

# Council Meeting Agenda

Wednesday, 20 July 2022 at 7pm

Council Chamber, Civic Centre  
Chelmsford

## MEMBERSHIP

The Mayor – Councillor John Galley  
The Deputy Mayor – Councillor Sue Dobson

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, J A Deakin, N A Dudley,  
J A Frasca, I D Fuller, 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, L Mascot, 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, S J Scott, C M Shaw, M  
Sismey, A B Sosin, J E Sosin, M S Steel, A G Thorpe-Apps, C R  
Tron, N M Walsh, R T Whitehead, T N Willis, I Wright and S Young

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

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# MEETING OF CHELMSFORD CITY COUNCIL

20 JULY 2022

## AGENDA

### 1. Apologies for Absence

### 2. Mayor's Announcements

The Mayor will invite the Council to observe a minute's silence to mark the 27th anniversary of the Srebrenica massacre

### 3. Declarations of Interest

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

### 4. Minutes

Minutes of meetings on 22 March and 18 May 2022

### 5. Public Questions

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

### 6. Cabinet Question Time

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

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

To consider the attached reports

#### 7.1 Treasury Management Outturn 2021/22

#### 7.2 Capital Programme Update and Provisional Outturn 2021/22

#### 7.3 Medium-Term Financial Strategy

The recommendations of the Cabinet on 12 July on each of the reports under Item 7 will be notified to members before the meeting

## 8. Reports from the Leader of the Council

### 8.1 UK Shared Prosperity Fund

The recommendations of the Cabinet on 12 July on this report will be notified to members before the meeting

### 8.2 Committee Membership

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

To consider the attached report from the Audit and Risk Committee on 15 June 2022

## 10. Annual Report of the Overview and Scrutiny Committee

To consider the attached report from the Governance Committee on 21 June 2022

## 11. Review to the Constitution

To consider the attached report from the Governance Committee on 15 June 2022

## 12. Code of Conduct for Members

To consider the attached report from the Governance Committee on 15 June 2022

## 13. Notice of Motion – Councils for Fair Tax Declaration

In accordance with notice duly given, Councillor R Hyland to move:

“This Council notes

1. The pressure on organisations to pay their fair share of tax has never been stronger.

2. Polling from the Institute for Business Ethics finds that “corporate tax avoidance” has, since 2013, been the clear number one concern of the British public when it comes to business conduct.

3. Two thirds of people (66%) believe the Government and local councils should at least consider a company’s ethics and how they pay their tax, as well as value for money and quality of service provided, when awarding contracts to companies.

4. Around 17.5% of public contracts in the UK have been won by companies with links to tax havens.
5. It has been conservatively estimated that losses from multinational profit-shifting (just one form of tax avoidance) could be costing the UK some £17bn per annum in lost corporation tax revenues.
6. The Fair Tax Mark offers a means for business to demonstrate good tax conduct, and has been secured by a wide range of businesses across the UK, including FTSE-listed PLCs, co-operatives, social enterprises and large private businesses.

This Council believes that:

1. Paying tax is often presented as a burden, but it shouldn't be.
2. Tax enables us to provide services from education, health and social care, to flood defence, roads, policing and defence. It also helps to counter financial inequalities and rebalance distorted economies.
3. As recipients of significant public funding, local authorities should take the lead in the promotion of exemplary tax conduct; be that by ensuring contractors are paying their proper share of tax, or by refusing to go along with offshore tax dodging when buying land and property.
4. Where councils hold substantive stakes in private enterprises, influence should be wielded to ensure that such businesses are exemplars of tax transparency and tax avoidance is shunned.
5. More action is needed, however, as current and proposed new UK procurement law significantly restricts councils' ability to either penalise poor tax conduct (as exclusion grounds are rarely triggered) or reward good tax conduct, when buying goods or services.
6. UK cities, counties and towns can and should stand up for responsible tax conduct - doing what they can within existing frameworks and pledging to do more given the opportunity, as active supporters of international tax justice.

That councils have an important role to play in ensuring their contracts and supplies arrangements are set up to support Fair Tax ethics.

This Council resolves to sign and approve the Councils for Fair Tax Declaration

1. Approve the Councils for Fair Tax Declaration.
2. Lead by example and demonstrate good practice in our tax conduct, right across our activities.
3. Ensure IR35 is implemented robustly, and contract workers pay a fair share of employment taxes.

4. Not use offshore vehicles for the purchase of land and property, especially where this leads to reduced payments of stamp duty.
5. Undertake due diligence to ensure that not-for-profit structures are not being used inappropriately by suppliers as an artificial device to reduce the payment of tax and business rates.
6. Demand clarity on the ultimate beneficial ownership of suppliers UK and overseas and their consolidated profit & loss position, given lack of clarity could be strong indicators of poor financial probity and weak financial standing.
7. Promote Fair Tax Mark certification especially for any business in which we have a significant stake and where corporation tax is due.
8. Support Fair Tax Week events in the area, and celebrate the tax contribution made by responsible businesses are proud to promote responsible tax conduct and pay their fair share of corporation tax.
9. Support calls for urgent reform of UK procurement law to enable local authorities to better penalise poor tax conduct and reward good tax conduct through their procurement policies.”

## CHELMSFORD CITY COUNCIL

### MINUTES OF THE FIRST EXTRAORDINARY MEETING OF THE COUNCIL

held on 22 March 2022 at 7pm

#### PRESENT:

The Deputy Mayor (Councillor L Mascot), who chaired the meeting in the absence of the Mayor

Councillors R H Ambor, L Ashley, H Ayres, K Bentley, M W Bracken, 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, M C Goldman, S M Goldman, I S Grundy, P V Hughes, R J Hyland, G B R Knight, J C S Lager, J S Lardge, R J Lee, M J Mackrory, R Massey, R J Moore, G H J Pooley, S Rajesh, I C Roberts, S J Robinson, T E Roper, E J Sampson, C M Shaw, C R Tron, N M Walsh, T N Willis and S Young

Before the start of the meeting the Deputy Mayor referred with sadness to the recent death of former Councillor David Stevenson, who had represented Old Moulsham ward between 1987 and 1995 and Galleywood ward from 1999 to 2019. Councillor Massey paid tribute to David Stevenson's work as a member of the Council.

The Deputy Mayor also reported with deep regret the death of Jacqueline Whitehead, the wife of Councillor Roy Whitehead. On behalf of the Council, she expressed her sympathies for Councillor Whitehead's loss.

At this point, the Deputy Mayor asked the Council to observe a minute's silence to think about the conflict taking place in Ukraine and the suffering of the people of that country. In doing so, she asked that members also remember David Stevenson and Jacqui Whitehead.

#### 1. Apologies for Absence

Apologies for absence had been received from Councillors N Chambers, J A Deakin (Mayor), N Gulliver, D G Jones, J A Potter, R J Poulter, M Sismey, A B Sosin, J E Sosin, M S Steel, A Thorpe-Apps, R T Whitehead and I Wright.

## 2. Declarations of Interest

Members were reminded to declare at the appropriate time any relevant interests in the business on the meeting's agenda. In relation to the community governance review item, members were advised that it was not necessary for membership of other tiers of local government which is already in the public domain to be declared.

## 3. Minutes

The accuracy of the minutes was challenged insofar as one member of the Council did not accept that the paragraph before the resolution in minute number 12 reflected procedurally the voting on the Notice of Motion. However, it was agreed by the other members present that the minutes were accurate and the minutes of the meeting held on 22 February 2022 were confirmed as a correct record.

## 4. Public Question Time

A representative of Springfield Parish Council and a member of the public asked questions and made statements on the Community Governance Review.

The Parish Council representative said that the Council objected to the proposals for Springfield arising from the Review; had asked for, but not been given, assistance in understanding the implications of the review; questioned the number of responses deemed to be acceptable as a threshold; and asked

- whether the City Council would guarantee that ratepayers would not have to pay additional increases in council tax as a result of the changes
- how the assets of the Parish Council would be divided up
- how its contract and other liabilities would be divided up
- whether the City Council would fund HR/legal support for the possible officer redundancy considerations and cover the costs of the redundancy
- whether the City Council would provide the legal expertise and fund the negotiations with the Charity Commission and lawyers to reshape the trusts that ran the community buildings in Chelmer Village and Beaulieu, and
- how the representatives of each new parish would be selected?

The member of the public also objected to the proposals for the Springfield area, said that she has received no information about them, and asked about the transfer of the Community Centre and the financial effect on residents of the proposed changes.

Responses to the questions and statements were given during the consideration of the report on the Community Governance Review and are recorded under minute number 5 below.

## 5. Community Governance Review

The Council considered a report from the Governance Committee which set out the final recommendations of the Community Governance Review (CGR) for Chelmsford.

The Chair of the Committee outlined the statutory process for carrying out the review; the criteria that needed to be followed in considering the governance arrangements for an area, i.e., that they should reflect the identities and interests of the community in that area and were effective and convenient; and the government guidance on those matters that should be taken into account in conducting the review. It was emphasised that in reaching a decision it was necessary to balance competing and conflicting information and that more weight would attach to the representations made by people directly affected in an area. Sometimes people outside of that area express a different view (eg a parish council or an individual councillor) but those would carry less weight. The Council was informed that if the final recommendations were accepted, a legal Order implementing the changes to parish and town council governance arrangements would be made with a view to the changes taking effect from the date of the local elections in May 2023. It was hoped that minor boundary changes could be dealt with through a request for a consequential amendment to the LGBCE. However, significant boundary changes arising from the creation of the new parishes would be dealt with at a later stage through an electoral review.

Responding to the statement and questions from the representative of Springfield Parish Council put earlier in the meeting, the Chair of the Governance Committee said that detailed reports about the Community Governance Review including the Terms of Reference, background documents and papers for discussion and decision had been presented to the City Council and shared with all parish councils in advance. All parish councils therefore had access to the same information as City Councillors in terms of what a CGR was and how it worked.

In the first statutory consultation, Springfield Parish Council had made several suggestions in their response. These were considered alongside other submissions by the City Council Working Group, Governance Committee and this Council and largely adopted as the Draft Recommendations that went out to the second round of statutory consultation. As a result, the relevant Draft Recommendations largely came from Springfield Parish Council. The Final Recommendations reflected the submissions made, and evidence presented, during that consultation process.

In their response to the second consultation, Springfield Parish Council did not identify properties within the parish that they wished to remove, and no submissions were made by residents to that effect.

The City Council's independent consultant had considered the submissions made and advised that the number of responses received during the consultations was higher than many CGRs received. Having said that, it was the strength of the evidence submitted that must be considered, as this was not a referendum. The evidence received was clearly in support of the creation of Chelmer Village council and Chelmsford Garden Community council, and against widening Springfield to take in The Lawns and part of Trinity ward.



The specific questions raised by the representative of Springfield Parish Council were important. However, they were outside of the scope of the CGR itself. The CGR may only focus on questions of governance: whether it reflected the interests and identities of communities, and whether it was effective and convenient. The ownership and potential transfer of assets and liabilities must follow the CGR itself, and these would be considered separately.

Decisions about council tax precepts would be made by the parish councils for that area. Representatives for each new parish would be elected at the parish council elections in 2023, with the City Council appointing interim representatives as part of a statutory post-CGR process.

Replying to the other question asked earlier by a member of the public, the Chair had already explained how the CGR was promoted and confirmed that the Council made arrangements for a leaflet to be delivered to all households in the whole of the area for the proposed Chelmsford Garden Community. The Council was not aware of any delivery problems but in any event had taken further reasonable steps to promote the CGR over social media and on the City Council website. There remained a dedicated area on the City Council's website which included full details of all proposals and during the consultation period also enabled any interested party from anywhere in the city to submit online responses to both consultations. The Chair had already explained the position concerning the transfer of assets and the setting of the precept in the response to the representative of Springfield Parish Council but confirmed that these were issues outside of the CGR itself which would be considered separately at a later stage.

During the discussion of the report by the Council a ward councillor for Rettendon and Runwell (who advised that they are the Chair of Runwell Parish Council) also argued that the recommendations of the review relating to that area were either inaccurate or flawed. There were good arguments for making no changes to the current governance arrangements for Rettendon, particularly in relation to the area covered by Hayes Country Park, and the opposition of the Parish Council to any changes appeared to have been considered.

In relation to Runwell, the councillor submitted that residents of East Ward were not consulted on the proposal to reduce the number of parish councillors for that ward and the information about that change was misleading. Only residents of St Luke's Park had been consulted at the second stage of consultation on the proposal to create a new parish ward for that area. Eight residents had commented at that stage: not all were in favour of the proposal and not all the responses were relevant to the issue of creating a new ward. The one response opposing the creation of a new ward was from a parish councillor and the fact that it came from an elected representative of the area should be given more weight. The response of Runwell Parish Council arguing in favour of retaining the existing warding arrangements had been disregarded.

In response to the points made by the ward councillor for Rettendon and Runwell, it was reiterated that the review was not a referendum. All responses received to the consultation were taken into account, but the views of a parish council were not the decisive factor in

deciding whether the governance arrangements for an area should be retained or changed. The views of residents were equally valid, if not more so.

At the close of the debate, the Council was informed that all the issues and questions raised about the next steps in making the proposed changes, especially arising from the creation of new parishes, would be addressed. The City Council would work closely with the affected parishes to ensure that the transition was as smooth as possible.

RESOLVED that

1. The results of the formal consultations on the Community Governance Review for Chelmsford be noted.
2. The following final recommendations of the Community Governance Review be approved and implemented through a legal Order

Area	Draft Recommendations	Final Recommendations
East Hanningfield	No changes	No changes
Good Easter	No changes	No changes
Great Waltham	No changes	No changes
Highwood	No changes	No changes
Pleshey	No changes	No changes
South Hanningfield	No changes	No changes
South Woodham Ferrers	No changes	No changes
Stock	No changes	No changes
Woodham Ferrers and Bicknacre	No changes	No changes
Danbury	Reduce councillors from 15 to 12	Reduce councillors from 15 to 12
Little Baddow	Reduce councillors from 9 to 8	No changes
Great and Little Leighs	Increase councillors from 9 to 10	Increase councillors from 9 to 10
Margaretting	Reduce councillors from 9 to 7	Reduce councillors from 9 to 7
Roxwell	Reduce councillors from 9 to 7	Reduce councillors from 9 to 7
Sandon	Increase councillors from 7 to 8	Increase councillors from 7 to 8
West Hanningfield	Reduce councillors from 9 to 8	Reduce councillors from 9 to 8
Mashbury	No changes (but consult)	No changes
Rettendon	No changes (but consult)	No changes
Runwell	(i) Create new parish ward (ii) Change parish councillor numbers	(i) Create new parish ward ( <b>Area A</b> ) (ii) Parish councillors to remain at 13 in total across 3 wards
Writtle	(i) Adjust parish ward boundary	(i) Remove parish wards

	(ii) Change parish councillor numbers	(ii) Parish councillors to be 15 in total
Galleywood	(i) Adjust boundary to include southern part of Goat Hall (ii) Remove parish wards (iii) Change number of parish councillors	(i) No change in boundary (ii) Remove parish wards (iii) Change number of parish councillors to be 9 in total
Great Baddow	(i) Adjust boundaries (Petrel Way) (ii) Adjust boundaries (Regal Close) (iii) Adjust boundaries (Waterson Vale etc) (iv) Number of parish councillors	(i) Adjust boundaries (Petrel Way) ( <b>Area B</b> ) (ii) Adjust boundaries (Regal Close) ( <b>Area C</b> ) (iii) Adjust boundaries (off Baddow Road) ( <b>Area D</b> ) (iii) Number of parish councillors to increase to 15 across 3 existing wards
Chignal	(i) Adjust boundary (Hollow Lane)	No changes
Broomfield	(i) Adjust boundary (Hollow Lane) (ii) Adjust boundary (Petty Croft) (iii) Adjust boundary (north of hospital development) (iv) Adjust boundary (new parish) (v) Number of parish councillors	(i) no change (ii) Adjust boundary (Petty Croft) ( <b>Area E</b> ) (iii) no change (iv) Adjust boundary (new parish) ( <b>Area F</b> ) (v) Number of parish councillors – no change
Little Waltham	(i) Adjust boundary (Petty Croft) (ii) Adjust boundary (north of hospital development) (iii) Adjust boundary (new parish) (iv) Parish councillors	(i) Adjust boundary (Petty Croft) ( <b>Area E</b> ) (ii) no change (iii) Adjust boundary (new parish) ( <b>Area G</b> ) (iv) Parish councillors – reduce from 9 to 7
Boreham	Adjust boundary (new parish)	Adjust boundary, revised (new parish) ( <b>Areas H and L</b> )
Springfield	(i) Adjust boundary (new parish) (ii) Adjust boundary (Chelmer Village) (iii) Adjust boundary (Trinity and The Lawns) (iv) Parish councillors	(i) Adjust boundary (new parish) ( <b>Areas I and J</b> ) (ii) Adjust boundary (Chelmer Village) ( <b>Area K</b> ) (iii) no change (iv) parish councillors – reduce to 13 (v) Adjust boundary (Area

		<b>L)</b>
Chelmsford Garden Community	Create new parish called <i>Chelmsford Garden Community</i>	Create new parish (Areas <b>F, G, H, I</b> and <b>J</b> ) New parish to be named <i>Chelmsford Garden Community</i>
Chelmer	New parish called <i>Chelmer Village</i>	Create new parish of <i>Chelmer Village</i> with 15 councillors (Area <b>K</b> )
Unparished area	No further changes	No further changes (Areas <b>B, C</b> and <b>D</b> )

The meeting closed at 7.42pm

Mayor

## CHELMSFORD CITY COUNCIL

### MINUTES OF THE SECOND EXTRAORDINARY MEETING OF THE COUNCIL

held on 22 March 2022 at 7.45pm

#### PRESENT:

The Deputy Mayor (Councillor L Mascot), who chaired the meeting in the absence of the Mayor

Councillors R H Ambor, L Ashley, H Ayres, K Bentley, M W Bracken, D J R Clark, P H Clark, W A Daden, A E Davidson, C K Davidson, S M Dobson, N A Dudley, J A Frascogna, I D Fuller, J Galley, M C Goldman, S M Goldman, I S Grundy, P V Hughes, R J Hyland, G B R Knight, J C S Lager, J S Lardge, R J Lee, M J Mackrory, R Massey, R J Moore, G H J Pooley, S Rajesh, I C Roberts, S J Robinson, T E Roper, E J Sampson, C M Shaw, C R Tron, N M Walsh, T N Willis and S Young

#### 1. Apologies for Absence

Apologies for absence had been received from Councillors N Chambers, J A Deakin (Mayor), N Gulliver, D G Jones, J A Potter, R J Poulter, M Sismey, A B Sosin, J E Sosin, M S Steel, A Thorpe-Apps, R T Whitehead and I Wright.

#### 2. 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.

#### Exclusion of the Public

RESOLVED that the public be excluded from the meeting during the consideration of Item 3 on the agenda as it contains exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The public interest in not disclosing the content or the report outweighed the public interest in disclosing it on the grounds that making public the terms for the contract could jeopardise the Council's ability to obtain the best value possible.

### 3. Theatres Capital Project

The Council considered a report which gave an update on the Theatres Capital Project and to sought approval for an increase in the budget for the scheme.

It was explained that since the original budget for the scheme had been approved additional costs had been identified in the form of inflationary pressures, extending the scope of the project, additional enabling works, bringing forward the repair and replacement programme for the Theatres, and increasing the provision for contingency costs.

During the discussion of the report, several members expressed support for the improvement of the theatre but questioned the extent of the scheme now proposed. The budget for the scheme had been increased twice since originally being reported to the Council and was now 175% higher than approximately 12 months earlier. No detailed reasons for that increase or the breakdown of the costs had been given and there was concern that the Council would be incurring more debt at a time of financial challenges. It was argued that the scheme should be limited at this stage to making those improvements originally identified and deferring the additional improvements now proposed until they were affordable. Questions were also asked about the location of the Changing Places facilities; whether the £382,000 brought forward for anticipated capital repairs was already budgeted for; whether there had been neighbour consultation on the holding of outdoor events in Fairfield Road and Marconi Plaza; whether the project would increase the theatre's capacity, possibly by combining the Civic and Cramphorn Theatres; and whether providing a café area would add to the congestion in foyer areas.

In response to those points and questions, the Council was told that:

- The cost of the project previously reported to members had been estimates and it had been made clear that they were expected to increase. Now that tenders had been received accurate capital costs could be reported and as this was a fixed price contract they were not expected to increase.
- The £382,000 was part of the £2.746 million budget for the scheme.
- There would be no external borrowing to fund the project. A Minimum Revenue Provision needed to be allocated for any project funded by internal borrowing but the increased revenue from the improved and refurbished theatre was expected to more than offset that. In essence, this was an invest to save project which was not only affordable but would be a welcome addition to the cultural offer in Chelmsford and increase accessibility to the arts.
- It would not make good financial sense to spread the works over a period of time as this would lead to higher costs and greater disruption to users of the theatre.
- Owing to constraints on space, it was not possible to include a fixed Changing Places facility on site but the possibility of providing a mobile facility was being looked at.
- The configuration of the building also ruled out combining the two theatres. Whilst the scheme would not increase capacity, this was only running at 50-55% at present. Improving the theatre's facilities and appearance, and users' experience, would increase that figure and result in higher revenue from the theatre.

- Part of the purpose of the improvements was to improve the flow of people around the theatre and the presence of the café would not increase overcrowding. It would provide another revenue source, especially at times when performances were not taking place.
- Any outdoor events that might take place in future would be in the daytime and would not disturb residents living nearby.

On being put to the vote, it was

RESOLVED that the Council approves a budget increase from £1.5m to £2.746m for the Theatres Capital Project, as detailed Appendix 2 to the report to the meeting (Breakdown of Costs), and that the Director of Connected Chelmsford be authorised to award the contract for the scheme.

The meeting closed at 8.45pm

Mayor

**CHELMSFORD CITY COUNCIL**  
**MINUTES OF THE ANNUAL MEETING OF THE COUNCIL**  
**held on 18 May 2022 at 7pm**

**PRESENT:**

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

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 Frascona, I D Fuller, J Galley, R J Gisby, M C Goldman, S M Goldman, I S Grundy, P V Hughes, A M John, D 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, J A Potter, R J Poulter, S Rajesh, J M Raven, S J Robinson, T E Roper, E J Sampson, S J Scott, C M Shaw, M Sismey, A B Sosin, J E Sosin, M Steel, A Thorpe-Apps, C R Tron, N M Walsh, R T Whitehead, T N Willis, I Wright and S Young

### 1. Apologies for Absence

Apologies for absence had been received from Councillors N Gulliver, R J Hyland, G H J Pooley and I C Roberts.

### 2. Mayor's Announcements

The Mayor welcomed Councillor S J Scott following her election to the Council at the recent by election for the Little Baddow, Danbury and Sandon ward.

The Mayor expressed appreciation for the work of her Charities - Sanctus, Helping Hands Essex and Mid and North Essex MIND – during her period of office, particularly in light of the disruption caused by the pandemic. Despite that, £9,000 had been raised and divided between the three charities in 2020/21. A total of £15,000 had been raised in 2021/22 but unfortunately Helping Hands Essex had recently announced that it faced an uncertain future and could not accept its share of that year's donations. They would, instead, be shared between the other two charities. The Mayor thanked all those volunteers who had devoted their time to support the three charities.

### 3. Election of Mayor and Deputy Mayor

#### Election of Mayor

On the nomination of Councillor R T Whitehead, seconded by Councillor A B Sosin, it was



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

#### Appointment of Deputy Mayor

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

RESOLVED that Councillor S M Dobson be appointed as the Deputy Mayor of the City of Chelmsford for the ensuing year.

#### 4. Declarations of Acceptance of Office

Councillor Galley made the declaration of acceptance of office as Mayor and took the chair. Councillor Dobson then made the declaration of acceptance of office as Deputy Mayor.

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

The Mayor introduced to the Council his Mayoress for her year in office, his wife, Jackie Galley. The Deputy Mayor introduced her Consort, her husband, Keith Dobson.

The retiring Mayoress, Helen Deakin, congratulated the Mayor's Mayoress and invested her with the Chains of Office.

The retiring Deputy Mayor's Consort, Ian Mascot, congratulated the Deputy Mayor's Consort and invested him with the Chains of Office.

#### 6. Address by the Mayor

The Mayor thanked the Council for electing him and expressed appreciation for the work of Councillor Deakin during her two years in office.

#### 7. Retiring Mayor and Retiring Deputy Mayor

Councillor S J Robinson and Councillor R Massey then thanked Councillor Deakin for her services as Mayor. Councillor Deakin expressed her appreciation for the support given to her by her Mayoress, Helen Deakin, Councillor Mascot as her Deputy Mayor and Ian Mascot as the Deputy Mayor's Consort.

#### 8. Mayor's Announcements

The Mayor informed the Council that his Chaplain for the forthcoming year would be the Reverend Terry Brown of St Andrew's Church, Sandon and his Charities for the year would be Farleigh Hospice and Parkinson's. The theme of his year of office would be Hope.

## 9. Leader's Scheme of Delegation

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

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

RESOLVED that:

1. The appointment by the Leader of the Council of the following as the members of the Cabinet for 2022/23, and the function areas of those members of Cabinet indicated below, be noted:

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

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

Leader's responsibilities:

Conservative Group – Councillor R T Whitehead  
Chelmsford Independents Group – Councillor R J Hyland  
Chelmsford Residents Group – Councillor I C Roberts

Connected Chelmsford:

Conservative Group – Councillor A Thorpe-Apps  
Chelmsford Independents Group – Councillor W Daden

Fairer Chelmsford:

Conservative Group – Councillor M Sismey  
Chelmsford Independents Group – Councillor R J Hyland

Greener and Safer Chelmsford:

Conservative Group – Councillor R Gisby  
Chelmsford Independents Group – Councillor W Daden

Sustainable Development:

Conservative Group – Councillor M S Steel  
Chelmsford Independents Group – Councillor R J Hyland  
Chelmsford Residents Group – Councillor K Bentley

3. The following Committees and the Treasury Management and Investment Sub-Committee be appointed for the year 2022/23 with the membership and Chairs indicated:

Audit and Risk Committee:

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

Chelmsford Policy Board:

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

Employment Committee:

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

Governance Committee:

Councillors H Ayres (Chair), K Bentley, N Dudley, D Jones, M Steel, A Thorpe-Apps, N Walsh

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

Licensing and Regulatory Committee:

Councillors R Ambor, L Ashley, D Clark, A Davidson, J Frascogna, A John, D Jones, R Lee, L Mascot (Chair), L Millane, I C Roberts, T E Roper, S J Scott

Overview and Scrutiny Committee:

Councillors L Ashley, M Bracken, N Chambers, W Daden, J A Deakin, I Fuller, R Gisby, I Grundy, J Lager, R J Poulter (Chair), M S Steel, C Tron, S Young (Vice Chair)

Planning Committee:

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

Treasury Management and Investment Sub-Committee:

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

Local Staff Joint Committee:

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

4. Councillor M J Mackrory be appointed as the Council's representative on the South Essex Parking Partnership Joint Committee.
5. The following be appointed as Equality and Diversity Champions: Councillors L Ashley, A Davidson and J Deakin and Councillor T N Willis as Climate Ambassador.
6. The persons named in Schedule C and shown in Appendix 1 to these minutes be appointed to represent the Council on the outside bodies referred to for the period indicated.
7. Part 3.2.3 of the Constitution be amended to reflect the changes to the number of places on the bodies referred to in Schedule B.
8. The Legal and Democratic Services Manager, after consulting the relevant Group Leaders, be authorised to:

- (a) make appointments to an Employment Appeals Committee should the need for that Committee arise; and
  - (b) make appointments to or approve other changes to the representation of other non-Executive bodies that become necessary during the municipal year, provided that the political balance of those bodies continues to be observed.
9. The Legal and Democratic Services Manager, after consulting the political Groups, be authorised to finalise, amend or add to the appointments to Outside Bodies and to make any changes to them during the municipal year.

## 11. Community Governance Review – Authority to Implement Decisions

The Council was requested to consider a proposed officer delegation in relation to the implementation of the Community Governance Review in accordance with the decisions made by Full Council on 22 March 2022.

RESOLVED that any decisions relating to the implementation of the Community Governance Review are delegated to the Monitoring Officer in consultation with the Leader of the Council.

The meeting closed at 7.52pm

Mayor

## Appendix 1

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

Traveller Unit Joint Committee			
Essex Police, Fire and Crime Panel	1 year	1	Councillor Lager (Councillor M Goldman, sub)
Essex Waste Partnership Member Board	1 year	1	Councillor Moore
Fields in Trust	1 year from February 2022	1	Councillor Lee
Flood Partnership Board	1 year	1	Councillor Mackrory
Galleywood Heritage Centre	1 year	1	Councillor Hyland
King Edward VI Grammar School Historic Foundation Governors	3 years commencing 1st July 2020	4	Councillors Galley, A Sosin and Whitehead and Mrs Myra Merchant
Local Government Association – Assembly and Conference - Delegate	1 year	1	Councillor Robinson
Local Government Association – District Councils Network	1 year	1	Councillor Robinson
Marsh Farm Country Park Forum	1 year	2	Councillors Roberts and Walsh
One Chelmsford Partnership Strategic Board	1 year	1	Councillor Robinson (Substitute – Councillor Pooley)
PATROL (Parking and Traffic Regulations Outside London) Adjudication joint Committee.	1 year	1	Councillor Mackrory

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

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



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## Treasury Management and Investment Sub-Committee / Cabinet

20 June 2022 / 12 July 2022

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### Treasury Management Outturn Report 2021/22

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#### Report by:

Accountancy Services Manager (Section 151 officer)

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#### Officer Contact:

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

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#### Purpose

Under statute and the CIPFA Code of Practice on Treasury Management ("the Code"), Members are required to receive a report on the Treasury Management activities that took place in 2021/22.

#### Recommendation

That the Council be recommended to approve the Treasury Management Outturn Report 2021/22.

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### 1. Introduction

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



## 2. Background

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

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

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

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

2.4. CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

2.5. The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023/24 financial year if they wish. Due to the late notice of the changes in December 2021 and therefore the shorter time to interpret and implement the new code, the City Council has chosen to defer the reporting requirements until 2023/24. So this report and the 2022/23 Strategy were compiled on the previous Code's basis.

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

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

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

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

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

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

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

**Appendix A** – Economic Environment Update

**Appendix B** – Borrowing and Actual Investment Activity compared to the Approved 2021/22 Strategy

### 3. Summary of Review

- 3.1. During the financial year, there were no breaches of the Treasury Management Strategy.
- 3.2. The economic environment for the financial year was marked by rising inflation and interest rates near the end of the year, due to the War in Ukraine, rising energy costs and supply shortages.
- 3.3. The Council's investment holdings on the 31<sup>st</sup> March 2022 were £76m compared to £47m on 31<sup>st</sup> March 2021. The average and closing balance for the year were higher than allowed for in the budget due to various balances being held to be paid over to individuals or government departments and slippage in capital spend.
- 3.4. Interest earnings from investments for the year were £0.62m, which was £0.33m higher than the budget, predominantly due to investment in 3 diversified income funds and the rising interest rate environment experienced at the end of the financial year.
- 3.5. The overall return on investments for 2021/22 was 0.75% compared to 0.62% in the previous year.
- 3.6. The Council was invested in 4 pooled funds at the end of 2021/22 which generated total income returns of £561k at an average annualised return of 3.74%.

### 4. Conclusion

- 4.1. It should be noted that the Council's Treasury Management has operated within approved parameters, has resulted in no realised losses and delivered income of £0.62m which has helped to support Council services.

#### List of appendices:

Appendix A – Economic Environment Update

Appendix B – Borrowing and Actual Investment Activity compared to the Approved 2021/22 Strategy

Background papers:

None

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Corporate Implications

Legal/Constitutional: None

Financial: As detailed in report.

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

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

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

Personnel: None

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

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: None

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Relevant Policies and Strategies:

Treasury Management Strategy 2021/22

## Appendix A – Economic Environment Update

### Introduction

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

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

### Economic factors

The continuing recovery from the coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period.

The UK Bank of England base rate was 0.10% at the beginning of the financial year. April and May 2021 saw the economy gathering momentum as restrictions due to the pandemic were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022, but the significant rising and persistent inflation changed that.

UK CPI was 0.7% in March 2021 but increased steadily throughout the year to a figure of 7.0% in March 2022. This was driven largely by rising energy prices and supply shortages.

The Bank of England therefore increased the base rate to try to bring inflation back in line with its 2.0% target from 0.10% to 0.25% in December, with further hikes in February to 0.50% and 0.75% in March. A further increase has occurred since the end of the financial year, with further increases still likely.

The Council benefitted from some of these increases through some of its fixed investments made near the end of the financial year, as higher rates were locked into. The Council's notice accounts are also directly linked to the Bank of England base rate and so received immediate rises in line with the increases above in December, February and March.

The valuation of the Council's investment in the CCLA Property Fund increased by £1.13m in the year, leaving the Council's unrealised gain at £2.57m on its initial investment. This increase was partly seen through increases in valuations over the commercial property market as a whole, but also a number of specific items within the CCLA portfolio of properties. For example, a lease on one of the retail warehouse assets owned by the CCLA was renegotiated during the year with the length increasing from less than 3 years to around 10 years. This change led to more certainty over future income and therefore increased the value of that asset. Another asset was successfully re-let following refurbishment works during the year which again resulted in a higher valuation. As measured against balance held in the fund at the start of the

year, the income return for 2021/22 would have been 3.88%. The Fund has a minimum 90-day redemption period.

The valuations of the Council's investment in the 3 Multi Asset Funds also changed throughout the year, with an overall decrease in value across the 3 of £174k. These investments are seen as medium- to long-term investments over a 3- to 5-year period and so capital values will fluctuate up and down during this investment horizon.

Investments in the 3 Multi-Asset funds were made in June and July of 2021 and so the annualised income returns on the 3 funds, as measured against the initial values invested in the funds, would have been as follows: 2.14% (CCLA DIF), 3.32% (Ninety One Fund) and 5.27% (Aegon Fund).

## **Appendix B – Borrowing and Actual Investment Activity compared to the Approved Strategy for 2021/22**

### **External borrowing**

1. The Council has the freedom to borrow in the following circumstances:

- Short-term borrowing to manage liquidity
- Long-term borrowing only to fund capital expenditure if no other capital resources exist, e.g. the Council has spent its capital receipts or expects to do so imminently

The Council did not need to borrow externally in 2021/22.

2. Finance leases are deemed by Government to be a type of borrowing in the Council's Accounts and Treasury reporting must identify that the Council has borrowed money when they are used. At 31st March 2022, the Council had outstanding finance lease liabilities of £451k.

### **Investments**

3. Officers with appropriate knowledge and training invest the Council's cash balances. Arlingclose are used as advisers on treasury management to help inform the decision-making process.

4. The Council's cash is invested in the following priority order, in accordance with statutory guidance:

- i) Security – protecting the capital sum invested from loss
- ii) Liquidity – ensuring the funds invested are available for expenditure when needed
- iii) Yield – subject to achieving proper security and liquidity, to pursue a yield on investments to support service provision

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

5. The Council uses cash-flow planning methods in order to manage its in-house investments. This allows officers to separate in-house funds into two categories:

- Shorter-term, lower-yielding investments – these investments are invested for relatively short durations, normally 3-6 months, in order to ensure that the maturity profile of investments matches the peaks and troughs in the Council's liquidity needs – particularly for the final 2 months of the year where council tax income falls significantly due to the 10 monthly instalments most residents choose to pay in.
- Longer-term, higher-yielding investments – these are investments of 'core cash' which the Council does not require for operational purposes within the

short to medium term. These funds can be invested for a year or more in appropriate counterparties in order to generate higher yields without causing liquidity issues.

6. During 2021/22, the Council's investment portfolio increased from £47.0m to a closing balance of £76m. However, a significant proportion of this cash was temporary funding due to be paid over to different government departments or individuals, so does not form a part of the Council's core ongoing cash balance.

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

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

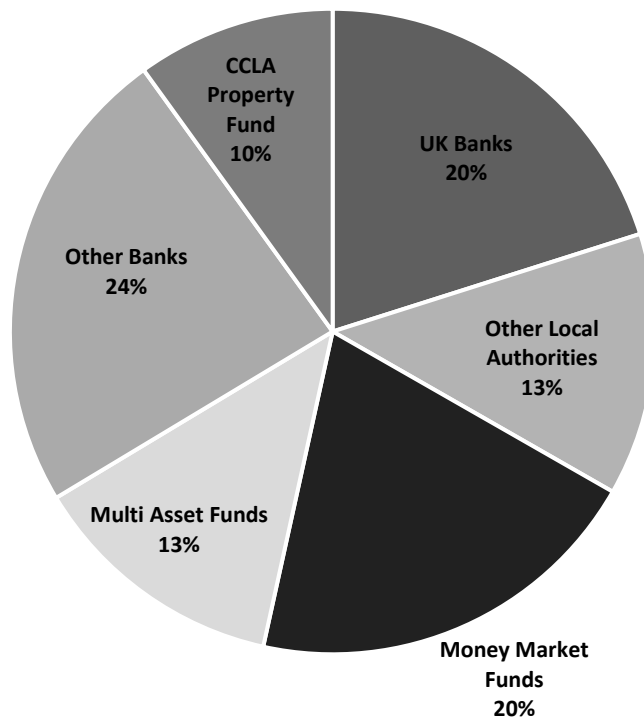
- |   |   |
|---|---|
| a. <b>To ensure that there are no breaches of the approved counterparty limits or durations</b> | No breach occurred.   |
| b. <b>The option to invest further sums in pooled funds</b>                                     | Investments in 3 Multi-Asset Funds occurred in 2021/22  |
| c. <b>To maintain a target balance of £15m of short notice funds to manage liquidity</b>        | The Council held less than £15m in liquid funds for a period of 6 days at year-end, however this was planned for in conjunction with government funding being received on the 30 <sup>th</sup> March, so caused no liquidity problems |

In 2021/22, the Council remained mindful of the risk of bail-in losses from unsecured lending to banking counterparties. However, with the changing market pressures exerted by Covid-19 and the higher levels of liquidity that many local authorities experienced, there was less demand from local authorities in the market for the Council's investments. The Council would often invest with local authorities in a more typical year and so this resulted in a larger number of bank and building society investments than in previous years, therefore increasing the bail-in risk to the Council. All investments were within approved limits and for approved counterparties, and so any risk to the Council was deemed minimal.

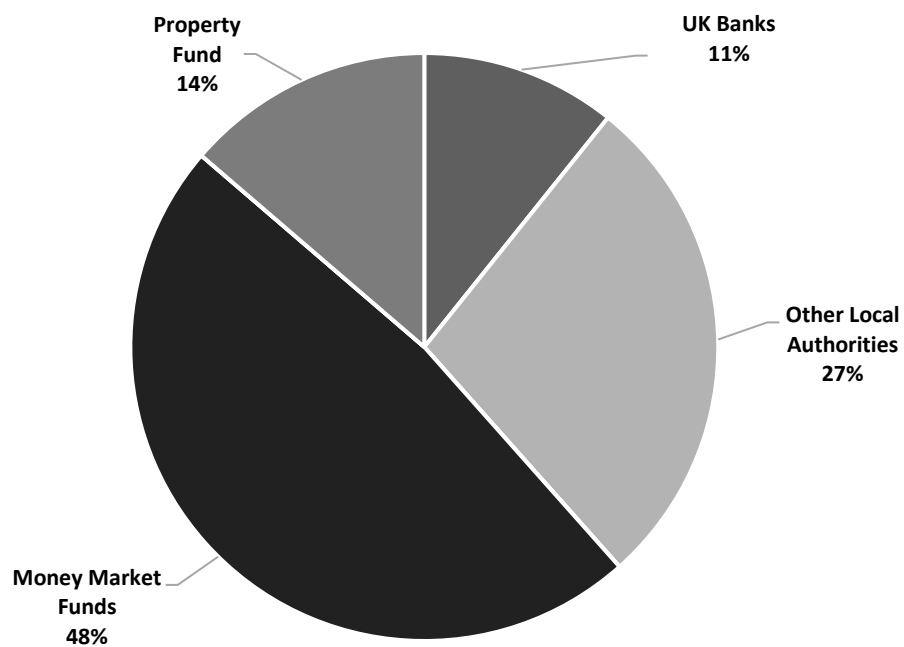
As at 31<sup>st</sup> March, the Council's exposure to bail-in risk (direct lending to banks and building societies) was 44%, against 11% at the end of the previous financial year.

<b>Exposure</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Bail-In Risk – Direct investment	20%	11%	44%
Bail-In Risk – Pooled Fund Managers and Money Market Funds	26%	48%	33%
Exempt from Bail-In (including CCLA)	54%	41%	23%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Investment at 31/03/22 By Sector



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





## **Counter Party**

Money Market Funds & Long-Term Funds	Credit Rating (Fitch)	Sum Invested (31/03/2022)	Limits 2021/22
Black Rock Money Market Fund	AAAmmf	£3,336,540	£6,000,000
Insight MMF	AAAmmf	£5,999,010	£6,000,000
Invesco Money Market Fund	AAAmmf	£290	£6,000,000
BNP Paribas Money Market Fund	AAAmmf	£5,999,940	£6,000,000
CCLA Property Fund	N/A	£7,565,770	£8,000,000
Aegon Multi Asset Fund	N/A	£3,584,400	£10,000,000
Ninety-One Multi Asset Fund	N/A	£3,151,870	
CCLA Multi Asset Fund	N/A	£3,089,230	
Banks & Building Societies			
Natwest	A+	£278,060	£3,000,000
HSBC	AA-	£3,000,000	£3,000,000
Barclays	A+	£3,000,000	£3,000,000
Development Bank of Singapore	AA-	£3,000,000	£3,000,000
Nordea Bank	AA	£3,000,000	£3,000,000
Nationwide Building Society	A+	£3,000,000	£3,000,000
Landesbank Baden-Wurttemberg	A	£3,000,000	£3,000,000
Lloyds	A+	£3,000,000	£3,000,000
Santander	A+	£3,000,000	£3,000,000
DZ Bank	AA-	£3,000,000	£3,000,000
Toronto Dominion	AA	£3,000,000	£3,000,000
Rabobank	AA-	£2,976,340	£3,000,000
Local Authorities			
Warrington Borough Council	N/A	£5,000,000	£10,000,000
London Borough of Barking & Dagenham	N/A	£5,000,000	£10,000,000
Total Investments		£75,981,450	

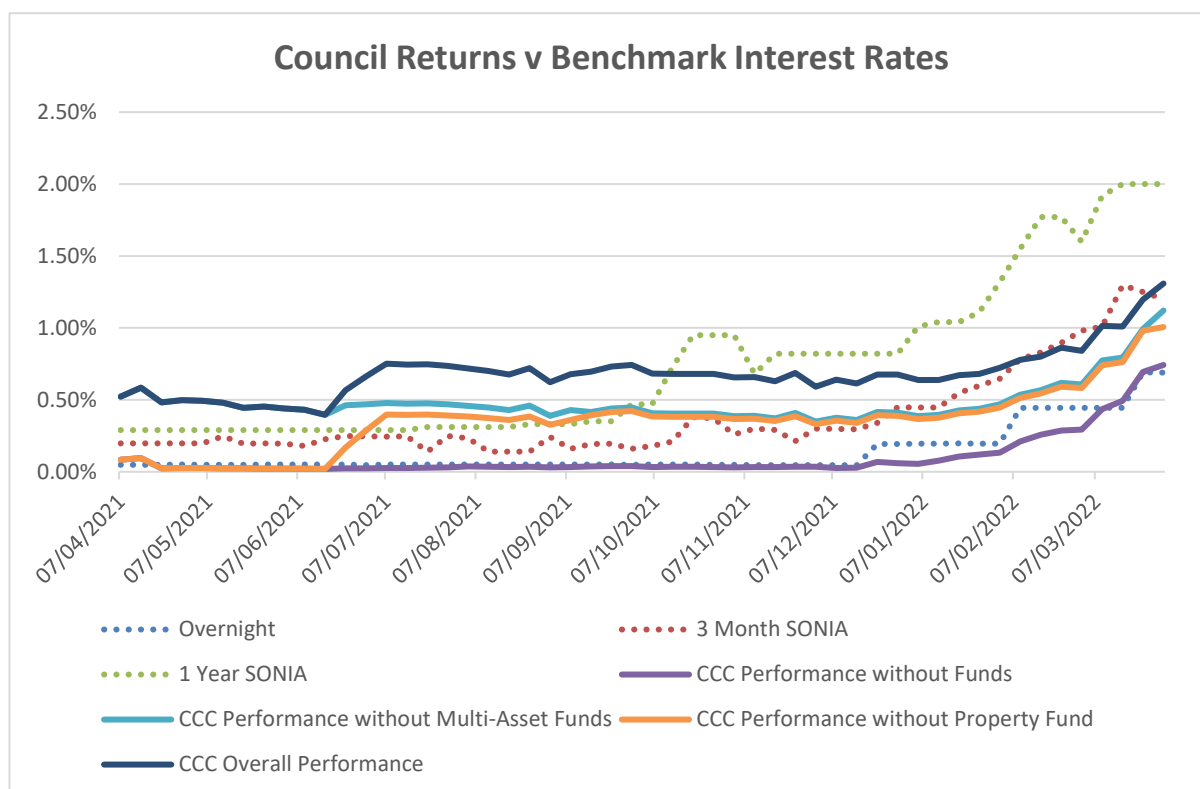
## **Return on investments**

8. Interest rates remained at relatively low levels for the majority of 2021/22, with the Bank of England base rate being held at 0.10% until 16<sup>th</sup> December 2021 when it increased to 0.25%. The base rate was then increased a further 2 times during the financial year to reach 0.75% on the 17<sup>th</sup> March 2022. Some of these increases did have an impact on the fixed investments that were arranged near the end of the financial year, with some achieving rates in excess of 1.00%. Any increase in the base rate takes time to filter through to the Council's liquid Money Market Fund investments, with the rates on these at the end of the year ranging from 0.44% to 0.65%.

Inflation pressures were significant during the end of 2021/22 with the start of the Russia Ukraine war and continued supply issues, which both pushed the Bank of England's decision-making in raising interest rates. Consequently, returns remained well below the prevailing high inflation rate, resulting in negative real rates of return on funds invested.

Comparisons by Arlingclose out of 121 authorities (127 last year) show the City Council's total returns on investments remained in the second quartile for authorities in March 2022 (39<sup>th</sup> highest) compared to March 2021 (50<sup>th</sup> highest). This was an improvement year on year, predominantly due to the investments in multi-asset funds and higher fixed investment rates near the end of the financial year with different banks. When just looking at income return, the City Council sits 28<sup>th</sup> out of the 121 local authorities which formed a part of the year-end benchmarking.

The LIBOR (London Inter Bank Offered Rate) rates were superseded with the Sterling Overnight Rate (SONIA) during the financial year. The below table highlights these rates as a comparison against the returns the City Council generated.



The Council earned a total of £615,740.08 in investment income during the 2021/22 financial year, which was £325,740.08 additional income over the £290k budget. This was predominantly due to the investments in the 3 Multi-Asset funds as the income for this was not included in the £290k budget as not certain at the time. The income from these funds has been included in the investment income budget for future years.

In a rising rate environment, it is likely that the Council will lag behind the 1-year SONIA rate due to previous fixed-term investments being invested at lower rates pre rate rises.

	<b>Market investments (excluding CCLA and Multi Asset Funds)</b>	<b>CCLA Property Fund Investment Income Yield (Based on 01/04/21 value)</b>	<b>Multi Asset Funds Income Yield (Based on inception value)</b>	<b>All Investments Income Yield</b>
	<b>Year ending 31/03/2022</b>			
<b>Average yield</b>	0.13%	3.88%	3.66%	0.75%

The yields above have used the opening balance on any fund investments (1<sup>st</sup> April 21 for CCLA property fund and inception dates for 3 Multi-Asset Funds). This differs to previous methods of reporting which have used the closing balance of the funds. This has resulted in the CCLA property fund showing a higher level of return due to a lower opening balance at the start of the financial year.

## 8.1 Funds

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

Income Returns on the 4 funds are outlined below along with the closing capital value of the fund, initial investment value and unrealised gain or loss. For the 3 multi-asset funds, income returns have been annualised to reflect what the interest rate would have been for a full year investment. Income returns have been based on the initial investment value or 1<sup>st</sup> April 2021 valuation if the fund was held then.

Fund	Initial Investment Value	31/03/2022 Investment Value	Unrealised Gain/(Loss) (since inception)	Annualised Income Return (Based on earliest point of holding asset in year)	Annualised Total Return (2021/22)
CCLA Property Fund	£5,000,000	£7,565,769.47	£2,565,769.47	3.88%	18.23%
CCLA DIF	£3,100,000	£3,089,232.53	(£10,767.47)	2.14%	1.80%
Aegon DIF	£3,600,000	£3,584,400.00	(£15,600.00)	5.27%	4.86%
Ninety One DIF	£3,300,000	£3,151,872.53	(£148,127.47)	3.32%	-1.22%

Total Income from the 4 funds above during 2021/22 was £561,438.33.

The unrealised gain on the CCLA property fund during the financial year was £1,129,677.90, which generated a significant (but unrealised) total return for 2021/22.

### **Conclusion**

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



## Chelmsford City Council Cabinet

12 July 2022

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### Capital Programme Update and Provisional Outturn 2021/22

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#### Report by:

Cabinet Member for Fairer Chelmsford

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#### Officer Contact:

Phil Reeves, Accountancy Services Manager (S151 Officer)

Email [Phil.Reeves@chelmsford.gov.uk](mailto:Phil.Reeves@chelmsford.gov.uk) Telephone 01245 606562

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#### Purpose

1. To report the capital expenditure incurred in 2021/22 and the resources used to finance it.
2. To update the approved Capital Schemes for variations in cost which have been identified at outturn and to date.
3. To update the approved Asset Replacement Programme for 2022/23 for variations in cost and timing which have been identified at outturn and to date.

#### Options

To either accept or reject the recommendations.

#### Preferred option and reasons

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

## Recommendations

That the Cabinet approves the following:

1. the proposed Asset Replacement Programme for 2022/23, the increase in scheme costs £6k, the rephasing of spend from 2021/22 £271k and proposals for new items £43k as shown in **Appendix 3** and detailed in **paragraph 4.2** of this report.

And that the Cabinet recommends to Council that it:

1. approve the latest proposed budgets for Capital Schemes, an increase of £4.419m, shown in **Appendix 1** and detailed in **paragraph 3.1**;
2. approve budgets for two new schemes, detailed in **paragraph 3.5**:
  - i) Army and Navy Sustainable Transport package, capped at £4m;
  - ii) East Chelmsford Cycling and Walking Connectivity, capped at £1.5m;
3. note the outturn on the 2021/22 Asset Replacement Programme £3.849m, shown in **Appendix 3** and detailed in **paragraph 4.1**;
4. note the Asset Replacement Programme for 2022/23, £6.007m as shown in **Appendix 3** and detailed in **paragraph 4.2**;
5. note the proposed Asset Replacement programme deferred approved schemes from 2022/23 to 2023/24, £0.154m, shown in **Appendix 3** and detailed in **paragraph 4.2**; and
6. note the method of funding the capital expenditure incurred in 2021/22, as set out in the table in **paragraph 5**.

## 1. Background

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

## 2. Introduction

There are two types of expenditure, capital and revenue.

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

market value or increase substantially the extent to which the Council can use the asset.

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

## 2.1 Capital Programme

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

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

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

## 2.2 Capital Resources

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

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

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

## 2.3 Capital Reporting

A 'Capital Programme Update' report is taken to Cabinet in January and a 'Capital Programme Update and Outturn' report is taken to Cabinet/Council in July each year. A further 'Capital Programme Monitoring and Update' report is taken to Cabinet in November.

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

## 2.4 Methods of Approval

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

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

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

### 3 Capital Schemes

Appendix 1 shows that there has been £1.396m approved since the last report to Council in February 2022. The table below provides details.

Last Approved Budget February 2022 Council	£148.259m
Existing Schemes increased budgets  Scheme number 13 – Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy, and Affordable and Social Housing. Tenders received back for works to extend the hostel were higher than the original estimate. This is due to inflation in the cost of building materials and also changes to the design. The original budget for these works was £325k and based on returned tenders the cost has increased to £475k. This scheme will provide an additional 6 rooms at the hostel, some with improved bathrooms, which will reduce the pressure on the budget for bed and breakfast accommodation.	£0.150m
Scheme number 1 – Theatres' Modernisation. Following the return of the tenders, an additional sum was approved by Council in March 2022. This budget has increased from £1.5m to £2.746m.	£1.246m
Total Approved Budget	£149.655m

#### 3.1 Monitoring Against Latest Approved Budgets

**Appendix 1** gives the overall capital outturn information for the completed Capital Schemes at the end of March 2022 and the latest forecast expenditure for the ongoing scheme costs. It identifies the variances in total individual scheme costs.

**Appendix 1** shows that the proposed cost of the Capital Schemes has increased by a net £4.419m against the latest approved budget of £149.655m, or 2.95% of the overall Capital Schemes' costs. The table overpage provides a summary.



Approved Budget	£149.655m
Proposed Reductions in Scheme Costs – see <b>Appendix 1</b> Scheme number 33 – Mass Tree-planting and Woodland Creation. Spend transferred to revenue, not reduction in planting.	-£0.069m
Proposed Increases in Scheme Cost Requires Approval – see <b>Appendix 1</b> for details	
Scheme number 5 – Enabling Lockside Growth Area.	£0.956m
Scheme number 8 – Land Acquisition Cemetery/Crematorium	£2.400m
Scheme number 12 – Housing Initiatives to support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing – Purchase of Properties and refurbishments.	£0.790m
Scheme number 55 – Chelmer Waterside	£0.375m
Other Smaller Schemes – see Scheme 29, 31 and 74	£0.015m
<b>Total £4.286m</b>	
Actual Increases in Completed Scheme Cost – do not require approval, to be noted.	£0.030m
Actual Reductions in Completed Scheme Costs, to be noted	-£0.078m
<b>Total Proposed Budget Capital Schemes</b>	<b>£154.074m</b>

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

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

The majority of these schemes are reliant upon conditions outside the control of project officers, such as obtaining planning permission and consents and paying over CIL and Section 106 grants to third parties, which are dependent upon works they have completed. The delay in the spend is favourable to the Council in terms of investment and returns.

The forecast expenditure for the year 2021/22 was £24.202m. The actual expenditure for 2021/22 was £9.189m. This is a net reduction for the spend in-year of £15.013m or 62%. The table overpage provides details of the schemes and shows the major variations.

<b><u>Schemes</u></b>	
Schemes 65–75 – Various CIL Grants to third parties. Spend dependent upon third parties. The budgets have been deferred to 2022/23.	-£1.187m
Scheme 5 – Enabling Lockside Growth Area – The spend on this scheme is dependent upon negotiations with third parties and this has caused delays to the progress of the scheme. The budgets have been deferred to 2022/23.	-£1.684m
Scheme 8 – Acquisition Cemetery Land – Suitable site has not been identified.	-£2.200m
Scheme 10 – Refurbishment Commercially leased Property deferred to 2022/23. The scope for the refurbishment has changed from open plan to smaller office suites which has required a more detailed Mechanical and Electrical scope to be developed which has delayed the scheme. This will enable the property to be let for the maximum rent.	-£1.100m
Scheme 13 Housing Initiatives – (1) Extension of Hostel – delay due to requirements for additional surveys in relation to the acoustic impact on neighbouring properties. (2) Railway Street development – delay due to requirement for sensitive treatment of boundaries with adjoining properties. (3) Exceptions Sites £2m. These schemes have been rephased to 2022/23. This delay could impact the savings and income which will be generated from the implementation of the first two schemes.	-£3.360m
Scheme 54 – Chelmer Waterside Infrastructure (HIF) Access Road and Bridge – The estimated spend in-year is lower than forecast.	-£4.976m
Other variations less than £200k on individual schemes.	-£0.506m
<b>Total In Year Underspend Against Forecast Spend</b>	<b>-£15.013m</b>

This delay in expenditure was beneficial to the resourcing of the Council's 2021/22 capital expenditure, delayed the use of finite capital resources and reduced the requirement for internal borrowing in the year.

### 3.4 Update on Capital Schemes

#### 3.4.1 Chelmer Waterside Infrastructure – Access Road, Bridge and Associated Works

Planning permission was granted in June 2021 and the Council has now entered into contract with a contractor for the design and build of the road/bridge, through

a two-stage design-and-build contract. Stage 1 is the detailed design and technical approval, and Stage 2 is the construction. Stage 1 is programmed to complete in April 2023, at which point a validated target price for the project will be known, with the Council having the option to proceed or not at this stage. The cost of delivery of the road and bridge will change, but this cost will not be fixed until April 2023, at which point any further budget adjustments will be the subject of future approvals. Early indications are that the price for the scheme is likely to increase significantly due to inflationary pressures, e.g. price of steel. Any additional costs are expected to be funded from CIL or higher capital receipts (sale proceeds) from nearby sites.

To date, the City Council has drawn down £4.460m of the Housing Infrastructure Fund grant from Homes England, out of a total of £13.7m. The remainder must be drawn down by the end of March 2023 under the terms of the agreement between the City Council and Homes England.

#### 3.4.2 Land Acquisition Cemetery/Crematorium

Experience gained whilst researching potential sites has identified a need to increase the budget for the land purchase. The causes of the increases are that availability of suitable sites in Chelmsford is limited, land prices have been rising and most suitable sites have the potential for other development options. Before any purchase is made, there will be a review of the business case for the scheme.

#### 3.4.3 Flood Defences

The Environment Agency (EA) has taken the view it will not continue with the Margaretting scheme. The Council has, as required by statute, transferred to revenue £0.74m of costs which had been incurred on the scheme in prior years. The remaining capped capital budget of £5.759m has been retained subject to future review by Council. The EA is looking at new options that will include a combination of upstream natural flood management measures, linked to the wider green infrastructure initiatives, together with localised flood conveyance and storage interventions and limited physical flood defence barriers in the city centre, rather than relying on a single upstream flood storage measure such as the one previously proposed at Margaretting. A further report will be made to Council in due course.

#### 3.4.4 Inflation

Many of the budgets set out in Appendix 1 are approved on the basis of the best advice available at the time the bid requests were submitted. However, as previously mentioned in the Council's Budget Report 2022/23, there is unprecedented inflationary pressure in the economy which makes the outcomes of tenders for goods and services erratic. Changes in project cost will be reported and approvals for additional budgets dealt with under the normal financial delegations.

### 3.5 New Scheme Proposals

Essex County Council is developing an outline business case for the Army and Navy Sustainable Transport Package. This includes a junction improvement (with the selected preferred option the hamburger roundabout), enhancements to park and ride at Chelmer Valley and Sandon, and improved cycling and walking connectivity in the immediate vicinity of and through the junction. The estimated cost at this stage of the project is £67m and the business case should be submitted to the Department for Transport this summer, with a planning application expected in early 2023 and construction scheduled to start in winter 2024. The Department for Transport requires a 15% local contribution to be identified as part of the business case (circa £10m). CCC, in partnership with ECC, has been asked to fund the local contribution, with CCC providing a £4m capped contribution from the Community Infrastructure Levy (CIL). CCC's contribution is conditional upon ECC working with the City Council to develop proposals for additional cycling and walking connectivity between the new developments in east Chelmsford and the City Centre. A further £1.5m CIL is identified for this purpose. Council approval will be needed for these proposals to proceed.

## 4. Asset Replacement Programme

### 4.1 Monitoring Against Latest Approved Budget

**Appendix 3** shows that the final outturn for 2021/22 was underspent by a net £250k or 6.1% when compared to the approved budget of £4.099m. £271k has been moved forward into 2022/23 or later years. The remaining net £21k relates to cost increases in 2021/22. The table below provides a summary.

Approved Budget 2021/22	£4.099m
Proposed Change in scheme phasing	-£0.271m
Variation in Asset Replacement Cost	£0.021m
<b>Total Outturn 2021/22</b>	<b>£3.849m</b>

4.2 **Appendix 3** also shows that the proposed budget for 2022/23 asset replacements is £6.007m compared to the approved budget of £5.844m. This is a net increase of £0.163m, or 2.79%. £0.271m is due to asset replacements being delayed from 2021/22 until 2022/23. The table below provides a summary.

Approved Budget 2022/23	£5.844m
Proposed Change in scheme phasing from 2021/22 Requires Approval – For detail see <b>Appendix 3</b> 2022/23 column “Rephasing from 2021/22 – Requires Approval”	£0.271m
Proposed Change in approved scheme phasing from 2022/23 to Later Years – For detail see <b>Appendix 3</b> 2022/23 column “Approved Replacements Deferred from 2022/23 to Later Years”	-£0.154m
Proposed New Spend to be added to the Replacement Programme Requires Approval – see <b>Appendix 3</b> 2022/23 column “New Budget Asset Replacements Requires Approval” –	
High Level Ceiling Fans at CSAC	£0.015m
South Woodham Ferrers Pool Fire Doors	£0.008m
Cherry Picker Riverside Ice Rink	£0.019m
Hylands House Water Boiler	£0.001m
<b>Total £0.043m</b>	
Increases in Asset Replacement Cost Requires Approval – For detail see <b>Appendix 3</b> 2022/23 column “More/Less Than Approved Budgets – More Requires Approval”	£0.006m
Reduction in Asset Replacement Cost	-£0.003m
<b>Total Proposed Budget 2022/23</b>	<b>£6.007m</b>

4.3 **Appendix 4** provides narratives, for variances in excess of £25k for 2021/22 and 2022/23, against the Latest Approved Budgets.

## 5. Funding of Programme

The application of resources to meet capital expenditure incurred in 2021/22 is shown in the table on the next page. The discussion and approval for the funding is sought in the Medium-Term Financial Strategy elsewhere on the agenda

<b><u>Method of Funding</u></b>	<b><u>2021/22 Spend</u></b>
Capital Receipts	£1.747m
Revenue Contribution	£1.988m
Capital Grants and Contributions	£2.675m
S106 Agreements	£0.501m
Community Infrastructure Levy (CIL)	£0.656m
Leasing	£0.271m
Internal Borrowing against Reserves & Other cash-backed balances	£5.199m
<b>Total</b>	<b>£13.037m</b>

## 6. Conclusion

- 6.1 The total cost of the Capital Schemes is forecast to be a net £4.419m more than the latest approved budget.
- 6.2 There are some large schemes which have not been delivered against the originally agreed milestones due to circumstances outside the control of the project officers.
- 6.3 The underspend on Capital Schemes in 2021/22, £15.013m, has reduced the requirement to identify capital resources for the funding of the programme and is beneficial to the Council as it has reduced the requirement for internal borrowing in this financial year. Some of the delays in spend will have impacted on income-generation and savings which will now be realised in a later year.
- 6.4 The 2021/22 Asset Replacement Schemes are £250k less than the latest approved budget. £271k has been moved forward into 2022/23. The realignment of the asset replacement budgets into later years is favourable to the Council as it delays the commitment of capital resources.
- 6.5 The resourcing of the capital expenditure in 2021/22 is showing a requirement to internally borrow £5.199m. The cost of borrowing is reflected in the Medium-Term Financial Strategy (MTFS) Report elsewhere on the agenda.
- 6.6 Council is asked to approve budgets for two new schemes:
  - i) Army and Navy Sustainable Transport Package, capped at £4m. This is dependent on ECC undertaking a second scheme for;
  - ii) East Chelmsford Cycling and Walking Connectivity, capped at £1.5m.

- 6.7 Approval is sought for the capital and replacement programme cost changes identified in the recommendations.

[List of appendices:](#)

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

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

**Appendix 3** Asset Replacement Schemes for 2021/22, a comparison of the budgeted expenditure against the Outturn.

Also, the Asset Replacement Schemes for 2022/23, a comparison of the budgeted expenditure against the Directors of Service forecast.

**Appendix 4** Asset Replacement Schemes Major Variations Narratives for the years 2021/22 and 2022/23.

[Background papers:](#)

Nil

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[Corporate Implications](#)

Legal/Constitutional:

None.

Financial:

As noted in the report.

Contribution toward achieving a net zero carbon position by 2030:

A number of schemes contribute towards this goal.

Personnel:

None.

Risk Management:

Interest earnings understated and budget reductions made when not necessary.

Equality and Diversity:

None.

Health and Safety:

None.

Digital:

None.

Other:

None.

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**Consultees:**

All Services, Audit & Risk Committee

**Relevant Policies and Strategies:**

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

Medium-Term Financial Strategy

Capital, Treasury and Investment Strategies



		<b>CAPITAL SCHEMES</b>	<b>VARIATION IN TOTAL CAPITAL SCHEME COSTS</b>						
			Latest Approved Budget - Approved February 2022 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval			
			Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget		Scheme Scheduled to Complete on Time against Original Programme
Net Expenditure to 31/03/2022			£000s	£000s	£000s	£000s	£000s		Additional Budget Approval Narrative
		<b>SCHEME DESCRIPTION</b>							
		<u>Connected Chelmsford</u>							
54	1	Theatres' Modernisation	1,000	1,746	2,746	0	2,746		Programming of works still to be determined
	2	Museum Roof Access Works Health and Safety	11		11	0	11	NEW	Approved Council February 2022. Delegated authority to the director to spend within the approved budget.
		<u>Fairer Chelmsford</u>							
10	3	Land Development Site Investigations	365		365		365		Programming of works still to be determined
30	4	Land Sites' Disposal Costs	612		612		612	NEW	Approved Council February 2022. Delegated authority to the director to spend within the approved budget.
1,954	5	Enabling Lockside Growth Area	450	4,550	5,000	956	5,956	In Negotiations - Late delivery	A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. An additional £500k was approved November 2021.
200	6	Galleywood Hall Development Industrial Units	1,200	650	1,850		1,850	No	Approved at Council February 2019. Following a reassessment of the budget £400k was removed. Additional £200k was approved November 2021 due to rising prices of materials and construction. An additional £850k was approved by Council February 2022.
65	7	Bridge Repairs	300	-185	115	-50	65	Completed	Approved at Council February 2019. May 2020 non urgent works deferred to later year.
	8	Land Acquisition Cemetery/Crematorium	1,800	1,800	3,600	2,400	6,000	To identify potential Land Site	Approved at Council February 2019. Additional £1.8m approved Council February 2020.
	9	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.
	10	Refurbishment of Commercially Leased Properties	720	380	1,100		1,100	Under Review	Approved at Council February 2020. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. An additional £380k was approved November 2021.
7,164	11	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (i)	7,000	143	7,143	21	7,164	Completed	Approved at Council February 2020. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Additional £50k approved November 2021. Budget increased Council February 2022.
	12	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii)		10,920	10,920	790	11,710	Business Case to be Developed	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Purchase 20 houses and modular units.
65	13	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	9,900	-5,525	4,375		4,375	Business Cases to be Developed	Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2023/24. £150k approved by Cabinet June 2022 for increased cost of works to Hostel expansion.
237	14	Enabling Role - Housing	237		237		237	Completed	Grant payment to CHP.
	15	Initiatives to increase the provision of Affordable Housing Funded by S106	1,643		1,643		1,643	NEW	Budget approved in principle February 2022 Council. Delegated authority to the Director of Sustainable Communities to decide upon the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Fairer Chelmsford.
467	16	Drakes' Lane Travellers Site	1,950		1,950		1,950	Yes	Approved by Urgency March 2021.

		Latest Approved Budget - Approved February 2022 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval					
Net Expenditure to 31/03/2022		Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget		Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s				
	<b>Greener and Safer Chelmsford</b>									
	17 Cemetery and Crematorium Infrastructure	6,800		6,800		6,800		<b>Business Case to be Developed</b>	Approved Council February 2020 with a delegation for Cabinet to approve a final scheme.	
	18 Cemetery Toilet Refurbishment	86		86		86	<b>NEW</b>	<b>Yes</b>	Approved at Council February 2022. Delegated authority to Director to spend within approved budget.	
	19 Civic Offices Improvement Programme	460		460		460		<b>Under Review</b>	Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme.	
142	20 Community Flood Improvements	184		184		184		<b>Works Completed Monitoring to continue</b>	Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017.	
149	21 Hylands Park North Kiosk Toilet Refurbishment	60	88	148	1	149		<b>Completed</b>	£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	22 Hylands' Hanbury Memorial Garden	45		45	-10	35		<b>Completed</b>	Approved via supplementary estimate September 2019 funded by a contribution from The Friends of Hylands House (FOHH).	
72	23 Hylands' Outdoor Wedding Ceremony Area	75		75		75		<b>Yes</b>	Approved supplementary estimate June 2021 £75k	
260	24 Saltcoats Park and Compass Gardens Car Park	253		253	7	260		<b>Completed</b>	Approved at Council February 2020 and programmed for 2021/22.	
	25 Beaulieu Park Pavilion Refurbishment	57		57		57		<b>No</b>	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works.	
	26 Chancellor Park Pavilion Works	46		46		46		<b>No</b>	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works.	
	27 Chelmer Park Pavilion Roof	148		148		148	<b>NEW</b>	<b>Yes</b>	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	28 Beaulieu Pavilion Health and Safety Works	33		33		33	<b>NEW</b>	<b>Yes</b>	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	29 Beaulieu Park Conversion Tarmac Court to 3G Pitch and Flood lights	90		90	5	95	<b>NEW</b>	<b>Yes</b>	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	30 Oaklands Park Upgrade Tennis Court to MUGA	91		91		91	<b>NEW</b>	<b>Yes</b>	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	31 Central Park Lake Edge Works S106	62		62	2	64	<b>NEW</b>	<b>Yes</b>	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	32 Rivers and Waterways Improvements	600	-107	493		493		<b>Scheme to be developed</b>	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	33 Automatic Floodgates and Provision of Locks - Feasibility		107	107		107		<b>No</b>	Budget approved September 2020 Cabinet. Budget vired from Rivers and Waterways Improvements.	
56	34 Mass Tree planting and Woodland Creation	4,400		4,400	-69	4,331		<b>Yes</b>	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.	
	35 Green Initiatives	500		500		500	<b>NEW</b>	<b>Business Cases to be Developed</b>	Approved by Council February 2022. Two year programme with delegated authority to the Director of Public Places to spend within the approved budgets. Following consultation with the Cabinet Member for Safer and Greener Chelmsford, he will decide on the preferred schemes.	
9	36 CIL Landscape Enhancement Scheme Chignal Road	11		11		11		<b>Yes</b>	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.	
9	37 CIL Parks and Open Space	6	10	16	-1	15		<b>No</b>	£6k CIL funding approved July 2019 for Coronation Park Basketball Court. £10k additional budget approved supplementary estimate. Location also changed to Lionmede Park.	
533	38 Chelmsford Indoor Market Refurbishment	500	100	600		600		<b>Indoor works completed, outdoor works progressing</b>	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.	
	39 Retail Market Drainage Improvements	31		31		31	<b>NEW</b>	<b>Yes</b>	Approved by Council February 2022. Delegated authority to Director to spend within approved budget.	
	40 Market Road Toilet Roof	101		101		101	<b>NEW</b>	<b>Yes</b>	Approved by Council February 2022. Delegated authority to the director to spend within the approved budget.	

			Latest Approved Budget - Approved February 2022 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval					
Net Expenditure to 31/03/2022			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				
40,136	41	Riverside Ice and Leisure Centre Scheme	950	39,187	40,137	-1	40,136		<b>Building Works Completed. Final fees paid.</b>	£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	42	Riverside Elevations	2,000		2,000		2,000		<b>Under Review</b>	£2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme.	
31	43	Dovedales - Grant for Works 2019/20	32	2	34	-3	31		<b>Completed</b>	Approved at Council February 2019 contribution towards new studio. Additional £2k approved November 2019 cabinet based on actual spend.	
15	44	Dovedales - Grant for Works 2020/21	42	-2	40	1	41		<b>Deferred</b>	Approved at Council February 2020 and programmed for 2020/21.	
22	45	Dovedales - Grant for Works 2021/22	23		23	-1	22		<b>Completed</b>	Supplementary estimate approved March 2021 £23k grant for repairs to roof.	
	46	Dovedales Sports Centre Refurbishment	1,464		1,464		1,464	<b>NEW</b>	<b>Scheme to be developed</b>	Budget approved Council March 2022. Delegated authority to the Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford.	
168	47	Hylands House Refurbishment First Floor Accommodation	174		174	-6	168		<b>Works Completed</b>	£174k approved at Council February 2019 3 year programme for refurbishment.	
35	48	Hylands House Refurbishment Terrace Room	35		35		35		<b>Completed</b>	£35k approved via supplementary estimate December 2019. Scheme funded by contribution from Friends of Hylands House.	
	49	Hylands House Stable Block Toilets	44		44		44		<b>Deferred</b>	Approved at Council February 2020 and programmed for 2022/23. Now programmed for 2023/24	
	50	Hylands House Basement Toilet	150		150		150	<b>NEW</b>	<b>Yes</b>	Approved Council February 2022. Delegated authority to Director to spend within the approved budget.	
		<b>Sustainable Development</b>									
926	51	Flood Alleviation Scheme	5,359	400	5,759		5,759		<b>Business case to be developed</b>	This budget was approved in July 2013 for an EA Scheme which has now been withdrawn. £741k related to works towards the design of the scheme. This has now been categorised as a revenue spend. The budget will be reviewed by Council at later date	
10	52	Public Realm Wayfinding Signs Phase 3	150		150		150		<b>Yes</b>	Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23	
1,044	53	Public Realm Tindal Square Design and Construction	160	3,678	3,838		3,838		<b>Scheduled to complete by Oct. 2022</b>	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. Report taken to Cabinet October 2021 and urgency letter requested for approval of the agreed scheme an additional £3.358m.	
5	54	Chelmer Waterside Infrastructure - CCC Budget		250	250		250		<b>No</b>	Virement allocated for HIF bid design works.	
2,014	55	Chelmer Waterside Infrastructure (HIF) - Grant Funded	15,500	11,095	26,595	375	26,970		<b>No</b>	£15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £11m budget to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing.	
1,461	56	S106 Beaulieu Park Station	100	1,550	1,650		1,650		<b>Unspecified</b>	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	57	S106 Beaulieu Park Station 2nd Phase	2,917	514	3,431		3,431		<b>Unspecified</b>	£2.917m approved at February Council 2018. The expenditure on this scheme will be funded by S106.	
1,311	58	S106 Beaulieu Sports Facility	477	834	1,311		1,311		<b>Completed</b>	£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	59	S106 Public Art Bond Street	44		44	-6	38		<b>Completed</b>	Approved by delegation February 2019.	
12	60	S106 Stonebridge Illuminations	37	6	43		43		<b>No</b>	Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k.	
2	61	S106 River Can Pathway Lighting Design	10	6	16		16		<b>No</b>	Approved by delegation £10k January 2020. Additional budget approved by delegation March 2020 £6k.	
14	62	S106 Public Art Channels	21	79	100		100		<b>No</b>	Approved by delegation January 2020 £21k. Additional sum approved by delegation £79k October 2021.	
106	63	CIL REFUS Schemes 19/20+C6	72	34	106		106		<b>Completed</b>	Scheme approved April 2019 £72k. Revenue Expenditure Funded by Capital Under Statute (REFCUS). NEW £30k various CIL schemes approved July 2019.	
10	64	CIL REFUS Schemes 20/21	17	-7	10		10		<b>Completed</b>	£17k Approved March 2020.	



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

	Scheme Description	Latest Approved Budget £000's	Latest Estimated Expenditure - If Additional Budget Requires Approval £000's	Variation £000's	Variation Type	Percentage Change in Scheme Cost	Reason
	<b>Fairer Chelmsford</b>						
5	Enabling Lockside Growth Area	5,000	5,956	956	Increase in budget	19.12%	Service manager has reviewed programme and increased budgets for acquisitions required under compulsory purchase orders, fees and demolition budgets required to enable site to be available for development.
7	Bridge Repairs	115	65	-50	Reduction in budget	-43.48%	This scheme is now complete. The original budget included estimates for a number of bridges where the work was not required.
8	Cemetery/Crematorium Land Acquisition	3,600	6,000	2,400	Increase in budget	66.67%	There are a few factors in relation to this increase. Land prices have increased but a lot will depend on the land eventually purchased. If the land acquired is agricultural land with no development potential then the original budget would suffice. However, the experience to date is that nearly all the suitable sites that have been considered do have some development potential and because of this the budget should be increased.
12	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	10,920	11,710	790	Increase in budget	7.23%	This budget is for the provision of modular units and the acquisition of 20 properties for temporary accommodation. When the budget was set it was based on an average cost of £350k per property but, due to the increasing house prices, a request has been made to increase this to £375k. This equates to an additional £540k budget. This will help to ensure that there is more stock availability on the market to select from which will result in the properties being available for use this financial year. The service manager has also requested a £250k budget provision to refurbish the properties. With the increased budget, this will still be a more cost effective option for temporary accommodation.
	<b>Greener and Safer Chelmsford</b>						
34	Mass Tree Planting and Woodland Creation	4,400	4,331	-69	Reduction in budget	-1.57%	Although this is being reported as a variation to the capital budget, this spend was incurred and has been transferred to revenue as it did not qualify under accounting standards as a capital spend
	<b>Sustainable Development</b>						
55	Chelmer Waterside Infrastructure	26,595	26,970	375	Increase in budget	1.41%	Increase in budget required for increased cost of design and Project Manager appointment

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME																					
2021/22											2022/23										
2021/22 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE TO OUTTURN											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 31/3/2022	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	Analysis of Variations			Variance for 2021/22 Additional Cost	Total Outturn 2021/22	Original Approved Estimate 2022/23	Additional/ Reduced (-) Approved Budget	Reason for Change - see key below	Latest Approved Estimate for 2022/23	Variations			Approved Replacements Deferred from 2022/23 to Later Years	Total Proposed Budget Requirement for 2022/23		
						Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets							Re phasing from 2021/22 Requires Approval	More/Less(-) Than Approved Budgets - More Requires Approval	New Item Requires Approval				
£000's	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s		£000s		£000s	£000s	£000s	£000s	£000s	£000s		
	<b>Connected Chelmsford</b>																				
24	1 Digital Services Replacement Programme	290	-267	PH, RD, V	23			1	24	234				234					234		
	2 Digital Helpdesk System Replacement	25			25	-25			0					0	25				25		
52	3 Website Upgrade	75	-23		52				52	98				98					98		
	4 Investment in Digital Technology - DPO									300				300					300		
76	5 Theatres' Equipment	115	-40	PH	75			1	76	40				40		5			45		
16	6 Cramporn Theatre Replacement Floor	17			17			-1	16					0					0		
	7 Museum Equipment and Vehicles									30				30				-24	6		
	<b>Fairer Chelmsford</b>																				
	No Schemes				0				0					0					0		
	<b>Greener and Safer Chelmsford</b>																				
3	8 CCTV Replacement Equipment	13	-10		3			0	3	10				10					10		
	9 CCTV Various Schemes Sites CIL	3	-3		0			0	0	3				3					3		
162	10 CCTV Safer Streets Bunny Walks		165	SEG	165	-3		-3	162					0	3				3		
	11 Street Lighting Safer Streets Bunny Walks		20	SEG	20	-20		-20	0					0	20				20		
37	12 CCTV Home Office GRIP Funded		37	SEG	37			0	37												
58	13 Crematorium Equipment	17	44	SEN, PV	61			-3	58	84				84					84		
11	14 Crematorium Columbarium	14	-3	PV	11			0	11					0					0		
4	15 Civic Centre Alarm	6			6			-2	4					0					0		
12	16 Civic Centre Heating	13			13	-1		-1	12	32				32	1				33		
	17 Civic Centre Server Room Air Conditioning	40			40	-40		-40	0					0	40				40		
	18 Civic Centre Floor Replacements	31	-31		0			0	0	31				31					31		
8	19 Print and Post Room Replacement Equip.	28	-19	RD, V	9			-1	8	3				3					3		
3	20 Dovedales Replacement Equipment	10	-6	PH	4	-1		-1	3	10				10	1				11		
17	21 Riverside Replacement Equipment	48	-31	PH, PV, SEN	17			0	17	24				24			19		43		
	22 Riverside Plant									2				2					2		
16	23 CSAC Replacement Equipment	135	-118	PH, PV, SEN	17			-1	16	158				158				-105	53		
	24 CSAC Floodlights									61				61		-1			60		
13	25 CSAC Plant	6	9	PH, SEN	15			-2	13	6				6			15		21		
3	26 SWFLC Replacement Programme	69	-66	PH,PV	3			0	3	65				65		-2			63		
8	27 SWFLC Plant Replacement	7	1	SEN,PV	8			0	8	25				25			8	-25	8		
	28 SWF 3G Pitch				0			0	0	20				20					20		
	29 Hylands House Fire Alarm				0			0	0	15				15					15		
	30 Hylands Pavilion Skins and Linings				0			0	0	60				60					60		
	31 Hylands pavilion Equipment				0			0	0	14				14			1		15		
242	32 Play Area Replacements	265	13	PV	278	-35		-1	242	311				311	35				346		
22	33 Sports Equipment, floodlights, Irrigation	35			35			-13	22					0					0		
117	34 Hylands Car Park Machines and CCTV	135	-10		125	-5		-3	117					0	5				5		
382	35 Parks Replacement Vehicles and Equipment	624	-230	PH, PV	394			-12	382	547				547					547		
	36 Waterhouse Lane Depot Heating				0			0	0	10				10					10		
17	37 PHPS Vehicles and Electric Chargers	100	-81	PV	19			-2	17					0					0		
	38 PHPS Air Monitoring Equipment	20	-20		0			0	0	80				80					80		
	39 PHPS Street Lighting	21	-21		0			0	0	21				21					21		
	40 CIL Street Lighting Meadows Car Park	5	-5		0			0	0	5				5					5		
	41 Travel pool Cars	60	-60		0			0	0					0					0		
	42 Scootas for the Disabled	10	-10		0			0	0					0					0		
	43 Scootas for Market Vehicle	31	-1		30			0	30					0					0		
271	44 Street Cleansing Vehicles	720	-448	PH	272			-1	271	605				605					605		

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Appendix 3

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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
	<b><u>2021/22</u></b>						
	<b><u>Connected Chelmsford</u></b>						
2	Digital Helpdesk System Replacement	25	0	-25	Rephasing of spend to 2022/23	-100.00%	New system completed in early 2022/23. When original budget approved, system options had not been reviewed. Option selected was based more on annual licence costs than up-front consultancy costs which are revenue rather than capital expenditure. The remaining budget has been rephased awaiting advice from service as to whether it is required.
	<b><u>Greener and Safer Chelmsford</u></b>						
17	Civic Centre Server Room Air Conditioning	40	0	-40	Rephasing of spend to 2022/23	-100.00%	Works commenced 8th April 2022 resulting in budgets being rephased to 2022/23
32	Play Area Replacements	278	242	-36	Rephasing of spend to 2022/23	-12.95%	Works commenced towards the end of the financial year and are ongoing at Church Hill Rise Play Area resulting in rephasing of budgets to 2022/23
47	Hit Squad Replacement	83	40	-43	Rephasing of spend to 2022/23	-51.81%	1 x vehicle and equipment not delivered by 31/3/2022 therefore budgets rephased to 2022/23
50	Recycling Vehicles	1484	1386	-98	Rephasing of spend to 2022/23	-6.60%	2 x vehicle and equipment not delivered by 31/3/2022 due to longer than estimated lead-in times for delivery therefore budgets rephased to 2022/23
55,56, 57,58	DFG Funded Expenditure	600	672	72	Additional expenditure funded by DFG	12.00%	It is difficult for the service to predict the level of spend as it is based on third party applications and the timing of completed third party building works. There have been discussions with other councils to look at other ways of using the grant but as it must be used for capital expenditure this restricts its uses. New initiatives have been introduced which allow the use of DFG to fund discretionary loans and Remaining Independent Assistance Grants and Loans for individuals.
	<b><u>2022/23</u></b>						
	<b><u>Connected Chelmsford</u></b>						
2	Digital Helpdesk System Replacement	0	25	25	Rephasing of spend from 2021/22	100.00%	See above
	<b><u>Greener and Safer Chelmsford</u></b>						
17	Civic Centre Server Room Air Conditioning	0	40	40	Rephasing of spend from 2021/22	100.00%	See above
23	CSAC Equipment Replacement	105	0	-105	Rephasing of spend to later year	100.00%	Budget rephased to 2023/24 to coincide with other major proposed works and to minimise disruption/closure of the facility.
27	SVWFLC Plant Replacement	25	0	-25	Rephasing of spend to later year	100.00%	Budget rephased to 2023/24 to coincide with other major replacement works required at the pool to minimise closure of the facility.
32	Play Area Replacements	0	35	35	Rephasing of spend from 2021/22	97.22%	See above
47	Hit Squad Replacement	0	43	43	Rephasing of spend from 2021/22	100.00%	See above
50	Recycling Vehicles	0	98	98	Rephasing of spend from 2021/22	100.00%	See above





## Chelmsford City Council Cabinet

12th July 2022

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### Medium-Term Financial Strategy 2022/23 – 2027/28

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#### Report by:

Cabinet Member for Fairer Chelmsford

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#### Officer Contact:

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#### Purpose

The purpose of this report is to provide an update on the Council's projected financial position over the medium term.

#### Options

After consideration of the updated financial forecast to:

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

#### Preferred option and reasons

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

#### Recommendations

1. That Cabinet note the updated financial forecast.
2. That Cabinet recommend to Council for approval:
  - a. the updates to the capital strategy set out in Appendix 2;
  - b. the approach to reserves set out in the report and Appendix 5 of the report;
  - c. the Financial Strategy as set out;
  - d. the budget guidelines for preparation of the 2023/24 budget set out in Appendix 6;
  - e. the carry forward of budgets of £247k from 2021/22 for initiatives which were delayed, as detailed in Appendix 6; and
  - f. additional Revenue Budget of £80k for 2022/23 (equivalent to £135k in a full year) for the switch to a low-carbon fuel for the Council's larger vehicles, as detailed in Appendix 6.

## 1. Introduction

This report updates the Council-approved (July 2021) Medium-Term Financial Strategy (MTFS) for the period 2022/23 – 2027/28, which provides a financial framework to support delivery of the Council's priorities as set out in "Our Chelmsford; Our Plan".

The Audit and Risk Committee on 15 June received a provisional revenue outturn report for 2021/22. This identified:

- expenditure and income in many areas do not align to budgets sufficiently, as a consequence of changes brought about by Covid-19; and
- a higher level of unearmarked reserves than planned, resulting from one-off factors.

This financial strategy reflects the issues identified to Audit and Risk Committee.

## 2. Executive Summary

Each summer, the Council receives an updated financial strategy report setting out the projected budget shortfalls for the coming 5 years and actions to alleviate them. Pre-pandemic, the projected shortfalls reflected overspends against net service budgets which were offset by windfall income from Business Rate Retention. During the pandemic the Council's finances unsurprisingly worsened as income fell dramatically and expenditure also became less predictable. Significant Government support partly protected the level of revenue reserves and the Council also took actions to increase reserves to help manage risks.

On the 29<sup>th</sup> June Government announced that Local Government would receive a financial settlement that would set out funding for 2 years from 2023/24. A consultation by Government is to be published shortly. There are no details available to determine what the effect of the funding changes will be on Chelmsford. Additional costs faced by local authorities from inflation would seem to imply that cutting or re-distributing local government funding would not be a straightforward prospect.

The Council's income and expenditure budgets are under pressure from structural changes arising from Covid-19 and the economic environment. The budget for 2023/24 (financial year starting 1 April 2023) is currently forecast to have a shortfall of £4.2m reflecting higher Council expenditure than income. This arises from expenditure increasing as inflation is running at 40-year highs, uncertainty over Government funding, and the potential for lower income .

The projected deficit for 2023/24 has risen from £1.7m reported to February 2022 Council, mostly as a result of the worsening inflation and economic position (details are in Appendix 1 of the report). The forecast is likely to need significant revision at a later date, due to unpredictability of world events.

When faced with a projected budget deficit, the Council must plan and undertake correcting action. This should be one or more of the following: cut expenditure (and possibly services), seek new income, use reserves to meet temporary costs and loss of

income, or use reserves to smooth in expenditure cuts or loss of income over more than one year. The dilemma for members is deciding what is an appropriate mix as:

- if costs fall and/or income recovers, any cuts may be reversed later but, in the meantime, services have been removed from the public and long-term damage may have been made to the capacity of the Council to deliver services;
- if reserves are used to smooth in or meet what were thought to be temporary cost pressures, but these pressures continue, reserves could run below safe levels whilst financial pressures accumulate. It may then become necessary to make large cuts in a rushed and damaging way.

The Council's unearmarked reserves are at historically high levels, reflecting the financial strategy, so the use of reserves would be financially safe, but their use always comes with an opportunity cost of what else the reserves could have been used for.

This report tries to identify a balanced approach to the use of reserves, reflecting that some significant cost pressures in the budget may be temporary, lasting only 2-3 years. Specific reserves should be established to meet these time-limited cost pressures. After allowing for the use of reserves and actions identified in **Appendices 4 & 5**, the central forecast deficit falls to £3.2m for 2023/24.

The forecast recognises that the Council must invest in its services to achieve its ambitions. Accordingly, the projections include an additional £0.3m added to each year of the forecast to allow for enhancements. This accumulates to £1.5m of ongoing enhancements by the last year of the forecast. The first commitment against this growth provision is the recommendation to switch from diesel fuel to alternative low-carbon fuel at a cost of £80k in 2022-23 and £135k in a full year.

The balance of measures needed to bridge the shortfall for 2023/24 will only be determined when the Council sets the budget in February 2023. However, the best financial strategy to manage such a large potential deficit and significant number of risks is to maintain flexibility of response and robust reserves.

### 3. Background & Contents of the Report

**The report contains:**

**Appendix 1** – Three Revenue Forecasts (Upside, Central and Downside Case) and commentary

**Appendix 2** – Capital Resourcing projections and commentary

**Appendix 3** – Forecasting Risks

**Appendix 4** – Actions

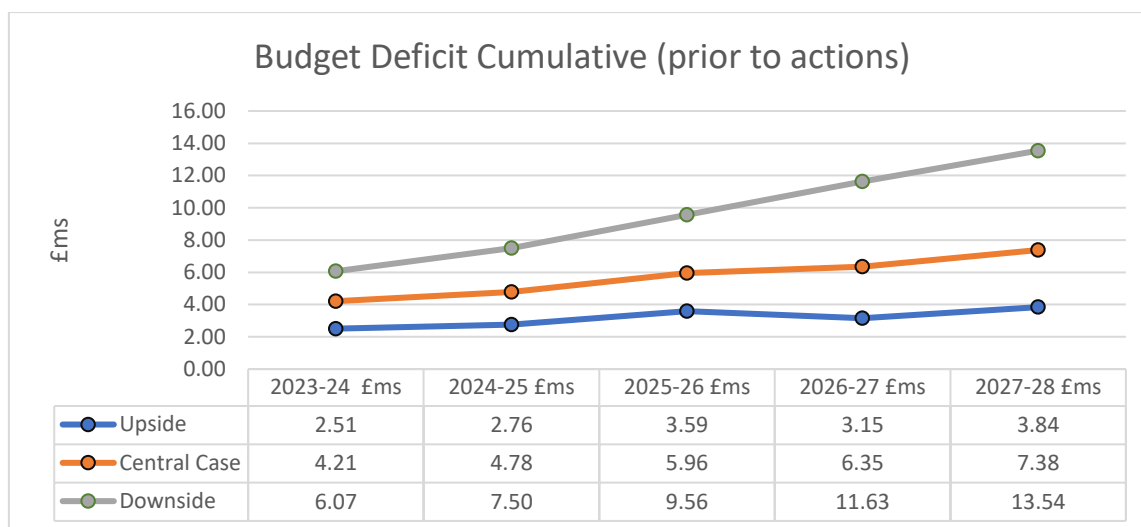
**Appendix 5** – Reserves

**Appendix 6** – Budget guidelines to initiate the 2023/24 budget process

Below, a summary of each of the appendices is made, ending in a conclusion.

#### 3.1 Summary of Revenue Forecast (in Appendix 1)

A central forecast is created as a starting point for producing the budget for 2023/24. There are also upside and downside revenue forecasts to provide context. The 3 forecast scenarios are shown below. It cannot be emphasised sufficiently that forecasts include assumptions which could very quickly become outdated by worldwide events.



- a) The projected budget shortfall for 2023/24 of £4.2m is £2.5m higher than estimated in January. The reasons for the increase are detailed in Appendix 1. Key causes are inflation (including pay) and lower short-stay car-parking income.
- b) The main cost and income changes between the 2022/23 (current) budget to 2023/24 central case are:
  - i. Inflation. The forecast for 2023/24 now includes a much higher amount of additional funding than would be considered normal. The 2023/24 budget projection now assumes 4% level of pay inflation (£1.4m), as the very tight labour market makes it likely that an increase that is larger than the normal 2% will be needed. Additionally, provision has been made for an increase of £300k pa for vehicle fuel but costs are expected to fall back in 2025-26. It was assumed when the 2022/23 budget was reported that utility prices would fall by £300k in 2023/24, but this is now thought to be unlikely. Inflation for other items such as insurance, postage and building maintenance has been included. The 2023/24 projections of inflation have risen by £1.6m since the February 2022 budget report, the largest increases being pay £720k and fuel £300k. To partially offset this, an assumption has been made of £330k extra income from increasing Council fees and charges by 4% instead of 2% in 2023/24. The forecasts assume no change in car parking charges in 2023/24.
  - ii. A review of outturn expenditure identified a continued trend of higher than budgeted spend on fleet maintenance and building maintenance over a number of years. The reasons that the budget needs to increase may reflect lack of provision for inflation on these items in the past or increasing demand (City Growth) not being captured in previous reviews. These additional costs will be reviewed carefully before the budget is set in February as the best financial outcome would be to manage within existing budgets. An inflation provision has also been allowed for these items.
  - iii. A review of income budgets has identified two key items of concern:
    - The February projection of the budget shortfall allowed for an increase in High Chelmer rental income of £250k per year. Currently, there is insufficient evidence to support inclusion of additional income. The

Higher Chelmer rental income is forecast to be £2.3m, circa £0.7m lower per year than pre-pandemic. We are awaiting details of the 2021/22 outturn position which may be £2m of net income. However, there is not yet sufficient information to predict the ongoing position.

- Car-parking income had shown a trend of rising activity during 2021/22. The 2022/23 budget assumed a small increase in activity of a couple of percent. However, early monitoring in 2022/23 suggests income could be lower than expected, particularly in short-term car parks. The central forecast assumes a £500k reduction against budget, reflecting these concerns and a potential recession impacting on City Centre activity.
  - iv. Additional costs for Temporary Accommodation (£261k) are included in the 2023/24 forecast. This reflects expected higher demand for services.
  - v. Government funding assumptions are a loss of £500k per annum from Business Rate Retention income (currently supporting the budget) and £235k of Government general grants. A total loss of £735k per annum.
  - vi. The forecast assumes the use of unearmarked reserves to support temporary loss of rent and one-off costs including elections. (The forecast is not seeking approval of the use of reserves but identifying potential costs.)
- c) The assumptions behind the Upside and Downside forecasts are discussed in Appendix 1. Changes compared to the central case have been made in all periods and can be summarised as:
- i. Upside Case £2.5m budget shortfall for 2023-24. Utility costs fall in 2026-27. Building Maintenance costs remain within existing budgets (this will likely require difficult choices). High Chelmer property income increases by £250k in 2023-24. The Government does not 'reset' Business Rate retention and the Council retains £500k ongoing funding. Temporary accommodation costs and usage are maintained at current levels. Car parking does not decline.
  - ii. Downside case £6m shortfall for 2023-24. Pay rises remains at 4% for 2023/24 and then fall to 3% from 2024/25. A 10% increase in utility costs for 2023/24. Vehicle fuel costs don't decline within the forecast period. There is no growth in Business Rate retention. An additional £640k is cut from Government funding in 2023/24. Car Parking worsens further by £200k. High Chelmer rental income is £250k lower than the central case.

### Conclusion on Forecasts

- a) The central case forecast is used as a guide in budget planning. The actual shortfalls will probably not be known until Christmas when the Government is likely to finalise funding to Local Government.
- b) Inflation provisions have been included but they will need to be considered carefully before inclusion in the budget for 2023/24.

### **3.2 Capital (Appendix 3)**

- a) The Capital programme is reported elsewhere on the agenda.
- b) The Capital Programme report notes that the timing of expenditure has been impacted by Covid-19. This has meant internal borrowing and financing costs have been

delayed. The section on Risks in this report identifies the potential hazards to the capital programme from funding and costs pressures.

- c) New Homes Bonus (NHB) has in the past been used to fund capital expenditure but can be held in the Chelmsford Development Reserve until spent. It is assumed no new NHB allocations will be paid from 2022/23 onwards. This assumption is based on the Government's desire to reform the scheme which is expected to favour upper-tier and unitary authorities.
- d) In Appendix 2, there are projections of relevant capital financing indicators as identified in the Council Capital Strategy (February 2022 Council). The financing costs as shown in Appendix 1 are included in the revenue forecasts.
- e) The projections are based on the approved programme and allow for an additional £1.2m of new schemes per year. Appendix 2 identifies the capital priorities of the Council. These potential schemes need feasibility and business cases to be developed and will be the subject of future reports over the medium term.
- f) The Capital programme and indeed a significant part of the Council's cash holdings can be expected to be funded from Community Infrastructure Levy (CIL). The capital programme will use CIL funding where appropriate under CIL regulations. The use of CIL as resource will be prioritised to avoid or defer the need to borrow to fund the capital programme. The use of CIL will be reported in the Council's Infrastructure Funding Statement, which is published in December each year.

### **3.3 Forecast Risks and Upsides (Appendix 3)**

Appendix 3 provides detail on the risks, the key items being:

- a) Inflation is at a 40-year high. Some inflation may be temporary in that prices for fuel and utility costs could fall back. There is no certainty regarding these matters. In previous budgets, the Council has mostly cash-limited services' budgets, not providing for cost inflation on most goods and services. Given the much higher levels of inflation, the 2023/24 forecast includes additional provision for cost increases. There is clearly a risk of lower or higher inflation in practice and revisions to forecasts being needed.
- b) Pay increases. This is dependent on inflation but also labour-market conditions. The forecast allows for pay inflation in 2023/24 of 4%. This is after a 2.5% increase for 2023/24 being agreed provisionally. The Council must when making a pay award have regard to the pressures of retaining and recruiting staff and affordability.
- c) Recession. Having hopefully exited the pandemic, the Council now faces a new risk of income loss due to economic conditions.
- d) Government funding. For at least three years, MTFS reports have included this risk as the Government has not progressed its plans for changing the allocation of local government funding. Cuts to councils like Chelmsford seem likely, so funding can be reallocated under the Government's Levelling Up agenda, but they are also difficult for the Government to make, given the pressures and failures experienced by councils nationally. The announcement of a Government consultation on a two-year financial settlement is welcome but lacks the necessary detail to understand the consequences and plan our finances.
- e) The main upside risk to the forecasts relates to the VAT litigation the Council has been involved in (as a lead case). The crux of the case is the VAT treatment of income from leisure services. Treating it as non-business for VAT purposes would enable the Council to retain the 20% VAT that otherwise has to be paid over to HMRC. The litigation is not final but there is potential that the case may be won within the next few months with a gain of circa £500k-£600k per year and a £4m refund. However, given the remaining matters which may prevent or just delay the claim, at this stage it is not appropriate to assume any financial improvement.

### **3.4 Actions (Appendix 4)**

The report identifies a comprehensive list of existing ongoing actions in Appendix 4, but in brief the actions include:

- strategic items or principles;
- a set of initial actions which reduce the 2023/24 forecast budget gap by £1.05m (including use of earmarked reserves) to £3.2m; and
- setting Budget guidelines (see paragraph 3.6).

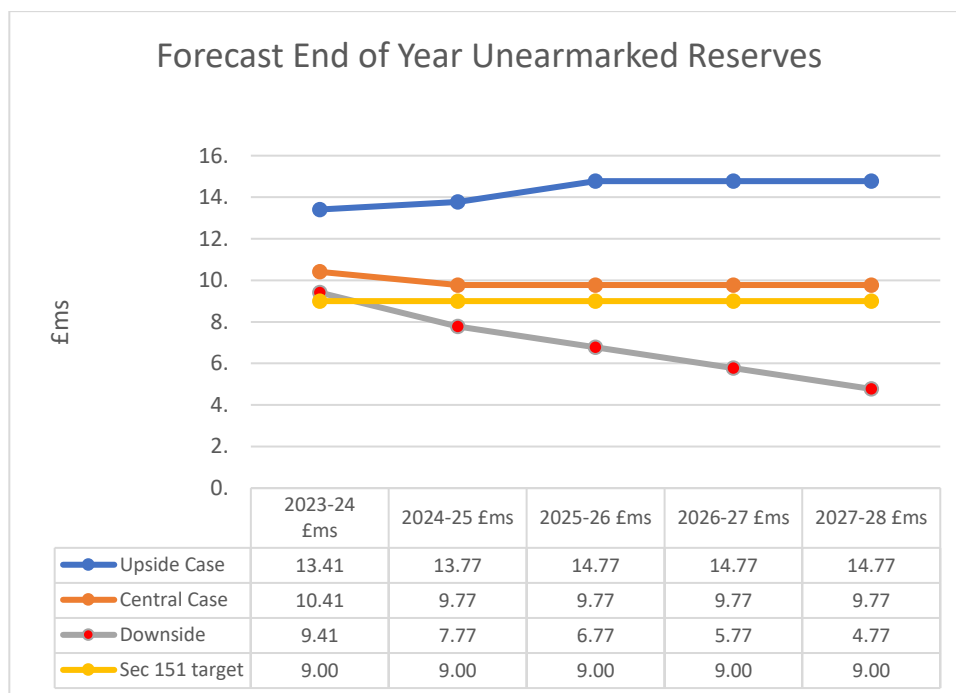
### **3.5 Reserves (Appendix 5)**

- a) The projected level of reserves is identified in Appendix 5 of the report. The provisional financial outturn for 2021/22 resulted in additional unearmarked reserves of circa £3m above those expected. The gain in very broad terms can be said to have come from temporary factors: £1m of additional Covid-19 Sales, Fees and Charges support and £2m extra of business rate retention income (mostly due to the lower cost of appeals against valuations by business rate taxpayers). This was after allowing for an additional £1m revenue contribution for capital, which has been carried forward in the Chelmsford development reserve for future capital funding (timing to be decided, based on when its application will generate the maximum reduction to potential financing costs). An additional £1m of Business Rate retention income is assumed in 2022/23, based on the higher 2021/22 outturn.
- b) The Section 151 officer considers the Unearmarked Reserves (Appendix 1) to be sufficiently robust. The unearmarked reserves include a number of transfers to/from revenue which are shown in Appendix 1. £3.1m of unearmarked reserves is recommended for transfer into a number of specific reserves as identified below:

Reserve Name	Purpose	Amount transferred £ms
New: Car Parking development	The Council has potential plans to redevelop a number of car parks, e.g. Waterloo Lane (Riverside site). During re-development of any car park, income may temporarily decline, and this reserve will manage that financial risk. The development of car parks will be subject to business cases (not yet developed) and the income effects are therefore not yet included in the revenue forecasts.	1.0
New: Business Rate Retention Fluctuation reserve	The Government continues to state that the business rate retention scheme will be reset (in some form). The revenue forecast assumes that the £500k from this income stream that supports the 2022/23 revenue budget ceases. However, the forecast includes an assumption that income will return once any new scheme is bedded in. The temporary loss of income can therefore be funded from this reserve for up to 3 years. It is worth noting that a 'reset' may not happen so that the Council continues to receive at least £500k per annum, in which case the reserve can be reviewed and used for other purposes.	1.5
New: Vehicle Fuel Reserve	Unlike electric and gas prices, oil forward markets and supply constraints make a fall in	0.6

	prices more likely in 2-3 years. It is realistic to use reserves to meet the additional cost for a number of years (the forecast assumes 2 years).	
	Total	£3.1m

- c) The graph below provides a summary of the Unearmarked Reserve position; the projections of unearmarked reserves are shown in detail in Appendix 5 (after transfers and expected use).



- i. The Section 151 officer recommends a continuation of the target of £9m for unearmarked reserves, given the significant financial uncertainties. Appendix 3 (Risks) provides further background to that decision. This target level will be re-assessed as part of the budget.
  - ii. Based on the central projection, the level of reserves is £0.8m higher than the target level. This surplus should be reviewed as part of the budget process reflecting prevailing forecasts and conditions at that time.
  - iii. The downside case differs from the central case as it includes a £1.0m net overspend in 2023/24 and each year after.
  - iv. The upside case differs from the central case as it assumes £3m of business rate retention gains in 2023/24 and £1m for two years after.
- d) The level of reserves should be considered in the context of the risks to the Council's finances (Appendix 3) and actions to make the Council finances sustainable (Appendix 4).

### **3.6 Budget Guidelines (Appendix 6)**

To enable production of a draft budget by Services, the report provides guidance in Appendix 6 on the assumptions to be used.

In 2021/22, it was not possible to carry out all planned activities due to Covid-19. A number of budgets were unspent (totalling £247k) and approval is sought to have them added into



the 2022/23 budget as carry-forwards. These are detailed in Appendix 6, Budget Guidelines.

A proposal to switch to low-carbon fuel is also included in the budget guidelines. The ongoing cost is estimated at £135k per year, which is allowed for in the forecast (via a £300k service enhancement/ growth provision).

#### 4. Conclusions

4.1 Financial uncertainty has increased due to:

- the long-term impact of Covid-19;
- potential economic recession and current inflation; and
- no clear funding arrangement from Government.

4.2 The MTFS and Budget guidelines are a means of meeting the expected challenges.

4.3 Officers will start preparing the 2023/24 budget using the guidelines set out in Appendix 6.

#### List of appendices:

Appendix 1 : Revenue And Reserves Forecast

Appendix 2 : Capital And Financing Forecast

Appendix 3 : Forecast Risks

Appendix 4 : Actions Medium-Term Financial Strategy

Appendix 5 : Reserves

Appendix 6 : Budget Guidelines 2023/24

Background papers: None

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#### Corporate Implications

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

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

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

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

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

Risk Management: Due regard to the Council's Principal Risk Register should be had when considering its budget plans, financial forecasts and level of reserves. The production of, and

adherence to, the Strategy mitigates the risk of financial failure. Challenges to the Council's financial position are reflected in the Principal Risk Register, while the financial impact of other risks are considered within the Principal Risk Register as appropriate.

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

Health and Safety: None

Digital: None

Other: None

**Consultees:**

Cabinet Members, Chief Executive and Directors, Monitoring Officer

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**Relevant Policies and Strategies:**

Our Chelmsford: Our Plan

Capital and Investment Strategy 2022/23

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## REVENUE AND RESERVES FORECAST

## APPENDIX 1

Central Case -Revenue Forecast (table1)										
	2023-24	2024-25	2025-26	2026-27	2027-28					
Key Changes Year on Year	£000s	£000s	£000s	£000s	£000s	Notes				
Pay Inflation	1,434	741	755	774	794	4% then 2%				
Living Wage	50	50	50	50	50	Living wage increase up 10% pa				
Business Rates Inflation	55	59	57	56	58	Based on 2% may be higher or nil				
Utilities Inflation	47	48	49	50	51	2% increases. Note £600k was funded from reserves				
Income Inflation	-660	-480	-490	-500	-510	4% then 2%.				
Fuel Inflation	311	7	-293	7	7	Assumes temporarily high prices (approx. 3yrs)				
Other Inflation	219	59	64	70	75	Building maint., Insurance, consumerables, postage				
Vehicle Fleet	115	0	0	0	0	Budget insufficient for expenditure				
Homelessness	261	248	336	334	334	Between 50-70 increase in demand pa				
Building Maintenance (non-inflation element)	191	0	0	0	0	Budget insufficient for expenditure				
Software costs	76	43	14	14	15	Microsoft, HR system (in part inflation)				
City Growth	170	177	177	191	170	Growth in City requires growth in services				
Audit Fees	50	0	0	0	0	Assumption new pricing not yet known				
Planning including local plan (reserves offset)	-17	-178	-30	-110	130	LDF reserve change in annual use				
Property Rent etc	28	339	-420	-389	0	Temporary vacant periods & rent increase				
Leisure & Culture Income ongoing	-195	0	0	0	0	Post covid recovery				
Planning Grants, agreements & costs	198	-203	0	0	0	Temporary Income and temporary costs				
Car Parking Income	500	-250	-250	0	0	Economy reduces town centre footfall				
Theatres re-opening	-527	0	0	0	0	Recovery from temporary closure				
Swf Pool Closure -temporary for works	42	-42	0	0	0	Funded from reserves				
Cultural Trust Grant	35	-35				Funded from reserves				
Elections (local)	252	-252	0	0	252	Funded from reserves				
Feasibility Reserve (green initiatives)	20	20	0	0	0	Funded from reserves				
Growth -provision	300	300	300	300	300	Service enhancement provision				
Other	17	128	32	37	92					
Variation in Service Costs	2,972	779	351	884	1,818					
Charges to SEPP	-8	-4	-4	-4	-4					
Interest Receivable	-261	43	-106	-178	-183	Interest rates & cash balance				
Interest Paid and MRP	412	177	1,060	361	332	Pay as you go & self financing schemes going live				
Business Rate Retention reduced income	500	0	0	-500	0	Reset, Growth and Income return				
Revenue Financing of Capital	-2,155	0	0	0	0	Fund from NHB				
Grants	0	0	0	0	0					
New Homes Bonus (NHB)	2,155	0	0	0	0	Government scraps				
Government Grants (non-service)	235	0	0	0	0	Assumption on funding change				
<b>Sub-total</b>	<b>3,850</b>	<b>995</b>	<b>1,301</b>	<b>563</b>	<b>1,963</b>					
<b>Change in +reduced use or contribution/- greater use or lower contribution- Reserves</b>										
Carry Forward Reserve	50	0	0	0	0	Contributions not used in 2023/24				
Pension Ongoing contribution is not changed	0	0	0	0	0					
Local Plan	15	-25	30	110	-130					
Master Plan Reserve	-65	65								
Insurance Reserve reduced use	50	50	0	0	0	Move to funding claim as ongoing cost				
Project feasibility reserve use	-20	0	20	0	0					
Cultural reserve use - grant	-35	35	0	0	0					
<b>Unearmarked Reserve Use</b>										
Reduced use from 2022/23 budget	1,499	0	0	0	0	Remove use of reserves 22/23 budget				
Laptop Replacement	-31	31	0	0	0	Staffing cost of replacement cycle				
Rental Property Vacancies	-152	-483	370	265	0	Impact of vacancies				
SWF temporary closure pool	-42	42	0	0	0					
Election use of reserves	-252	252	0	0	-252					
Planning Staff (end of temporary contracts)	-138	138	0	0	0	Use of reserves offsetting costs				
<b>Sub-total</b>	<b>4,729</b>	<b>1,100</b>	<b>1,721</b>	<b>938</b>	<b>1,581</b>					
Council Tax base and £5 annual increase	-520	-530	-538	-546	-554					
<b>Tax base after incur and growth</b>	<b>-520</b>	<b>-530</b>	<b>-538</b>	<b>-546</b>	<b>-554</b>					
<b>Budget Shortfall</b>	<b>4,209</b>	<b>570</b>	<b>1,183</b>	<b>392</b>	<b>1,027</b>					
<b>Cumulative Shortfall</b>	<b>4,209</b>	<b>4,779</b>	<b>5,962</b>	<b>6,354</b>	<b>7,381</b>					

## Revenue Budget Assumption

- 1 The forecasts are not a budget and do not confer power to spend. There are considerable risks to the forecast from inflation, Covid-19 and economic recession. More information on Risks is identified in Appendix 3.
- 2 The revenue forecast central case will be used to develop the budget process but there are also upside and downside cases to provide context. The discussion below is of the central case, except where stated.
- 3 The above table identifies the inflation assumptions where they are allowed for. The level of ongoing inflation is unclear and is discussed in Appendix 3 as a risk. The forecast assumes a much higher level of cost inflation (£1.5m) than previous years, reflecting the much higher risks.
  - Pay Inflation 4% (£1.4m) then 2% ongoing. The 2022/23 pay award is currently 2.5% but is not finalised.
  - Utility Costs 2% over current pricing. Officers are reviewing contractual arrangements currently.
  - Vehicle fuel £300k.
  - Provision of a number of other items including postage, building maintenance, insurance.
- 4 Given the difficulty during and post pandemic with aligning the budget to a changing pattern of income and expenditure, a number of adjustments to increase the forecast have been included. Some of the cost changes are partially inflationary and an attempt has been made to identify the inflationary elements separate from other changes, but this is at best indicative. The table below shows a summary of the larger adjustments included in the forecast (and the central case table):

Increase in forecast (existing non-inflation pressures)	£000s
Building Maintenance	191
Fleet maintenance	115
Housing Temporary Accommodation	261

- 5 Minimum Revenue Provision (MRP). This is the annual repayment cost charged to revenue for internal or external borrowing. The increases reflect the approved capital programme, plus £1.2m of new schemes each year. The funding of the programme is outlined in Appendix 2, but generally it includes capital receipts expected in the next two years. Should additional receipts be identified, as is quite possible, then the MRP costs will be lower. Additionally, historically unplanned delays in spend (not necessarily scheme delivery) have also meant MRP has been lower than forecast.
- 6 Where business cases for capital schemes have been agreed, the forecast contains the costs and benefits. Where no business case has been agreed but a scheme is expected to be self-financing then MRP costs are not included until both income and expenditure can be included in the forecast.
- 7 Up until 2 years ago, the Council paid for insurance claims by using year-end underspends to top up the insurance reserve which then met any claims costs. The forecast includes continuation of the process to move to an ongoing funding stream by £50k per year, until the ongoing fund reaches £200k pa.
- 8 The Pension deficiency payments that are part of the Council's obligations to the Local Government pension scheme are assumed not to change at the next valuation. As the valuation results won't be known until late into the budget process, it is proposed to manage the risk of increases in costs, which are far from certain, from the Pension Reserve. In the reserves in Appendix 5, an indicative cost of £2.9m is shown for the deficit,

leaving nearly £900k in the reserve. Recent research carried out nationally suggests pension costs may remain at current levels.

- 9 The forecast assumes no New Homes Bonus (NHB) allocations are receivable after 2022/23 and so no contributions to capital from revenue.
- 10 Business Rate Retention. The scheme is overly complex and very volatile, mostly as a result of the unpredictability of business rate appeals. The ongoing budget is only supported by a proportion (£500k pa) of gains made. The assumption in the central case budget is that the scheme is reset in 2023/24 and the Council will receive no funding in that year, which increases the budget shortfall. This is not certain as the scheme could continue without a reset for a few more years. As growth will occur over a number of years, this should generate additional income from Business Rate Retention and has been allowed for in the forecast.
- 11 Government funding assumptions are a loss of £500k per annum from Business Rate Retention income currently supporting the budget and £235k on Government general grants. A total loss of £735k per annum.
- 12 The forecast assumes an annual £5 increase in Council Tax per year, the maximum currently allowed without a local referendum. It also assumes that the tax base (number of Band D properties in the City) increases by 800 annually.
- 13 The forecast provides for a £300k annual budget increase for service enhancements. Additionally, an allowance to fund the expansion of services of £170k has been included (due to the growth in the number of properties in the City).
- 14 Upside and Downside forecasts. Changes to forecast have been made in all periods as follows:
  - Upside Case £2.5m budget shortfall for 2023-24. Utility costs fall in 2026-27. Building Maintenance costs remain within existing budgets (this will likely require difficult choices). High Chelmer property income increases by £250k in 2023-24. The Government does not 'reset' Business Rate retention and the Council retains £500k ongoing funding. Temporary accommodation costs and usage are maintained at current levels. Car parking does not decline.
  - Downside case £6m shortfall for 2023-24. Pay rises are 4% for 2023/24 and 3% from 2024/25. A 10% increase in utility costs for 2023/24. Vehicle fuel costs don't decline within the forecast period. There is no growth in Business Rate retention. An additional £640k is cut from Government funding in 2023/24. Car Parking worsens by a further £200k. High Chelmer rental income is £250k lower than the central case.
- 15 The table on the next page shows an abbreviated reconciliation of the current forecast budget gap (£4.2m) to that reported to February Council (£1.661m)

Comparison to Previous Projections									
		<b>Feb Council Comparison</b>							
		£000s							
Forecast Shortfall		4,209							
Shortfall reported to February Council		1,661							
<b>Increase in Shortfall</b>		<b>2,548</b>							
<b>Made up of the following changes</b>									
Homeless		211	Based on review of outturn figures						
Building maintenance		191	Based on review of outturn figures						
Car Park Income		500	Current Activity lower than expected						
Pay & living wage		767	Pay assumption increased for inflation						
Income inflation		-330	Increase charges by 4% not 2%						
Leisure Income		-195	Higher income						
City Growth		103	To fund the consequences of growth in the City						
Utilities		300	Budget assumed in 2023/24 reduction in Utility prices. No longer case						
Vehicle Fuel		300	Prices are volatile						
Other staffing		73							
Digital licences -Microsoft		31	Contractual cost						
Cyber security		35	Expected cost						
HR/payroll system		24	Contractual cost						
Other digital costs		34							
Maintenance -fleet & parks		145							
Recycling materials (income)		-100							
Higher Chelmer		250	Additional income no longer expected						
Inflation increase		219	Building maintenance, postages washroom, etc						
Pension deficiency assumption		-175	Assumes no change to cost						
Various including reserves		231							
Interest		-261							
MRP		195							

**APPENDIX 2****CAPITAL AND FINANCING FORECAST****Capital Prioritisation**

Schemes that are approved in the capital programme reflect the priorities of the Council. However, it takes time for priority capital schemes to reach the point that they are sufficiently worked up and ready for inclusion in the capital programme.

Resources will be directed to developing proposals and the first stage of seeking approval may be bids for funding to establish feasibility and scheme scope. Within the Council's earmarked revenue reserves there is some limited funding for project feasibility works.

The Council has limited capital resources and will apply those resources in a way that reduces the revenue burden of the schemes. This will therefore use the principle of applying any resource legitimately available to fund schemes before using borrowing (internal or external). So, for example CIL resources will be applied to schemes that meet CIL regulatory requirements at the earliest opportunity if this defers or avoids the need to borrow.

**Capital Strategy**

The Council approved an annual update of its Capital Strategy in February 2022. The strategy provides a high-level overview of how the Council intends to manage its capital expenditure and in turn how this expenditure is financed. The Strategy includes a number of tables for financial forecasts and financial limits. The updated figures are based on the most recent Capital Programme forecast. The tables highlight the key changes being made, with explanations. Please note that, for the sake of brevity and to maintain focus on the key issues, not all the Capital Strategy tables have been included in the update below.

The proposed new schemes for the Army and Navy replacement and associated cycle ways, identified on the Capital Programme report elsewhere on the agenda, are not included in the forecasts (as they are not approved). The schemes are to be funded from CIL contributions so do not impact on the level of borrowing.

**Cost of the capital Programme**

<b><u>Previous Forecast</u></b>	<b>2021/22 Forecast</b>	<b>2022/23 budget</b>	<b>2023/24 forecast</b>	<b>2024/25 forecast</b>
Replacement Programme	£ 4.047m	<b>£ 5.483m</b>	£2.589m	£3.324m
Capital Projects	£26.190m	<b>£52.595m</b>	£13.869m	£15.768m
<b>TOTAL</b>	<b>£30.237m</b>	<b>£58.078m</b>	<b>£16.458m</b>	<b>£19.092m</b>

<b>Latest Forecast</b>	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 forecast</b>	<b>2024/25 forecast</b>	<b>2025/26 forecast</b>
Replacement Programme	£ 3.849m	<b>£ 6.007m</b>	£3.213m	£ 3.336m	£3.739m
Capital Projects	£ 9.188m	<b>£54.647m</b>	£21.463m	£6.548m	£6.569m
Provision for Potential New Capital Projects		<b>£0.500m</b>	£1.200	£1.200m	£1.200m
<b>TOTAL</b>	<b>£13.037m</b>	<b>£61.295m</b>	<b>£25.876m</b>	<b>£11.084m</b>	<b>£11.508m</b>
<b>Previous (see above table Previous forecast for detail)</b>	<b>£30.237m</b>	<b>£58.078m</b>	<b>£16.458m</b>	<b>£19.092m</b>	<b>N/A</b>
<b>Change</b>	<b>-£17.200m</b>	<b>£3.217m</b>	<b>£9.418m</b>	<b>-£8.008m</b>	<b>N/A</b>

The above reflects the approved capital programme and known replacement items. An allowance of £1.2m per year for new schemes has been made. In previous years' reports, a higher allowance was made for unapproved schemes and potential overspends. The forecast resourcing of the capital programme has also been amended this year so a much more cautious view of the amount of capital receipts expected has been taken. The intention is to make the forecasts more factual, rather than overly influenced by officer assumptions.

#### **Financing of the Capital Programme**

<b><u>Previous Forecast</u></b>	<b>2021/22 Forecast</b>	<b>2022/23 budget</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
Capital Receipts	£1.233m	<b>£5.550m</b>	£7.850m	£10.200m
Grants and Contributions	£13.576m	<b>£31.935m</b>	£4.986m	£7.999m
Revenue Contributions	£3.418m	<b>£1.555m</b>	£0.300m	£0.100m
Internal Borrowing	£11.738m	<b>£17.893m</b>	£3.181m	£0.429m
Finance Leases	£0.272m	<b>£1.145m</b>	£0.141m	£0.364m
<b>TOTAL</b>	<b>£30.237m</b>	<b>£58.078m</b>	<b>£16.458m</b>	<b>£19.092m</b>

<b><u>Latest Forecast</u></b>	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 forecast</b>	<b>2024/25 forecast</b>	<b>2025/26 forecast</b>
Capital Receipts	£1.747m	£ 3.150m	<b>£ 2.475m</b>	£0.200m	£0.200m
Grants and Contributions	£3.832m	£30.357m	<b>£19.278m</b>	£2.084m	£6.500m
Revenue Contributions	£1.988m	£ 3.647m	<b>£ 0.350m</b>	£0.100m	£0.100m
Internal Borrowing	£5.199m	£26.446m	<b>£ 3.632m</b>	£8.336m	£4.708m
Finance Leases	£0.000m	£ 0.000m	<b>£ 0.000m</b>	£0.364m	£0.000m
Operational Leases	£0.271m	£1.368m	<b>£0.141m</b>		
<b>TOTAL</b>	<b>£13.037m</b>	<b>£61.295m</b>	<b>£25.876m</b>	<b>£11.084m</b>	<b>£11.508m</b>



The amount of funding applied every year is a reflection of the capital programme spend. Due to the reprofiling of the capital expenditure, there was a reduction in the amount of borrowing required in 2021/22, leading to higher internal borrowing in later years.

### Current Estimate of Capital Financing Requirement

#### Previous Forecast

	<b>31.3.2022 forecast</b>	<b>31.3.2023 budget</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>
<b>Total Capital Financing Requirement (CFR)*</b>	£23.456m	<b>£42.104m</b>	£44.066m	£43.286m

#### Current Forecast Based on Full Borrowing Position Includes Self-Financing Schemes

	<b>31.3.2022 actual</b>	<b>31.3.2023 Budget</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>
<b>Total Capital Financing Requirement (CFR)</b>	£18.898m	£44.953m	<b>£47.720m</b>	£55.814m	£57.797m

#### Change

<b>Total Capital Financing Requirement (CFR)*</b>	-£4.558m	£2.890m	£3.654m	£12.528m	N/A
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\*CFR – this is the amount of the capital programme that has been funded from borrowings (internal, external or finance leases)

### Planned Repayment of Debt

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

	<b>2021/22 forecast</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>
MRP	£0.227m	<b>£0.287m</b>	£0.441m	£0.700m
Finance Leasing MRP	£0.439m	<b>£0.319m</b>	£0.617m	£0.566m

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

	<b>2021/22 forecast</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>
MRP	£0.227m	<b>£0.374m</b>	£0.743m	£1.007m
Finance Leasing MRP	£0.439m	<b>£0.319m</b>	£0.617m	£0.566m

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

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
MRP	£0.227m	<b>£0.282m</b>	£0.623m	£0.804m	£1.807m
Finance Leasing MRP & operational Leases	£0.498m	<b>£0.654m</b>	£0.614m	£0.615m	£0.631m

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

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
MRP	£0.227m	<b>£0.282m</b>	£0.723m	£1.037m	£1.987m
Finance Leasing MRP & operational Leases	£0.498m	<b>£0.654m</b>	£0.614m	£0.615m	£0.631m

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

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
<b>MRP</b>	-£ 0.092m	-£0.1m	£0.02m	£0.03m	N/A
<b>Finance Leasing &amp; operational Leases</b>	£ 0.335m	£0.003m	-£0.003m	-£0.49m	N/A

**Asset Sales**

<b><u>Previous Forecast</u></b>	<b>2021/22 Actual</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>
Asset sales	£1.083m	<b>£5.000m</b>	£7.300m	£10.000m

<b><u>Current Forecast</u></b>	<b>2021/22 actual</b>	<b>2022/23 Budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
Asset sales	£1.132m	<b>£2.500m</b>	£2.275m	£0.000m	£0.000m
Change	£0.049m	- <b>£2.500m</b>	-£5.025m	- £10.000m	N/A

A more cautious approach to the timing of receipts has been taken, compared to the last forecast, to move towards a more worst-case funding assumption.

**FORECASTING RISKS****APPENDIX 3**Revenue

The revenue and capital forecasts include central, downside and upside cases to provide context of risk. The material risks and some potential upsides are discussed below.

**1 Inflation**

The levels of UK and international inflation are at 40-year highs. Most renowned economic forecasters view inflationary pressures to be temporary. That is inflation rates are expected to peak this year and then fall. This does not mean that the price of commodities like gas and oil will necessarily fall back to lower levels next year, but that annual price rises will be lower. The forecast and financial planning have to consider the following inflationary issues:

- Fees and Charges – the level of average increase is planned at 4% for 2023/24 and 2% in following years. The level of increase could be higher to match the Council's own costs, but public services do need to be affordable, and the Council must set its prices with regard to price elasticity/demand. The actual level of each fee increase will be determined within the budget process, so there is a financial risk of not achieving the planned level of increases.
- Pay – The Council's employee costs are the largest element of expenditure at around £35m. A 1% employee pay increase adds some £350k to the Council's budget. Given the current levels of inflation at nearly 10% and tightness in the labour market, the pay inflation estimates (4% 2023/24 and 2% later years) could be too low.
- Business rates – the Council pays £2.6m per annum on its own properties. The Government sets an annual increase in Business Rates in line with inflation. This would imply a significant increase. However, the bills were frozen during the pandemic period. The forecast therefore assumes only a 2% increase in Business Rate bills.
- Utility costs – the Council may not have a clear indication of its utility costs for 2023/24 until February 2023. A 2% increase is assumed but the war in Ukraine could result in gas shortages and very significant increases in prices.
- Other costs – traditionally, the Council has been able to set budgets with only some budgets increased for inflationary pressures. Given the high levels of inflation, the forecast includes budget growth for inflation on a wider range of items. The level of inflationary provision is clearly a risk. The budget guidelines provide the Section 151 officer with scope to review the assumptions for inflation during the budget process.

The increase in budgets for inflationary pressures will likely mean making savings or cutting services. If the inflationary increases are reversed in later years, e.g. vehicle fuel oil, then cuts will have been made which could have been avoided by using reserves. Alternatively, if reserves are used but prices do not fall back then Council has just deferred making cuts. The budget forecast is therefore at risk either way.

- 2 The growing number of households in Chelmsford means some budgets have to be increased on an annual basis to meet demand. Officers try to minimise the marginal cost of growth. The consequences of growth now require increases in budget of circa £170k per year. This broadly matches assumptions of additional income from growing the tax base, e.g. 800 extra properties result in £170k of additional income. The costs of growth will be managed in the most effective manner but are a financial risk.
- 3 In 2023/24, the Council's pension liabilities will be reviewed. The Council is obliged to make payments to a deficit on its pension fund. There is a risk that those contributions will

need to increase but falls are also possible. Covid-19 will be a complication in the direction of travel of the pension fund deficit. Recent research carried out nationally suggests pension costs may remain at current levels.

- 4 The world economy could be about to experience a recession leading to higher unemployment. At a local level, this could create a drop in demand for the Council's income-generating services and/or an increase for services such as those provided by Housing.
- 5 Past experience of increases in the numbers of homeless households has shown demand changes rapidly leading to unfunded housing expenditure. The forecast includes an allowance for a greater need of temporary accommodation expenditure. The cost increases are broadly increases of £0.25-£0.35m per annum. This does not allow for any expansion of existing initiatives such as modular units or new solutions. The financial risk can therefore be reduced by continued focus on providing affordable homes locally and managing temporary accommodation costs.
- 6 The Provisional Outturn report to Audit and Risk Committee identified that post-pandemic budgets and actual income and expenditure do not align sufficiently. Therefore, a risk of budget overruns is high.
- 7 The Business Rate Retention Scheme is where the Government shares growth in local business rate income with councils. The scheme is complex and almost impossible to estimate robustly at a local level. This is due to the lack of information and control the Council has over changes in the tax base. The Government announced but has not yet carried out a proposal to reset the baseline against which gains are measured. This could result in a number of years of minimal retention income, until substantive new growth has occurred. The risk can be managed by use of reserves, as is recommended in the actions in this report. However, the reset may not take place or the growth in future may not occur.
- 8 The Council is expected to receive £4.6m (excluding business rate retention and New Homes Bonus) of un-ringfenced grants in 2022/23. The Government has now promised to publish shortly a consultation on a 2-year financial settlement. There is little evidence available to determine what the actual outcome of the review could be. The central forecast assumes a loss of £0.2m of grant. The risks to this forecast are:
  - grant funding could be maintained for 2023/24 at similar levels or at least higher than the forecast assumes if the review is postponed again; and
  - the Government is not likely to provide full details of its funding package for 2023/24 until just before Christmas 2022. This means the Council has to run the budget process with a risk of material change.
- 9 In 2022/23, the Council has budgeted for £4.2m of rental income. The forecast allows for a number of vacant periods for some rental properties, with the loss of rent met from reserves. The vacant periods could be longer than expected.
- 10 The Government has made a commitment to local government to provide any funding needed to meet new burdens created by new legalisation. The level of support can often be seen as being insufficient but, in principle, the Government has removed significant risks that arise from legislative change. An example of where legislative change could have a material impact on Council services is the consultation to increase nationwide consistency of waste/recycling collections. This MTFs will not deal with the implications of that or similar changes unless there is sufficient detail to identify financial costs and benefits.
- 11 The risks identified in this section are heavily weighted to the downside but there are a number of potential upside risks to the forecast including:
  - Rental Income may recover further, specifically at High Chelmer. This could be worth several hundred thousand pounds per year.

- Car-parking income could achieve budgeted levels or higher.
  - The Theatre improvements could increase income above the expected levels. This will not be known until the end of 2023/24.
- 12 The main upside risk to the forecasts relates to the VAT litigation the Council has been involved in (as a lead case). The crux of the case is the VAT treatment of income from leisure services. Treating it as non-business for VAT purposes would enable the Council to retain the 20% VAT that otherwise has to be paid over to HMRC. The litigation is not final but there is potential that the case may be won within the next few months with a gain of circa £500k-£600k per year and a £4m refund. However, given the remaining matters which may prevent or just delay the claim, at this stage it is not appropriate to assume any financial improvement.

### **Capital Risks**

- 13 The impact of the current high levels of inflation on capital projects and replacement equipment seems more pronounced than in the revenue budget. It can be expected that revision of capital budgets due to cost increases will occur. Projects should be assessed at each stage to determine that benefits still outweigh the revised costs.
- 14 The Council has received circa £27m of Community Infrastructure Levy (CIL) and within the capital forecast expects to apply that funding to projects. The timing and potential value of CIL receipts are not in the control of the Council. The forecast only allows for a CIL forecast up to the end of 2026.
- 15 Government has announced the potential replacement of CIL with an infrastructure levy which could also remove Section 106 agreements, which are currently used to require the provision of affordable housing. The proposals do not provide sufficient clarity to determine the consequences of the changes. This could have a significant impact.
- 16 The timing of new capital scheme projects and capital disposals is always difficult to estimate. The forecast is therefore at risk of revision both in cost and funding.
- 17 The Council will be examining options for a number of its City Centre car parks. Sites may be developed in the future so, to manage this risk, the Section 151 officer recommends the establishment of a new reserve of £1m.
- 18 The Council's capital programme is now partially funded via internal borrowing. The programme expenditure has been delayed by the pandemic. Additionally, as a response to Covid-19, revenue funding of the capital programme was diverted to bolster unearmarked reserves. The Council's revenue budget includes a statutory annual charge to fund the repayment of capital financing, Minimum Revenue Provision (MRP). The cost of the MRP has been estimated in the forecast but:
- The programme expenditure could be delayed, so reducing the cost of the MRP.
  - The forecast of capital expenditure and funding has the risks identified above, so the MRP figures are likely to vary as the programme costs and funding are reviewed.
  - The MRP costs will rise over the forecast as greater use of borrowing to fund the capital programme takes place. There is a lag between approval of the scheme and when the MRP becomes chargeable.

### **Conclusion (risks)**

In appendix 4, actions are set out to manage these risks, including any ongoing consequences of the issues discussed which will be managed through the budget guidelines and budget process.

## APPENDIX 4

### Actions

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

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

A reduced number of strategic actions compared to last year is proposed to provide greater focus.

- 1 With rising inflation and restrictive Government funding, the Council needs to undertake strict cost control. This will be practised by officers in their day-to-day financial management and will also involve the Procurement Team managing financial risks in contracts in the optimum way.
- 2 Reserves. Ensure a robust level of reserves is maintained:
  - The level of reserves should be reviewed regularly. The Section 151 officer recommends £9m for Unearmarked Reserves.
  - Fluctuations around the recommended level should be expected, as the purpose of reserves is to manage financial risk including temporary income falls. If those risks are realised, the level of reserves will need to temporarily fall to meet the costs.
  - Specific reserves should be established and used to manage known or planned financial risks and costs.
- 3 Capital programme.
  - The programme should be used to deliver corporate priorities but also financial benefits.
  - The programme should be delivered at the lowest cost to the Council, so external funding should always be sought.
  - Further development of the process of planning the capital programme should take place, strengthening projections to ensure affordability.
- 4 Reviews of Fees and Charges by services should take place annually. The review should reflect corporate priorities and financial sustainability.
- 5 The Council will always have areas where cost pressures are most severe. Those areas should be where management focus on cost control (optimising efficiency). The highest risk area in the current forecast is temporary accommodation costs in Housing, where economic conditions and national policy are impacting on demand for services locally.
- 6 Officers will review budgets before seeking supplementary funding for cost increases or new initiatives.
- 7 The pandemic has meant changes in patterns of customer behaviour. This will take several years to become fully apparent. Services will work with Finance to align budgets more closely with those new patterns of income and expenditure.
- 8 The Council will continue to seek to optimise return on existing assets, divest itself of low-performing assets and set out parameters for investment in property to increase income to the Council.

Initial Next Steps

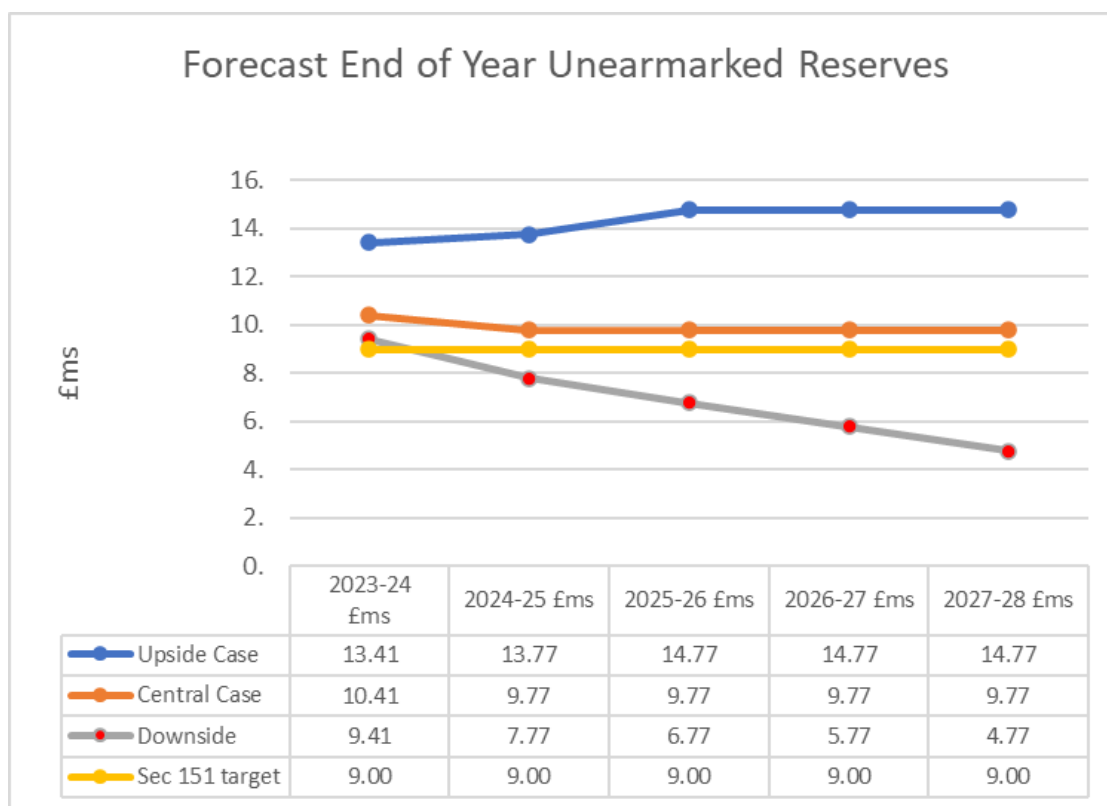
- 9 Budget guidelines have been drafted in Appendix 6 and approval is sought. Services will be required to follow the budget guidelines when preparing budgets and that will include a need to identify savings and new income.
- 10 In appendix 5, the establishment of a number of new reserves is recommended. The impact on the forecast budget gap is shown in the table in paragraph 13 below.
- 11 The following should provide savings (broadly) as identified below:
  - A review of office accommodation to reduce the footprint used and produce cost savings and/or additional income.
  - Review of staffing levels in a number areas is taking place.
  - Consider building into the budget the income generated for work undertaken by Chelmsford Internal Audit and Procurement teams for other Councils.
  - Review Theatre VAT position to seek exempt VAT status (cultural exemption), enabling circa £100k per year of VAT payments to be retained.
- 12 These initial steps would result in a budget gap as shown below:

	2023- 24	2024- 25	2025- 26	2026- 27	2027- 28
Initial Actions to Balance Budget	£000s	£000s	£000s	£000s	£000s
Review Office accommodation use	-15	-35			
Reduced staffing and external income	-135		-35		
Reserves use (two years to cover high diesel prices (£300k pa))	-300		300		
Theatre cultural exemption	-100				
Consider transition of business rates (via holding back in reserve some gains the releasing )	-500			500	
<b>Adjusted Expected Shortfall</b>	<b>3,159</b>	<b>535</b>	<b>1,448</b>	<b>892</b>	<b>1,027</b>
Cumulative	£3,159	£3,694	£5,142	£6,034	£7,061



## Appendix 5

## Reserve Forecast



- 1 The central forecasts of Unearmarked Reserves are based on the assumptions made in the revenue forecast above. In addition:
  - £1m of additional Business Rate Retention Income is assumed in 2022/23 above the approved budget.
  - Use of reserve to fund temporary costs or shortfalls from fuel oil and business rate retention. As set out in Appendix 4 actions, two new reserves are recommended.
  - A reserve to cover the potential for shortfalls of income from car parks as they are developed is also recommended.
- 2 The upside case assumes a £3m windfall in 2023/24 and £1m in each of the following two years, from the Business Rate Retention scheme.
- 3 The downside case assumes a £1m overspend in each year.
- 4 The earmarked reserves include the contributions necessary to meet the Council's currently known obligations for insurance, local plan and pensions.
- 5 A table showing the projected level of earmarked Council reserves based on the central revenue forecast is shown on the next page.

Usable Reserves Projections																									
		2022/23 Budget				2023/24 (Forecast)				2024/25 (Forecast)				2025/26 (Forecast)				2026/27 (Forecast)				2027/28 (Forecast)			
		Provisional Opening Balance	Budgeted net (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	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		Transfers	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s					
1	Cultural Support 'Fund'	132			132	132	-35		97	97		97	97		97	97		97	97						
2	Chelmsford development	2,156			2,156	2,156	-2,156		0	0		0	0		0	0		0	0						
3	Infrastructure Provision	1,258			1,258	1,258			1,258	1,258		1,258	1,258		1,258	1,258		1,258	1,258						
4	Growth fund	69			69	69			69	69		69	69		69	69		69	69						
5	Insurance	910	-100		810	810	-50		760	760		760	760		760	760		760	760						
6	Local Development Framework	819	-207	315	927	927	-257		670	670	-227	443	443	-257	186	186	-117	69	69	-69					
7	Pension deficiency	1,833	867		2,700	2,700	-1,820		880	880	867	1,747	1,747	867	2,614	2,614	867	3,481	3,481	3,481					
8	Park and Ride	176			176	176			176	176		176	176		176	176		176	176						
9	Hylands House Reserve	3			3	3			3	3		3	3		3	3		3	3						
10	Housing Initiatives	150			150	150			150	150		150	150		150	150		150	150						
11	DPO Reserve	79			79	79			79	79		79	79		79	79		79	79						
12	Project Evaluation Resrve	348			348	348	-20		328	328	-20	308	308		308	308		308	308						
	Carry forwards & Supplementary estimate																								
13	Reserve	287	-247	300	340	340			340	340		340	340		340	340		340	340						
14	New :Master Plan Income	65			65	65	-65		0	0		0	0		0	0		0	0						
15	New: Car Parking development				0	0		1,000	1,000	1,000		1,000	1,000		1,000	1,000		1,000	1,000						
	New: Business Rate Retention																								
16	Fluctuation reserve				0	0		1,500	1,500	1,500	-500	1,000	1,000	-500	500	500	-500	0	0	0					
17	New: Vehicle Fuel Reserve				0	0		600	600	600	-300	300	300	-300	0	0		0	0	0					
Total Earmarked Reserves		8,285	313	615	9,213	9,213	-4,403	3,100	7,910	7,910	-180	7,730	7,730	-190	7,540	7,540	250	7,790	7,790	-69					
Unearmarked																									
18	General Fund & Contingency	15,188	-449	-615	14,124	14,124	-615	-3,100	10,409	10,409	-635	9,774	9,774		9,774	9,774		9,774	9,774						
		15,188	-449	-615	14,124	14,124	-615	-3,100	10,409	10,409	-635	9,774	9,774	0	9,774	9,774	0	9,774	9,774	0					
Total other reserves		23,473	-136	0	23,337	23,337	-5,018	0	18,319	18,319	-815	17,504	17,504	-190	17,314	17,314	250	17,564	17,564	-69					
Not Available to Support Spend, until financial year end when the actual position is determined.																									
19	Business Retention reserve	4,635	-1,767		2,868	2,868	-2,868		0	0		0	0		0	0		0	0						

Reserves - Purpose and Delegation																			
		Purpose																	
1	Cultural Support 'Fund'	To contribute to Cultural Services costs																	
2	Chelmsford development	To support the ongoing development of the Chelmsford City area. New Homes Bonus plus other expected one off income will be added to the reserve																	
3	Infrastructure Provision	To manage the risk of Capital costs becoming chargeable to revenue																	
4	Growth fund	Funding Held for Strategic Planning issues																	
5	Insurance	To meet losses and policy excesses where more appropriate to insure internally than externally.																	
6	Local Development Framework	To meet expenditure on the LDF																	
7	Pension deficiency	To support the financing of the annual deficiency payments on the pension fund. To fund one off staff costs e.g. flexible retirements, redundancy.																	
8	Park and Ride	Contingency to smooth management contract costs of Park and Ride																	
9	Hylands House Reserve	To contribute to Hylands House and Estate costs																	
10	Housing Initiatives	To establish funding to undertake initial stages of projects that may not be capital costs.																	
11	DPO Reserve	The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process																	
12	Project Evaluation Resrve	The capital programme includes scheme which require further feasibility and business work, so this reserve enables production																	
13	Carry forwards & Supplementary estimate Reserve	These are working balances arising from the carry forward policy, set out in financial regulations. Also to fund a normal level of supplementary estimates in 2022/23.																	
14	New :Master Plan Income	Carry Forward one off income from sites where the developer has paid for additional support from Council planners. The reserve is used to fund any additional costs of the planning																	
15	New: Car Parking development	Finding set aside to manage the revenue budget risks of any car parking redevelopments undertaken by the Council																	
16	New: Business Rate Retention Fluctuation reserve	To be used to manage the risks of changes (reset) to Business Rate Retention scheme.																	
17	New: Vehicle Fuel Reserve	To used as paert of the budget process to alleviate the tempoary increase in vehcile fuel																	
18	General Fund	These are uncommitted working balances to meet the unforeseen needs of the Council.																	
19	Business Retention reserve	To meet timing issues arising from Business Rate Retention																	

## Appendix 6

### Budget Guidelines 2023/24

#### 1.0 Introduction

- 1.1 The Statutory Section 151 officer (Accountancy Services Manager) is required by law to ensure the estimates are 'robust' and all the budgetary proposals are adequately reviewed.
- 1.2 The Accountancy Services Manager will:
  - Issue a budget timetable and detailed guidance to Directors after the Cabinet meeting.
  - Issue standard forms to enable services to provide key information in a common way. The use of the standard forms is essential to ensure consistency in decision-making.
- 1.3 Given the scale of the potential budget deficit, consideration should be given to measures being put into place during 2022/23 to control current-year spending and to oversee the savings process to ensure an adequate programme of cost reductions and income-generation is identified.

#### 2.0 Guidelines to Prepare Service Budgets

- 2.1 It is proposed that, in the period September to December, Cabinet Members and Directors meet to resolve budget issues culminating in the production of a draft budget for the January Cabinet meeting.
- 2.2 The Council will continue to operate a 'control' budget system, where services are restricted to a set level of net budget expenditure on the basis of current year estimates subject to adjustments for:
  - inflation on employees' costs 4%
  - utility costs 2%
  - non-domestic rates 2%
  - additional inflation provisions for items such as postage and building maintenance will be determined by the Section 151 officer based on prevailing circumstances
  - a 3% vacancy factor, as has been applied in past years to certain staff budgets, should continue
  - funding for increments will be met by services from savings on appointing new staff at the bottom of their grade

The Section 151 officer (Accountancy Services Manager) will calculate the 2023/24 control budgets for each service based on the above assumptions, starting from the original 2022/23 budget.

- 2.3 Savings or increases in utility costs will initially be funded centrally so no service suffers or benefits from significant price changes. The Council will manage the purchase of utility costs centrally to achieve maximum economies of scale.
- 2.4 Services are asked to identify proposals that would meet a £3.2m Council Budget shortfall.

- 2.5 Additional grants made to the Council that are not awarded for ring-fenced purposes should be identified as savings and not used to fund growth within a service.
- 2.6 Increases on fees and charges will be reviewed as part of the budget process, but the planning assumption will be an average 4% increase in price or yield.
- 2.7 The review of the capital programme is part of the budget process and the existing scheme budgets will be refreshed and will form the basis of a report to Cabinet. Capital Budgets for the year will be reduced at Christmas unless there is clear evidence of a commitment to spend on the Council's financial system.
- All new capital bids are a minimum of £10,000.
  - All new capital bids should be to support delivery of the Council's priorities under Our Chelmsford: Our Plan.
  - There will be an annual review of the replacement programme.
  - Proposals to Council for new capital schemes will prioritise those schemes that generate revenue income or cost savings.
  - The revenue cost of the capital funds used to fund new schemes will be calculated and included within the revenue estimates based on cost of loans repaid over the life of the asset.
- 2.8 The Accountancy Services Manager will ensure that the statutory requirement to consult with non-domestic ratepayers is met.
- 2.9 Any amendment to these guidelines will be dealt with by the Accountancy Services Manager in consultation with the Cabinet Member for a Fairer Chelmsford.

### 3.0 Carry Forward Requests for Cabinet Approval

<b>Description</b>	<b>Reason</b>	<b>£000s</b>
Video Conferencing Equipment	Estimated balance required to complete the work.	15
Revenues & Benefits	One-off payments have been made to staff in 2022/23 for additional work relating to business grants and other Covid-19 work. New burdens funding was received in previous financial years to cover these payments, so there is no additional cost to the Council because of these payments; this is simply to prevent an overspend in 2022/23.	82
Cyber Security	Grant funding of £100k received in 2021/22 but spend will be incurred in 2022/23.	100
Housing	A range of initiatives to support the strategy.	50
<b>Total</b>		<b>247</b>

### 4.0 Carbon Reduction Initiative – Growth to be Built into Service Budgets

- 4.1 It is priority of the Council to achieve net-zero carbon by 2030 and this will require financial investment.
- 4.2 In 2020/21, the CO2-equivalent emissions generated by the vehicle fleet operating from Freight House was 1,742 tonnes, the second highest source of emissions from the City Council's operations and activities after the use of gas.

4.3 The initial approach for decarbonising the vehicle fleet was to ensure all vehicles meet at least the Euro 6 emission standards by 2024. The Euro 6 standard equates to the current Department for Transport definition of low-emission and low-carbon vehicles. Whilst this standard achieves a significant reduction (99%) in emission pollutants and also improved economy and lower CO<sub>2</sub> emissions, compared to earlier specifications, it doesn't achieve 'ultra-low emissions' which will be required if the Council is to achieve its ambition of a net-zero carbon position for its operations and activities by 2030. To achieve the 2030 target:

- A programme is currently under way for the phased replacement of the smaller vehicle fleet to electrical vehicles (EV), although it is clear that supply issues in the sector exist which might affect timing and availability of suitable vehicles.
- The technology to reduce emissions on the larger vehicles is currently more challenging and the recommended option is to maintain use of combustion vehicles but use an alternative low-emission fuel, Hydrotreated vegetable oil (HVO). HVO is made by reacting vegetable oils or other oil-based waste materials with hydrogen at high temperature under pressure, removing oxygen while creating hydrocarbons. This produces a colourless and odourless liquid of an even quality that has an almost identical chemical composition to fossil diesel but with less pollutants and zero sulphur content. Fuel produced from these sources is often known as 'second-generation biofuel' or 'renewable diesel' and is considered to offer a more sustainable alternative fuel to conventional diesel. HVO is fully interchangeable with conventional diesel.

4.4 The costs of the small EV purchases have been previously approved and included in the capital programme.

4.5 The move to HVO is recommended to take place as soon as possible. To that end, a tender is being undertaken to determine pricing but currently it is expected to be at premium of 15% to diesel. This report recommends an additional revenue spend of £80,000 in 2022/23 to fund this cost. The ongoing annual cost is expected to be £135,000 per year which can be offset against the £300,000 growth provision identified in the 2023/24 revenue forecast.



## Chelmsford City Council Cabinet

12 July 2022

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### UK Shared Prosperity Fund (UKSPF)

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#### Report by:

Leader of the Council

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#### Officer Contact:

Jennifer Gorton – Economic Development Lead

01245 606367, [Jennifer.gorton@chelmsford.gov.uk](mailto:Jennifer.gorton@chelmsford.gov.uk)

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#### Purpose

To provide Cabinet with information about the UK Shared Prosperity Fund (UKSPF) and details of the Council's work with partners and stakeholders to develop an Investment Plan for Chelmsford. To seek authority to submit the Investment Plan to Government by the stated deadline.

#### Options

1. To accept the recommendations as set out within this report
2. To make amendments to the recommendations set out within this report
3. To not accept the recommendations within this report

#### Preferred option and reasons

Option 1 is the preferred option. Due to the tight timeframes involved, any option other than option 1 may jeopardise the ability to submit Chelmsford's Investment Plan to Government for approval by the 1<sup>st</sup> August deadline. If the 1<sup>st</sup> August deadline is missed, Chelmsford will not receive its allocation of UK Shared Prosperity Fund.

## Recommendations

1. To note the publication of the prospectus for the UK Shared Prosperity Fund.
  2. To endorse Chelmsford's developing Investment Plan and approve the approach of seeking endorsement of the Investment Plan from the One Chelmsford Board.
  3. To recommend that the report is referred to the 20<sup>th</sup> July Full Council Meeting as the expenditure exceeds £1m over the three-year period of UKSPF.
  4. That authority is delegated to the Chief Executive, in consultation with the Leader of the Council and the Council's Section 151 Officer to take the necessary actions and decisions required to finalise Chelmsford's Investment Plan and approve it for submission to the Government for approval within the stated timeframes.
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## 1. Background

- 1.1. The UK Shared Prosperity Fund (UKSPF) was launched in April 2022 and is the Government's replacement for the European Structural and Investment Programme (ESIF).
- 1.2. The UKSPF aligns with the Government's levelling up agenda and has the overall objectives of building pride in place and increasing life chances across the country.
- 1.3. Chelmsford City Council has been allocated £1,173,283 to deliver the aims of the UKSPF against three key investment priorities:
  - Community and Place
  - Supporting Local Business
  - People and Skills (commencing in 2024/25)

Further details setting out the main objectives for each of the investment priorities can be seen in Appendix 1.

- 1.4. The UKSPF provides funding to cover the period April 2022 until March 2025. Chelmsford City Council's individual fixed funding profile is set out in the table below:

2022/2023	2023/2024	2024/2025	Total
£142,389	£284,777	£746,117	£1,173,283

- 1.5. UKSPF support has only been confirmed until March 2025 and, as such, there should be no expectation that further UKSPF will be made available. Any projects identified for inclusion within Chelmsford's Investment Plan will only be able to access the additional funding for the period of the UKSPF and further funding beyond this period is not guaranteed.



- 1.6. Funding can be spent on a mixture of revenue and capital projects with the minimum capital expenditure breakdown as follows:

Year	Revenue Expenditure	Capital Expenditure
2022/23	90%	10%
2023/24	87%	13%
2024/25	80%	20%

## 2. Investment Plan

- 2.1. As a lead authority, Chelmsford City Council is responsible for developing a local Investment Plan which needs to be submitted to Government by the 1<sup>st</sup> August 2022. The Investment Plan must be approved by the Government before the funding is made available.
- 2.2. In 2022/23, funding will be paid once the Investment Plan has been signed off by Government (expected from October 2022). In 2023/24 and 2024/25, funding will be paid at the start of the financial year.
- 2.3. Once the Investment Plan is approved, the City Council will have responsibility for managing the fund, processing payments and day-to-day monitoring.
- 2.4. The Investment Plan is completed using a set template, which addresses the local context, outcomes, interventions and delivery. UKSPF guidance provides 41 interventions and Chelmsford's submission is required to identify the interventions which it wishes to prioritise from the menu of options. The Government recognises that some priorities may change over the three-year period and there will be mechanisms put in place should changes be required to the Investment Plan following sign-off.
- 2.5. Specific projects' details are not expected at the Investment Plan stage and Plans will not be disadvantaged if project level detail is not included. Following sign-off of the Investment Plan, local authorities are then expected to begin to refine ambitions, aligning projects to priorities and providing greater detail around the projects that will be delivered using UKSPF.
- 2.6. Investment Plans do not need to cover each of the three key priority areas but should instead seek to address local challenges and opportunities.
- 2.7. The Department for Levelling Up Housing and Communities (DLUHC) are responsible for leading the assessment process for signing off investment plans. Where a plan cannot be signed off first time, feedback will be given and the DLUHC will work with the lead authority to secure sign-off.

### 3. Chelmsford's Progress

3.1. An internal working group has been formed consisting of:

- The Economic Development Team
- Parks and Green Spaces Manager
- Chelmsford City Culture Services Manager
- City Centre and Tourism Manager
- Public Protection Manager
- Leisure and Heritage Services Manager
- Procurement and Commissioning Manager
- Public Health Practitioner

3.2. The internal working group, in collaboration with key partners and stakeholders, have identified the key priority areas for Chelmsford (against the interventions set out in the government guidance) which should be the focus of Chelmsford's Investment Plan. Priority areas identified can be seen in appendix 2. Potential projects (with estimated costs) which align with each of the investment priorities are being developed. The projects currently included in Chelmsford's developing Investment Plan can be seen in appendix 3.

3.3. Partners and stakeholders who have been involved in the development of Chelmsford's Investment Plan include the CVS, higher educational establishments, ARISE innovation hub at ARU, Essex County Council, the North Essex Economic Board (NEEB), the Chelmsford Business Board and Celsius – the Chelmsford Skills Partnership group.

3.4. The funding profile for Chelmsford's developing Investment Plan matches Chelmsford's UKSPF allocation. A full financial breakdown of Chelmsford's Investment Plan can be seen in Appendix 2.

### 4. The Role of the One Chelmsford Board

4.1. Collaboration with different partners is a core component of the UKSPF and the development of the Investment Plan. Local authorities are expected to form formal partnerships to oversee the development of their area's UKSPF Investment Plan or to use current groups for this purpose if already in existence.

4.2. Whist discussions have been and will continue to be ongoing with stakeholders and partners during the development of the UKSPF, it is proposed that the One Chelmsford Board is the most appropriate body for Chelmsford's Investment Plan to be officially endorsed by the required partners, stakeholders and relevant MPs.

4.3. The One Chelmsford Board and MPs have been briefed on UKSPF and members of the One Chelmsford Board are involved in on-going discussions around the priorities and linked projects that should be included within Chelmsford's emerging Investment Plan. The One Chelmsford Board will be presented with Chelmsford's Investment Plan for endorsement at the meeting on the 8<sup>th</sup> July.

- 4.4. It is proposed that the One Chelmsford Board will continue to oversee and monitor Chelmsford's Investment Plan once approved by government with biannual updates provided to the group.

## 5. Conclusion

- 5.1 The UKSPF was launched in April 2022 and allocates £1,173,283 to Chelmsford to deliver against the investment priorities set out by Government.
- 5.2 Much progress has been made working with internal and external stakeholders to identify Chelmsford's key priorities and to prepare an Investment Plan for Chelmsford. The developing Investment Plan represents a good range of themes and priorities and the emerging projects will deliver positive outcomes for local residents and businesses.
- 5.3 Work will continue with partners and stakeholders to refine and finalise Chelmsford's Investment Plan ready for submission by the 1<sup>st</sup> August deadline.
- 5.4 To ensure that Chelmsford's Investment Plan can be submitted by the Government's deadline of 1<sup>st</sup> August, Cabinet are asked to approve the recommendations as set out within this report.

### List of appendices:

Appendix 1 – UKSPF Investment Priorities Objectives and Examples

Appendix 2 – Interventions identified for Chelmsford's Investment Plan & Financial Breakdown

Appendix 3 – Projects for potential inclusion within Chelmsford's Developing Investment Plan

### Background papers:

UKSPF Prospectus - [UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/UKSPF_Prospectus.pdf)

UKSPF Allocations - [UKSPF allocations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/UKSPF_Allocations.pdf)

UKSPF Interventions List for England - [Interventions list for England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/UKSPF_Interventions_List_for_England.pdf)

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## Corporate Implications

Legal/Constitutional: None

Financial: The Government guidance allows for local authorities to use up to 4% of their total allocation to undertake necessary Fund administration, such as contracting, monitoring and evaluation and ongoing stakeholder engagement. However, the overall value of this is relatively limited (approx. £47,000 in total across the three years). The Government are also making an additional £20,000 available to each lead authority to undertake initial preparatory work for developing local Investment Plans. As Chelmsford already has good engagement between partners and stakeholders across a number of established bodies it is not anticipated that this funding will be required to develop the Investment Plan. Instead, it is suggested that the additional £20,000 is used to support the on-going administration of the fund – which is permitted within the Government guidance. This then leaves 100% of the UKSPF to be spent on projects that benefit Chelmsford.

Potential impact on climate change and the environment: Climate change and environmental impacts will be fully considered as part of all related UKSPF interventions.

Contribution toward achieving a net zero carbon position by 2030: A number of the projects identified within the developing Investment Plan contribute towards achieving a net zero carbon position by 2030.

Personnel: Delivery of the UKSPF and its related interventions will require significant staff resources from the Economic Development Team, as well as other Council departments such as Legal, Procurement, Accountancy, Cultural, Leisure and Heritage, Public Health and Protection and Safer Communities.

Risk Management: This report highlights the need to submit an Investment Plan to Government by 1<sup>st</sup> August. There will be an ongoing need for robust programme management to ensure that the key interventions contained within the Investment Plan are delivered.

Equality and Diversity: The UKSPF is intended to support the key objectives of the Levelling up White Paper, with the aims of creating stronger communities and increasing life chances across the country. The delivery of the UKSPF will have a positive impact in this area.

Health and Safety: None

Digital: None

Other: None

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Consultees:

- Chief Executive
- Director of Sustainable Communities
- Director of Public Places
- Director of Connected Chelmsford
- The Economic Development Team
- Parks and Green Spaces Manager
- Chelmsford City Culture Services Manager
- City Centre and Tourism Manager
- Public Protection Manager
- Leisure and Heritage Services Manager
- Procurement and Commissioning Manager
- Public Health Practitioner
- Plus external consultees as set out within this report

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Relevant Policies and Strategies:

Our Chelmsford Our Plan - [Our Chelmsford, Our Plan](#)

Levelling Up the United Kingdom - [Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](#)

**Appendix 1 - Investment Priorities Objectives and Examples**

<b><u>Priority</u></b>	<b><u>Objectives</u></b>	<b><u>Example Interventions</u></b>
Communities and Place	<ul style="list-style-type: none"> <li>• Strengthening our social fabric and fostering a sense of local pride and belonging.</li> <li>• Building resilient, healthy and safe neighbourhoods.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvements to town centres and high streets</li> <li>• Support for local arts, cultural, heritage and creative activities</li> <li>• Active travel enhancements</li> <li>• Volunteer / and or social action projects</li> <li>• Funding for local sports facilities, tournaments, teams and leagues</li> <li>• Community measures to reduce cost of living</li> </ul>
Supporting Local Business	<ul style="list-style-type: none"> <li>• Creating jobs and boosting community cohesion by supporting local businesses.</li> <li>• Promoting networking and collaboration and stimulating innovation and growth.</li> <li>• Targeted support to help businesses grow – e.g. innovation, productivity, energy efficiency, low carbon and exporting.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in open markets and improvements to town centre retail and service sector infrastructure</li> <li>• Development and promotion of the visitor economy</li> <li>• R&amp;D grants supporting the development of innovative products and services</li> <li>• Business support measures to drive employment growth</li> </ul>
People and Skills (from 2024/25)	<ul style="list-style-type: none"> <li>• Boosting core skills and support adults to progress in work.</li> <li>• Supporting disadvantaged people to access the skills they need.</li> <li>• Funding local skills needs and supplementing local adult skills provision.</li> <li>• Reducing levels of economic inactivity and supporting those furthest from the labour market.</li> </ul>	<ul style="list-style-type: none"> <li>• Employment support for economically inactive people</li> <li>• Intervention to increase levels of digital inclusion</li> <li>• Support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses</li> <li>• Support for local areas to fund local skills needs</li> <li>• Green skills courses</li> </ul>

## Appendix 2 – Interventions identified for Chelmsford's Investment Plan

Investment Priority	Intervention	2022-23	2023-24	2024-25	Annual Expenditure Totals
Communities & Place	E1: Improvements to town centres & high streets	-	-	-	£0
	E2: Community & neighbourhood infrastructure projects	-	-	-	£0
	E3: Creation of and improvements to local green spaces	-	-	-	£0
	E4: Enhancing existing cultural, historic & heritage institutions offer	-	-	-	£0
	E5: Built & landscaped environment to 'design out crime'	-	-	-	£0
	E6: Local arts, cultural, heritage & creative activities	-	-	-	£0
	E7: Support for active travel enhancements in local area	-	-	-	£0
	E8: Campaigns to encourage visits and exploring of local area	£10,000	£10,000	£10,000	£30,000
	E9: Impactful volunteering and/or social action projects	-	£40,000	£80,000	£120,000
	E10: Local sports facilities, tournaments, teams & leagues	£25,389	£65,000	£65,000	£155,389
	E11: Capacity building & infrastructure support local groups	-	-	-	£0
	E12: Community engagement schemes, local regeneration	-	£25,000	£25,000	£50,000

	E13: Community measures to reduce the cost of living	£20,000	£10,000	£10,000	<b>£40,000</b>
	E14: Relevant feasibility studies	£30,000	-	-	<b>£30,000</b>
	E15: Digital connectivity for local community facilities	-	-	-	<b>£0</b>
	Bespoke Intervention: Address Health Inequalities	£22,000	£39,777	£75,000	<b>£136,777</b>
Local Business	E16: Open markets & town centre retail & service sector		£5,000	£5,000	<b>£10,000</b>
	E17: Development & promotion of visitor economy	£5,000	£10,000	£10,000	<b>£25,000</b>
	E18: Supporting Made Smarter Adoption	-	-	-	<b>£0</b>
	E19: Investment in research & development at the local level	-	-	-	<b>£0</b>
	E20: R&D grants supporting innovative product & service development	-	-	-	<b>£0</b>
	E21: Development of innovation infrastructure at a local level	-	-	£276,117	<b>£276,117</b>
	E22: Enterprise infrastructure & employment / innovation sites	-	-	-	<b>£0</b>
	E23: Strengthening local entrepreneurial ecosystems	-	£60,000	£115,000	<b>£175,000</b>
	E24: Training hubs, business support offers, incubators & accelerators	-	-	-	<b>£0</b>
	E25: Bid for & host international business events & conferences	-	-	-	<b>£0</b>
	E26: Growing the local social economy	-	-	-	<b>£0</b>
	E27: Develop angel investor networks	-	-	-	<b>£0</b>



	E28: Export grants to grow overseas trading etc.	-	-	-	£0
	E29: Supporting decarbonisation & improving natural environment	-	-	-	£0
	E30: Business support measures to drive employment growth	-	£20,000	£25,000	£45,000
	E31: Support relevant feasibility studies	£30,000	-	-	£30,000
	E32: Investment to protect from natural hazards, flooding and coastal erosion	-	-	-	£0
People & Skills	E33: Employment support for economically inactive people	N/A	N/A	-	£0
	E34: Courses including basic, life & career skills	N/A	N/A	-	£0
	E35: Enrichment & volunteering activities	N/A	N/A	-	£0
	E36: Increase levels of digital inclusion, essential digital skills	N/A	N/A	-	£0
	E37: Tailored support for the employed to access courses	N/A	N/A	-	£0
	E38: Local areas to fund local skills needs	N/A	N/A	-	£0
	E39: Green skills courses	N/A	N/A	£25,000	£25,000
	E40: Retraining support for those in high carbon sectors	N/A	N/A	-	£0
	E41: Funding to support local digital skills	N/A	N/A	£25,000	£25,000
<b>Allocation Totals</b>		<b>£142,389</b>	<b>£284,777</b>	<b>£746,117</b>	<b>£1,173,283</b>

### Appendix 3- Projects for potential inclusion within Chelmsford's Developing Investment Plan

Priority	Project
<b>Communities and Place</b>	1. To fund Chelmsford for you campaigns (match funded by the BID) – specifically activities which celebrate Chelmsford's identity and narrative.
	2. To enhance the Discretionary Fund Grant element of the Community Funding Scheme in years two and three, which provides revenue grants of up to £10,000 to voluntary and charity organisations.
	3. To fund an Active Health Co-ordinator to fully develop and maximise the Council's Active Health exercise referral programme. Connect with more GP surgeries, clinics, hospitals and other medical professionals to achieve wider health outcomes than are currently available. This will include offering more physical opportunities to really focus on the obesity agenda through weight management programmes as well as offering pre and post operative exercise programmes, such as the cancer rehab pilot currently underway at Riverside. This funding will meet the coordinator costs and a small operating budget to allow patients to have their initial induction free of charge.
	4. To expand Sport for Confidence, a local model that allows with physical or learning disabilities to have access and participate in leisure activities, under supervision. This project has operated successfully since June 2019 at Riverside primarily attracting young adults and this funding will enable the project to target more groups, including sessions for under 18's.
	5. To provide grants aimed at stimulating social prescribing projects using Arts and Culture in partnership with Public Health, CVS, Livewell and ARU
	6. To fund the launch of a Social Supermarket for Chelmsford – offering discounted groceries to those Chelmsford residents who are most in need.
	7. To deliver a holiday hunger project (Melfest) during the summer holidays in the Melbourne area of Chelmsford. This is a collaboration between the Community Sport & Wellbeing and Cultural Development teams. The funding will ensure the project can be properly delivered and it will complement the Activate Holiday Hunger sessions which currently operate in leisure centres with funding provided by Active Essex.
	8. To prepare a feasibility study for East Chelmsford Cycle Connections
	9. To address health inequalities and improve population health in Chelmsford through/or in partnership with the Mid Essex Livewell Alliance and potentially with Maldon and Braintree Local Authorities
<b>Supporting Local Businesses</b>	10. To fund new branded High Street market gazebos to improve the appearance of the High Street Market
	11. To expand the Safe Spaces scheme (Violence Against Women and Girls) for years two and three.
	12. To fund a Chelmsford Retail Against Crime Partnership (similar to Pubwatch). Funding would enable the purchase of software which would be a secure way of crime data sharing. This would be working in partnership with the BID and the Essex Police Business Against Crime Team
	13. To provide funding to support innovation and R&D development in Chelmsford

	14. To fund a business support programme – providing specific support and initiatives for Chelmsford businesses, including business events and promotion of Chelmsford as a business destination.
	15. To fund a programme of partnership working with NEEB and other Essex Authorities providing wider business and skills support
	16. To run Skills Fest - an event for secondary school students helping to promote career opportunities within specific sectors
	17. To commission a feasibility study to explore the business support required by the creative sector in the form of Ignite Chelmsford Creative Industries Enterprise Support Programme. This is in partnership with Best Growth Hub, Barclays, The Hub, Creative Industries Federation, Arts Council England.
<b>People and Skills (24/25)</b>	18. To work in partnership with Essex Authorities (including NEEB and ECC) to develop green skills across the region (linked to project 15)
	19. To work in partnership with Essex Authorities (including NEEB and ECC) to support the enhancement of local digital skills (linked to project 15)



## Chelmsford City Council

20 July 2022

### Membership of Committees

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Report by: Leader of the Council

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#### Officer contacts:

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

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#### Purpose

To consider a change to the membership of the Chelmsford Policy Board.

#### Recommendation:

That Councillor Andrew Thorpe-Apps be appointed to replace Councillor John Galley as a member of the Chelmsford Policy Board.

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1. The Conservative Group has given notice of its wish to make the following change to its membership of Committees:
  - Councillor Thorpe-Apps to replace Councillor Galley on the Chelmsford Policy Board
2. As the Mayor of Chelmsford, Councillor Galley finds that the time commitments associated with the role mean that he cannot guarantee being able to attend regularly meetings of the Board, hence the proposed change.



## Chelmsford City Council

20 July 2022

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### Audit and Risk Committee Annual Report 2021/22

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Report by: Audit and Risk Committee

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#### Officer Contact:

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

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#### Purpose

This report summarises the work that the Audit and Risk Committee has undertaken during 2021/22. The production of the report is in line with CIPFA Guidance for Audit Committees 2018.

#### Recommendations

The Council is requested to note the content of the 2021/22 Annual Report of the Committee.

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### 1. Introduction

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

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

## 2. Conclusion

The Audit and Risk Committee Annual Report 2021/22 is attached for Council to note.

**List of appendices:** Audit and Risk Committee Annual Report 2021/22

**Background papers:** None

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### Corporate Implications

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

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

**Financial:** None

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

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

**Personnel:** None

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

**Equality and Diversity:** None

**Health and Safety:** None

**Digital:** None

**Other:** None

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**Consultees:** Audit and Risk Committee

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**Relevant Policies and Strategies:** None

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# **Audit and Risk Committee Annual Report 2021/22**

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

I am pleased to present the Annual Report of the Audit Committee which outlines the Committee's work and achievements for 2021/22.

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

To provide ongoing assurance over the Council's risk management, governance and internal control arrangements, the Committee was attended during 2021/22 by the Audit Services Manager, the Accountancy Services Manager (S151 Officer), the Procurement and Risk Services Manager, and the Public Health and Protection Services Manager, as well as representatives from the Council's External Auditors.

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

**Cllr Nora Walsh**

**June 2022**

## 1. Overview

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



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

- Acting as the principal non-executive advisory function supporting those charged with governance
- Being independent of both the executive and scrutiny functions
- Having clear rights of access to other committees e.g. Governance Committee
- Being properly accountable to Full Council
- Meeting regularly and have a clear policy on those items to be considered in private and considered in public
- Being able to meet privately and separately with the External Auditor and with the Audit Services Manager
- Including as regular attendees, the S151 Officer or substitute, the Audit Services Manager, and the appointed External Auditor.
- Reporting regularly on their work, and at least annually reporting an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities.

## **2. Membership and Governance**

- 2.1. There were three meetings of the Committee during 2021/22 (June 2021, December 2021 and March 2022).
- 2.2. Membership of the Committee is attached at Appendix A. The Audit and Risk Committee does not have any external Members acting in an independent capacity.
- 2.3. The work programme is based around the Committee's Terms of Reference, along with items requested during the year, and is reviewed at each Committee meeting. A list of the items that have been considered by the Committee during 2021/22 is attached at Appendix B to the report.
- 2.4. The Committee was supported by the Audit Services Manager, the Accountancy Services Manager (S151 Officer), the Procurement and Risk Services Manager, and the Public Health and Protection Services Manager, as well as External Audit (BDO).
- 2.5. The Committee's Terms of Reference is in line with CIPFA guidance: Audit Committees (2018) and this is attached at Appendix C.
- 2.6. The agendas for the Committee's meetings are published on the Council's website not later than five clear days before the date of each meeting. The minutes of each meeting are also published on the website as soon as possible after each meeting has taken place. The agendas for meetings may be accessed from: [Committees and Panels - Chelmsford City Council](#).

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

- 3.1. As defined in Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016): *Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.*

3.2. As outlined in CIPFA publication “Audit Committees: Practical Guidance for Local Authorities (2018)”, the overall aim of good governance is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

3.3. Good governance is ultimately the responsibility of the governing body, as well as those with leadership roles and statutory responsibilities in the organisation, including the Chief Executive, the S151 Officer, and the Monitoring Officer. In Local Government, the governing body is the Full Council. The Audit and Risk Committee should play a key role in supporting the discharge of these responsibilities by providing a high-level focus on audit, assurance, and reporting.

3.4. The Council's Annual Governance Statement (AGS) forms part of the Council's Statement of Accounts and its purpose is to provide assurance regarding the Council's governance arrangements and the extent to which the Council complies with its Local Code of Corporate Governance.

3.5. The Audit and Risk Committee reviewed the Annual Governance Statement for 2020/21 jointly with Governance Committee in June 2021. Progress on outstanding governance issues from 2020/21 were noted along with areas identified for 2021/22, such as Remote Meetings, Member Code of Conduct, Governance of Budgetary Control Plan, Procurement and Social Value Policy and Financial Management Code.

#### **4. Internal Audit**

4.1. The original audit plan for 2021/22 was approved by Audit and Risk Committee in March 2021.

4.2. During 2021/22, Audit and Risk Committee received several reports from Internal Audit, updating them on Internal Audit progress against the plan and high-risk issues identified. This included:

- Internal Audit Annual Report 2020/21 which provided an overall annual opinion of “moderate” assurance (June 2021)
- Interim Annual Report 2021/22 (December 2021)

4.3. In line with Public Sector Internal Audit Standards, the Audit and Risk Committee approved the Internal Audit Charter in March 2022.

#### **5. Risk Management**

5.1. In June 2021, Audit and Risk Committee received the Spring/Summer 2021 Risk Management Report. The report outlined the progress made in implementing the Council's risk management framework during 2020/21, summarised the Council's Principal Risks, taking into account Covid-19 and set out the Risk Management Strategy for 2021/22.

5.2. Key outcomes were also noted such as the configuration of TechOne Performance Planning module which enabled continued development of Principal Risk reporting to Management Team, improved monitoring arrangements for compliance items linked to the Council's Principal Risks (e.g. actions arising from Fire Risk Assessments and Health and Safety audits), and improved monitoring

arrangements for the Climate Change and Ecological Emergency Action Plan and the Health and Wellbeing Strategy, which in turn should improve risk identification.

5.3. In December 2021 the Committee received the Autumn-Winter 2021 Risk Management Report which provided a summary of the Council's Principal Risks and outlined progress in delivering the priorities set out in the Council's Risk Management Strategy for 2021/22, including:

- Corporate Risk and ongoing development of the risk management framework through TechOne and detailed risk work in specific areas (e.g., Fraud and Cyber Risk).
- Compliance and facilitating the six-monthly compliance reporting cycle linked to the Council's Principal Risks (e.g., Fire, Health and Safety).
- Strategic Planning and Performance and developing and supporting the Council's integrated planning model in TechOne, tracking implementation of actions to support the priorities identified in Our Chelmsford, Our Plan (OCOP), the Climate and Ecological Emergency Action Plan and the Health and Wellbeing Strategy.
- TechOne training and awareness and working with local/area administrators to develop bespoke dashboards using the TechOne Analytics tool.

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

6.1. The Counter Fraud and Investigations Annual Report was presented to Audit and Risk Committee in December 2021 which set out:

- The remit of Fraud Investigations
- Effectiveness of Counter-Fraud Arrangements
- Fraud Risk and Control Assessment, developed by the Council's Corporate Governance Group sub-group (comprising the Accountancy Services Manager, Procurement and Risk Services Manager and the Audit Services Manager).
- Counter Fraud Strategy, Policies and Procedures
- Counter Fraud Culture, including a programme for Counter Fraud Refresher Training
- Data Matching

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

7.1. In June 2021, the Committee received a report on the Annual Audit Letter from BDO. It was noted that the letter summarised the key issues arising from the work they had carried out in respect of the year ended 31<sup>st</sup> March 2020.

7.2. The Committee also received in June 2021 a report from the Accountancy Services Manager on the provisional revenue outturn position for 2020/21. The report included a list of key material variations that made up the overspend, the amount and the cause of each variation, and the actions recommended to manage each variation. For each affected service, action or variance, the report identified associated risks. Committee also received a report which detailed the capital expenditure incurred in 2020/21, updated the Committee on the approved Capital Schemes and variations in cost which had been identified at outturn and to date.

7.3. In December 2021, the Accountancy Services Manager provided the Council's perspective on the Audit Planning report provided by BDO, as they were unable to attend. The Committee noted that the report covered perceived risks by BDO, along with their planned approach to elements such as financial planning and use of resources.

- 7.4. Also in December 2021, the Committee received a report asking them to consider and make a recommendation to Full Council, in respect of appointing External Auditors from 1st April 2023. The Committee noted that the current arrangement utilised the PSAA who undertake the procurement of services on behalf of local authorities.
- 7.5. In March 2022, the Accountancy Services Manager updated the Committee verbally on the progress made by BDO. It was noted that an additional meeting of the Committee would be required in late April 2022 for the Committee to sign off the accounts.
- 7.6. Additionally, in March 2022, Committee approved the Accounting Policies which would be used in completing the 2021/22 Statement of Accounts in line with Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

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

- 8.1. **Modern Slavery** – in December 2021, the Committee received a report providing them with the first annual update on the Council's work in the reduction and awareness of Modern Slavery. It was noted that work had been taking place across the organisation after the commitments made in the Modern Slavery Charter and the action plan update from it. The Committee heard that the majority of the action plan had been completed with two still to be completed. It was also noted by the Committee that, the terms and conditions for supply contracts had been updated.
- 8.2. **Procurement and Sourcing Activities Annual Report** – in December 2021, the Committee received a report summarising the work undertaken by the Procurement team. The report detailed all formal procurement and sourcing activities alongside any cross functional working that had taken place. The report also informed members of new process, policies and practices introduced in the last 12 months and the planned activities for the next 12 months, along with the findings to date on social value feedback.
- 8.3. **Corporate Health and Safety Annual Report** – In December 2021 the Committee received a report updating them on Health and Safety in 2020/21, following its transfer from Overview and Scrutiny Committee.

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

- 9.1. In line with CIPFA Guidance: Audit Committees 2018, it is recommended that Audit & Risk Committee members review their knowledge and skills, for example, as part of a self-assessment process and training needs analysis. A survey based on CIPFA best practice was therefore circulated in 2021 to all nine Committee Members, from which five responses were received.
- 9.2. The survey was designed to provide a high-level overview of the effectiveness of the Committee, then explore in detail how the Committee meets each of the above principles. There was also a focus on CIPFA's recommended Knowledge and Skills framework and in these questions, Members were asked to consider their own individual skills, knowledge and experience that contribute to the overall effectiveness of the Committee. The results highlighted that additional general training and awareness for the Audit & Risk Committee would be beneficial.
- 9.3. To this end, during 2021/22 several Committee Members attended the CIPFA: 'Introduction To The Knowledge And Skills Of The Audit Committee' in September 2021 and 'Effective Audit Committees' training provided by Braintree Council in February 2022. Another survey will be sent to ARC Members in June 2022.

**Membership of Audit and Risk Committee 2021/22**

Councillor Nora Walsh – Chair

Councillor Malcolm Sismey – Vice Chair

Councillor Dan Clark

Councillor James Raven

Councillor Eleanor Sampson

Councillor Natacha Dudley

Councillor John Galley

Councillor Andrew Sosin

Councillor Andrew Thorpe-Apps (from December 2021)

**June 2021**

- **Joint with Governance Committee**
  - Review of the Local Code of Corporate Governance and Annual Governance Statement 2020/21
- **Audit & Risk Committee**
  - External Audit Annual Audit Letter
  - Revenue Monitoring Report
  - Capital Monitoring Report
  - Internal Audit Annual Report 2020/21
  - Audit and Risk Committee Annual Report 2020/21
  - Review of Audit and Risk Committee's Terms of Reference
  - Risk Management Report

**September 2021 - Cancelled**

**December 2021**

- External Audit (BDO) Planning Report 2020/21
- Appointment of External Auditors (PSAA)
- Annual Report - Corporate Health and Safety 2020/21
- Internal Audit Interim Report 2021/22
- Risk Management Report – Autumn/Winter 2021
- Counter Fraud and Investigations Annual Report 2021
- Annual Report of Procurement and Sourcing Activities
- Modern Slavery Report

**March 2022**

- Accounting Policies for the 2021/22 Statement of Accounts
- Internal Audit Plan 2022/23 and Charter 2022

**Audit and Risk Committee**  
**Terms of Reference**

**Statement of Purpose**

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

**Governance, Risk and Control**

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

**Internal Audit**

13. To approve the Internal Audit Charter.
14. To review proposals made in relation to the appointment of external providers of Internal Audit services and to make recommendations.



15. To approve the risk-based Internal Audit plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
16. To approve significant interim changes to the risk-based Internal Audit plan and resource requirements.
17. To make appropriate enquiries of both management and the Audit Services Manager to determine if there are any inappropriate scope or resource limitations.
18. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Audit Services Manager. To approve and periodically review safeguards to limit such impairments.
19. To consider reports from the Audit Services Manager on Internal Audit's performance during the year, including the performance of external providers of Internal Audit services. These will include:
  - a) Updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work
  - b) Regular reports on the results of the Quality Assurance and Improvement Programme
  - c) Reports on instances where the Internal Audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether non-conformance is significant enough that it must be included in the Annual Governance Statement.
20. To consider the Audit Services Manager's annual report:
  - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of Internal Audit.
  - b) The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the Audit and Risk Committee in reviewing the Annual Governance Statement.
21. To consider summaries of specific Internal Audit reports as requested.
22. To receive reports outlining the action taken where the Audit Services Manager has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
23. To contribute to the Quality Assurance and Improvement Programme and in particular to the external quality assessment of Internal Audit that takes place at least once every five years.
24. To consider a report on the effectiveness of Internal Audit to support the Annual Governance Statement as required to do so by the Account and Audit Regulations (Regulation 6) which requires an annual review of the effectiveness of the Council's system of Internal Audit. The findings of the review of the effectiveness must be considered as part of the Audit and Risk Committee's view of the system of internal control.
25. To provide free and unfettered access to the Audit and Risk Committee Chair for the Audit Services Manager, including the opportunity for a private meeting with the Audit and Risk Committee.



## External Audit

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

## Financial Reporting

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

## Accountability Arrangements

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



## Chelmsford City Council

20 July 2022

### Annual Report of the Overview and Scrutiny Committee

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**Report by:** Overview and Scrutiny Committee from its meeting on 21 June 2022

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**Officer contacts:**

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

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#### Purpose

To consider the Annual Report on the activity of the Scrutiny function for 2021/22.

#### Recommendation:

That the Annual Report of the Overview and Scrutiny Committee and the activity of the Scrutiny function in 2019/20 be approved for publication.

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1. The Local Code of Corporate Governance was adopted by the Council on 23 April 2008 (M6.1, CL52, 2008). Under the Code's Core Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability - the Overview and Scrutiny Committee is required to produce an annual report on its work for consideration by the Council and subsequent publication.
2. At its meeting on 21 June 2022 the Overview and Scrutiny Committee considered its Annual Report on the Scrutiny Function for 2019/20 and recommended to Council that the Report be approved for subsequent publication.
3. The Report is attached at Appendix 1 to this report and covers the following matters:

- statutory provisions
- terms of reference
- membership
- publication of information
- work undertaken in 2021/22
- future work for 2022/23
- “call in” of Cabinet decisions
- training and development

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### Appendices

1. Annual Report on the Scrutiny function 2021/22

### Background Papers

None



# **CHELMSFORD CITY COUNCIL ANNUAL REPORT ON THE SCRUTINY FUNCTION 2021/22**

**Councillor J. Galley**  
**(Chair – Overview and Scrutiny Committee)**

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

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## **Background**

### **(a) *Statutory Provisions***

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

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

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

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

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

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

### **(b) *Terms of Reference***

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

## **General role**

To act as a channel for public involvement in the activities of the Council and other bodies operating in the City; to oversee the proper and efficient administration of the Council; to review the effectiveness of its work and services; and to support and complement the activities of the Cabinet, whilst at the same time scrutinising them and offering constructive comment or advice where appropriate.

## **Specific role**

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

### ***The Committee will also be responsible for***

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

### ***(c) Membership of the Committee***

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

In 2021/22 the membership of the Committee comprised the following members:

LD      Councillors L. Ashley, I.D. Fuller, J.C.S. Lager, J.S. Lardge, T.N. Willis, C. Shaw and S. Young (Vice Chair)

CON Councillors J. Galley (Chair), R.J.E. Gisby, I.S. Grundy, M. Sismey and M.S. Steel

IND Councillor W.A. Daden

Following the Annual Meeting on 18 May 2022 the membership is as follows –

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

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

CON Councillors R.J. Poulter (Chair), N.B. Chambers, R.J.E. Gisby, I.S. Grundy, and M.S. Steel

CIG Councillor W.A. Daden

#### **(d) Programme of Meetings**

The Committee met on three occasions in the municipal year 2021/22. It has five meetings programmed for 2022/23. Additional meetings may be arranged as required, including any which may be necessary if any decisions of the Cabinet become subject to the 'call In' procedure mentioned in Part 3 of this Report.

#### **(e) Publication of Information**

The agendas for the Committee's meetings are published on the Council's website not later than five clear days before the date of each meeting. The minutes of each meeting are also published on the website as soon as possible after each meeting has taken place.

### **Work Programme 2021-22**

The main areas of activity considered by the Committee during the municipal year (May to May) 2021/22 were as follows –

<u>Subject</u>	<u>Date(s) considered</u>
Cabinet Portfolio Updates	26 July 2021
Final Report from the Riverside Project Task & Finish Group	26 July 2021
Annual Report on the Scrutiny Function 2020/21	26 July 2021
Report on Decisions Taken under Delegation to the Chief Executive	26 July 2021
Annual Report from the Chelmsford Policy Board	26 July 2021
Cabinet Portfolio Updates	22 November 2021
Review of Our Chelmsford Our Plan	22 November 2021
Revenue Monitoring 2021/22	22 November 2021



Cabinet Member for Sustainable Development's Annual Report on Housing Delivery	22 November 2021
Report on Decisions Taken under Delegation to the Chief Executive	22 November 2021
Cabinet Portfolio Updates	7 February 2022
Annual Presentation by the Safer Chelmsford Partnership and Essex Police	7 February 2022

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

## **‘Call-in’ of Cabinet Decisions**

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

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

During 2021-22 no decisions of the Cabinet were called in for consideration by the Overview and Scrutiny Committee.

## **Future Projects**

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

## **Training and Development**

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



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## Chelmsford City Council

20 July 2022

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### Proposed Amendments to the Constitution

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#### Report by:

Governance Committee

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#### Officer Contact:

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

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#### Purpose

To consider the recommendations of the Governance Committee arising from the annual review of the City Council's Constitution.

#### Recommendations

That the Council approve:

1. the general amendments to the Constitution detailed in Appendix 1 to this report;
  2. the revised Financial Rules set out in Appendix 2; and
  3. the amendments to the Mayoral Rules and Protocol referred to in Section 4 of the report and set out in Appendices 3a and 3b.
- 

#### 1. Introduction

- 1.1. The Council's Constitution is reviewed annually to ensure that it remains complete, up to date and reflects current practice and legislation. Some Parts of the Constitution, such as the rules relating to meetings and officer delegations, are likely to need detailed review as they are more likely to be

affected by changes to organisational practices and legislation. Other Parts only need periodic detailed examination as they tend not to change significantly over time.

1.2. The annual reviews are initiated by officers and their recommendations are submitted in the first instance to the Constitution Working Group. Its recommendations are then passed to the Governance Committee, the Cabinet (where appropriate) and finally full Council.

1.3. This report sets out the findings of the each of those bodies on the following aspects of the Constitution:

- general amendments to meetings rules and Part 3 of the Constitution
- the Financial Rules
- the Mayoral Party Rules and Protocol

1.4. The Governance Committee also considered the adoption of the Local Government Association Model Councillor Code of Conduct and a separate report on that appears elsewhere on the agenda for this meeting.

## 2. General Amendments

2.1. A few updates to Part 3 of the Constitution (Responsibility for Functions) and the Executive Rules (Part 4.4) have been identified and are set out in Appendix 1.

2.2. The changes to Rule 4.4.5.6 relating to opposition spokespersons on Cabinet functions were prompted by the separation of the Chelmsford Independents Group into two smaller minority groups. The proposed arrangements for those groups to speak at Cabinet meetings are intended to ensure that all opposition groups have a fair and proportionate opportunity to question the Cabinet and contribute to its meetings whilst ensuring that those meetings are manageable and efficient. It should be noted that the representatives of the two smallest opposition groups on the Working Group and Governance Committee did not support the proposed change, fearing that it would curtail the ability of the smaller groups to contribute to Cabinet meetings. The Working Group and Committee as a whole, however, felt that it would afford those group adequate opportunity to be represented at and contribute to Cabinet meetings.

2.3. The Committee also supported the recommendation of the Working Group that the current arrangements whereby a member of a smaller minority group is represented on all Working Groups should continue. This does not require a change to the Constitution.

### 3. Financial Rules

- 3.1. These form Part 4.9 of the Constitution and have not been reviewed in detail for some time. The revised Rules set out in Appendix 2 primarily reflect the departure of the Director of Financial Services and a new format for their presentation. The nature of the changes has made it difficult to highlight them via track changes; therefore, where content has been added or the nature of the rule has changed, a comment has been placed next to the text.
- 3.2. The practice notes referred to in the Financial Rules do not form part of the Constitution and are updated by officers on an informal basis. They are guidance to officers to assist them in operational activities. Therefore, the practice notes have not been included for consideration.
- 3.3. The revised financial rules were considered and supported by the Cabinet on 12 July 2022

### 4. Mayoral Party Rules and Protocol

- 4.1. The review of the Mayoral Party Rules (Part 5.4 of the Constitution) and their associated Protocol was carried out by the Mayoral Working Group as the body best placed to consider any changes to the practices and arrangements for the Mayoralty. Its findings were, however, circulated to the members of the Constitution Working Group, who endorsed its recommended changes.
- 4.2. The Protocol does not form part of the Constitution but it needs to reflect the Mayoral Rules and therefore the two should be reviewed in tandem. The Rules themselves are “high level” and set out the main principles associated with the conduct of the Mayoralty. They are unlikely to change significantly over time. The Protocol, on the other hand, sets out in more detail how the Rules will be applied and cover the practical operation of the Mayoralty. That operation is more likely to vary over time, whilst still reflecting the general approach laid down by the Rules. The Protocol is therefore more likely to change as practices evolve and adapt.

#### Mayoral Party Rules

- 4.3. Other than a few minor typographical corrections and the inclusion of reference to more than one opposition group being represented on the Mayoral Working Group, the only change being recommended is to Rule 5.4.7.4 in respect of the bank account for the Mayor's Charities by adding the following to the end of that Rule:

“No Council officer will be involved with the administration of the Charity account. A summary of the financial position on the Charity account will be provided to the Mayoral Working Group twice a year.”

4.4. This change confirms the practice that no officer will be involved with the administration of the bank account. There has always been a distinct separation between the operation of the Mayoral Charities and the business of the Council. The Charities are personal to the Mayor and any funds raised should be entirely separate from the Council's own operation. The existence of a separate bank account reinforces that practice, as does keeping officer involvement in the charities at arms' length. Neither the Mayor's Office nor Financial Services therefore have any dealings with the Charities but that is not clear from the Rules. The suggested change reinforces that principle.

4.5. Whilst it is not for the Council to be involved in the day to day administration of the Charities account, it is desirable that someone there be an overview of the financial position on the account during the Mayoral year. The Mayoral Working Group has agreed that it should perform that role by receiving twice-yearly reports on income and expenditure within the account to enable a degree of independent monitoring. The Protocol has also been amended to that effect.

#### Mayoralty Party Protocol

4.6. The Working Group also reviewed in detail the arrangements for the safekeeping of the Mayoral regalia. For security reasons, it would not be appropriate to discuss those arrangements in a public document but the Mayoral Working Group was satisfied that the current arrangements are appropriate and adequate and no changes need to be made to the related aspects of the Rules and Protocol.

4.7. The only other part of the Protocol that the Working Group felt needed to be revised was the section on Town Twinning. There has been some discussion in the past on whether those taking part in visits to Chelmsford's twin towns should meet all or some of the associated costs. The Working Group agreed the addition of a new paragraph 11.3 to read:

“Those in the Mayoral Party participating in visits to Chelmsford's twinning partners would normally be expected to meet the costs associated with those visits, including travel, accommodation and subsistence.”

4.8. Those on whom the costs would fall would not be expected to meet them from their own pockets but from the allowances given to the Mayor and Deputy Mayor to meet the costs associated with their roles.

## 5. Conclusion

- 5.1. The amendments to the Constitution arising from the latest review are limited in nature. Those relating to the general amendments in Appendix 1 and the Financial Rules in Appendix 2 have the support of the Cabinet. Those relating to the Mayoralty in Section 4 above have been endorsed by the Mayoral Working Group.

### List of Appendices

Appendix 1 – Proposed amendments to Part 3 and Part 4.4

Appendix 2 – Revised Part 4.9, Financial Rules

Appendices 3a and 3b – Revised Mayoralty Party Rules and Protocol

### Background papers:

Nil

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### Corporate Implications

Legal/Constitutional: These are set out in the report

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: None

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### Relevant Policies and Strategies:

None

## APPENDIX 1 – GENERAL AMENDMENTS TO THE CONSTITUTION

### PROPOSED AMENDMENTS TO PART 3.2.4 – ADVISORY PANELS FOR CABINET FUNCTIONS

Advisory Panel	Amendment
Community Funding Panel	Amend the membership by replacing the Cabinet Member for Sustainable Development with the Cabinet Member for Greener and Safer Chelmsford
Chelmer Waterside Project Panel	Add the Director of Public Places to the membership of the Panel

### PROPOSED AMENDMENTS TO PART 3.4 – OFFICER DELEGATIONS

Delegation	Existing/New Delegation	Amendment
Part 3.4.1 - Delegations to all Directors	Add new delegation 3.4.1.3 and renumber subsequent delegations:  In consultation with the relevant Cabinet Member or Chair, to make minor changes to existing policies and strategies.	
Delegation 3.4.7.5 to the Director of Sustainable Communities	Existing delegation:  Planning policy under the local development framework	Amend to read:  Preparation, consultation and monitoring of planning policies and proposals within statutory development plans, supplementary planning documents and planning guidance.
New delegation to the Director of Sustainable Communities	Add new sub-heading:  <i>Specific delegations</i>  and new delegation 3.4.7.25  Responses to consultations on Nationally Significant Infrastructure proposals as defined by section 14 of the Planning Act 2008 and other proposals of statutory	

	bodies and agencies, and proposed changes to national planning policy and guidance.	
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#### PROPOSED AMENDMENTS TO PART 4.4 - EXECUTIVE RULES

Rule	Amendment	Reason
Rule 4.4.5.6 (a)	the <b>largest minority</b> political group-- shall, at the Annual Meeting of the Full Council, nominate spokespersons to speak or ask questions on specific Cabinet functions. The spokespersons may nominate deputies to speak in their absence. In addition, <b>the largest</b> opposition group may nominate spokespersons for the areas of responsibility of Cabinet Deputies;	To enable the smaller minority group(s) to contribute to Cabinet meetings and question Cabinet members but to do so on a proportionate basis
Rule 4.4.5.6 (b)	<b>No change:</b>  at the discretion of the chair of the meeting, the spokespersons or their nominated deputies may contribute to discussion on items on which they are spokespersons and ask questions under the item entitled Members' Questions; however, they shall not have the right to vote;	
Rule 4.4.5.6 (c)	with the exception of the ability to nominate deputies, the arrangements described in (b) above shall apply to <b>any political groups other than the largest minority group</b> and to councillors who do not constitute or belong to political groups, but they shall each be limited to contributing no more than twice at a meeting by way of asking questions or speaking on an item;	



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## APPENDIX 2 – REVISED FINANCIAL RULES

<b>1.</b>	<b><u>Introduction</u></b>
1.1	<p>These Financial Rules aim to provide guidance on what is expected from Elected Members, the Section 151 Officer, Directors, Service Managers and all other members of staff (Officers).</p> <p>The Financial Rules form part of our Constitution, which sets out the political and administrative arrangements for the running of the Council.</p>
1.2	Directors/Service Managers are responsible for ensuring all Officers in their service areas are aware of the existence and content of the Council's Financial Rules and other internal regulatory documents, and that they comply with them.
1.3	Directors/Service Managers must ensure that all Officers have appropriate training in their Directorate or service area to meet the obligations of Council rules and policies.
1.4	Members and Officers are expected to conform to these rules. They do not provide a complete list but define the way Members and Officers are expected to operate. They are in place to protect both the Council and its employees. It is important that Members and Officers conform to the spirit of the rules, not only the specific rule.
1.5	To support Officers further, the Financial Rules are supported by Practice Notes, which are not part of the Constitution. If you need further advice, talk to your Line Manager, Director or get in touch with the Accountancy Services Manager (Section 151).
1.6	A Director may delegate any of their powers but still retains overall responsibility for compliance with these Rules, and in accordance with the Officer Scheme of Delegation, which can be found in Part 3.4 of the Constitution.
<b>2.</b>	<b><u>Responsibilities of All Officers</u></b>
2.1	Act to the highest standards of integrity, and exercise due care and attention when dealing with all aspects of the Council's finances.
2.2	Where Officers are unclear on any financial matter, they should seek advice from the Accountancy Team.
2.3	Conform to the Financial Rules. Any failure to conform to these Rules may be a disciplinary offence. If anyone is aware that these Financial Rules are not being followed, they should inform their manager or Accountancy Services Manager (Section 151).

2.4	Ensure the safety and security of assets and see that they are used in a legal and properly authorised manner. Assets retained by the Council must provide value for money (See Practice Note 1).
2.5	Inform the Procurement & Risk Services Manager and follow the whistleblowing procedures if there are reasons to suspect fraud or corruption (see Practice Note 2 - Fraud and Corruption).
2.6	Manage risks to the Council as part of day-to-day activities.
2.7	<p>Officers when purchasing (ordering goods and services), should ensure:</p> <ul style="list-style-type: none"> <li>i) They have complied with and understood the Contract Procedure Rules</li> <li>ii) Good practice as set in Practice Note 3 is followed</li> <li>iii) Physical delivery of goods and services has taken place before receipting them on the financial system.</li> <li>iv) An agreement to rent plant &amp; equipment (lease) is not entered into without consulting with Accountancy Services Manager Section 151 officer.</li> <li>v) Agreements to lease property (let out or rent) are not entered into without consulting with the Property Manager.</li> </ul> <p>Further content on ordering is included later in these Financial Rules.</p>
2.8	Officers should not exceed the responsibilities and authority given to them by their Service Manager (and Director) and should conform to the Financial Rules and Contract Procedure Rules appropriate to those duties.
<b>3.</b>	<b><u>Service Managers</u></b>
	<p><b><u>The following items (3.1 to 3.10) are the responsibility of Service Managers, reflecting the delegation of financial management to them by the Council. These financial responsibilities are a key part of their role and failure to meet these could result in disciplinary action.</u></b></p> <p>The responsibilities are explained under the following headings:</p> <ul style="list-style-type: none"> <li>3.1 Financial Controls &amp; Authorisation</li> <li>3.2 Ordering of Goods and Services. Including Procurement &amp; Payments of Grants</li> <li>3.3 Income Collection</li> <li>3.4 Budget Management (preparation and monitoring of revenue and capital)</li> </ul>

	<p>3.5 Fees and Charges</p> <p>3.6 Grant Income</p> <p>3.7 Staffing Financial Matters (in the context of financial management)</p> <p>3.8 Taxation (including VAT)</p> <p>3.9 Risk Management</p> <p>3.10 Internal and External Audit obligations</p> <p><b><u>Service Managers should ensure Officers within their Service:</u></b></p> <ul style="list-style-type: none"> <li>• Are aware of Financial Rules: Ensure all Officers (temporary and permanent) in their service are aware of and understand the Financial Rules to which they must conform to carry out their role. This includes complying with “Key Decision” requirements as set out in Article 14 of the Constitution and any Practice Note on the subject.</li> <li>• Are available to attend Audit &amp; Risk Committee meetings when asked to do so.</li> </ul>
<b>3.1</b>	<b><u>Financial Controls &amp; Authorisation</u></b>
3.1.1	Ensure that processes and controls are in place to make sure that the Council’s resources are properly applied. This includes responsibility for the prevention and detection of fraud and other illegal acts.
3.1.2	Ensure there is a clear and appropriate delegation of responsibilities and separation of duties in the service to reduce the risk of error and to prevent fraud, corruption, and collusion.
3.1.3	Ensure that authorisations within the ERP (i.e., Financial and HR systems) reflect the authority delegated to Officers.
3.1.4	Ensure Contract Procedure Rules are followed, and procurement guidance is sought from the Procurement Team.
<b>3.2</b>	<b><u>Ordering of Goods and Services, including Procurement &amp; Payment of Grants</u></b>
3.2.1	<p>Ensure there is an approved budget for all planned expenditure before ordering goods and services.</p> <p>If insufficient budget is available to meet service obligations this should be discussed with the Accountancy Team. (See <b>Appendix 1</b> to these rules - Virements and Supplementary Estimates).</p>
3.2.2	The Financial system has appropriate workflow to control ordering of goods and services, but managers must ensure that operational

**Commented [PR1]:** ERP =Enterprise Resource Planning (software)

	processes outside of the system are robust. For example, ensuring goods/services have been delivered before payment is made.
3.2.3	Ensure that the Contract Procedure Rules are followed, and Procurement team are notified of spend over £25k.
3.2.4	Foreign currency contracts or transactions must be agreed in advance with the Accountancy Services Manager (Section 151) (see Practice Note 4 - Contracts, External Partners and Third Party Working).
3.2.5	Act within the Practice Note 4 for Partnerships, where the Council is the lead authority for the partnership or holds the role of the partnership's treasurer.
3.2.6	Ensure that there are controls in place to prevent the loss or misuse of land, buildings, plant and equipment used by their Service (see Practice Note 1 – Assets).
3.2.7	Ensure the process for paying grants to the Third Sector (voluntary) organisations and other bodies are compliant with the standards of the Community Funding Scheme.
3.2.8	Ensure that leases for land, property, plant and/or equipment are not entered into without the authorisation of the Accountancy Services Manager (Section 151 officer).
3.2.9	Ensure that rental/lease agreements to occupy or let to tenants are not entered into without consultation with the Council's Property Manager.
<b>3.3</b>	<b>Income Collection</b>
3.3.1	Ensure Officers collect income and debt promptly and in accordance with the Council's debt management procedures, regularly reconciling it to the main financial system and to banking (see Practice Note 5 - Income collection and Debt Management procedures).
3.3.2	Arrange collection of income before or at the point of delivering the service wherever possible. This avoids losses due to non-payment.
3.3.3	Minimise the cost of processing income by limiting the use of cash and cheque payments by customers, wherever possible.
<b>3.4</b>	<b>Budget Management (Preparation and Monitoring of Revenue and Capital)</b>
3.4.1	Prepare revenue and capital estimates using the guidelines approved by Cabinet and provided by the Accountancy Services Manager (Section 151)(see 6 - Preparation of Estimates).

3.4.2	Prepare business cases for significant projects and undertake post project reviews in line with Practice Note 7.
3.4.3	Use financial information from the Council's ERP (Financial and HR Systems) and other supplementary sources to monitor and forecast current and future years' service budgets (income and expenditure).
3.4.4	Submit financial forecasts via the Council's Financial system. These submissions should be made in line with the timetable established by the Section 151 Officer. (See Practice Note 8 - Budgetary Control).
3.4.5	Identify at the earliest opportunity, and provide details to Accountancy Services of the results of, any service planning that will require additional budget provision.
<b>3.5</b>	<b><u>Fees and Charges, including setting</u></b>
3.5.1	<p><b>Existing Charges</b> (<i>the budget guidelines approved annually by Council include a standard average rate of increase for fees and charges</i>)</p> <p>Work with Directors to set the average charges across a Directorate (as measured by price change or increase in yield) at that standard rate. If this is not possible then Council approval should be sought via Accountancy.</p> <p>There are specific delegations for fees and charges for major events in parks and regulatory Licences elsewhere in the constitution.</p>
3.5.2	<p><b>New Fees and Charges:</b> Chief Executive and Directors, in consultation with the relevant Cabinet Member, can establish any new fees and charges for any service for which they are responsible, provided it is expected to generate no more than £50,000 in a full year; and where the annual income generated by the new charge is estimated to above £50,000 then approval will be required from Councillors as follows:</p> <ul style="list-style-type: none"> <li>• £50K to £250K – Cabinet</li> <li>• Over £250K - Full Council</li> </ul>
3.5.3	<p><b>Amendments to Fees and Charges:</b> Chief Executive and Directors, in consultation with the relevant Cabinet Member, can amend fees and charges for which they responsible, provided that across the Council any (all) amendments generate no more than £50,000 in a full year. Changes to Fees and Charges that would be above £50,000 in a full year, require approval as follows :</p> <ul style="list-style-type: none"> <li>• £50K to £250K – Cabinet</li> <li>• Over £250K - Full Council</li> </ul>

**Commented [PR2]:** This a new note. Aimed at changing process of collecting business cases and follow ups. This process is still being re-developed

**Commented [PR3]:** The text for this rule has been simplified. Also most of the details where else-where in the constitution (under delegations pg470) but have been moved into financial rules for clarity.

**Commented [PR4]:** This new to provide more flexibility but also maintains accountability. It follows similar approach as supplementary estimates

3.6	<b><u>Grant Income</u></b>
3.6.1	Bids for grant income should be undertaken in consultation with Accountancy Services.
3.6.2	Ensure all expenditure is in line with grant conditions.
3.6.3	Maintain and retain requisite documentation to evidence that the grant has been properly managed in line with grant conditions.
3.7	<b><u>Staffing (Financial matters)</u></b>
3.7.1	Provide the HR Services Manager with an establishment list for all Officers in their service, including contracted hours, and inform them of anything that affects the payment of salaries or other payments as soon as possible.
3.7.2	Ensure that the formal agreement of the Human Resources and Accountancy departments has been obtained before implementing a change to the establishment (this includes grades, hours, or number of posts).
3.7.3	Obtain agreement from HR and Procurement prior to engaging consultants or interims due to the potential significant tax implications for the Council.
3.8	<b><u>VAT and Taxation</u></b>
3.8.1	<p>Ensure all financial activities are conducted in accordance with taxation requirements and all requisite supporting records are maintained and retained.</p> <p>Seek advice on:</p> <ul style="list-style-type: none"> <li>• VAT from Accountancy Services</li> <li>• Construction Industry Tax from Accountancy Services</li> <li>• Income Tax (employer taxation) from HR Services Manager</li> </ul>
3.9	<b><u>Risk Management</u></b>
3.9.1	Act in accordance with the Risk Management Strategy and supporting guidance.
3.9.2	Notify the Procurement & Risk Services Manager of all insurance risks and potential claims as soon as known, providing necessary documentation in a timely manner (see Practice Note 9 - Insurance and Risk Management).
3.10	<b><u>Matters arising from Audits</u></b>
3.10.1	Co-operate with Internal and External Audit reviews and queries,

	including allowing Internal Audit and External Audit to have full, free and unrestricted access to and explanations of all functions, records, property and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
3.10.2	Implement mitigating actions in a timely manner when risks are identified by Internal and External Audit (or other sources), either through audit recommendations, or alternative actions agreed with Internal/External Audit.
<b>4</b>	<b><u>Responsibilities of the HR Services Manager</u></b>
4.1	Make payments through the payroll system to all employees or former employees of the Council.
4.2	Provide all Officers with a copy of these Financial Rules as part of their recruitment/induction process and ensure that their receipt is acknowledged and documented.
4.3	Ensure that, in accordance with the <a href="#">Whistleblowing Policy</a> , where allegations of fraud or misconduct relating to financial matters are made, the Whistleblowing Officer or their deputy, the Accountancy Services Manager (Section 151) and the Procurement and Risk Services Manager are informed.
<b>5</b>	<b><u>Responsibilities of the Procurement and Risk Services Manager</u></b>
5.1	Oversee the corporate risk management framework, including periodic review of the Risk Management Strategy
5.2	Prepare Risk Management Reports for Management Team and Audit & Risk Committee.
5.3	Arrange the insurance programme, and review annually, to mitigate identified insurable risks.
5.4	Consult with Accountancy Services Manager (Section 151 Officer) on the financial implications of Insurance matters, including annual review of the insurance reserve.
5.5	Manage insurance claims in coordination with insurers.
5.6	Manage the approval of suppliers and oversight of the Social Value Procurement Policy.
5.7	Provide professional procurement support to all services in line with Contract Procurement Rules.
5.8	Update and maintain the Contract Procurement Rules and deliver training to Officers.



5.9	Investigate any suspected cases of fraud and corruption and inform the Cabinet Member with responsibility for Finance, Audit and Risk Committee Chair and keep the Accountancy Services Manager (Section 151) and Audit Services Manager informed of the findings of the investigation and agree the course of any investigation.
5.10	Maintain the Council's Strategy on Anti-Fraud and Corruption.
<b>6.</b>	<b><u>Responsibilities of the Accountancy Services Manager (Section 151)</u></b>
6.1	Prepare financial monitoring reports for Management Team, Audit & Risk Committee and Cabinet.
6.2	Prepare guidelines for and bring together the revenue and capital budgets including approval of fees and charges increases, virements, supplementary estimates and carry forwards for consideration by Full Council.
6.3	Provide guidelines for the format, content, and upkeep of all financial records and associated documents and maintain our accounting system.
6.4	Establish and maintain accounting policies and procedures.
6.5	Ensure there is robust digital ordering process,
6.6	Arrange all leases for vehicles, plant, and equipment.
6.7	Appoint and maintain banking and investment services.
6.8	Set the procedures for the collection of all money due to the Council by officers, agents or contractors and approve irrecoverable debts to be written off.
6.9	Recommend and implement treasury management decisions in line with the Council's policy statement and the Capital, Investment and Treasury strategies.
6.10	Manage the External Audit process, prepare the Annual report, Statement of Accounts and associated documents (e.g. Annual Governance Statement), in line with legislative requirements.
6.11	Review and update the Financial Rules.
6.12	Initiate disciplinary action if an employee is in breach of the Financial Rules.
<b>7.</b>	<b><u>Responsibilities of the Audit Services Manager</u></b>
7.1	Submit at least annually, to senior management and Audit & Risk

**Commented [PR5]:** Clarifies investment as well as banking

	Committee a risk based Internal Audit plan for review and approval, which is reviewed, adjusted and communicated as necessary, in response to changes to Chelmsford City Council's operations, risks, programmes, systems and controls
7.2	Ensure each engagement of the Internal Audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programmes and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
7.3	Follow up on engagement findings and corrective action, and report periodically to senior management and the Audit & Risk Committee any corrective actions not effectively implemented.
7.4	Deliver an annual audit opinion and report that can be used by the Council to inform its governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
7.5	Undertake work which does not contribute explicitly to the overall audit opinion. This might include certification of grant claims or consulting activities where Internal Audit provide independent and objective advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary.
8.	<b><u>Responsibilities of the Elected Members</u></b>
8.1	Act in accordance with the requirements of the Constitution and in particular the personal responsibilities placed on them by the Councillor's Code of Conduct in Part 5.1 of the Constitution.

## APPENDIX 1

	<p style="text-align: center;"><b><u>Virements and Supplementary Estimates</u></b></p> <p><b>General Principles</b></p> <p>These principles form the basis of the Virement and Supplementary estimate rules:</p> <ul style="list-style-type: none"> <li>i. Annually the Council will approve service budgets.</li> <li>ii. The purpose of the rules governing changes to approved budgets is to ensure key decisions are scrutinised effectively.</li> <li>iii. Changes to budgets that result from the transfer of functions between Directorates do not need formal approval.</li> <li>iv. Changes to budgets that do not impact on the objectives set by Council should where possible be dealt with under delegation. The financial limits on budget changes support this objective.</li> <li>v. Journals must not be used to reduce expenditure to match budgets on individual codes, nor should orders made against an inappropriate code, as this distorts the true budget position, does not reflect accurately expenditure and lacks appropriate authorisation.</li> <li>vi. When seeking approval for new budgets or changes of use of existing budgets, officers must provide sufficient information to give transparency to members as to the nature of spend but balanced with providing flexibility to amend details to achieve the outcome desired by members.</li> </ul>
<b>V1</b>	<b>Virements</b>
V1.1	A virement is an individual movement between lines in the approved budget and is an essential feature of budgetary control, allowing Directors and Cost Centre managers to maintain their budgets with flexibility to react to the changing patterns of spend or unforeseen cost increases or income reductions.
V1.2	<p>Virement limits and by whom the authorisation can be given are reviewed annually and are currently set as shown below and apply to capital and revenue:</p> <ul style="list-style-type: none"> <li>i. <u>Up to and including £25,000</u> by Directors who must inform Financial Services</li> <li>ii. <u>Over £25,000 and up to £200,000</u> by Directors, subject to prior consultation with the Section 151 Officer, the relevant Service Cabinet Member and the Cabinet Member with responsibility for finance</li> <li>iii. <u>Over £200,000 and up to £1,000,000</u> by Cabinet report</li> </ul>

**Commented [PR6]:** This was £5k, increased to £25k to encourage greater flexibility. When faced with additional costs in one area, virement should be considered before requesting additional funding.

	<ul style="list-style-type: none"> <li>iv. <u>In excess of £1,000,000 – by Full Council</u></li> <li>v. <u>Virements to allocate approved centrally held budgets to Services, can be undertaken by the Section 151 Officer.</u></li> </ul>
<b>SE1</b>	<b>Supplementary Estimate</b>
SE1.1	A supplementary estimate is a permission to increase or reduce the approved budget to fund additional expenditure. Approval for a supplementary estimate must be sought before the expenditure can be incurred.
SE1.2	<p>Supplementary estimate limits and their authorisation levels are set as shown below and apply to capital and revenue:</p> <ul style="list-style-type: none"> <li>i. <u>Up to and including £200,000</u> by Directors, subject to prior consultation with the Section 151 Officer, the relevant Service Cabinet Member and the Cabinet Member with responsibility for finance</li> <li>ii. <u>Over £200,000 and up to £1,000,000</u> by Cabinet report</li> <li>iii. <u>Over £1,000,000</u> by Full Council</li> </ul>
	<del>On completion of the authorisation process, the appropriate Shadow Cabinet Member will be provided with details of all Virements and Supplementary estimates over £50,000.</del>

**Commented [PR7]:** This should be part of key decisions/ executive decisions process. This process will be overhauled to improve transparency.

## **APPENDIX 2**

### **List of Practice Notes**

- Practice Note 1 -Assets
- [Practice Note 2](#) - Fraud and Corruption
- Practice Note 3 - Ordering
- Practice 4 – Contracts, External Partners and Third Party Working
- New Practice Note 5- replaces Appendix 2 on partnerships/ sponsorship ?
- Practice Note 6 - Income collection and Debt Management procedures.)
- Practice Note 7 - Preparation of Estimates
- New Practice Note 8 – Projects
- Practice Note 9 - Budgetary Control
- Practice Note 10 - Insurance and Risk Management)

Commented [PR8]:

## PART 5.4

# MAYORAL PARTY RULES

## **Contents**

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#### 5.4.0 **GENERAL PRINCIPLES**

5.4.0.1 These Rules establish the principles under which the Mayoral Party will carry out their duties and responsibilities. In particular the Party must observe Part 2, Article 5 of the Council's Constitution, the Council Procedure Rules in Part 4.1 of the Constitution and the [Mayoral Party Protocol](#), which has the status of a Practice Note for the purposes of the Constitution.

5.4.0.2 The Mayor will be responsible for the interpretation of the Constitution as set out in Part 2, Article 16 thereof.

5.4.0.3 Administrative and organisation support will be provided to the Mayoralty by the Council and is referred to in these Rules as the Mayor's Office.

5.4.0.4 The role of the Mayoral Party, its responsibilities and guidance on the appropriateness of any duties to be undertaken will be dealt with at the Mayoral Working Group. The following will attend its meetings:

- a) Mayor
- b) Deputy Mayor
- c) Leader of the Council
- d) Opposition representative(s)
- e) Chief Executive
- f) Mayor's Office representatives
- g) The Mayor and Deputy Mayor designate (to receive guidance for the forthcoming year)

5.4.0.5 In particular, the Mayoral Working Group will regularly consider issues arising in relation to:

- a) The interpretation of and changes required to the Mayoral Party Rules and Mayoral Party Protocol
- b) Mayoral Engagements
- c) Civic Events
- d) Honorary Freeman and Freedoms
- e) Town Twinning

#### **Role of the Mayoralty**

5.4.0.6 The Mayor is the First Citizen of the City and will personally carry out the duties of the Mayoralty as far as is reasonably practical.

#### **Role of the Deputy Mayor**

5.4.0.7 The role of the Deputy Mayor is to deputise for the Mayor when the latter is not available to attend a function or if there is more than one invitation for the same date and time. The Deputy Mayor's role is not to act as Mayoral support.



- 5.4.0.8 When the Mayor is unavailable to attend a function and the Deputy Mayor is required to attend, then the Deputy Mayor will have use of the Civic Car and chauffeur. All other transportation arrangements should be organised through the Mayor's Office.

5.4.1 **NEUTRALITY**

- 5.4.1.1 The Mayoral Party represents the whole City during the term of office. The Mayor, and Deputy Mayor, will therefore during their year of office and whilst acting in this official capacity:

- a) Maintain political neutrality
- b) Chair Council meetings with absolute impartiality
- c) Ensure that a fellow ward or adjoining ward Councillor is available to deal with certain aspects of Council business
- d) As far as is reasonably practical, not attend party political functions in the role of the Mayor or Deputy Mayor.

5.4.2 **FORM OF ADDRESS**

- 5.4.2.1 The usual form of address for the Mayor is "Mr Mayor", if male, and "Madam Mayor", if female. The Deputy Mayor is addressed as "Deputy Mayor". All Officers of the Council are expected to address the Mayor formally.

- 5.4.2.2 There are also prescribed forms of address to be used when speaking to or addressing visiting dignitaries. The Mayor's Office will ensure that the appropriate form of words is identified before any such engagement takes place or correspondence entered into.

5.4.3 **ATTIRE AND USE OF THE MAYORAL REGALIA**

- 5.4.3.1 The type of attire required at any occasion will be determined by the type of function to be attended and as explained in the Mayoral Party Protocol Practice Note.

- 5.4.3.2 The Mayor and Deputy Mayor will wear the formal Regalia and Chains of Office on the following occasions:

- a) All meetings of the Council.
- b) The Civic Service.
- c) Remembrance Sunday.
- d) The Justice Service.
- e) Visits of Royalty (unless otherwise requested).
- f) Such other occasions as will be agreed by the Mayoral Working Party.

5.4.3.3 The Regalia of Office means the gown, jabot, gloves, hat and Ceremonial Chains of Office or the Mayoral/Day Chain. The Mayor's Office will advise the Mayoral Party on the appropriate form of dress for a particular event or occasion.

#### 5.4.4 **EVENTS**

5.4.4.1 There are four main categories of event as set out below. The number of each and protocol to be used at each category differ and details are contained in the Mayoral Party Protocol Practice Note:

- a) Annual Civic events;
- b) Those promoted or organised by the Council, or the Mayor, or at which either act as hosts;
- c) Those which the Mayor is expected to attend; and
- d) Those which the Mayor may be invited to attend.

##### **Annual Civic Events**

5.4.4.2 The guest lists, selection of speakers and sequence of speeches at Civic events will be determined by the Mayor, in consultation with the Mayoral Working Group.

##### **Events Promoted by the Council or the Mayor**

5.4.4.4 The Mayor will normally be invited to officiate at all events or occasions of major civic significance, but is not required to be involved in all Council promoted events.

5.4.4.5 Where attendance of the Mayor, and/or other members of the Mayoral Party is required, the organiser of the event will arrange an adequate and timely briefing through the Mayor's Office.

##### **Arrangements for inviting the Mayor to Events**

5.4.4.6 Invitations for the Mayor to attend functions are for the Mayor and other members of the Mayoral Party only.

5.4.4.7 Formal invitations must be made through the Mayor's Office. If accepted, the invitation will be confirmed and an acceptance letter and engagement form will be sent to the inviting party for completion, which must be returned to the Mayor's Office.

5.4.4.8 This procedure shall apply equally to events organised by Council departments as well as those from external organisations or individuals.

5.4.4.9 Engagement lists showing forthcoming engagements will be prepared on a regular basis. They will include details of the events, the date and time of each engagement, and the organisation and venue for each event the Mayoral Party is attending. The lists will be distributed to:

- a) The Mayor and the Deputy Mayor;
- b) Council officers, the police, and local & national media sources as appropriate.

#### **Visits Outside the City**

- 5.4.4.10 It is customary for the Mayor's Office to seek the permission of the "host" authority for the Mayor (or a member of the Mayoral Party, as appropriate) to wear the chain or badge of office. Conversely, a Mayor or Chair of another authority attending a function in the City of Chelmsford will seek permission from the Mayor's Office to wear their chain or badge of office.

#### **Precedence**

- 5.4.4.11 When a Royal visit is to take place in the City's area, the following rules will be applied as to which dignitary takes precedence and the order of precedence.

- a) On official Royal visits to the county the Chair of the County Council takes precedence before the Mayor and on such occasions the order of presentation by the Lord Lieutenant to the Royal visitor will normally be:
  - i. Lord Lieutenant's partner
  - ii. High Sheriff and partner
  - iii. Chair of County Council and partner
  - iv. County Chief Executive and partner
  - v. Mayor and their partner
  - vi. District (City) Chief Executive and partner
  - vii. Member of Parliament and partner
  - viii. Chief Constable and partner
  - ix. the principal organiser of the event to which the visit is being made
  - x. Other necessary presentations may be deputed to the organiser.
- b) Where there is a Royal official visit to the City and the event or matter relates to the functions of the City Council the order of presentation by the Lord Lieutenant to the Royal visitor will normally be:
  - i. Lord Lieutenant's partner
  - ii. High Sheriff and partner
  - iii. Mayor and their partner
  - iv. District (City) Chief Executive and partner
  - v. Chair of County Council and partner
  - vi. County Chief Executive and partner
  - vii. Member of Parliament and partner
  - viii. Chief Constable and partner
  - ix. the principal organiser of the event to which the visit is being made

Other necessary presentations may be deputed to the organiser.

#### **5.4.5**

#### **EXPENSES OF THE MAYORALTY, GIFTS AND HOSPITALITY**

- 5.4.5.1 The Mayor and the Deputy Mayor shall each receive a personal allowance to meet expenses incurred by them and their partners because of their official duties. This will be approved as part of the Member's Allowance Scheme.
- 5.4.5.2 A specific budget will be set annually for the costs of managing and administering the Mayoral functions as part of the Council's normal budget approval procedure. It will be administered by the Mayor's Office.
- 5.4.5.3 If the Mayoral Party receive gifts during the term of office from organisers of events or from visitors to the Parlour these must either:
- a) Be recorded in the Register of Civic Gifts (held by the Mayor's Office) and kept in the Mayor's Parlour; or
  - b) Declared as a gift in accordance with the requirements of the Code of Conduct for Councillors as set out in Part 5.1 of the Constitution.
- 5.4.5.4 Any hospitality received by the Mayoral Party during their year of office must also be notified to the Mayor's Office and recorded in accordance with the requirements of the Code of Conduct for Councillors as set out in Part 5.1 of the Constitution.
- 5.4.6 **USE OF THE CIVIC CAR**
- 5.4.6.1 Where appropriate the Council will provide a Civic Car or other transport for the Mayoral Party for official business. The Civic Car may be used for other purposes but only when authorised in advance by the Chief Executive.
- 5.4.6.2 The use of the Civic Car will normally be limited to transporting members of the Mayoral Party to and from engagements taking place other than at the Civic Centre. A specific exception applies where transport is required for the purpose of attending meetings of the Council.
- 5.4.7 **THE MAYOR'S CHARITY**
- 5.4.7.1 The role of Mayor is a civic office. Charitable work can be undertaken by the Mayoral Party but should be regarded as incidental to and not a major function of the Mayoralty.
- 5.4.7.2 A Mayor may choose to nominate a charity or charities to receive Mayoral support during the year. The organisation of any charitable events or liaison with the charitable organisations chosen will not be organised by the Mayor's Office.
- 5.4.7.3 The Mayoral Party must inform the Mayor's Office of any engagements associated with the nominated charity to ensure that there is no conflict with civic events, which will take precedence.

- 5.4.7.4 A separate bank account must be opened to be administered by the Mayor, Mayoress, other nominated councillor or person to ensure that any charitable monies received can be accounted for. Any expenses incurred on behalf of the Mayor's charity should be made from the Mayor's charity account. No Council officer will be involved with the administration of the Charity account. A summary of the financial position on the Charity account will be provided to the Mayoral Working Group twice a year.

5.4.8 **PATRONAGE AND OTHER SUPPORT**

- 5.4.8.1 The Mayor, by virtue of the office, may be a Patron, President or Member of a number of organisations during the year of office. The Mayor must not personally agree to invitations to act as patron as this may put the Council in a difficult situation.  
Any request for such support of patronage should be made to the Mayor's Office and approval must be officially agreed through that office.

5.4.9 **SPIRITUAL SUPPORT**

- 5.4.9.1 The Mayor may appoint a suitable person to provide spiritual support for the Mayoral functions during the Mayor's term of office. The person appointed would normally be someone who is an official of a religious group, reflecting the Mayor's own religion.
- 5.4.9.2 The person appointed may act as a focal point for religious groups in the area, advise the Mayor on spiritual matters and assist the Mayor to understand and lead all sections of the community.
- 5.4.9.3 The person appointed will normally conduct prayers at the start of a meeting of the Council. It will not be seen as a sign of disrespect to the Mayor if members of the Council and any public attending the meeting do not wish to participate in the prayers and do not enter the room in which the meeting is being held until after they have finished.

5.4.10 **CORRESPONDENCE AND SEALING OF DOCUMENTS**

- 5.4.10.1 All correspondence addressed to the Mayor, but which relates to the business of the Council, will only be acknowledged by the Mayor's Office on behalf of the Mayor. It will then be passed for detailed reply or action to the relevant Director, Executive Member or Committee Chair as appropriate.
- 5.4.10.2 Arrangements for the Mayor or Deputy Mayor to witness the affixing of the Council's seal to any document will be organised through the Mayor's Office.

# MAYORAL PARTY PROTOCOL



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## **1. GENERAL PRINCIPLES**

### **Role of the Mayoralty**

- 1.1 These notes are intended to help the Mayor and members of the Mayoral party to understand some of the intricacies and issues that may arise during a term of office.
- 1.2 As the First Citizen of the City, The Mayor personally and through the use of the Mayoral Insignia and traditions of the Office, has the prestigious role of representing the whole City during their term of office. As its representative, they can influence public perception and enhance the image of the Council.
- 1.3 It must be remembered that undertaking the role of Mayor is a Civic Office and not a personal one. When fulfilling engagements, the Mayor has the opportunity to act as a link between the various groups and organisations visited and has a unique overview of the needs and concerns of the community they serve. The Mayor is also in a position to take out to the community the message and aims of the Council. When attending functions great care must be taken about making any comments or passing any remarks that may be construed as being City policy. Equally, it is important not to commit the Council in any way or to incur any funding without reference to the Chief Executive or Cabinet Member(s). In particular, the Mayor should not extend invitations to individuals or organisations that might not be in the best interests of the Council.
- 1.4 Advice on the roles, responsibilities processes and procedures related to the Mayoralty is also available from the Mayor's Office, which provides consistency and continuity and helps to ensure that it is a successful year.

### **Role of Deputy Mayor**

- 1.5 The role of the Deputy Mayor is to deputise for the Mayor when the latter is not available to attend a function or if there is more than one invitation for the same date and time. For this reason, the Deputy Mayor should endeavour not to be away or otherwise unavailable at the same time as the Mayor, e.g. Town Twinning visits. The Deputy Mayor's role is not to act as Mayoral support or to make up a Mayoral party. Under no circumstances should staff be asked to obtain additional tickets should the Mayor wish the Deputies to accompany them to a function, or vice versa.
- 1.6 There will be several functions during a year to which all or specific members of the Mayoral party are invited. Equally, it may be that the Mayor will wish to pass to the Deputy Mayor an invitation that it may be more sensible for them to attend because of their special interest.
- 1.7 When the Mayor is unavailable to attend a function and the Deputy Mayor is required to attend, then the Deputy Mayor will have use of the civic car and Chauffeur.



1.8 However, if the Deputy Mayor is attending a function at the same time as the Mayor, then it will be normal practice for the Deputy Mayor to drive them self to the event.

1.9 On occasions, owing to the nature of the event e.g. a Civic service, it may be more appropriate for the Mayor's Office to arrange a chauffeur driven car to be hired for the Deputy Mayor.

## **2. NEUTRALITY**

2.1 The Mayoralty will traditionally adopt a neutral role in Council affairs. The Mayor will be expected to take the Chair at Council meetings in absolute impartiality. Councillors will support the Mayor in this, and respect their neutral position.

2.2 It may be advantageous to ask a fellow ward or adjoining ward Councillor to deal with certain aspects of Council business during the Mayor's year of office.

2.3 It is important that (so far as possible) Mayors are non-political and should not attend party political functions as Mayor.

## **3. FORM OF ADDRESS**

3.1 As set out in the Mayoralty Rules, the usual form of address for the Mayor is "Mr Mayor" if male and "Madam Mayor" if female. Staff are expected to address the Mayor formally. The Mayor's partner will be addressed as "Mayoress" or "Mayor's Consort". The Deputy Mayor will be addressed as "Deputy Mayor" and the Deputy Mayor's partner would be addressed as "Deputy Mayoress" or "Deputy Mayor's Consort".

## **4. ATTIRE AND USE OF THE MAYORAL REGALIA**

4.1. The Office of Mayor is a formal role, like the Lord Lieutenant and High Sheriff, and casual clothes are inappropriate when the Chain is worn. The type of dress to be worn at functions is usually given on the engagement form or invitation and, if very formal, will be included on the invitation card. It is hoped that Ladies in the Mayoral party will wear hats at some functions, e.g. in the presence of Royalty or when the Lord Lieutenant is attending as the Queen's representative (investitures, Queen's Award for Industry, etc). Members of the Mayoral Party should never be afraid of being over-dressed – much better than appearing under-dressed.

4.2 Male Mayors, for most occasions, should wear a dark suit with a white/light coloured shirt and tie. For less formal occasions, for example when taking part in charity walks etc. it may be acceptable to be more casually dressed, e.g. in a jacket rather than suit. On such occasions the Mayor should wear the badge and corporate collarette rather than the Chain of Office. The Chain should always be worn over a jacket and never in short sleeves. The Mayor should only be without a jacket if the weather/heat means it is unsuitable. On occasions where the

Mayor has had to resort to short sleeves, the badge and corporate collarette should be worn.

- 4.3 Female Mayors should similarly be formally dressed and will, in any case, find that the chain will 'sit' better on a jacket or coat of heavier material. The chain itself is too heavy to wear properly and comfortably over lightweight materials.
- 4.4 If unsure the Mayor should consult the Mayor's Office for advice on the appropriate form of dress for a particular event or occasion.
- 4.5 Experience has shown that prolonged wearing of the chain will result in some discomfort as the longer it is worn, the heavier it will seem to become. It may be that wearing the badge on the corporate collarette is more appropriate. Please seek advice from the Mayor's Office if required.
- 4.6 The engagement sheet will give instructions as to whether the Chains/Badge and corporate collarette should be worn and Appendix A gives further guidance on the wearing of the Civic Regalia. It should be noted that only those members of the mayoralty sworn in at Annual Council can wear the badges. If the Mayor or Deputy is escorted at an event by a guest who is not their partner/was not sworn in at Council, then they do not wear a badge of office.

## **5. EVENTS**

- 5.1 These are divided into four main categories as follows. Additional details as to what is expected and how the events will be organised is also provided below.

- a) annual civic events;
- b) those promoted or organised by the Council, or the Mayor, or at which either act as hosts; and
- c) those which the Mayor is expected to attend;
- d) those which the Mayor may be invited to attend.

### **Annual Civic Events**

- 5.2 There are a number of annual civic events that are organised by the Mayor's Office and it is important to realise that these are Civic events and not the Mayor's events. Further details of the Civic Events can be found in Appendix B, paragraph 7, but these include:

- a) Reception after the Annual Meeting
- b) Civic Service
- c) Remembrance Sunday
- d) Tree Planting
- e) Christmas Reception
- f) Civic Lunch
- g) Community Evening
- h) Civic Carol Service

- 5.3 For Civic Events, guest lists, speakers and the sequence of speeches, where appropriate, will be agreed by the Mayoral Working Group.

**Events Promoted by the Council or the Mayor**

- 5.4 The Mayor is not expected to be involved in all Council promoted events. It is, however, well established that the Mayor (together with the relevant Cabinet Member) will be invited to officiate in all major “openings”, “unveilings” and other special occasions of major civic significance. Less significant events, e.g. a cheque presentation, are often more appropriately dealt with entirely by the relevant Cabinet Member although the Mayor may, for various reasons, also become involved in such events.
- 5.5 When an event is identified as one in which the Mayor is to be involved, the organising Council officer should liaise with the Mayor’s Office with regard to the planning of the event.
- 5.6 The Mayor’s involvement in Council sponsored events can be as “host” or as “guest” but it is not usual for the Mayor to be a guest when the event takes place in the Mayor’s Parlour.
- 5.7 Council promoted events attended by the Mayor can vary widely and it is not possible to prescribe the procedures that will meet all occasions but guidance which covers most eventualities is found at Appendix B. The following are categories most typically encountered:
- a) events at which the Mayor is to unveil;
  - b) events at which another VIP is to unveil;
  - c) events at which a joint unveiling is to take place;
  - d) events in the Mayor’s Parlour;
  - e) events away at Council owned venues;
  - f) visits to Chelmsford by VIPs.
- 5.8 In all cases, the organiser of an event should ensure there is an adequate and timely briefing of the Mayor and others taking an active part in proceedings.

**Events which the Mayor is expected to attend**

- 5.9 There are a number of external annual events which the Mayor is expected to attend on behalf of the City and the most important of these are included under Paragraph 8 of Appendix B.

**Events which the Mayor may be invited to attend within Chelmsford**

- 5.10 The number of engagements fulfilled by a Mayor is not an indication of quality. The Mayoralty must not seek out invitations. The soliciting of invitations does neither the office of the Mayor nor the Mayoralty any credit. If the invitation provides more than one date, then the Mayor must chose a date to attend; alternative dates cannot be offered to the Deputy Mayor.

- 5.11 Invitations for the Mayor to attend functions are for the Mayor and other members of the Mayoral Party only. It is not expected that other family members or friends will attend unless specifically invited; soliciting invitations for family members or friends will not enhance the status and reputation of the office. It is potentially embarrassing for the organisation involved or for Council staff who may be asked to arrange for such invitations to be extended.
- 5.12 Most invitations will usually start with a telephone call/email to the Mayor's Office to ascertain if the Mayor is free on a certain date and time; this will be pencilled in the diary and the enquirer will be asked to send a written invitation to the Mayor's Office. This will then be considered by the Mayor and the Mayor's Office and if accepted will be confirmed in the diary. An engagement form is then sent to the inviting party for completion and should be returned to the office no later than 14 days prior to the event.
- 5.13 This procedure applies equally to events organised by other Council Services. If officers approach the Mayor with an invitation to attend an event, the officer should be asked to refer the request to the Mayor's Office so that all necessary procedures can be followed.
- 5.14 Mayors and Deputy Mayors must not accept invitations personally. The Mayor's Office has produced business cards, which may be handed to those wishing to invite the Mayoralty to an event. The Mayor's Chauffeur will have these available.
- 5.15 It is important that Mayors and Deputy Mayors arrive for functions at the appointed time. Late and early arrivals are to be avoided. Close liaison with the Chauffeur and reference to the engagement form is necessary to achieve precise timing whenever possible. The Mayoral Party should not get out of the Civic Car until the Chauffeur has ensured that those who have been nominated to receive the Mayoral Party are in place and the Chauffeur can, therefore, hand custody of the Mayoral Party over to the host of the event.
- 5.16 The Mayor's Office occasionally receives requests for the Mayor to send a card to mark a special birthday or anniversary. The Mayor's Office will make the necessary arrangements for this. It may also be that the Mayor is invited to attend a function to mark the special day and the normal protocol would be to accept invitations to Diamond (60<sup>th</sup>) Wedding Anniversaries but not Golden (50<sup>th</sup>) Anniversaries and similarly to attend 100<sup>th</sup> Birthday celebrations but not a 90<sup>th</sup> Birthday party, unless the person or persons concerned are a friend of the Mayor.

#### **Visits outside the City**

- 5.17 The Mayor's office will sometimes receive invitations to events outside of the Chelmsford area. If the event has no direct links to Chelmsford then these will usually be declined. The exception would be the Queen's Garden Party (if the Mayoralty have never attended before), civic functions held by the principal neighbouring Mayors/Chair of Essex and the Costermongers event in London.

- 5.18 Invitations received by the Town/Parish Mayors/Chair outside of Chelmsford will be declined. Only invitations from South Woodham Ferrers Town Council will be accepted.
- 5.19 If the Mayor attends a function outside of Chelmsford it is customary for the Mayor's Office to seek the permission of the "host" authority for the Mayor (or a member of the Mayoral party, as appropriate) to wear the chain or badge of office.
- 5.20 Conversely, a Mayor or Chair of another authority attending a function in the City of Chelmsford will seek our permission to wear their chain/badge. Permission would normally be given for the visiting dignitary to wear the same regalia as our Mayor, if in attendance e.g. if the Mayor of Chelmsford is in attendance then other Mayors can wear their chains, however if the Deputy Mayor is in attendance then other Mayors will be asked to wear their badge of office.

### **Precedence**

- 5.21 The question of precedence on the occasion of a Royal visit has often been the subject of comment and enquiry. Section 3(4) of the Local Government Act 1972 established the precedence to be enjoyed by the Chair (Mayor) of District (City) Councils but did not prejudicially affect the exercise of the Royal prerogative in this connection.
- 5.22 The legislation provides that "the chair of a district council shall have precedence in the district, but not so as prejudicially to affect her Majesty's royal prerogative."
- 5.23 Therefore where a City (District) matter is the purpose of a Royal visit to a county, the Mayor (Chair) of the City (District) will take precedence as provided in that section. Her Majesty has, however, made it clear that on other official Royal visits to a county the order or precedence should place the Chair of the County Council before the Chair (or Mayor) of the City (District) Council. On such an occasion the order of presentation by the Lord Lieutenant to the Royal visitor will normally be:
- a) Lord Lieutenant's spouse
  - b) High Sheriff and spouse
  - c) Chair of County Council and spouse
  - d) County Chief Executive and spouse
  - e) Mayor (Chair) or City (District) Council and spouse
  - f) City (District) Chief Executive and spouse
  - g) Member of Parliament and spouse
  - h) Chief Constable and spouse
- 5.24 After these presentations, the Lord Lieutenant will present the principal organiser of the event to which the visit is being made and other necessary presentations may be deputed to the organiser.

- 5.25 Her Majesty has ruled that these arrangements should apply also to official visits by those members of the Royal Family styled His or Her Royal Highness and their spouse.

#### **How to Address Dignitaries at Events**

- 5.26 When addressing dignitaries verbally, it is considered acceptable to refer to them by their title. This protocol is also acceptable when referring to them in conversation when the word “The” will precede the title, e.g. The Lord Lieutenant, The Bishop (of.....).
- 5.27 Any queries about forms of address prior to attending an event, or for correspondence, should be addressed to the Mayor’s Office who will be happy to provide guidance.

#### **Organisation of Engagement paperwork**

- 5.28 Each week an engagement list showing the following two weeks’ engagements is prepared. This gives information on the date, time and venue of each engagement, the organisation and the time of collection by the Chauffeur.
- 5.29 Engagement lists are emailed to the Mayor and the Deputy Mayor each week, together with copies of engagement forms and supporting documents for the coming week. A copy is also given to the Chauffeur with any invitation cards/tickets/car parking passes that may be required. Lists are also distributed to a number of Council officers, councillors, CCTV, the police, local press, radio and television.

### **6. EXPENSES OF THE MAYORALTY, GIFTS & HOSPITALITY**

- 6.1 The Mayor and the Deputy Mayor each receive a personal allowance which is intended to meet expenses incurred by the Mayor and spouse, the Deputy Mayor and spouse by virtue of the office, e.g. clothing, footwear, wardrobe necessities, accessories, hairdressing, spending at the many fund-raising events attended during the year, occasional gifts, gratuities, and visits to twinning partners, etc.
- 6.2 When the Mayoralty is required to provide their own transport to official engagements, and they are attending in the capacity as the Mayor or Deputy Mayor, then they will be entitled to claim for the mileage expenses in accordance with the relevant provisions of the Member’s Allowances Scheme.
- 6.3 However, when the Mayoralty attend functions which are not classified as official functions and where they are not required to wear any regalia e.g. weekly meetings, Mayoral Working Group meetings, Council meeting rehearsals etc, then mileage claims cannot be made.
- 6.4 The major costs of civic entertaining and hospitality are met from the Hospitality Budget that is administered by the Mayor’s Office.

### **Gifts**

- 6.5 During the Mayor's term of office it is likely that gifts will be received from organisers of events or from visitors to the Parlour. It must be remembered that these gifts belong to the City and will be recorded in the Register of Civic Gifts (held by the Mayor's Office, the Chelmsford Museum will also need to log all items) and are kept in the Parlour.

### **Use of the Civic Car**

- 6.6 The civic car is for the use of the Mayor, Deputy Mayor and their escorts. It is not available to transport other members of the Mayor's or Deputy Mayor's family, friends or guests, except in very special circumstances.
- 6.7 There may be occasions when the car is required for other civic use such as Ministerial visits, meeting VIPs at airports, etc. The car will only be used on such occasions if it is not required for use by the Mayor or Deputy Mayor and such use will require approval from the Chief Executive.
- 6.8 In connection with external engagements, the Chauffeur will collect the chain(s) from the Civic Centre. At the conclusion of the function the Chauffeur is responsible for returning the chain(s) to the Civic Centre. There may be an occasion when it is necessary for the chains to be retained overnight, e.g., overseas visits, town twinning, overnight visits. In such cases, the Mayor's Office will inform the Section 151 Officer for the Council's insurers to be notified.
- 6.9 It is normal for the Mayor and Mayoress to require assistance in becoming attired. The Chauffeur (and macebearer, if present) usually provides this assistance.
- 6.10 The Civic Car is for the use of the Mayor and Deputy Mayor and their Escorts to transport them to and from engagements (see paragraph 2 in connection with the use of the Civic Car by the Deputy Mayor).
- 6.11 However, for functions and meetings taking place at the Civic Centre, the Mayor and Deputy Mayor will normally be expected to drive themselves. The exception to this will be for meetings of the Council.
- 6.12 The pendant/flag is only to be used when the Mayoral car is carrying the Mayor or the Deputy Mayor. For security reasons the shield should be removed from the car once it is parked and should not be used on the car when speeds of 50mph will be exceeded.
- 6.13 The Deputy Mayor is provided with a shield for the top of their own car on the occasion that the Mayor is attending an alternative function and the Deputy is therefore representing the Mayor and driving themselves. For security reasons the shield should be removed from the car once it is parked and should not be used on the car when speeds of 50mph will be exceeded.
- 6.14 Please note that if the Mayor and Deputy are both attending the same function then only the Mayoral car should display the shield (and flag).

## **7. THE MAYOR'S CHARITY**

- 7.1 The role of Mayor is a civic office and not a fund-raising one and any charitable work should be regarded as an incidental and not a major function of the Mayoralty. A Mayor may choose to nominate a charity (or sometimes two) to receive mayoral support during the year but it must be remembered that Civic Services staff should not be asked to assist with the organisation of any charitable events. However, the Mayor's Office should be informed of fund-raising events organised by the Mayor's charity.
- 7.2 The Mayor would be well advised to form a small working group with the charity to organise various fund-raising events using their name. The Mayor's office will be able to give guidance on using a separate bank account for all charity funds. This account will be administered by the Mayor, Mayoress or charity to ensure that any monies received can be accounted for. Any expenses incurred on behalf of the Mayor's charity should be made from the Mayor's charity account.
- 7.3 It has become the custom in recent years for the Mayors/Chair of other Essex Authorities to invite the Mayor to attend fund-raising events in support of their own charities. Such invitations should be declined as they are of no relevance to the Office of Mayor of Chelmsford. However, if the Mayoral party wishes to support such an event, it is suggested that a personal donation is made to the charity. Sometimes Charity events are promoted as Civic events which can make it difficult to determine whether the Mayoralty should attend. The Mayoral Working Group agreed that if a monetary payment to a charity is required then this would be classed as a charity function and should be declined.
- 7.4 Whilst it is not the role of the Council to be involved in the day to day administration of the Charities account, it is desirable that there be an overview of the financial position on the account during the Mayoral year. It has been agreed that the Mayoral Working Group should perform that role by receiving twice-yearly reports on income and expenditure within the account to enable a degree of independent monitoring.

## **8. PATRONAGE AND OTHER SUPPORT**

- 8.1 The Mayor, by virtue of the office, may be a Patron, President or Member of a number of organisations during the year of office. These include:
- a) President Chelmsford Theatre Association
  - b) President Town Twinning Association
  - c) President Chelmsford Silver Band
  - d) Patron Chelmsford French Circle
  - e) Patron Chelmsford and North Essex British Limbless Ex-Service Men's Association (BLESMA)
  - f) Trustee John Henry Keene Memorial Homes



g) Custodial Trustee Chelmsford Cathedral Appeal

- 8.2 The most active of these is the John Henry Keene Memorial Homes Trust, which meets four times a year. Mayors are asked to return to the office for filing agenda, minutes and other papers from meetings attended as Patron, etc, so that their successors can have background information.
- 8.3 The Mayor is specifically requested not to agree to invitations to act as patron as this may put the Council in a difficult situation.

**9. MAYOR'S SPIRITUAL SUPPORT**

- 9.1 The Mayor may appoint a suitable person to act as the Mayor's Chaplain during the Mayor's term of office. The Chaplain would normally be someone who is an official of a religious group, reflecting the Mayor's own religion.
- 9.2 Irrespective of the Mayor's personal beliefs, it is undoubtedly worthwhile for a Chaplain to act as a focal point for religious groups in the area and to advise the Mayor on religious matters. Whatever religion the Chaplain comes from, what is important is that the support given to the Mayor helps the Mayor to understand and lead all sections of the Community.
- 9.3 The Mayor's Chaplain will be expected to open all meetings of the Council with suitable prayers and attend/officiate at the following planned events:-
- a) Civic Service
  - b) Remembrance Sunday Parade and Service
  - c) Tree planting
  - d) End of Term Service
- 9.4 The Mayor's Chaplain may also be invited to attend other events during the year at the request of the Mayor.

**10. CORRESPONDENCE AND SEALING OF DOCUMENTS**

**Speeches and Letter Writing**

- 10.1 The engagement form or original invitation will give an indication as to whether the Mayor will be asked to make a speech. Most speeches will be relatively short and informal – words of welcome, appreciation or thanks at the start or conclusion of a function. However, the Mayor should ensure that the words have meaning and substance stating, for instance, what was gained from the event or why it was so enjoyable; other functions may require a longer, more formal speech. Mayors are expected to write their own speeches but background information is often supplied by the inviting party or the Mayor's Office.
- 10.2 Mayors will also be asked to:-

- a) write “thank you” letters after engagements;
- b) write a foreword or letter for certain publications;
- c) write letters of greeting to mayors of overseas towns being visited by local organisations;
- d) send messages to members of the Royal Family or others on special occasions.
- e) write letters of condolence;
- f) make their own arrangements if they wish to keep a scrapbook.

- 10.3 Care should be taken when writing correspondence so as not to commit the Council to any action or expenditure without consultation with the Mayor’s Office. Correspondence should be written on the Mayoral stationary which can be obtained through the Mayor’s Office.

### **Correspondence**

- 10.4 All correspondence addressed to the Mayor is normally delivered to the Mayor’s office and opened by the Civic Services Manager. Mayors will be asked to give guidance on the opening of items marked private, confidential or personal.
- 10.5 Any correspondence addressed to the Mayor, which relates to the business of the Council, should be acknowledged by the Mayor’s Office and then passed to the relevant Manager/Director for a detailed reply/action.

### **Sealing of Documents**

- 10.6 The Mayor is one of two signatories to the many documents to be signed on the Council’s behalf each year. Mayors are also expected to sign/seal letters or forms of residence, etc required by foreign governments for, inter alia, the payment of pensions to their nationals living in the City. These signatories are done weekly and usually take place during the weekly meeting with the Mayor’s Office. It is usual for correspondence, engagements, etc to be dealt with at the same time (see below). The Civic car is not provided to transport the Mayor to these weekly meetings.

## **11. TOWN TWINNING**

- 11.1 The Town Twinning Association is responsible for twinning arrangements with other towns and during the course of the year there may be requests for the Mayor to attend events in either Annonay or Backnang. Some of these requests may be from the Twinning Association either locally or in Annonay or Backnang.
- 11.2 Invitations to the Mayor should come from the Mayor of Annonay or Backnang and not the Twinning Association and a clearly defined Civic objective for the visit should be established. The invitation will then be taken to the Mayoral Working Group who will determine if the visit is appropriate.

- 11.3 Those in the Mayoral Party participating in visits to Chelmsford's twinning partners would normally be expected to meet the costs associated with those visits, including travel, accommodation and subsistence.

## **12. MAYORAL OFFICE & SUPPORT STAFF**

- 12.1 The following staff of the Mayoral Team provide, where possible, day to day support for the Mayoralty and to members of the Council generally:

- a) Civic Services Manager
- b) Mayor's Chauffeur & Macebearer

- 12.2 Attention is drawn to paragraph 13 where it is emphasised that staff resources are not available for significant fund-raising activities.

## **13. USE OF THE MAYOR'S PARLOUR**

- 13.1 The use of the Parlour is generally at the Mayor's discretion but only for duties directly related to the Office. However, there may be occasions when it is required for non-mayoral, but civic use.

## **14. ROLE OF THE MAYORAL WORKING GROUP**

- 14.1 The Mayoral Working Group comprises the following:

- a) Mayor
- b) Deputy Mayor
- c) Leader of the Council
- d) Opposition representative(s)
- e) Chief Executive
- f) Mayor's Office representatives

- 14.2 The Mayoral Working Group will meet at regular intervals during the year to discuss Civic matters and will be available to meet on an ad hoc basis should the need arise.

- 14.3 The following items come within the remit of the Mayoral Working Party:

- a) Mayoral Protocol
- b) Mayoral Engagements
- c) Civic Events
- d) Honorary Freeman and Freedoms
- e) Town Twinning

- 14.4 The Mayoral Working Group will also meet with the Mayor designate to provide guidance for the forthcoming year.

## **REGALIA- USE AND CUSTODY**

1. The Council determined in November 1977 (Min 1, 347, 1977) that the Mayor, Deputy Mayor and the Chief Executive would robe on the following occasions:
  - a) All meetings of the Council\*
  - b) The Civic Service
  - c) Remembrance Sunday
  - d) The Justice Service
  - e) Visits of Royalty (unless otherwise requested)
  - f) Such other occasions as the Mayor may consider necessary
2. The Chief Executive now robes only for Annual Council.
3. Robes may also be worn on exceptional occasions such as the death of a Lord Lieutenant or a former holder of that office. However, this must be agreed by the Mayoral Working Group.
4. The Mayoral Working Group has also agreed that the Mayoralty is able to wear their robes at the Costermongers Harvest Festival in London and also the Writtle and Anglia Ruskin University Graduation (when the Professors will also be robed).
5. Robes, so far as the Mayor and Deputy are concerned, comprise the gown, jabot, gloves and hat (the last two items are generally carried but when the hat is worn the embellishment is worn on the right).
6. The Ceremonial Chain of Office is over 100 years old; it is fragile and costly/difficult to repair. For this reason it is only worn on civic occasions when the robes are worn and also when the Mayor is in the presence of Royalty or the Lord Lieutenant. If there is a risk of its security at any of these events it should not be worn. For all other occasions a second Mayoral Chain has been purchased which will be worn for the majority of Mayoral engagements.
7. Taking account of the above, the general principles relating to the wearing of regalia are as set out in the following table.

	EVENT	APPROPRIATE REGALIA
(a)	Council organised civic events, e.g. Civic Lunch for Mayors/Chair of Essex Authorities, Civic Service, Community Evening including occasions as set out above when the Mayor is robed (Royalty not present)	Mayoral Chain and badge
(b)	Opening of public buildings, unveiling of plaques, etc. or any function connected with the business of the Council	Mayoral Chain and Badge
(c)	Non-civic dinners, luncheons and receptions	Mayoral Chain and Badge
(d)	Non-civic functions within the City at which Royalty/Lord Lieutenant is present (Lieutenancy Office to be informed)	Mayoral Chain and Badge. Robe if requested by the organisers.
(e)	Cathedral and Church services, (excluding Civic service and where Royalty not present)	Mayoral Chain and Badge
(f)	Charity events, fetes, bazaars, garden parties, meetings, etc., within the City	Normally Mayoral Chain. Otherwise, Badge on corporate collarette
(g)	Functions outside the City	<p>The Mayoral Working Group has agreed that the Mayor is able to wear their robes and ceremonial chain to the Costermongers Harvest Festival in London.</p> <p>If the Mayor/Chair of the City/District is hosting a function and requests for the Mayor to wear robes etc. then this is acceptable.</p> <p>The Mayoral Chain and Badge as requested by the organisers and agreed by Mayor/Chair of the City/District where function is held.</p> <p>If any other requests are made for the Mayoralty to wear robes outside of the City then this must be agreed by the Mayoral Working Group.</p>
(h)	Royal Garden Parties	As advised by the Lord Chamberlain's Office. Please note if the Mayoralty has

		already attended the Royal Garden Party in any capacity then they will be unable to attend again. This is stipulated on the invitation by Lord Chamberlain's Office.
(i)	Funerals of Members of the Council/Past Mayor's	<p>Under no circumstances will the Mayor's Office approach the family of the deceased to enquire if they would like the Mayor to attend the funeral in their position as Mayor. This is seen as putting undue pressure on the family to host the Mayor.</p> <p>If the Mayor is not formally invited to the funeral, but wishes to attend, they will attend as a councillor and will not wear any chains/badges and will drive themselves.</p> <p>However, if the Mayor is formally invited to attend the funeral of a member of the Council or a Past Mayor (in their position as Mayor) the Mayor's Office will enquire whether the family would like the Mayor to wear their ceremonial chain and badge or badge and corporate collaret. Only if it is confirmed that they do, will they wear these. The Mayor will also only be chauffeur-driven to the funeral where they have been asked to attend in that official capacity.</p> <p><u>The Mayor will on no occasion wear full robes.</u></p>

8. When attending regular meetings of the organisations of which the Mayor is Patron, it is not appropriate for the Mayor to wear any regalia.
9. When not in use, the robes (Mayor's and Deputy Mayor's) and ceremonial chains (Mayor's and Mayoress'/Consort's) are kept under secure conditions in the Mayoral Safe. On appropriate occasions, regalia and robes are on view to visitors in the Civic Centre. Regalia and robes should not usually be removed from the Civic Centre for viewing elsewhere.
10. The Mayor, Mayoress/Consort, Deputy Mayor, Deputy Mayoress/Consort are responsible for the safe keeping of their mayoral chains, badges and corporate collarettes. These should be kept in their case/pouches at all times, when not in use. In the event of any of the Mayoral party being away from home for more than a few days, the chains and badge(s) should be returned to the Mayor's Office for safe keeping.

**Past Mayor's Badge**

11. At the end of the Mayoral Year, the Mayor and Mayoress/Mayor's Consort will be presented with Past Mayor and Past Mayoress/Mayor's Consort Badges.
12. Past Mayor's Badges should only be worn at civic events when the Mayor is in attendance as below:
  - a) Reception after the Annual Council Meeting
  - b) Civic Service
  - c) Remembrance Sunday
  - d) Tree Planting
  - e) Christmas Reception
  - f) Community Evening
13. Should any other occasions or events arise during the course of the Mayoral year, then the invitation or notification will clearly show that Past Mayor's Badges may be worn if appropriate.

## EVENTS AND PROCEDURES

### **1. Procedure when Mayor is to Unveil**

- 1.1 In the case of a City function such as an “Opening”, a “Presentation” or an “Unveiling” the following procedures are suggested.
- (i) An officer will be nominated to be responsible for ensuring that all necessary introductions are made either before the event begins or at a later appropriate point.
  - (ii) When the guests are assembled an officer should call for silence.
  - (iii) The Mayor should make a brief welcoming address and may touch briefly on the reason for the gathering and perhaps express his/her personal pleasure at being present.
  - (iv) The appropriate Cabinet Member then makes the core speech of the occasion, since he/she will normally have the most thorough knowledge of the reasons for, and the background to, the occasion.
  - (v) The Cabinet Member invites the Mayor to “Unveil”, “Present”, or “Cut the Ribbon” etc. This is the point when photographs may best be taken. The Press Officer attending will be responsible for determining what photographs are to be taken. The Cabinet Member should be included in official photographs and the Press Officer should brief the press accordingly. (However, it is recognised that the press may wish to limit the number of people appearing in the photograph.)
  - (vi) The Cabinet Member makes a final comment and thanks the Mayor for “doing the honours”. Presentations of flowers, et al, to the Mayor/Mayoress may be made.
  - (vii) Mayor thanks people for coming and/or invites them to join him/her for refreshments.

### **2. Procedure when the VIP is to Unveil**

- 2.1 The procedure will be as in paragraph 1.1 with substitution of the following for 1.1 (v) and 1.1 (vi) respectively:
- (v) The Cabinet Member invites the VIP to speak and then “Unveil;”, “Present”, or “Cut the Ribbon”. The Cabinet Member and the Mayor



should be included in photographs.

- (vi) The Cabinet Member makes closing comment and thanks both the Mayor and VIP for their part. Presentations to Mayor, Mayoress and/or VIP and/or spouse may take place.

### **3. Procedure when a Joint Unveiling is to take place**

- 3.1 The procedure will be as in paragraph 1.1 except that both the Mayor and VIP will be invited to “Unveil”, “Present”, or “Cut the Ribbon” together.

### **4. Events at the Civic Centre (Mayor’s Parlour)**

- 4.1 Where the event is held in the Mayor’s Parlour then:

- (i) At the beginning of the event the Mayoral Party would normally greet guests, individually, as they arrive; and
- (ii) At the end of the event the Mayor will normally remain until all or nearly all guests have departed. VIPs will depart before the Mayor departs.

### **5. Events away from the Mayor’s Parlour**

- 5.1 If the event is away from the Civic Centre (but nevertheless on City Council premises), e.g. museums, theatres or tree planting then:

- (i) The guests should assemble before the Mayor arrives.
- (ii) The Mayor should be greeted by a senior officer or the appropriate Cabinet Member; and
- (iii) The Mayor departs at the conclusion of the event – but a degree of judgement may need to be exercised over the timing of the departure.

### **6. Visits to Chelmsford by VIPs**

- 6.1 Subject to paragraph 6.2 below, in the case of visits by VIPs at the invitation of the City Council (including, for example, a Government Minister acting in their official capacity) the following procedures are suggested:

- (i) The Mayor’s Office should be consulted at the initial stage.
- (ii) The Mayor should normally be the first person to greet the VIP formally on City Council premises or at a City Council event but see paragraph 10 of the Notes. It may be appropriate for a senior officer to meet the VIP at the station or helicopter landing site and escort them to the Mayor.

- (iii) Mayor introduces the VIP to principal Council representatives, e.g. Cabinet Member, Chief Executive and Director.
- (iv) Cabinet Member introduces other relevant persons.
- (v) The official programme should begin with a brief welcome address from the Mayor.
- (vi) The Cabinet Member should then continue to lead the visit.
- (vii) The Mayor should accompany the VIP throughout the visit.

6.2 Where the purpose of the visit or part of the visit involves the making of representations or the carrying out of negotiations on behalf of the Council it will not be usual for the Mayor to be involved.

## **7. Council Arranged Annual Events**

The expenditure for these events is met from the Mayor's Hospitality Allowance managed by the Civic Services Manager.

### **7.1 Reception after the Annual Council Meeting**

Councillors, Chief Executive, Directors, Past Mayors, Widows/Widowers of Past Mayors, Designated Independent Person, Honorary Freeman, Parish councillors who help on committees.

The Mayor and Deputy Mayor may invite personal guests to attend the Reception. The maximum that can be accommodated is approximately 150.

### **7.2 Refreshments after Council meetings**

Light refreshments are provided in the Civic Foyer after Council Meetings for Councillors, Chief Executive, and Directors.

### **7.3 Christmas Reception**

Councillors, Chief Executive, Directors and their spouses are invited.

#### **7.3.1 Civic Service**

The Civic Service is a formal occasion held at the Cathedral shortly after the Mayor takes office. The Order of Service is determined by the Mayor and Dean, or other Minister, via the Mayor's Office. Invitations are sent to Dignitaries, MPs, Councillors, Chief Executive, Directors, Past Mayors, Widows/Widowers of Past Mayors, Honorary Freeman, Neighbouring Civic Heads, representatives from local organisations e.g. Health Service, Police and

personal guests of the Mayor and Deputy. Guests are invited back to the Civic Centre for refreshments.

#### 7.3.2 End of Term Service

The service will usually be held in the church managed by the Mayor's Chaplain towards the end of their term of office.

The End of Term Service is not a Civic event and is an informal occasion with no procession.

The Mayor's office has limited involvement in the organising of the event. It will however assist with sending invitations to Councillors, Chief Executive, Directors, members of staff, Neighbouring Mayors (that have shared the same term of office) and personal guests. The Mayor's Office will also assist with coordinating replies.

The Order of Service is produced by the Mayor and his/her Chaplain and the Mayor's office will coordinate and fund the printing of these. However, no other cost will be incurred by the Mayor's Office.

The Service is normally followed by coffee and biscuits which are provided by the host Church; if the Mayors requires something more substantial they would need to cover the cost themselves.

#### 7.4 Community Evening (March)

The theme of the event, guest list, format and menu choices are usually chosen by the Mayor and agreed with the Mayoral Working Group. The guest list includes dignitaries, Councillors, nominees made by Councillors based on the Mayor's theme and any other specific guests the Mayor would like to invite based on their theme. No personal guests are invited to this occasion.

#### 7.5 Remembrance Day (Second Sunday in November)

The Mayor's Office coordinates a planning meeting in September at the Civic Centre, this is attended by ex-service organisations, police and others. Detailed arrangements are well-established. The Dean usually conducts the Service.

It is usual to invite 2 or 3 military officers to join the Mayoral Procession from the Parlour to the front steps. A police officer usually accompanies the Mayor when the salute is taken.

After the Service refreshments are served in the Civic Foyer.

#### 7.6 Tree Planting

This is usually held at the end of November/beginning of December to coincide with National Tree Week. The Mayor is consulted on choice of site and tree with advice from Parks and Green Spaces Services. The Ceremony is usually followed by coffee, biscuits etc. in a local village hall. The Mayor's Chaplain is involved in the Ceremony, along with the Cabinet Member for Public Places. Guests include Councillors and personal guests.

#### 7.7 Visits to Parlour

These arise in two ways:

- (i) At the request of an organisation, school, foreign students or visitors on an exchange visit to a local school or group; or
- (ii) At the invitation of the Mayor to an organisation or, for example, a school where the Mayor may be a Governor.

In the case of school children, students or those of similar age, the visits comprise:-

- a talk in the Mayor's Parlour about the history of the Office of Mayor, the Regalia etc.
- a further talk in the Council Chamber (if available) on what the Council and Committees do, how they work, where various Members, etc. sit
- photographs in Council Chamber or Mayor's Parlour
- refreshments served in the Foyer.

#### 8. **External Annual Events**

The Mayor is also expected to attend many external events, by invitation of the organisations concerned. Of these, some of the more important are as follows and attendance should be given priority over any other event:

##### 8.1 Royal Garden Party (July)

As mentioned in Appendix 5.4.h if the Mayoralty has already attended the Royal Garden Party in any capacity then they will be unable to attend again. This is stipulated on the invitation by the Lord Chamberlain's Office.

##### 8.2 Justice Service (October)

(Detailed arrangements are made by the Under Sheriff)



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## Chelmsford City Council

20 July 2022

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### Model Code of Conduct

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#### Report by:

Governance Committee

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#### Officer Contact:

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#### Purpose

To consider the adoption of a new code of conduct for city councillors through the adoption of a code based entirely upon the Local Government Association (LGA) model code of conduct. To consider recommending that all parish tier authorities in Chelmsford also adopt the Model code of conduct.

#### Recommendations

1. That Full Council adopts the latest version of the LGA Model code of conduct (which includes Appendices A & B).
  2. That all parish tier authorities in Chelmsford be recommended also to adopt the Model Code of Conduct, unless they have already done so.
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## 1. Background to Model Code of Conduct

- 1.1. In 2019 the Committee on Standards in Public Life issued a detailed report in relation to ethical standards in local government. This report made several recommendations, including a key recommendation that the LGA should produce a model code with a view to Councils adopting a consistent code nationally, as was the case prior to the Localism Act. The report noted the many benefits of a consistent code applying to the different tiers of local government, particularly in areas like Chelmsford, where there are multi-hatted members. There were also recommendations as to the content of codes of conduct in any event.
- 1.2. During June 2021 Governance Committee considered a report in relation to the adoption of the LGA Model Code of Conduct. As recommended, it was decided to await the publication of the guidance accompanying the model code and some changes were made to the existing Code of Conduct to meet the other recommendations by the Committee on Standards in Public Life in relation to the content of codes of conduct.
- 1.3. The Guidance to the Model Code was subsequently published last summer. Essex Monitoring Officers met and there was broad agreement to recommend to their authority the adoption of the model code in 2022 with some authorities aiming for their annual meetings. Essex County Council has recently decided to adopt the LGA model code with effect from 1/6/22. It is understood that other district tier authorities in Essex are also considering this.
- 1.4. In relation to the parish tier of authorities in Chelmsford there are also now different versions of the code of conduct and one parish has already adopted the Model Code.
- 1.5. Given the number of parish tier authorities and multi-hatted members in the Chelmsford City Council area, that Essex County Council has already decided to adopt the Model Code of Conduct, Governance Committee are asked to recommend to Full Council that the City Council adopts the LGA model code (with Appendices A and B) with effect from 1<sup>st</sup> August 2022.
- 1.6. The Constitution Working Group met on 24 May 2022 and recommended the adoption of the Model Code of Conduct. The Governance Committee on 15 June 2022 also supported the Model Code and recommends that the Council adopt it.

## 2. LGA Model Code of Conduct

- 2.1. If the City Council decides to adopt the model code it would mean changes to the existing code so it aligns with the national model code. The model code covers three broad areas – behaviour, interests and gifts/hospitality.

- 2.2. In terms of behaviour the code is broadly similar to the existing code and members will recall that some updates were made last year to the code based upon the model code (e.g., in relation to bullying, harassment, discrimination and gifts/hospitality). There is however within the model a new provision relating to compliance with the code of conduct which includes requirements to attend training, co-operate with investigations and/or determinations and compliance with sanctions.
- 2.3. In terms of interests this is the area where most changes will be apparent, although as Disclosable Pecuniary Interests are based upon a statutory instrument those interests would remain unchanged. The other types of interests would be “other registrable interests” and “non-registrable interests”.
- 2.4. In relation to gifts and hospitality the Council broadly adopted the model when updating the code last year although some minor changes including the requirement to notify the Monitoring Officer if any gift or hospitality is declined would be added. The Monitoring Officer already encourages members to do so in any event.

### 3. Next steps

- 3.1. Should the Council decide to adopt the national Model Code it will be necessary for members to be trained as to the content of the new code. Arrangements will be made for a member briefing to take place and for notifications as to the completion of a new register of interests form.
- 3.2. The Monitoring Officer will also arrange liaison meetings with parish clerks to explain the potential adoption of the Model Code as well as other ethical governance issues as necessary.

### List of Appendices

Appendix 1 – LGA model Code of Conduct (with Appendices A & B)

Appendix 2 – The LGA guidance on the code: Follow this link [Guidance](#)

### Background papers:

Nil

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## Corporate Implications

Legal/Constitutional: These are set out in the report

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: None

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Relevant Policies and Strategies:

None



## **Local Government Association**

## **Model Councillor Code of Conduct 2020**

### **Joint statement**

The role of councillor across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviors and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area, taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied, or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

## **Introduction**

The Local Government Association (LGA) has developed this Model Councillor Code of Conduct, in association with key partners and after extensive consultation with the sector, as part of its work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance. It is a template for councils to adopt in whole and/or with local amendments.

All councils are required to have a local Councillor Code of Conduct.

The LGA will undertake an annual review of this Code to ensure it continues to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code and the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

## **Definitions**

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

## **Purpose of the Code of Conduct**

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

## **General principles of councillor conduct**

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

## **Application of the Code of Conduct**

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- you misuse your position as a councillor
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring

## **Standards of councillor conduct**

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

### **General Conduct**

#### **1. Respect**

##### **As a councillor:**

**1.1 I treat other councillors and members of the public with respect.**

**1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.**

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

#### **2. Bullying, harassment and discrimination**

##### **As a councillor:**

**2.1 I do not bully any person.**

**2.2 I do not harass any person.**

**2.3 I promote equalities and do not discriminate unlawfully against any person.**

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and

contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

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

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

### **3. Impartiality of officers of the council**

**As a councillor:**

#### **3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.**

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

### **4. Confidentiality and access to information**

**As a councillor:**

#### **4.1 I do not disclose information:**

- a. given to me in confidence by anyone**
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
  - i. I have received the consent of a person authorised to give it;**
  - ii. I am required by law to do so;**
  - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
  - iv. the disclosure is:**
    - 1. reasonable and in the public interest; and**
    - 2. made in good faith and in compliance with the reasonable requirements of the local authority; and**
    - 3. I have consulted the Monitoring Officer prior to its release.**

#### **4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.**

#### **4.3 I do not prevent anyone from getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

## **5. Disrepute**

### **As a councillor:**

#### **5.1 I do not bring my role or local authority into disrepute.**

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in you or your local authority's ability to discharge your/its functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

## **6. Use of position**

### **As a councillor:**

#### **6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.**

Your position as a member of the local authority provides you with certain opportunities, responsibilities, and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

## **7. Use of local authority resources and facilities**

### **As a councillor:**

#### **7.1 I do not misuse council resources.**

#### **7.2 I will, when using the resources of the local authority or authorising their use by others:**

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport

- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

## **8. Complying with the Code of Conduct**

### **As a Councillor:**

**8.1 I undertake Code of Conduct training provided by my local authority.**

**8.2 I cooperate with any Code of Conduct investigation and/or determination.**

**8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.**

**8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.**

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

### **Protecting your reputation and the reputation of the local authority**

## **9. Interests**

### **As a councillor:**

**9.1 I register and disclose my interests.**

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority.

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in **Table 1**, is a criminal offence under the Localism Act 2011.

**Appendix B** sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

## **10. Gifts and hospitality**

### **As a councillor:**

- 10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**
- 10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.**
- 10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.



## **Appendices**

### **Appendix A – The Seven Principles of Public Life**

The principles are:

#### **Selflessness**

Holders of public office should act solely in terms of the public interest.

#### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

#### **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

#### **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

#### **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

#### **Honesty**

Holders of public office should be truthful.

#### **Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## Appendix B Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in “The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012”. You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

**“Disclosable Pecuniary Interest”** means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

**"Partner"** means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A ‘sensitive interest’ is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a ‘sensitive interest’ you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

### Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. [Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it ]

### Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest.

## Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
  - a. your own financial interest or well-being;
  - b. a financial interest or well-being of a relative or close associate; or
  - c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or well-being:
  - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
  - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. [Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it]

**Table 1: Disclosable Pecuniary Interests**

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

<b>Subject</b>	<b>Description</b>
<b>Employment, office, trade, profession or vocation</b>	Any employment, office, trade, profession or vocation carried on for profit or gain.
<b>Sponsorship</b>	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
<b>Contracts</b>	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
<b>Land and Property</b>	<p>Any beneficial interest in land which is within the area of the council.</p> <p>‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
<b>Licenses</b>	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
<b>Corporate tenancies</b>	<p>Any tenancy where (to the councillor’s knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
<b>Securities</b>	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were</p>

	spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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\* 'director' includes a member of the committee of management of an industrial and provident society.

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

## **Table 2: Other Registrable Interests**

You must register as an Other Registrable Interest :

- a) any unpaid directorships
  - b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
  - c) any body
    - (i) exercising functions of a public nature
    - (ii) directed to charitable purposes or
    - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
- of which you are a member or in a position of general control or management

## Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

**Best practice 1:** Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

**Best practice 2:** Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

**Best practice 3:** Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

**Best practice 4:** An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

**Best practice 5:** Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

**Best practice 6:** Councils should publish a clear and straightforward public interest test against which allegations are filtered.

**Best practice 7:** Local authorities should have access to at least two Independent Persons.

**Best practice 8:** An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

**Best practice 9:** Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

**Best practice 10:** A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

**Best practice 11:** Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council, rather than the clerk in all but exceptional circumstances.

**Best practice 12:** Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

**Best practice 13:** A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

**Best practice 14:** Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

**Best practice 15:** Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

***The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.***