80	2,857.40	3,297.00	3,956.40
LT. WALTHAM	1,305.42	1,522.99	1,740.56	1,958.13	2,393.27	2,828.41	3,263.55	3,916.26
SOUTH WOODHAM FERRERS	1,316.16	1,535.52	1,754.88	1,974.24	2,412.96	2,851.68	3,290.40	3,948.48
WOODHAM FERRERS & BICKNACRE	1,309.74	1,528.03	1,746.32	1,964.61	2,401.19	2,837.77	3,274.35	3,929.22
WRITTLE	1,302.72	1,519.84	1,736.96	1,954.08	2,388.32	2,822.56	3,256.80	3,908.16
special expense area of TOWN CENTRE (non Parished area)	1,275.18	1,487.71	1,700.24	1,912.77	2,337.83	2,762.89	3,187.95	3,825.54

- 6 The increase in Chelmsford City Council's relevant basic amount of Council Tax for 2022/23 is £4.91 (2.41%), which is below the guideline increase issued in accordance with the provisions of section 52ZB Local Government Finance Act 1992. The increase is therefore not excessive.

Parish and Town Council	Council Tax required		<--- Band D --->		
	2021/22	2022/23	2021/22	2022/23	Increase
	£	£	£	£	%
Great Baddow	438,480	454,353	80.64	82.89	2.79%
Little Baddow	46,087	47,407	52.56	54.09	2.91%
Boreham	89,945	90,882	63.09	63.09	0.00%
Broomfield	139,396	159,444	55.08	57.15	3.76%
Chignal	7,604	8,001	24.12	24.12	0.00%
Danbury	265,615	331,606	109.17	135.00	23.66%
Galleywood	107,176	109,765	51.12	51.57	0.88%
Good Easter	10,716	10,714	61.29	59.85	-2.35%
East Hanningfield	35,910	36,439	73.44	73.35	-0.12%
South Hanningfield	86,455	90,795	71.82	74.16	3.26%
West Hanningfield	26,610	26,398	55.89	54.90	-1.77%
Highwood	31,859	40,027	98.01	119.79	22.22%
Great & Little Leighs	29,983	33,033	26.01	28.71	10.38%
Margaretting	12,419	12,408	31.68	31.95	0.85%
Mashbury	0	0	0.00	0.00	0.00%
Pleshey	8,435	7,484	61.47	54.72	-10.98%
Rettendon	42,072	44,372	53.82	54.54	1.34%
Roxwell	14,994	15,981	31.32	33.30	6.32%
Runwell	109,471	113,543	59.76	59.76	0.00%
Sandon	35,174	36,936	47.70	48.15	0.94%
Springfield	410,629	430,803	51.93	52.47	1.04%
Stock	44,738	49,149	37.71	40.23	6.68%
Great Waltham	53,141	73,657	56.61	77.49	36.88%
Little Waltham	44,355	49,518	54.81	55.80	1.81%
South Woodham Ferrers	428,346	436,981	70.47	71.37	1.28%
Woodham Ferrers & Bicknacre	82,647	83,434	66.87	67.05	0.27%
Writtle	135,997	147,705	67.59	72.99	7.99%
	<u>2,738,253</u>	<u>2,940,835</u>			



Chelmsford City Council

22 February 2022

---

## Appointment of External Auditor

---

Report by: Audit and Risk Committee

---

**Officer contacts:** Phil Reeves, Accountancy Services Manager (S151 Officer)  
Email: phil.reeves@chelmsford.gov.uk, Tel: (01245) 606562

---

### Purpose

To consider a recommendation from the Audit and Risk Committee on the appointment of External Auditors from 1st April 2023.

### Recommendation

That the Council joins the national PSAA scheme for appointing external auditors for the period 1st April 2023 to April 2028.

---

## 1. Introduction

1.1. The Council is required to have an External Auditor.

- 1.2. The PSAA (Public Sector Audit Appointments Ltd) undertakes on behalf of local authorities who opt into its services procurement of external audit services.
- 1.3. The Council is required to make arrangements for appointing External Auditors following the end of its current PSAA contract on 31 March 2023. To continue to use the PSAA procurement arrangements a decision to re-appoint has to be made by Full Council by 11 March 2022.
- 1.4. The City Council has other routes to procure its external auditor and these are discussed below.

## 2. Procurement Options for the Appointment of External Auditors

- 2.1. Under the Local Government Audit & Accountability Act 2014 ("the Act"), the Council has three procurement options:

- 2.1.1. To appoint its own auditor, which requires it to follow the procedures set out in the Act (discussed below).
- 2.1.2. To act jointly with other authorities to procure an auditor following the procedures in the Act (discussed below).
- 2.1.3. To opt in-to the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is PSAA.

- 2.2. To appoint its own external auditor under the Act, requires the Council to:

- 2.2.1 Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority when assessing bids and choosing which audit firm to award a contract.

- 2.2.2 Manage the contract for its duration, overseen by the Auditor Panel.

- 2.3. Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act.

- 2.4. The national auditor appointment scheme. The PSAA is specified as the 'appointing person' for principal local government under the provisions of the

Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now inviting eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

2.5. In summary the national opt-in scheme provides the following:

- 2.5.1. the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- 2.5.2. managing the procurement process to ensure both quality and price criteria are satisfied;
- 2.5.3. ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- 2.5.4. minimising the scheme management costs and returning any surpluses to scheme members;
- 2.5.5. consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- 2.5.6. consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- 2.5.7. ongoing contract and performance management of the contracts once these have been let.

### 3. Recommendation to Appoint PSAA

3.1. The Audit and Risk Committee considered all those options at its meeting on 15 December 2021.

3.2. The PSAA should provide the Council with the lowest audit costs due to its bulk buying power. Unfortunately, there are very few authorities who appointed their own auditors so there is little evidence to demonstrate this. No matter which route is taken there is a high risk that current external audit fee levels could increase when the current contracts end. The scope of audits have increased due to the requirements of national auditor regulators, reacting to the suspected failures of audits of Private sector companies. This has resulted in a higher audit workload for the external auditor and Council officers. Officers do believe that bulk buying of services does in most cases achieve savings.

Therefore, the PSAA is more likely to deliver the most cost-effective procurement.

3.3. Working outside the PSAA arrangements would be more resource-intensive, as:

3.3.1. there would be a need to establish an independent auditor panel to make a stand-alone appointment.

3.3.2. joining with other authorities to establish a joint auditor panel will be complex to manage and agree. Officers have identified little appetite across Essex Local Authorities to opt out of PSAA arrangements.

3.4. There are concerns about capacity and sustainability in the local authority audit market. The method of appointing external auditors is not likely to improve the resource available to undertake the Council's audit as this a national issue which effects all audit firms in the local authority audit market.

#### 4. Conclusion

4.1. The Committee concluded that, on balance, the appointment of PSAA would enable the appointment of an independent auditor with the least administrative cost to the Council. By joining the scheme, the Council would be acting with other councils to optimise the opportunity to influence the market and achieve best value. The Council is therefore recommended to opt in-to the national auditor appointment scheme for five financial years from 1 April 2023.

List of appendices:

None

Background papers:

Nil

---

#### Corporate Implications

Legal/Constitutional:

None

Financial:

There is a risk that current external audit fee levels could increase when the current contracts end (2020/21 Fees £81,000). Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible.

If the national scheme is not used additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement is completed it is not possible to state what, if any, additional financial may be required for audit fees from 2023/24.

As detailed

Potential impact on climate change and the environment:

None

Contribution toward achieving a net zero carbon position by 2030:

None

Personnel:

None

Risk Management:

None

Equality and Diversity:

None

Health and Safety:

None

Digital:

None

Other:

None

---

Consultees:

None

Relevant Policies and Strategies:

None





Chelmsford City Council

22 February 2022

---

## Pay Policy Statement

---

Report by:  
Leader of the Council

---

### Officer Contact:

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

---

### Purpose

To approve the Council's Pay Policy Statement for 2022-23.

### Recommendations

The Council approve the Pay Policy Statement attached as the appendix to this report.

---

## 1. Background

The Localism Act 2011 requires that each local authority produce and submit to full Council for approval an annual pay policy statement which should include:

- The Council's policy on the level and elements of remuneration for Council employees including chief officers
- The Council's policy on the remuneration of its lowest paid employee
- The Council's policy on the relationship between the remuneration of its chief officers and other officers
- The Council's policy on other specific aspects of officers' remuneration such as remuneration on recruitment, increases and additions to remuneration, use of

performance related pay and bonuses (where applicable) and termination payment and transparency

- Publication of, and access to, information relating to remuneration of chief officers

## 2. Proposed Policy Statement

The proposed Policy Statement for 2022-23 is attached and the Council is recommended to approve it.

### List of appendices:

Appendix – Pay Policy Statement for 2022-23

### Background papers:

None.

---

## Corporate Implications

Legal/Constitutional: An annual pay policy statement needs to be approved by full Council under the Localism Act 2011

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

---

Consultees: None

---

Relevant Policies and Strategies:

None relevant

## Appendix 1

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

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

### 2. Reasons for a Community Governance Review

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

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

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



0 2,500 5,000 Metres

JUNE 2015

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



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

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

CHELMSFORD CITY COUNCIL  
PAY POLICY STATEMENT 2022 - 2023

## Introduction

1. The Localism Act 2011 requires pay policy statements to include:
  - The Council's policy on the level and elements of remuneration for Council employees including chief officers
  - The Council's policy on the remuneration of its lowest-paid employees
  - The Council's policy on the relationship between the remuneration of its chief officers and other officers
  - The Council's policy on other specific aspects of officers' remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses (where applicable) and termination payment and transparency
  - Publication of and access to information relating to remuneration of chief officers.
2. For the purpose of this policy a chief officer and non-statutory chief officer under section 2 of the Local Government and Housing Act, 1989 includes the Chief Executive as Head of Paid Services and Council Officers on the Council's Management Team and their direct reports, excluding Personal Assistants and Administration Officers.
3. The Chief Executive is responsible for the overall management of the Council and its resources. He has delegated authority to determine pay for all employees of the Council. The appointment and dismissal of Directors and the Statutory Officers are determined under different arrangements which are set out in the Council's Officer Employment Procedure Rules. The Chief Executive leads on the development and the implementation of the Council's strategies and sets the framework for community engagement. He also has responsibility for the management of elections and the functions of the Council's Electoral Registration process and receives an allowance for acting as the Returning Officer at elections.
4. The Council employs three directors who take strategic lead in various Council Services. Details of their responsibilities are outlined in Part 3 section 4 of the Council's Constitution (a copy of the Council's Members' structure chart is also set out in Part 7 of the Council's Constitution).

Please use the following link to access the Council's Constitution:  
<https://www.chelmsford.gov.uk/your-council/councillors-and-decision-making/constitution/>

5. The Council on implementing its Equal Pay and Single Status agreement ensured it had put in place equitable and transparent reward system for its employees. The Council's pay policy statement is therefore underpinned by the principle of equal pay and recognises equal pay between both female and male officers as a legal right under employment law and ensures fair and non-discriminatory remuneration package across the authority. The Council has a

legal duty to report on the gender pay gap. This report is available at the following link <https://gender-pay-gap.service.gov.uk/>

6. This policy statement explains the principles of remuneration and the benefits available to all staff. However, employees' full rights are contained in the standard terms and conditions of employment and their employment contracts (collectively known as "the Council's conditions of service"), but these do not form part of the Council's Pay Policy Statement.
7. Where references are made to links on the Council's Intranet site, copies of those documents can be obtained by contacting the Council's HR team.

### **Strategic Aims**

8. The Council's Pay Policy Statement is supported by the following strategic aims:
  - To demonstrate clarity and transparency around how employees are remunerated whilst ensuring that the Council is well positioned to attract the right calibre of staff with the right skills and experience to respond to the needs of the community.
  - The Council will, at all times, use transparent pay arrangements which are in accordance with current tax legislation
  - The Council strives for excellence in all services and recognises that this will only be achieved by having capable employees in post who are able to deliver the Council's ambitions and priorities.
  - It is the Council's aim to recruit and retain good quality employees and recognises the importance of positioning itself competitively in the market in light of its proximity to London and other neighbouring authorities.
  - To ensure that remuneration package for employees of the Council is affordable, sustainable and achieves value for money for the people of Chelmsford.

### **Scope**

9. The Council's pay policy statement and its principles are applied consistently to all employees. For part-time employees, salary entitlement and the Council's conditions of service are applied pro-rata to comparable full-time employees.
10. Temporary employees' salary entitlement and the Council's conditions of service will be applied on the basis of an equivalent to that of permanent employees.

### **Determination of Job Grades**

11. Chelmsford City Council has adopted the "Hay Job Evaluation Scheme" which systematically establishes the relative values of different jobs. The Scheme has been used to determine the grades of all existing posts and for new posts as they arise. It is the only mechanism within the Council for



determining the grading of posts. Responsibility for administering and coordinating the Job Evaluation Scheme rests with Human Resources.

12. A job can only be considered for re-evaluation where there has been a significant change to the responsibilities and accountabilities of the post. The Manager will need to advise where the changes have come from as another post may be affected resulting in a decrease in the applicable grade of that post. If this results in an increase in grade, this will become effective from the 1st of the month that the authorised job evaluation form was submitted. If this results in a decrease, a pay protection period of 6 months will apply.
13. Any newly created post that is evaluated and result in a total remuneration package valued at £100,000 or more will be subject to full Council approval.
14. If a member of staff disagrees with the assessment of the job evaluation of their post, they will be advised of their right to appeal. A copy of the appeals proforma and the process for appealing is available from the HR team.

## **Remuneration**

15. The Act defines remuneration as including:
  - Pay
  - Charges
  - Fees
  - Allowances
  - Benefits in kind
  - Increases/ enhancements of pension entitlement and
  - Termination Payments.

### **Normal Pay**

16. Normal pay includes all earnings that would be paid during a period of contractual working, but excluding any payments not made on a regular basis.
17. The basic pay of each employee will be based on the grade of the job they are contracted to perform. Grade 2 has a spot rate and Grades 3 and 4 each have two spinal column points. All the other grades consist of four spinal points. The minimum point of a pay grade is not lower than the maximum point of the preceding pay grade. The Council's locally determined pay scales ranges from grade 2 – 20. Jobs with the same evaluation score will be on the same grade.
18. The Council employs apprentices on apprentice pay rates. The lowest graded roles within the Council are grade 2 with a current salary<sup>1</sup> of £18,069. Roles at this grade include cleaners, ice rink assistant, museum assistant, revenues assistant and pitch co-ordinator. The pay for the lowest grade employees is above national minimum pay rates.

---

<sup>1</sup> Salary as at April 2021

### National Pay Support

19. The Council will review the guidance related to any government pay support related to national emergency health or other situations and will access support available in accordance with the rules of the scheme.

### Recruitment

20. New entrants will normally be placed at the bottom of the scale unless in exceptional circumstances, it can be demonstrated that they have had experience in the same role with the same level of responsibility in another organisation with the capability to work and function at a high level from the outset. Other considerations to merit an appointment at a higher scale point are when a case is made to establish demonstrable previous skills and experience against proven organisational need. These will need to be agreed by HR in consultation with the Director of Service or the Chief Executive in the case of a Director's appointment. In the case of a Chief Executive appointment, this is covered under part 4 section 8 of the Council's Constitution.

### Progression through the Pay Spine

21. New entrants' salary will be reviewed annually on the anniversary of their start date and they will move up to the next spinal column point on the salary scale if they demonstrate satisfactory performance. Those appointed at the top of the scale point in their grade will not achieve any movement. This is applicable to all staff below Management Team (Director) level.
22. Those at Director level will have their performance reviewed annually by the Chief Executive.
23. The Leader and the Deputy Leader of the Council will be responsible for reviewing the Chief Executive's performance.

### Pay Negotiation

24. Annual pay negotiations (cost of living increases) for all staff will take place with the Council's recognised Trade Union - UNISON and any agreed proposals presented to full Council as part of the budget process.

### Market Supplements

25. There may be occasions when the evaluated salary for a post fails to attract any suitable candidates and consideration is given to increasing the salary by way of a market supplement. Managers will need to have tried to recruit at the evaluated level and will need to provide HR with salary details of similar jobs within the market.
26. Market supplements will be benchmarked against the salaries for similar jobs annually to ensure they are still required. This will be undertaken by the line manager in conjunction with HR. Should this research result in the market supplement no longer being required, there will be a three month pay protection before withdrawal of the supplement. Directors will then approve these at Management Team.

### Honorarium payments

27. These discretionary payments may be given for the following circumstances:
- Covering part of the duties of a post at a higher level due to the absence of a more senior member of staff (e.g. sickness or secondment) – for 4 weeks' or more
  - An honorarium payment may also be paid in recognition of an employee taking on a special project or role. This work will be evaluated to assess suitable payment.

### Special Responsibility Allowance

28. An additional payment is made to the Council's Section 151 and Monitoring Officers.

### **Other Pay**

29. Information on the Council's policies on Occupational sick pay and maternity, shared parental leave, paternity and adoption leave can be obtained from the Council's Human Resources Team.

### **Pensions**

30. General details of the Local Government Pension Scheme (LGPS) are available from Human Resources. Both the employee joining the scheme and the Council contribute to the scheme.
31. The rules under which auto-enrolment operates will continue to apply to all Council employees. Eligible staff will be automatically enrolled unless they choose to opt out. This exercise will be repeated every three years on the anniversary of each eligible employee's enrolment.
32. The Council's pension scheme is administered by Essex County Council. They are contactable on: 01245 431912, e- mail: [pensionenquiries@essex.gov.uk](mailto:pensionenquiries@essex.gov.uk) or on their website: [www.essexpensionfund.co.uk](http://www.essexpensionfund.co.uk)

### **Other Benefits**

33. The Council has a subsidised car leasing scheme in place for some qualifying officers. Eligibility for the scheme can be found in the Driving Policy which is available from Human Resources.
34. Employees on Director level pay bands have the option to opt out of the subsidised car lease scheme for a non-pensionable cash equivalent.
35. There is a health scheme in place for all employees of the Council and they also benefit from an occupational health service provision and an Employee Assistance Programme which provides access to Counselling services for example.
36. Access to subsidised car parking is available to all employees.

### **Reimbursement of Expenditure**

37. All employees are required to make the best use of council resources and are obliged to consider the most cost-effective option when incurring any expenditure in the course of their duties.
38. Subsistence allowances are payable when employees incur additional expenditure on meals because they have been unable to follow their normal meal arrangements whilst out on business.
39. Examples of where an employee may need to incur expenditure on meals are as follows:
- Attendance at training courses or seminars where meals or refreshments are not provided
  - Site visits
  - Meetings to other organisations
  - Travelling to locations as part of official duties.

### **Termination of Employment**

40. In the event of cessation of employment, compensation arrangements are made in accordance with the Council's existing agreed policies in accordance with the Local Government (Early Termination of Employment) (Discretionary compensation) (England and Wales) Regulations 2006 and the Restriction of Public Sector Exit Payments Regulations 2020 having followed legal advice on the application of inter-related legislation

Further public sector pay reform during 2021 will be enacted having followed legal advice on the application of inter-related legislation

### **Other Changes**

41. Any recommendation for a general increase or reduction in pay or pay related terms and conditions of employment will be negotiated with the Union by the Director of Connected Chelmsford and a representative from Human Resources.

### **Publicising Senior Salary**

42. The details of senior salary for officers earning in excess £50,000 is available on the Council's website under Transparency.

### **Conclusion**

43. The Localism Act 2011 requires relevant authorities in England and Wales to prepare a Pay Policy Statement for each subsequent financial year. This paper sets out the Council's policy statement on pay for employees and sits alongside the overarching pay policy for the Council. The next statement will be reported to Full Council for their approval next year.
44. Should there be a need to amend the existing Pay Policy Statement during the course of the year an appropriate recommendation will be made to Full Council.



Chelmsford City Council

22 February 2022

---

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

---

Report by:  
Leader of the Council

---

### Officer Contact:

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

---

### Purpose

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

### Recommendations

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

---

## 1. Background

- 1.1. The original Terms of Reference for a review of the entire Chelmsford City Council area were approved by Council on 9 December 2020. Updated Terms of Reference were approved by Council on 21 July 2021 which in effect moved the timeframe for members final decision from December 2021 Full Council meeting to February 2022 Council meeting. The final consultation period closed on 30 November 2021.
- 1.2. It is necessary to propose a further slight adjustment to the timetable for the review to allow more time for officers and members to consider the issues

raised in the review. It is now proposed for the Governance Committee to consider final recommendations and for Full Council to consider and approve final recommendations in March rather than February with the final decision to be made by Full Council on 31 March 2022. Given uncertain times, it is suggested that the Terms of Reference simply specify that Full Council makes a decision during the Spring 2022 to cover any unexpected delay. As the review was generated by the Council of its own volition there is no statutory timeframe for completion. The proposed adjustment to the middle stages of the timetable are appropriate in the circumstances and do not impact upon the overall timetable for the completion of the review.

## 2. Proposed Changes to the Terms of Reference

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

### List of appendices:

Appendix – proposed updated Terms of Reference

### Background papers:

Previous reports to Council December 2020 & July 2021 in relation to original and modified approval of Terms of Reference for the review.

---

## Corporate Implications

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

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

---

Consultees: None

---

#### Relevant Policies and Strategies:

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

## Appendix 1

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

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

## 2. Reasons for a Community Governance Review

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



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

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



0 2,500 5,000  
Metres  
JUNE 2015

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



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

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



## Chelmsford City Council

22 February 2022

### Authorised Absence of Councillor Shepherd

---

Report by: Leader of the Council

---

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

---

#### Purpose

To authorise further the absence of Councillor R Shepherd under Section 85(1) of the Local Government Act 1972.

#### Recommendations:

That the absence of Councillor R Shepherd be authorised under Section 85(1) of the Local Government Act 1972 until the Annual Meeting on 18 May 2022.

---

Non-attendance at meetings for a period of six months automatically results in a member's seat becoming vacant unless the Council approves such absence before the six-month period expires. Such approval may be given under Section 85(1) of the Local Government Act 1972.

Councillor Bob Shepherd has suffered a number of medical problems over the past year and has been unable to attend meetings of the Council and its committees. The Council on 22 September 2021 authorised his absence until this meeting of the Council.

Whilst Councillor Shepherd is making a gradual recovery, he is still unable to resume his duties. The Council is therefore asked to authorise his absence for a further period until the Annual Meeting in May.

List of appendices:

None

Background papers:

None

---

Corporate Implications

Legal/Constitutional: As described in the report

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: None

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

Health and Safety: None

Digital: None

Other: None

---

Consultees:

Legal and Democratic Services Manager

---

Relevant Policies and Strategies:

None relevant