

Council Meeting Agenda

Wednesday, 24 February 2021 at 7p.m.

Remote Meeting

MEMBERSHIP

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

and Councillors

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

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

There is also an opportunity to ask your Councillors questions or make a statement.

These have to be submitted in advance and details are on the agenda page. If you would like to find out more, please telephone

Brian Mayfield in the Democracy Team on Chelmsford (01245) 606923
email brian.mayfield@chelmsford.gov.uk

MEETING OF CHELMSFORD CITY COUNCIL

24 February 2021

AGENDA

1. Attendance and Apologies for Absence

2. Mayor's Announcements

3. Declarations of Interest

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

4. Minutes

Minutes of Meeting on 9 December 2020

5. Public Questions

Any member of the public may ask a question or make a statement on matters for which the Council is responsible at this point in the meeting, provided that they have been invited to participate in this meeting and have submitted their question or statement in writing and in advance. Each person has two minutes and a maximum of 30 minutes is allotted to public questions/statements. The Mayor may disallow a question if it is offensive, substantially the same as another question or requires disclosure of exempt or confidential information. If the question cannot be answered at the meeting a written response will be provided after the meeting.

Any member of the public who wishes to submit a question or statement to this meeting should email it to committees@chelmsford.gov.uk 24 hours before the start time of the meeting. All valid questions and statements will be published with the agenda on the website at least six hours before the start time and will be responded to at the meeting. Those who have submitted a valid question or statement will be entitled to put it in person at the meeting, provided they have indicated that they wish to do so and have submitted an email address to which an invitation to join the meeting and participate in it can be sent.

6. Petition

A petition has been received which calls on the City Council to abandon a proposal to charge for car parking at Hylands Park and to remove it from the budget for 2021-22. The petition has a sufficient number of valid signatures for it to be considered at a meeting of the Council and the petition organiser has been invited formally to present it to the meeting. The petition has been published with the agenda for this meeting on the Council's website.

7. 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.

8. Reports from the Cabinet Member for Fairer Chelmsford

To consider the attached reports from the Cabinet on 26 January 2021

Covering report and recommendations of Cabinet

8.1 Local Council Tax Scheme for 2021-22

8.2 Capital, Treasury and Investment Strategies for 2021-22

8.3 Budget for 2021-22

9. Report from the Governance Committee

To consider the attached report from the Governance Committee on 14 October 2020 on the Council's arrangements under the Regulation of Investigatory Powers Act 2000

10. Pay Policy Statement 2021-22

To consider the attached report from the Leader of the Council

11. Housing Infrastructure Fund Collaboration and Co-operation Agreement

To consider the attached report from the Cabinet Member for Sustainable Development

CHELMSFORD CITY COUNCIL

MINUTES OF THE MEETING OF THE COUNCIL

held on 9 December 2020 at 7pm

PRESENT:

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

Councillors

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

1. Attendance and Apologies for Absence

The attendance of members was confirmed. Apologies for absence had been received from Councillors N Gulliver and M Sismey.

2. Mayor's Announcements

The Mayor announced that she had been notified of the deaths of Tony Gayler, Michael Rose and Tony Hall who, respectively, had been members of the Council from 1973 to 1983, 1976 to 1987 and 1995 to 2003. The Council observed a minute's silence in their memory and Councillor Mackrory paid tribute to Tony Hall, referring both to his expertise in town planning and his service as a member of the Council.

The Council was told that the Mayor's fundraising team continued to try to find new ways to raise funds for her Charities, including through Chelmsford Community Radio's advent calendar initiative. The Mayor thanked staff at the Civic Theatre and Hylands House for helping to raise funds and said that Councillor Willis would be doing a sponsored "muck" run and that donations could be made via his Just Giving page. Members were also told that the Lord Lieutenant for Essex had thanked the staff of the City Council for their work in difficult circumstances over the last nine months and the Mayor echoed those thanks.

3. Declarations of Interest

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

4. Minutes of Previous Meeting

The minutes of the meeting on 22 July 2020 were confirmed as a correct record.

5. Public Questions

Questions were asked by five members of the public about the proposed solar farm at Longfield, which was currently the subject of non-statutory consultation. Whilst supportive in principle of renewable energy, they were concerned about certain aspects of the proposal, including the loss of agricultural land, harm to biodiversity, the adverse effect of the development on the landscape, possible health risks to local residents, noise and disturbance from the site, and traffic problems caused by the use of inadequate roads in the vicinity of the site.

The Cabinet Member for Sustainable Development said that the City Council had been consulted on the proposal for the Solar Farm as part of the non-statutory consultation. Due to its size and scale, this proposal was classified as a Nationally Significant Infrastructure Project (NSIP) and therefore would follow a Development Consent Order (DCO) process. This meant that the application would be determined by the Planning Inspectorate of behalf of the relevant Secretary of State and the City Council would be a consultee.

The City Council recognised that solar energy development could help meet targets for reducing carbon emissions, reduce reliance on fossil fuels and provide local energy security. They could also allow farmers and landowners to diversify and support local employment opportunities.

As such, the Council supported the principle of renewable energy production provided there were no significant environmental impacts that could not be appropriately managed through the planning application process. There was limited detailed information regarding the environmental impact at this stage and further information was needed from detailed studies ahead of any judgement being made by the City Council.

The City Council had put forward a response to the non-statutory consultation and, following discussions at Chelmsford Policy Board on 3 December, the City Council's response had set out a number of points for further consideration.

These included the use of agricultural land for such development. The Agricultural Land Classification (ALC) provided a method for assessing the quality of agricultural land and noted that the Best and Most Versatile Land was defined as Grade 1, 2 and 3a. Within the Chelmsford area, the proposed site included predominately Grade 2 agricultural land (and some Grade 3 land within the site boundary covered by the EIA Scoping Report). The City Council's response recognised that land of such quality was an important area for food production and reducing the agricultural land available increased the reliance on the importation of food, with subsequent environmental impacts such as increased carbon emissions. A balance was to be made between the benefits of renewable energy, the loss of agricultural land and the impact of such development on biodiversity. It had been requested that the proposal should assess the detailed Agricultural Land Classification (ALC) of the site and seek to minimise the loss of the best and most versatile agricultural land and ensure there was no long-term impact on the land once the site was decommissioned.

With regard to impacts on the landscape, a Landscape Visual Impact Assessment had been requested through the consultation response which should be in accordance with the Guidelines for Landscape and Visual Impact Assessment (GLVIA3). Further details which would come forward as part of the application process should give consideration to the landscape and visual impacts of ancillary development such as power cables, fencing, access tracks and construction compound. As well as the solar arrays and associated infrastructure it was expected that the proposal would include landscape buffer areas and the City Council had requested use of natural features such as hedges and/or trees to screen the development. Landscape and Visual Impact would also be covered by the Environment Impact Assessment (EIA).

More information about the impact on the flora and fauna and consequently the visual and ecological mitigation had also been requested. There were a number of local environmental features that would need careful consideration and any proposals should take into account the impact upon the natural environment and connecting wildlife habitats. The City Council recognised that retaining existing site features such as existing hedgerows and ecological features was crucial to maintain landscape character and support biodiversity which should include a significant net gain.

This was the first non-statutory consultation and limited information was provided. The City Council had also been consulted on the EIA scoping report and a separate response provided. The City Council and stakeholders would have further opportunities to review detailed information during the planning process.

The consultation response also commented on the traffic impacts and requested that information needed to demonstrate the impact on the local highway network and that site access was able to accommodate the type and number of vehicle movements during the construction and operation of the site.

Any noise and vibration impacts would also be addressed through the assessment process of the Environment impact Assessment. Human health would also be covered within technical aspects of the EIA.

It was noted that the proposal was still at the early design stages and as such some elements such as location of battery storage facilities and their design had not been finalised. Any design consideration such as security and safety, technology to be used, fencing and scale of associated supporting infrastructure would be detailed, and more information provided following completion of further survey work, including the EIA.

There would be no Community Infrastructure Levy (CIL) liability for a solar farm as CIL was only chargeable on new building floorspace, which did not include plant buildings: the solar farm would not create new floorspace. In Chelmsford the charge was only levied on residential and retail development.

Policies included within the adopted Chelmsford Local Plan encouraged sustainable development and included measures to promote renewable and low carbon energy developments, water and energy efficiency such as insulation, living walls/roofs, passive solar design, tree planting, Sustainable Drainage System (SuDS) and providing resilient ecological networks. Policy DM25 Sustainable Buildings expected all new dwellings and non-residential buildings to incorporate sustainable design features to reduce carbon dioxide and nitrogen dioxide emissions, and the use of natural resources.

6. Questions to Cabinet Members

The following questions were put to members of the Cabinet:

Question from Councillor M S Steel to the Cabinet Member for Greener and Safer Chelmsford

At the Chelmsford City Council Meeting on 16 July 2019, the Council unanimously passed a motion that declared a Climate and Ecological Emergency.

Among other things, this motion included:

- Declare a 'Climate and Ecological Emergency' that requires urgent action to make the Council's activities net-zero carbon by 2030;
 - Support and work with all other relevant agencies towards making the City of Chelmsford and surrounding area net-zero carbon within the same timescale;
 - Ensure that any recommendations are fully costed and that the Executive and Overview & Scrutiny bodies regularly review Council activities, taking account of production and consumption emissions, and produce an action plan within 12 months together with budget actions and a measured baseline;
 - Establish a baseline for Chelmsford's ecological status and monitor progress year on year.
1. The main declaration was to make the Council's activities net-zero carbon by 2030. This issue is of great importance and it transcends party politics. Since the declaration was

stated in numbers - zero by 2030 - it is logical that progress will be measured in the same way, with a starting point and an action plan to reduce to zero. I will be disappointed if it is not possible to underwrite the plan with starting and current carbon emission numbers. However, Council has not been advised of the original starting points and the following questions seek to clarify the situation.

- a. What was the starting point? i.e., what were the carbon emissions of City Council "activities" in July 2019?
 - b. What is the scope of Council "activities"? What does it include, what does it exclude – e.g., are trees planted by City Council counted towards carbon collection? What if they are not on City Council land?
 - c. Are Housing Association activities included – what about the devolved stock of rented accommodation??
 - d. Does the supply line count if they serve any Council services?
 - e. The scope boundary must not be a fuzzy line so that favourable items can be included and no-favourable ones excluded . Will the Cabinet Member confirm that the scope has been clearly defined up front and advise Council of the details?
 - f. As of December 2020, what are the current carbon emissions of council activities?
2. In terms of working with other agencies toward making the City of Chelmsford carbon neutral by 2030, similar questions apply, so could the Cabinet Member advise us:-
- a. What was the starting point? i.e., what were the carbon emissions of Chelmsford City in July 2019?
 - b. What are they now?
3. Back in July 2019, this was termed an emergency – quite an emotive word. Part of the Declaration was that Overview and scrutiny Committee would be presented with any progress reports. In spite of my requests to the Council no reports have been presented. Could the Cabinet member advise us when the initial report will come to the Committee?

The Cabinet Member for Greener and Safer Chelmsford responded to each of the questions in turn:

Q1 What was the starting point? i.e., what were the carbon emissions of City Council 'activities' in July 2019?

The baseline period for when the Climate and Ecological Emergency was declared was the financial year 2019/20. Carbon emissions from the Council's operations during that year were 5,370 tonnes CO₂e.

Q2 What is the scope of Council 'activities'? What does it include, what does it exclude – e.g., are trees planted by City Council counted towards carbon collection? What if they are not on City Council land?

The baseline report was drawn up in line with best practice and conversion figures published by the Department for Business, Energy and Industrial Strategy. It included emissions which were generated from the Council's operations which included:

- Gas used to heat space and water in Council owned and operated properties
- Liquid fuels used to power plant, machinery and vehicles owned and operated by the Council
- Liquid fuels used to heat space and water in properties owned and operated by the Council
- Electricity used to provide power, heat and services in Council owned properties
- Business travel recorded by the Council's staff

The baseline calculation did not include the impact of any carbon offsetting measures or carbon emissions from goods or services procured by the Council. But tree planting was essential to address climate change and biodiversity issues.

Q3 Are Housing Association activities included – what about the devolved stock of rented accommodation?

Housing association emissions were not contained within the Council's report but the Council worked with housing associations to ensure best practice in reducing carbon emissions.

Q4 Does the supply line count if they serve any Council services?

Supply chains were covered within the definition of scope 3 emissions, which were discretionary and not currently included in the calculation of the carbon baseline for the Council's operation.

Q5 The scope boundary must not be a fuzzy line so that favourable items can be included, and non-favourable ones excluded. Will the Cabinet Member confirm that the scope has been clearly defined up front and advise Council of the details?

The Council's Carbon emissions baseline calculation followed the methodologies and conversion factors published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Environment Agency for carbon reporting.

The emissions fell into different types, known as scope 1, 2 or 3. The 'scope' of emissions indicated how far removed from the Council's control the emissions were. Scope 1 was

directly burnt / emitted by the Council's assets; Scope 2 was indirectly emitted (i.e. fuels used to produce electricity used) and Scope 3 could be any emissions caused by the business but emitted by other parties or upstream / supply chain emissions.

Scope 1 and 2 emissions were tightly prescribed by guidance and included in the calculation.

There was more discretion in what was included in the calculation from Scope 3. For consistency the only Scope 3 emissions included in the baseline report were emissions from employee business mileage as they were readily attributed to the operations of the Council.

The carbon baseline report would be separately audited before being considered for 'publication'.

Q6 As of December 2020, what are the current carbon emissions of council activities?

Emissions for the first six months (April- September) of the 2020/21 reporting year were 2,436 tonnes Co₂e. Caution should be taken with this figure as there were large seasonal variations in data sources. For example, a number of sites would not have heating oil deliveries during this data collection period.

Q7 In terms of working with other agencies toward making the City of Chelmsford carbon neutral by 2030, similar questions apply, so could the Cabinet Member advise What was the starting point? i.e. what were the carbon emissions of Chelmsford City in July 2019?

The City of Chelmsford's (the area) emissions were produced by BEIS, aggregated from centralised data and then published at a local authority level. The data for emissions in 2019 would not be published until 2021. The statistics were published each year in June. The 2018 estimates which were published in June 2020 indicated Chelmsford City Council's area-wide emissions to be 4.8 tonnes of carbon per capita.

Q7b What are they now?

This was covered by the response to Question 7.

The Overview and Scrutiny Committee would receive much of the information requested by Councillor Steel at its meeting on 1 February 2021. This would be one year after the adoption of the Action Plan to support the Declaration and represented the first of the agreed annual reviews of progress.

The Cabinet Member went on to emphasise that all of the Council's activities continued to centre on the need to protect the environment and lead by example in reducing carbon emissions. The Council remained fully committed to the principles set out in the Declaration of a Climate Change and Ecological Emergency.

Question from Councillor S Dobson to the Cabinet Member for Sustainable Development

In the Local Plan there is an allocation of around 1000 homes north of South Woodham Ferrers yet in discussions it appears that this number could increase by 50%. Since the Local Plan has been found sound and adopted by this administration, would the Cabinet Member please explain why it intends to ignore the agreed housing numbers and increase them in this location?

Secondly, if the housing numbers are to be increased here, could the allocation of 100 homes in Danbury, a severely constrained village location, be incorporated within this number?

The Cabinet Member for Sustainable Development replied that the site to the north of South Woodham Ferrers was allocated in the adopted Local Plan for around 1,000 new homes. As required by the Local Plan policy, a masterplan was currently being prepared by the promoters of the site to demonstrate how this level of growth could be accommodated. Due to the nature of planning for strategic sites, it was not possible at the Local Plan stage to provide an exact housing capacity. The use of 'around' allowed for a level of flexibility. This approach was endorsed by the Local Plan Inspector.

As part of this masterplanning process, the promoter had tested different options which unfortunately had led to some confusion about the site's overall housing capacity, with numbers discussed which were clearly outside of the parameters of around 1,000 new homes. Officers had made it clear to the promoters of the site that the final masterplan must be in conformity with the Local Plan's requirement of around 1,000 new homes before it could be considered by the Chelmsford Policy Board and Cabinet. As such the Cabinet Member assured Councillor Dobson that the agreed housing numbers in the Local Plan were not being ignored. The final masterplan would be considered in the normal way through the Chelmsford Policy Board and Cabinet currently programmed for meetings in January.

The allocation of around 100 homes for Danbury was separate from the South Woodham Ferrers in the Local Plan. The evidence that supported the Danbury allocation was found sound by the Inspector who examined the Local Plan. It was the role of the Danbury Neighbourhood Plan to assess and allocate the actual sites in Danbury.

7. Reports from the Cabinet Member for Fairer Chelmsford

7.1 Section 106 Spending Plan

The Cabinet on 8 September 2020 had considered a proposed spending plan for S106 planning contributions held by the City Council. Subject to Council approving the Plan, the Cabinet had agreed a number of delegations to enable the proposals within it to proceed.

RESOLVED that the Section 106 Spending Plan in the report to the meeting be approved.
(7.56pm to 8.01pm)

7.2 Special Expenses

The Connectivity and Local Democracy Working Group had carried out a review of the mechanism by which charges for services provided by both Parish/Town Councils and the City Council were made. The aim of the special expenses mechanism was to ensure that taxpayers in the areas where the Parish Council provided the services and charged for them through their Parish precepts were not taxed twice for the same type of expenditure.

The review of special expenses had involved obtaining initial information from Parishes, looking at changes to methodology and consultation with Parishes. Given its complexity, the Connectivity and Local Democracy Working Group had concluded that it should look further into the potential for future abolition of the existing special expenses regime and to consider alternative delivery models to deal with double-taxation issues. However, it was necessary to have a reasonable method in place for the 2021/22 budget and the Working Group had recommended retention of the existing special expenses regime, updated for current information from Parishes and with amended methodologies as set out in the report to the meeting and at Appendix B. Based on responses received to date, Appendix A outlined the potential changes to each Parish and Unparished area as a result of the recommendations.

The Chelmsford Policy Board on 15 October 2020 and the Cabinet on 17 November 2020 had endorsed that approach and recommended it to the Council.

RESOLVED that:

1. The findings of the review of special expenses by the Connectivity and Local Democracy Working Group be approved;
2. The retention of the current special expenses mechanism for the preparation of the budget for 2021/22, updated by the information and amended methodologies described in the report to the meeting, be approved; and
3. The Connectivity and Local Democracy Working Group explore other options for the future of special expenses such as abolition or replacement with another mechanism.

(8.01pm to 8.04pm)

7.3 Treasury Management Mid-Year Review

The Cabinet on 17 November 2020 had considered a report on the Treasury Management activities undertaken in the first part of 2020/21 and the extent of compliance with the approved Treasury Management Strategy. Members were asked whether any changes to the Strategy were required ahead of the full, annual review later in the financial year.

Councillors P Clark and R Hyland asked that their opposition to the adoption of the Strategy be recorded. It was noted that Councillor K Bentley and W Daden would have abstained had a formal vote been taken.

RESOLVED that the report on the Treasury Management activities in 2020/21 be approved without change.

(8.04pm to 8.06pm)

7.4 Medium-Term Financial Strategy

The Council received an update on its projected financial position over the medium term and progress against the actions outlined in the Medium-Term Financial Strategy approved at its last meeting. The Cabinet had recommended two changes to the Strategy at its meeting on 17 November 2020: to increase the level of reserves to £9 million and to make it clear that reserves may be used to cover temporary reductions in income as well as temporary increases in costs.

In response to a question, the Cabinet Member for Fairer Chelmsford said that the Council had distributed £32.9 million in Business Support Grants to 2,748 businesses in Chelmsford since the summer and £1.9 million of discretionary grants to 309 businesses. These had largely been funded by the government and did not affect the proposed financial strategy. Applications for Business Adaptation Grants administered by the County Council could be submitted soon.

The Council accepted that the proposed Strategy represented the best course of action to protect the Council's financial position in the present circumstances.

RESOLVED that:

1. The approach to reserves set out in section 3 of the report to the meeting be approved.
2. The amendments to the Financial Strategy set out at paragraphs 3.4 and 7.5 of the report and reflected in Appendix 1 be approved.

(8.06pm to 8.16pm)

8. Amendments to the Constitution

The Constitution Working Group and the Governance Committee had recommended several changes to the Constitution following its latest review. They had been endorsed by the Cabinet on 17 November 2020.

RESOLVED that the following amendments to the Constitution be approved:

1. Rule 3.4.11(c) be amended to read:

“applications for a private hire licence where the circumstances of the applicant have changed since the grant of a previously held licence.”

2. The Cabinet and Committee Procedure Rules in Part 4.2 be amended by the addition of the following:

4.2.8A Working Groups

4.2.8A.1 A non-Executive body may create such Working Groups of such size and membership as it may decide. Working Groups need not be politically balanced but should, where possible, comprise members of all political groups on the Council. All groups will be permitted to appoint substitute member(s) to any seat(s) allocated to their particular group.

4.2.8A.2 The Cabinet Member whose portfolio is most closely associated with the general work of a Working Group shall be entitled to attend its meetings and speak at them. Other Cabinet Members may, with the permission of the Chair of the Working Group, attend and speak at its meetings if it is considering a matter related to their portfolios.

4.2.8A.3 Other members of the Council may attend meetings of a Working Group but will not be entitled to speak.

3. Rule 4.1.13.9 of the Council Rules be amended to read:

“An amendment should not negate the motion. All amendments should be submitted in writing to the Legal and Democratic Services Manager no later than 24 hours before the meeting. If valid, they will be published with the agenda for the meeting on the Council’s website no later than six hours before the meeting. If the Legal and Democratic Services Officer considers that the amendment is not valid, the councillor who submitted it will be given the opportunity to alter it to make it a valid amendment, provided they do so and send the revised amendment to the Legal and Democratic Services Manager no later than eight hours before the meeting.

Nothing in the foregoing paragraph would rule out a short amendment to a Motion being presented on the night provided it is compliant with paragraph 4.1.13.8. ”

4. Amend Rule 4.1.12.1 (h) to read: “a short amendment to a Motion as set out in rule 4.1.13.9 and to amend an amendment to a motion”

(8.16pm to 8.18pm)

9. Review of the Statement of Licensing Policy

The Licensing Committee had reviewed the Council’s Statement of Licensing Policy under the Licensing Act 2003 and, subject to a minor amendment to include reference the need to adhere strictly to COVID-19 regulations and guidelines in and around venues, had recommended that it be approved without change. The Cabinet on 17 November 2020, however, had recommended that the amendment not be accepted as it did not relate directly to the licensing objectives and the need to observe Covid-19 restrictions and regulations was covered by other regulatory regimes.

RESOLVED that the Statement of Licensing Policy as submitted to the meeting be approved without amendment.

(8.18pm to 8.20pm)

10. Community Governance Review

At its meeting on 3 December 2020 the Chelmsford Policy Board had recommended that the Council approve the Terms of Reference for a proposed Community Governance Review. The report to the meeting included the results of informal consultation carried out in advance of the review, from which it had been concluded that a broad review of the whole of the Chelmsford area would be preferable. The Terms of Reference reflected that and indicated that there was likely to be a focus on the potential creation of new parishes and/or changing existing parish boundaries in the unparished areas, as well as changes resulting from housing development. This approach would also allow sufficient flexibility to address any community governance issues that emerged should that be necessary.

RESOLVED that the outcome of the informal consultation be noted and that the Council be recommended to approve the Terms of Reference for the Community Governance Review.

(8.20pm to 8.21pm)

11. Temporary Amendments to the Constitution and Approval of Members' Absences

The Council was recommended to extend the temporary changes to the Constitution and the general approval of members' absence agreed by the Council on 13 May 2020. It was also asked to approve amendments to the Rules relating to meetings to provide for the possible use of electronic voting at meetings.

RESOLVED that:

1. The temporary changes to the Constitution, as amended to allow for the possible use of electronic voting, detailed in the appendix to the report to the meeting be extended until 19 May 2021.
2. Until 19 May 2021 the absence of any member for whatever reason be approved under Section 85(1) of the Local Government Act 1972. (Councillors K Bentley, P Clark and R Hyland asked that their opposition to this decision be recorded.)

(8.21pm to 8.26pm)

12. Membership of Committees

The Council was requested to approve changes to the membership of several Committees.

RESOLVED that the following changes to the membership of Committees be approved:

1. The replacement of Councillor R J Shepherd with Councillor L A Millane as a full member of the Planning Committee and appoint Councillor R J Shepherd as the nominated substitute.
2. The replacement of Councillor M D Watson on the Overview and Scrutiny Committee with Councillor G B R Knight and on the Audit and Risk Committee with Councillor J Galley.

(8.26pm to 8.27pm)

13. Notice of Motion – Local Electricity Bill

In accordance with notice duly given, it was moved by Councillor R Moore, seconded by Councillor S J Robinson:

1. This Council believes that
 - a. local authorities can play a central role in creating sustainable communities, particularly through the provision of locally generated renewable electricity

- b. very large financial setup and running costs involved in selling locally generated renewable electricity to local customers can result in it being unachievable
 - c. making such costs proportionate to the scale of a renewable electricity supplier's operation would create significant opportunities for councils to be providers of locally generated renewable electricity directly to local people, businesses and organisations
 - d. revenues received by councils that become local renewable electricity providers could be used to help fund measures to reduce local greenhouse gas emissions and improve local services and facilities
2. This Council notes
- a. that when the UK emerges from the Coronavirus pandemic, there will be a need to rebuild local communities and economies for the benefit of local people and businesses, and that energy being used close to the point of generation is more efficient
 - b. the efforts that Chelmsford City Council has already made to reduce greenhouse gas emissions and promote renewable energy, following the declaration of a Climate and Ecological Emergency in summer 2019, and that ambitious new policy and regulation is needed if we are to meet the target of net-zero emissions by 2030 and encourage others to do the same.
3. This Council therefore agrees to
- a. support the Local Electricity Bill which, if made law, would make the setup and running costs of selling renewable electricity to local customers proportionate by establishing a Right to Local Supply
 - b. inform the media of this decision
 - c. write to local MPs requesting their support for the Bill
 - d. write to the organisers of the campaign for the Bill, *Power For People*, to express its support

Those who spoke expressed support for the motion which was adopted without dissent.

RESOLVED that the motion on the Local Electricity Bill be agreed.

(8.27pm to 8.40pm)

EXCLUSION OF THE PUBLIC

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

14. Chelmer Waterside Delivery Options

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

The Council was informed of the progress made on the following issues with the aim of bringing forward the Chelmer Waterside Development:

- completion of land assembly under compulsory purchase powers
- provision of new infrastructure including a new road and bridge
- removal of site constraints imposed by the gas utility structures on site
- delivery and development of the project.

The Cabinet on 8 September 2020 had recommended to the Council that the capital budget for the scheme be increased to fund the additional costs associated with the works. This would be partially funded by additional contributions identified from S106 contributions and an additional Housing Infrastructure Fund grant.

A supplementary paper circulated before the meeting informed the Council that it was proposed to enter into a contract to enable the detailed design for the relocation of the Gas Pressure Reduction System from the former gas works site within Chelmer Waterside to proceed. This would necessitate making an advance payment to the company concerned.

Asked about the risks associated with the project and the fear that there may be a repeat of the problems encountered with the Riverside development, the Cabinet Member for Fairer Chelmsford said that lessons learned from the Riverside project were being applied to this one and he was confident that the risks associated with Chelmer Waterside could be managed. There were risks with not proceeding along the lines recommended and on balance he felt that they were outweighed by the benefits from the redevelopment of the site.

In response to a question as to whether the eventual development would be connected to the gas grid, the Cabinet Member said that details of this nature were usually considered at the masterplan stage, but in principle the Council would be looking for it to be as close as possible to being carbon neutral.

RESOLVED that:

1. The capital budget for the scheme to deliver the redevelopment of Chelmer Waterside, partially funded by additional contributions identified from S106 contributions and additional HIF grant be increased to the amount referred to in the report and be used to fund the additional costs associated with the works estimated to be an additional.

-
2. The intention to enter into a contract and make an advance payment for the detailed design for the relocation of the Gas Pressure Reduction System be noted.

The meeting closed at 8.52pm

Mayor



Chelmsford City Council

24 February 2021

Finance Reports from the Cabinet

Report by: Cabinet Member for Fairer Chelmsford

Officer contact: Brian Mayfield, Democratic Services Manager,
brian.mayfield@chelmsford.gov.uk 01245 606923

Purpose

To inform Council of the decisions of the Cabinet on 26 January 2021 on the reports at Items 8.1 to 8.3 on the agenda for this meeting. The extracts from the relevant minutes of that meeting are set out below.

Recommendations:

That the recommendations of the Cabinet on Agenda Items 8.1 to 8.3 be approved.

8.1 Local Council Tax Scheme (LCTS) 2021-22

Declarations of Interest:

None

Summary:

The Cabinet was informed that the Council was required to approve a LCTS scheme for 2021-22. It was proposed that the 2020-21 scheme be retained in its current form with the sole

addition of a clause which would allow amendment of the scheme during the year in certain circumstances.

Options:

1. Amend the existing scheme to make it more or less generous to working age claimants
2. Make a minor change to the existing 2020-21 LCTS scheme to mitigate the risk that unpredictable changes in benefits rules could have unintended consequences for LCTS claimants.

Chosen Option and Reasons:

Option 2. The proposed change would allow the Council to alter the LCTS scheme mid-year, in certain circumstances, to ensure that LCTS claimants were not negatively affected by Government changes intended to increase benefit recipients' income.

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

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

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

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

8.2 Capital, Treasury and Investment Strategies 2021-22

Declarations of Interest:

None

Summary:

The Cabinet received a report setting out a proposed approach to the management of the Council's cash, capital investments (the capital expenditure programme) and other types of investment, including property.

Options

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

Preferred Option and Reasons

The Capital Programme as submitted represented new phasing and expenditure required for Capital Schemes and the Asset Replacement Programme.

RECOMMENDED TO THE COUNCIL that the Capital, Treasury and Investment Strategies 2021-22 as submitted to the meeting be approved.

8.3 Budget for 2021-22 [See also the covering report for Item 8.3]

Declarations of Interest:

None

Summary:

The report to the meeting contained recommendations for the setting of the Revenue and Capital Budgets for 2021-22 and the level of Council Tax for that year.

Options

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

Preferred Option and Reasons

The recommended budget would be prudent and in the best financial interests of the city.

Discussion

The Cabinet Member for a Fairer Chelmsford thanked officers for their work in producing a balanced budget in the most challenging of circumstances. The pandemic would continue to have an adverse effect on the Council's financial position for some time to come but it was testament to the sound financial management practised at the Council that it would continue to be possible to fund measures that would address the Administration's two key priorities of climate change and homelessness whilst maintaining essential services and developing others.

Responding to a question during the discussion of the report, the Cabinet Member referred to the response he had given earlier to questions on the introduction of parking charges in Hylands Park. He also said that whether to increase charges for bereavement services was one of a number of difficult decisions that needed to be made in order to achieve a balanced budget. He was, however, willing to listen to any alternative suggestions put forward before the budget was considered by full Council.

RECOMMENDED TO THE COUNCIL that:

1. the budget for 2021-22 set out in appendix 1 to the report to the meeting be approved, specifically:
 - I. the new Capital and Revenue investments in Council Services shown in Section 4;
 - II. the delegations to undertake the new capital schemes identified in Section 4, Table 5;
 - III. the Revenue Budgets in Section 9 and Capital Budgets in Section 10;
 - IV. an increase to the average level of Council Tax for the City Council, increasing the average annual Band D Council Tax to £203.95, the maximum allowed before a referendum, in Section 8;

- V. the fees and charges changes above the budget guidelines, as identified on the Savings schedule set out in Section 3, and that current car parking charges are frozen for 2021/22;
- VI. the movement in reserves shown in Section 6;
- VII. the Budget forecast in Section 6 and the report of the Director of Financial Services on the risks and robustness of the budget in Section 7 (Council should note these in particular);
- VIII. Special expenses, Parish and Town Councils' precepts as identified in Section 8, Table11 (Parish precepts are not likely to be available until Full Council); and
- IX. A delegation to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2021/22 within the normal financial delegations.

2. RESOLVED that:

- I. a delegation be made to the Director of Financial Services to prepare a budget report and legal resolution for submission to Council for consideration, including updating the Business Rate Retention Income following completion of NDR1 statutory return to Government;
- II. should the final Government grant settlement details change following the Cabinet meeting, the Director of Financial Services is authorised, after consultation with the Cabinet Member for a Fairer Chelmsford, to amend the report and identify the impact to Council; and
- III. additional capital budgets of £10,000 for Hylands Park North Kiosk Toilet Refurbishment(as detailed in table 15 of the budget report) and £27k for asset replacements, as detailed in table 17. (These approvals are sought from Cabinet due to the necessity of placing the orders before the Full Council Meeting in February.)

Background papers:

None

Appendices:

None

Corporate Implications

These are set out in the individual reports



Chelmsford City Council Cabinet

26 January 2021

OPTIONS FOR LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2021/22

Report by:

Cabinet Member for a Fairer Chelmsford

Officer Contact:

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

Purpose

To agree a Local Council Tax Support (LCTS) scheme for 2021/22 to put forward for Full Council approval before 11 March 2021.

Options

1. To amend 2020/21's existing LCTS scheme to make it more or less generous to working age claimants

OR

2. To make a minor change to the existing 2020/21 LCTS scheme to mitigate the risk that unpredictable changes in benefits rules could have unintended consequences for LCTS claimants.

Preferred option and reasons

Option 2. The proposed change allows the Council to alter the LCTS scheme mid-year, in certain circumstances, to ensure that LCTS claimants are not negatively affected by Government changes intended to increase benefit recipients' income.

Recommendations

That Cabinet recommends to Full Council a LCTS scheme for approval before 11 March 2021. The recommendation is that the 2021/22 LCTS scheme is amended to allow in-year alterations to scheme rules in specific circumstances.

1. Introduction

- 1.1. Since 2013/14, every billing authority has been required to approve a Local Council Tax Support (LCTS) scheme, prior to 11 March, in respect of the forthcoming financial year. The LCTS scheme assists people on a low income to pay their Council Tax by reducing the amount they have to pay. Entitlement to Council Tax support (CTS) is 'means-tested', whereby entitlement reduces as household income increases. The Council must incorporate Government rules in respect of pensioners, but it has significant freedom to decide the rules in respect of 'working age' households.
- 1.2. In 2013/14, the Council decided to reduce the maximum level of CTS which could be awarded to an amount equivalent to 80% of a household's Council Tax (CT) liability. This meant that all working age households paid a minimum of 20% of their CT liability. This decision was taken to ensure that scheme expenditure did not exceed the funding provided. Following a reduction in Government grant for 2014/15, the minimum payment was raised to 23%, where it has remained ever since. Subsequent reductions in Government grants have meant that the scheme expenditure now exceeds any grant received and Chelmsford taxpayers are now contributing to the cost of the scheme. The amount of that contribution cannot be calculated exactly as the direct link with Government grant for LCTS was broken in 2014/15 when the specific grant was incorporated into the overall Settlement Funding Assessment.

2. Current 2020/21 LCTS scheme summary

Key principles

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

- All working age claimants pay a minimum of 23% of their CT liability as the maximum LCTS is 77%. For pensioners, the minimum CT liability is nil as they can qualify for LCTS of up to 100% of their CT liability.
- For the purpose of calculating entitlement, CT liability is restricted to the appropriate Band D level for those of working age, but not pensioners. For example, a working age person in a Band H property will have their LCTS calculated using the Band D amount applicable to that area, leaving them with a CT liability of at least 46% of the standard Band H charge. By contrast, a pensioner household can claim LCTS based on their actual liability regardless of Band, so their Band H liability could be reduced to nil.
- LCTS is not available to working age households with more than £6,000 in savings. Pensioners can have up to £16,000 in savings before entitlement is removed completely.
- Households with other non-dependent adults in them have their LCTS reduced as these other adults are expected to contribute towards the running costs of the household.
- £10 per week of child maintenance received is disregarded. Any child maintenance paid to a pensioner household is disregarded in full.
- There are additional disregards to earned income to encourage work. This provision is more generous for those of working age than for pensioners.
- For self-employed claimants, national minimum wage levels are assumed as income for the purposes of calculating LCTS entitlement if the declared income from self-employment is lower than the minimum wage. This applies after the first year of self-employment.

3. Scheme Finances

- 3.1. The Government takes account of the need for LCTS schemes in its annual settlement for Chelmsford City Council, Essex County Council and the Police and Fire authorities. It is the billing authority, Chelmsford City Council, which is responsible for assessing the amount of LCTS payable and reconciling this through the Council Tax collection fund.
- 3.2. Since the amount of grant in respect of LCTS is no longer separately identified, it is not possible to accurately estimate the amount by which the cost of LCTS scheme exceeds the available grant. What is clear is that overall amounts of Government grant have reduced since 2013/14, while the cost of the LCTS scheme has remained relatively constant at around £6.5m per annum until 2019/20.
- 3.3. As a result of an increase in caseload numbers caused by COVID-19, the cost of the scheme is expected to exceed £6.8m in 2020/21. As at December 2020, the amount of LCTS for working-age households totalled £3.56m, with a further £3.31m for pensioner households. £2.37m of the working-age total is being granted to households receiving minimum levels of income. As the only cost-effective method of recovery available in such cases is a £3.70 per week deduction from benefits, there is a strong likelihood that any reduction in LCTS would be matched by a comparable fall in collection rates.
- 3.4. The Government's provisional settlement for 2021/22 includes £189,000 in new funding in recognition of the increased costs of providing LCTS and other help to economically vulnerable households.

4. Equality Issues

- 4.1 When deciding upon a scheme, the Council is required to have due regard to its Public Sector Equality Duties (PSED), found in s149 of the Equality Act 2010, which require public authorities to give due regard to the need to:
 - i. Eliminate unlawful discrimination and harassment in the respective fields of race, sex and disability;
 - ii. Promote equality of opportunity between those with a protected characteristic and others (in addition to the need to promote good race relations);
 - iii. Take steps to take account of disabled people's disabilities even where that involves treating disabled people more favourably than others; and,
 - iv. Promote positive attitudes towards disabled people and to encourage participation by them in public life.
- 4.2 An Equality Impact Assessment (EIA) for 2021/22's LCTS scheme is attached for reference at Appendix 1. This would need to be revisited if changes to the scheme occur. The EIA identifies impacts upon relevant groups and any mitigations which are in place. It is important that decisions relating to our LCTS scheme are taken with these matters in mind. Although the PSED do not prevent councils from taking

decisions which impact adversely on groups with ‘protected characteristics’, they must ensure that they are not impacted in a worse fashion than non-protected groups.

5. Council Options

5.1 The Council is required to approve a LCTS scheme for 2021/22. It is proposed that the 2020/21 scheme is retained in its current form with the sole addition of a clause which will allow amendment of the scheme mid-year in certain circumstances. There may be amendments required for pensioner households after any Council decision as a result of changes to the Prescribed Regulations. The 2021/22 LCTS scheme will be amended as required by law once any relevant Statutory Instrument is published. There is no requirement for Cabinet or Full Council to approve statutory changes.

5.2 Option 1 – To amend 2020/21’s existing LCTS scheme to make it more, or less, generous to working-age claimants.

The cost of the LCTS scheme is covered by the preceptors, each according to their share of the Council Tax collection fund. It is likely that the scheme cost will increase in 2021/22 as a result of increases in claims caused by wider economic factors. The only way to reduce the cost of the scheme would be to make it less generous for working-age households. It is highly unlikely that CT collection rates could be maintained at current levels hence reducing the generosity of the LCTS scheme is unlikely to be a realistic option. Conversely, the pressure on the City Council’s budget in 2021/22 means that making the LCTS scheme more generous to working-age households, increasing its cost, is not affordable.

5.3 Option 2 – To amend 2020/21’s LCTS scheme to allow the Council the freedom to ensure that the LCTS assistance provided is not adversely affected by sudden changes in Government welfare policy.

It is a condition of LCTS schemes that significant changes cannot be made during a financial year. However, the Government’s general increase in benefits in 2020/21 in response to the COVID-19 pandemic would have consequentially reduced the amount of housing benefit and LCTS payable to those households. The Government amended the housing benefit regulations to remove the negative impact on housing benefit. The Council was not able to make the equivalent changes to the LCTS scheme rules and hence entitlement was unintentionally reduced. We used additional hardship funding from the Government (provided as part of the COVID-19 response) to restore the intended position, but this option may not be available in subsequent years.

It is proposed that the following wording is inserted into the LCTS scheme for 2021/22:

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

increase the income of benefit recipients; and,

which are introduced during a financial year;

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

This alteration will allow the Council to ensure that LCTS claimants receive the full intended benefit of any Central Government measure intended to improve their financial position without the requirement to consult on the change or wait until the following financial year to implement it.

6. Consultation

6.1 In accordance with regulations, a public consultation took place between 3 December 2020 and 18 January 2021, which invited comments on the existing provisions of the LCTS scheme and specific comment regarding the wording alteration suggested in Option 2. The results are attached as Appendix 2.

7. Conclusion

7.1 The LCTS scheme is an important support for low-income households. It would be undesirable and unfair to reduce the level of support provided by the LCTS scheme. Given the uncertain economic outlook, it would be especially unfair to do so for 2021/22. The Council's finances for 2021-22 must share the extra burden of the LCTS fairly and not expect it to be carried by those in our community with the least ability to do so. Option 2 allows the Council to maintain its LCTS scheme and ensure that any changes to wider welfare policy implemented by Government do not generate unintended consequences for those it is designed to help.

List of appendices:

Appendix 1 – Equality Impact Assessment

Appendix 2 – Consultation outcome

Background papers:

None

Corporate Implications

Legal/Constitutional: A local scheme must be agreed by Full Council before 11 March 2020. If Cabinet is minded to propose changes to the existing scheme, a public consultation lasting a minimum of six weeks must take place on any proposed change. This paper cannot be deferred to a later meeting as a delay would mean that there would be insufficient time to consult on any changes and report on the results of that consultation.

Financial: LCTS scheme costs will increase in 2021/22 as a result of Council Tax increases and increases in caseload.

Potential impact on climate change and the environment: None.

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

Personnel: None

Risk Management: None

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

Health and Safety: None

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

Other: None

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

Relevant Policies and Strategies:

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

Benefits Operational and Internal Security Policy
Benefits Customer Service Policy

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

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

C: Assessment of impact

Using the information above, assess if the policy / function could potentially disproportionately impact on different protected groups. Specify if the potential impact is positive, could adversely impact or if there is no impact. If an adverse impact, indicate how the impact will be mitigated.

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

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

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

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

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
What is the impact on people of different sexual orientation such heterosexual, lesbian, gay or bisexual people?			is made in the assessment of entitlement as a result of sexual orientation.		proposed for 2021/22 allows the Council to ensure that working-age households receive the full benefit of any Government policy change intended to increase their income.
Race Includes ethnic or national origins		Yes		Brexit will remove entitlement from EU nationals without 'settled status'. This is in addition to the restrictions to benefit already in place on non-EU nationals.	This element of the policy is dictated by Government by way of statutory instrument and cannot be amended by the Council.
Are there any other groups who could find it difficult to access or make use of the policy / function? For example: low income / people living in rural areas / single parents / carers and the cared for / past offenders / long-term unemployed / housebound / history of domestic abuse / people who don't speak English as a first language / people without computer access etc.			No		

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

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

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

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

3.	<p>To foster good relations between those who share a protected characteristic and those who do not. If so, how? <i>(This means promoting understanding between different groups and tackling prejudice)</i></p>	<p>This policy is not intended to affect community relations and no such effects have been identified, nor are any anticipated.</p>
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F: Conclusion	
Decision:	Explanation:
<p><input checked="" type="checkbox"/> Continue the policy with no changes <i>[For example: evidence suggests no potential for discrimination / all opportunities have been taken to advance equality.]</i></p>	<p>The recommended change to the policy ensures that no group will face reduced entitlement to CTS as a result of changes to wider Government welfare policies which are intended to increase the income of benefit recipients.</p>
<p><input type="checkbox"/> Continue the policy with adjustments <i>[For example: Low risk of negative impact / actions or adjustments would further improve positives or remove a potential negative impact.]</i></p>	
<p><input type="checkbox"/> Adverse impact but continue <i>[For example: Negative impact has been objectively justified.]</i></p>	
<p><input type="checkbox"/> Suspend or withdraw the policy for further review / consideration of alternative proposals <i>[For example: High risk of negative impact for any group / insufficient evidence / need to involve or consult with protected groups / negative impact which cannot be mitigated or justified / unlawful discrimination etc.]</i></p>	

Approved by:

Lead Officer / Responsible officer:Date:

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

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

Chelmsford LCTS consultation 2021/22

The consultation was available online on the Chelmsford City Council website between 3 December 2020 and 18 January 2021. The opening of the consultation was published via a press release, Twitter and Facebook. As has been the case with previous consultations, very few responses have been received – only 11 at the close.

The consultation asked a specific question regarding the one proposed change to the current scheme and some general questions regarding the current design aspects of the scheme. The full questionnaire and responses are reproduced below.

With respect to the active proposal to amend the scheme to allow changes mid-year in specific circumstances, 6 people responded positively. Of the 2 'No' answers, one suggested that the proposal be widened to allow changes to the scheme at any point in the year for any reason. Such a course of action would not be legal. The Council has to conduct a meaningful consultation setting out the proposed advantages and disadvantages of specified changes before coming to a decision in advance of the forthcoming financial year.

With respect to the current scheme provisions, there are mixed views regarding funding the scheme with a slight majority in favour of using the Council's reserves to fund any shortfall between the cost of the LCTS scheme and Government grants received. Increasing the level of Council Tax or cutting services were not popular. There was general agreement regarding the basic principle that working-age households should pay something towards their Council Tax, but mixed views as to the level of that contribution. This is to be expected and any future proposals regarding changing any existing aspects of the scheme should be the subject of a much longer and more detailed consultation than has been carried out this time.

Consultation questions and responses

1. The Council is very keen that you have all the information you need to provide informed answers. The background to the consultation and information about the Council Tax Support scheme is available on the Council's website at: <http://www.chelmsford.gov.uk/consultations> This explains the scheme itself and also how the scheme is currently funded. Please confirm that you have reviewed this information: **I have reviewed the background information about the Council Tax Support scheme.**

Outcome: Yes: 11 No: 0

2. Do you agree with the Council making a change to the existing scheme by adding the wording below:

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

increase the income of benefit recipients; and,

which are introduced during a financial year;

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

working age recipients of Council Tax Support.

Outcome: Yes: 6 No: 2 Don't know/No answer: 3

Comment from a 'No' answer:

Regarding the proposed change I recommend that the words 'to ensure.....' be deleted from the proposal. This would allow for subsequent amendments to be made without further submissions.

3. The original basis of the current Council Tax Support scheme was that it is 'self-funding', so it costs the same as the amount of Government grant that the Council and other bodies receive. However, ongoing reductions to Government grants have meant that the 2021/22 scheme costs more than the grant we receive. As the amount of Council Tax collected each year and the arrears still being collected in respect of previous years has remained high, Chelmsford decided in 2020 that it would not reduce the amount of help that the scheme gives. Making the scheme self-funding in 2021/22 would have meant that every working age household would have to pay at least two thirds of their Council Tax, rather than the 23% that they currently pay. A completely 'self-funding' scheme would mean that nobody of working age would receive any help towards their Council Tax. From 2017/18 onwards, Chelmsford will begin to subsidise the Council Tax Support scheme for pensioners as well. As the Government sets the rules for the pensioner scheme, Chelmsford has no choice in this matter. **Do you think that the Council should design a scheme which is self-funding? Please select one answer only**

Outcome: Yes: 7 No: 1 Don't Know: 3

4. If the Council does not design a self-funding scheme and still provides the current level of support, it will need to find additional funding from other sources. Paying for this could mean a Council Tax increase of up to 4%; a reduction in services equivalent to 14 staff; using reserves (Savings); or, a combination of these three things. **Do you think we should adopt any of the following options to help fund the scheme? Please select one answer for each source of funding**

	Yes	No	Don't know
Increase the level of Council Tax	3	8	0
Use the Council's reserves	5	5	1
Reduce funding available for other Council Services	3	8	0

5. If the Council continues to partly or fully fund the scheme how do you think it should pay for it? Please choose one of the following options (strongly agree/agree/disagree/strongly disagree):

	Strongly agree	Agree	Disagree	Strongly Disagree
Increase the level of Council Tax	3	0	1	7

Use the Council's reserves	2	4	5	0
Reduce funding available for other Council Services	1	2	3	5

5. Please use the space below to make any other comments you may have about how the council should fund the scheme:

Using savings is not a long-term solution The funds will run out, then what will happen.

Rich people should pay more to help the poorer members of society (I say this as a rich person!)

Make schemes the council support pay for themselves, this would include any events the council run.

Given the current climate and following on from 10 years of austerity I am strongly of the opinion that those of us who can pay more should do so to relieve the financial hardship that some of our fellow residents are experiencing.

6. Do you agree with the principle of every working age person having to make a minimum payment? (One answer only)

Outcome: Yes: 8 No: 2 Don't Know: 1

7. If you do agree, what level of minimum payment do you think should be applied?

25%	3
30%	
35%	1
More than 35%	4
Don't know/No response	3
Other % please specify	

8. Do you think we should reduce the minimum payment?

Yes	2
No	5
Don't know	4

9. Do you have any other comments?

What do you class as "every working age person" a student aged 19 in uni accommodation? A 15 year old with a Saturday job? A person who works for the council on a zero hours contract who has

not received furlough or wages for 10 months?

Whether or not a working age person should contribute rather depends upon the individual circumstances. Say, for example, I am disabled with absolutely no possibility of finding paid employment, I should not be required to contribute merely on the basis of date of birth. On a general basis I agree that people of working age should contribute but not on a broad brush basis. There must be caveats.

10. What is your postcode?

4 x CM1, 6 x CM2, 1 unanswered

11. Do you receive a Council Tax bill for your property?

Yes	11
No	0

12. Are you in receipt of council tax support?

Yes	1
No	10

13. Are you...?

Male	4
Female	6
Prefer not to say	1

14. Age

18 - 24	
25 - 34	1
35 - 44	1
45 - 54	2
55 - 64	5
65 - 74	1
75 - 84	

85+	1
Prefer not to say	

15. Marital Status and Nationality:

Married	8
Single	1
Widowed	1
Divorced/separated	1
Other, please state	

White British	9
White Irish	1
Prefer not to say	1

16. Do you consider yourself to have a physical impairment?

Yes	2
No	8
Prefer not to say	0

17. Do you consider yourself to have a sensory impairment?

Yes	1
No	10

18. Do you consider yourself to have a learning difficulty or disability?

Yes	0
No	10
Prefer not to say	1

19. Do you consider yourself to have any mental health needs?

Yes	2
No	9



Chelmsford City Council Cabinet

26th January 2021

Capital, Treasury Management & Investment Strategies 2021/22

Report by:

Cabinet Member for a Fairer Chelmsford

Officer Contact:

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

Purpose

To recommend an approach for managing the Council's:

- Cash
- Capital investments (capital expenditure programme)
- Other types of investment, including property

Options

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

Preferred option and reasons

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

Recommendations

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

1. Background

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

- Capital Strategy
- Treasury Management Strategy
- Investment Strategy

1.2. Capital Strategy

The Capital strategy sets out a framework for the self-management of capital finance in the following areas:

- How Capital expenditure plans are identified
- Prudential Indicators
- External debt

1.3. Treasury & Investment Strategies

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

The activities around the management of the Council's cash and external borrowing are known as Treasury Management. Under statute and the CIPFA Code of Practice on Treasury Management ("the Code"), members are required to receive reports on the Council's Treasury Management (TM) activities. The report in **Appendix 1** complies with the Code and relevant Government regulations.

Full Council has overall responsibility for the Treasury Strategy, but it delegates to the Treasury Management and Investment Sub-committee the responsibility to monitor activity and recommend changes to strategy. The Director of Financial Services has been delegated responsibility to manage operational TM activities within the approved strategy.

Investment Strategy. The Ministry of Housing, Communities and Local Government requires the Council to publish and have approved an Investment Strategy. This covers

investments that are deemed not to be Treasury Management Activities. The Investment Strategy is in **Appendix 2**.

2. Executive Summary

Capital Strategy

- Set limits to amounts that can be borrowed by the Council (page 9 of the report).
- Summarises the costs of the capital programme.
- Identifies how the Council plans to finance its capital expenditure programme.

Treasury Strategy

Investments

- No changes are recommended to how long the Council can invest or with which counter parties.
- Cashflow and investment balances are more difficult to predict because of COVID-19.
- It is proposed to have a target of at least £15m of liquid funds to manage cashflow during the year.
- There is a risk of negative interest rates which would mean the Council would effectively pay someone to hold cash investments.
- Cash available for investment will reduce as the Council intends to internally borrow to fund the capital programme.

Borrowing

- Borrowing will only be undertaken for temporary liquidity or to fund the capital programme.
- HM Treasury has published details of new Public Works Loans Board (PWLB) lending terms reducing rates by 1% from 26 November 2020 but also confirming that it will not lend to an authority that plans to buy investment property primarily for yield anywhere in their capital plans. The Council will therefore not seek to purchase investment properties primarily for the return they provide.
- The Director of Financial Services under the constitution manages investments and borrowings. Current planning assumes internal borrowing will be the main source of funding, but the Director will externalise borrowing should it represent better financial value.

Non-Cash Investments (Investment Strategy)

- It is recommended that no new commercial property investments will be made where the purpose of the investment is primarily for the yield. This will enable access to PWLB loans if required.
- The strategy has provision to allow for the creation of a stand-alone housing company.

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

3. Conclusion

3.1. Cabinet is asked to recommend to Council the Capital, Treasury Management and Investment Strategies.

List of appendices:

Appendix 1 – Capital Strategy 2021/22

Appendix 2 – Treasury Management Strategy 2021/22

Appendix 3 – Investment Strategy 2021/22

Background papers:

Nil

Corporate Implications

Legal/Constitutional: The report meets statutory obligations on reporting for Council's to produce Capital, Treasury Management and Investment Strategies

Financial: As detailed in the report

Potential impact on climate change and the environment:

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

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

Any potential impact on climate change and the environment from individual Capital Schemes will be assessed as part of the business case or rationale for those schemes, on a case by case basis.

Contribution toward achieving a net zero carbon position by 2030:

N/A

Personnel:

N/A

Risk Management:

The report is part of the Council's approach to managing risks arising from Treasury Management, non-cash investments and capital expenditure plans.

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other: N/A

Consultees: None

Relevant Policies and Strategies:

Capital Strategy

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

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

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

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

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

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

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

In determining viability, capital bids must include:

- details of the intended outcomes and potential running costs;
- statement of the risks of undertaking the scheme and how these will be managed;
- details of consultations undertaken in arriving at the proposal and any potential alternatives; and
- identification of additional annual contribution to Asset Replacement Reserves required to fund future replacements.

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

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

- 1.4 Funding the Costs of Capital Expenditure

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

Methods of Capital Financing

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

- Sales of Assets (Capital Receipts): Any disposal of property or equipment over £10,000 in value is a capital receipt. These can only be spent on other capital items.

- Leasing: This is where we can use an asset in exchange for making a series of revenue payments over several years. From 2020/21 all leasing will be counted as a debt. However, leasing differs from traditional debt as often the leasing company can retain legal ownership of the asset and is able to obtain capital allowances to reduce the cost to the Council.
- Borrowing (excluding leasing):
 - The Council can borrow externally from other local authorities, the Government or the private sector.
 - Borrowing can also be carried out internally, where cash balances are “borrowed” to fund capital expenditure.

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

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

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

1.5 Cost of the Capital Programme

In 2021/22 budget, the Council is planning capital expenditure as summarised below:

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Replacement Programme	£2.720m	£3.212m	£6.346m	£2.702m	£1.582m
Capital Projects	£17.315m	£16.001m	£39.126m	£15.215m	£5.902m
New Capital Bid Submissions 2020/21 Require Approval			£1.730m	£0.125m	
Provision for potential new Capital Projects		£0.137m	£3.000m	£4.600m	£2.000m
TOTAL	£20.035m	£19.350m	£50.202m	£22.642m	£9.484m

Details of the programme can be found in the Budget Report 2021/22 section 4 table 5 and section 10, elsewhere on this agenda.

Financing of the programme is currently planned as

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Capital Receipts	£3.919m	£2.330m	£3.150m	£8.055m	£5.743m
Grants and Contributions	£3.687m	£6.751m	£29.844m	£6.741m	£3.600m
Revenue Contributions		£0.000m	£2.018m	£0.884m	£0.000m
Borrowing	£11.649m	£10.269m	£13.603m	£6.889m	£0.000m
Finance Leases	£0.780m	£0.000m	£1.587m	£0.073m	£0.141m
TOTAL	£20.035m	£19.350m	£50.202m	£22.642m	£9.484m

1.6 Borrowing strategy

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

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

	31.3.2020 actual	31.3.2021 forecast	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
Leasing (Debt)	£0.738m	£0.635m	£1.783m	£1.286m	£0.845m
External Borrowing	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m
Total "External Borrowings"	£0.738m	£0.635m	£1.783m	£1.286m	£0.845m
Total Capital Financing Requirement (CFR)	£12.387m	£22.399m	£36.623m	£42.124m	£40.772m
Internal Borrowing (makes up the difference between CFR and external borrowings)	£11.649m	£21.764m	£34.840m	£40.838m	£39.927m

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

also to profit from the sums borrowed, but only after undertaking robust due diligence and review of risk (including an assessment of proportionality of the investment to reflect the scale of the Council's operations).

The Council is required to approve a policy for repaying debt (MRP) which is in italics below: *MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis. Any MRP on purchases of freehold land will be charged over a period of 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. For assets acquired under finance leases the principal repayment inherent in the lease will be used as the basis for MRP in respect of those assets. This policy does not prevent the Council from making early or one-off repayments of debt from Capital receipts or from revenue provisions.*

Planned repayments of debt are from

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
MRP	Nil	£0.154m	£0.527m	£0.891m	£0.911m
Finance Leasing MRP	£0.042m	£0.103m	£0.439m	£0.570m	£0.582m
Capital Receipts	Nil	Nil	Nil	Nil	Nil

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

Authorised limit and operational boundary for external debt in £m

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit
Authorised limit - total external debt	£13m	£23m	£37m	£43m
Operational boundary - total external debt	£0.8m	£0.7m	£1.8m	£1.3m

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

Operational Boundary – total external debt – this is based on the debt outstanding on forecast finance leases.

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

2. Sustainability - Capital Funding

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

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

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
Asset sales	£3.994m	£0.805m	£2.000m	£7.025m	£10.000m

The material disposals include Threadneedle House and retail premises in 2019/20 and Waterside parcels of land and Riverside old pool site in future years.

At the end of 2023/24 there is currently forecast a balance of £9.5m receipts from the sales of significant assets.

Treasury Management Strategy

- 1.1 Chelmsford City Council complies with both the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes and the Ministry of Housing, Communities and Local Government's Guidance on Local Government Investments. Both the Code and MHCLG regulations require the Authority to prepare and authorise a Treasury Management Strategy prior to the start of each financial year. This report fulfils the Council's legal requirement under the Local Government Act 2003.
- 1.2 Treasury Management covers both borrowing and investment. Chelmsford City Council has substantial cashflows and investments from its activities and is therefore exposed to a series of financial risks including the loss of invested funds. Risk also comes from possible changes in interest rates affecting investment income or the cost of any external borrowings.
- 1.3 The Council's investment priorities, as required by Government regulations are, in order of priority:
- (a) the security of capital
 - (b) the liquidity of its investments; and
 - (c) yield.
- The Government regulations and CIPFA both advise that absolute certainty of security of capital and liquidity does not have to be achieved before seeking yield from investments. An appropriate balance of all three should be sought and that balance is determined by the Council in its Treasury Strategy.
- 1.4 It is important to note that the borrowing of monies purely to invest or lend on to make a return is unlawful and this Council will not engage in such activity. The borrowing of monies to fund the capital programme is allowed.
- 1.5 In the event of major changes to the external or internal context in which this strategy has been set, it may be necessary for the Council to revise its strategy during the year.
- 1.6 This Treasury Management Strategy will focus solely on investments arising from the organisation's cashflows and debt management activity and matters of borrowing. Non-treasury investments will be covered separately under the Investment Strategy (**Appendix 2**). The monetary limits on borrowing will be set in the Capital Strategy which forms part of the 2021/22 Budget papers going Cabinet and Council in the new calendar year.

2. External Context

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

The economic environment and interest rate forecast

- 2.2 The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Authority's Treasury Management Strategy for 2021/22.
- 2.3 The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee

voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.

UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 1.3% from 0.9%. The most recent labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021.

The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Credit Outlook and counterparty risk

- 2.4 Over recent years the Council has reduced the amount of unsecured bank deposits it holds in reaction to the “bail in” risk arising from reform to the banking sector. Under “bail in” provisions, investors would face losses to their deposits and share-holdings in order to recapitalise a bank before any Government bailout would occur.
- 2.5 Public Bodies provide much less risk as investment counterparties but a balance between risk and return does allow the use of other types of investment counter party. The Council should, where possible, continue to spread investments over different organisations and different investment categories (property, pooled funds, public bodies, etc) to provide a satisfactory balance of security of capital and return.

3. Investment Balances and Potential External Borrowing

- 3.1 At the end of November 2020, the Council held £60m of investments. These investments arise from balances including unspent Community Infrastructure Levy (CIL) and reserves, as well as income received in advance of expenditure. Also, the Government’s support to Councils and Businesses has increased cash holding at least temporarily. The Council has been in receipt of significant sums from Government that can take a number of weeks to pay out. It is not expected that this level of investment balance will be retained beyond 2020/21.
- 3.2 During most months the cash balance can rise and fall by £10m due to receipt of income and payment of precepts to other Essex bodies. The Council should therefore aim to keep sufficient cash to hand to manage these fluctuations. Alternatively, it can undertake temporary borrowing, but will do so wherever possible in advance of need to ensure sufficient liquidity.
The financial year-end tends to be the lowest point for the Council’s cash balances. This is because most residents pay their Council Tax over 10 instalments, but the Council pays these out to central government and other precepting authorities on a monthly basis; so significant net cash outflows occur in February and March each year. The principles to establish how investments should be managed are discussed in Section 4 below.

3.3 The Capital Strategy published with the Revenue 2021/22 budget papers will include debt limits reflective of the 2021/22 budget.

The CFR (Capital Financing Requirement) is the amount of capital expenditure the Council has financed by (internal or external) borrowing. The budget report will update the forecast of the CFR. The current level of CFR reflects the decisions taken by Council to cease revenue contributions to capital in 2019/20 and 2020/21 which represents around £10m of extra CFR (borrowing).

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

Temporary Use of Surplus cash	April 2020 £m's	Forecast March 2021 £m's
Capital Financing requirement	12.4	22.4
External Debt	0.8	0.6
Surplus cash internally borrowed	11.6	21.8

It should be noted that the Council has invested/borrowed internally. The surplus cash being relied upon comes from Council Tax and NNDR income received in advance of payments to precepting authorities and the Government, other timing differences between receipts from debtors and payments to creditors, grants, subsidies and contributions such as CIL, received in advance of spend.

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

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

The Council has reserves which can be considered as cash backed and can be invested for longer periods as the Council always maintain a certain level of reserves and working capital. It is not unusual for Councils to hold investments equal to working capital whilst external debt is being used to fund capital expenditure.

There can be an opportunity cost on internal borrowing which is the interest we could have earned externally (the margin between external borrowing costs and investment income). On most occasions the interest rates on borrowing are higher than those earned on investments made by the Council. However, if long term borrowing rates are expected to rise, then it may be favourable to borrow to lock into favourable funding, the cash can be held as investments until utilised to pay for expenditure.

The Director of Financial Services undertakes Treasury Management within the limits set by the Capital Strategy and has the flexibility to adjust the balance between borrowing and investments to meet changing circumstances. The current preferred option is to as far as possible, internalise all surplus funds. However, with historically low borrowing rates it may become prudent to lock into longer-term debt and increase investment balances, perhaps by using external managers.

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

4 Investment 2021/22

- 4.1 The Council's investment strategy will prioritise its investment objectives in the following order:
- Security of assets – investing in counterparties only where the risks of incurring a capital loss through default and the risks of late payment of principal and interest, are low
 - Liquidity – Ensuring that the authority can access enough cash to meet its obligations with appropriate notice. It is recommended for 2021/22 a target of at least £15m of short notice funds is held. The definition of short notice will be less than 35 days.
 - Yield – subject to the management of risks associated with security and liquidity of assets, the Council will seek to maximise the yield from its investment portfolio

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

- 4.2 No changes to Investment counter party rules are proposed for 2021/22 compared to those in 2020/21. The Council takes advice from Arlingclose, the Council's Treasury Advisors in determining who are suitable counter parties to hold Council funds.

- 4.3 No fixed duration investments over 365 days are currently proposed for 2021/22. This can be reviewed during 2021/22 depending on cashflow and counterparty risk. It is recommended any investments beyond 365 days are at the discretion of the Director of Financial Services.

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

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

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

- Enhanced Money Market Funds & Money Market Funds (MMF)
 - UK Public bodies
 - Unsecured Bank Investments
 - Unsecured Building Society Investments
 - Unsecured Non-UK Banks Investments
 - Unsecured Registered Social Landlord Loans
 - Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds
 - Potential to undertake unsecured Challenger bank investments
 - Multi asset funds Bond and property funds
- 4.5 **Enhanced Money Market and Money Market Funds.** The Council has access to enhanced money market funds (AAA rated) which offer a rate of return (0.0-0.1%) but require 2 – 5 days' notice to withdraw funds.
- The Council invests short-term cash in several AAA-rated money market funds. These funds provide a modest rate of interest around 0.01% at November 2020 and most importantly allow same day access to funds. These funds spread the Council's investment over many financial institutions, so reducing risk. Historically the funds have proved very safe.

- 4.6 **UK Public Bodies.** Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts as these are all investments with the UK Central Government. These are the safest possible form of UK investment, so the Council will place no limit on the amount that can be invested. Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans). These are theoretically as safe as lending to Government, but what would happen should a Local Authority go bankrupt has never been tested in law. It is therefore prudent to place some limit on investments with each local authority but recognising this type of investment is much safer than most alternatives. Arlingclose offer some guidance on risks of each local authority but the data is based on snap-shot year end accounts as only a few authorities can afford the cost of ratings by credit agencies.
- 4.7 **Unsecured UK bank investments.** The changes to UK Bank regulation from the adoption of a “bail-in” approach to recapitalising banks and the move to ringfencing of UK bank retail operations has increased the amount that could be lost in the event of a bank failure. With the completion of ringfencing activities by major banks to protect retail investors from investment banking losses, different banks have placed local authority depositors in either the retail or investment banking divisions. It should be noted that the credit scores for the banks with which the Council operates have either remained the same or improved as a result of ringfencing. The Council believes that it is still prudent to invest with banks subject first to credit rating criteria but considering the advice supplied by Arlingclose.
- 4.8 **Unsecured building society investments.** The Council’s treasury strategy takes a different, more cautious approach to building societies than that recommended by Arlingclose, who undertake their own analysis to identify building societies that they believe have good financial characteristics. The Council instead requires that building societies have a long-term credit rating of at least A-.
- 4.9 **Unsecured Non-UK bank investments.** Arlingclose review the approach to investment with non-UK banks separately to UK banks. This reflects the different risks and ownership structures that affect the security of the investment. The Council first uses credit rating information to select appropriate non-UK banks and then uses Arlingclose advice to make investment decisions. The Council uses credit rating of AA- for selecting investments with non-UK banks of up to 364 days but over 100 days and A- for investments of up to 100 days.
- 4.10 **Registered Social Landlord (RSL) Loans.** The Council can lend to RSLs in the pursuit of treasury management objectives but must treat loans made for policy reasons as capital expenditure. The option to lend for Treasury purposes has been on the Council’s counter party list for several years but there has not been a suitable opportunity.
- 4.11 **Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds.** These are all different investment products but have the highest levels of credit rating. They are either backed by a pool of guaranteed bank assets or UK and/or foreign Governments. The Council takes advice from Arlingclose before undertaking any of these investments, so an investigation of the individual strength of each investment has been determined. They are rarely used by the Council.
- 4.12 **Multi-Asset, Bond and Property Funds.** These potentially offer the Council income and capital growth of the sum invested. There are several types of fund including property funds, bond funds, equity funds and mixed asset funds. Funds seek to reduce risk by building a pool of investments and as such are considerably safer than an investment of comparable size in a specific single asset. However, any fund exposes the Council to market price volatility. Officers will carefully consider any investment opportunities and always keep any ownership under review. A review of the risks

and benefits of using Funds was made in the summer of 2019 and which concluded that Multi-asset, Bond and Property funds provide a suitable method to invest Council funds.

At the time of drafting this report the Council has an investment of over £6m in the CCLA property fund and the Director of Financial Services is considering making investments in Multi-Asset and Bond funds, this decision is pending determination of the funding needs of the Council for its future capital programme.

4.13 **Challenger Banks.** As part of the Government's policy to reduce the size of banks and to encourage competition, new 'challenger banks' are appearing in the UK banking market. Many of these challenger banks are unrated but do have high levels of capital buffers. There has been insufficient evidence to demonstrate during 2020/21 that investments would be appropriately secure. However, it is recommended that the Treasury Management Sub-committee reviews any new evidence on these challenger banks and if satisfied that they provide sufficient Security, Liquidity and Return, that up to £3m could be invested by the Council.

4.14 **Counterparty – Duration and Monetary Limits**

The duration that an investment is made for impacts on the level of risk to capital invested. The longer the investment the more risk of some unexpected change occurring to the financial strength of the deposit taker. Perhaps, more importantly the Council can only invest for durations that enables Council liquidity to be managed effectively. To reduce these risks limits can be placed on the length of investments. The Council is required by law to identify the proposed investment criteria under the categories Specified and Non-Specified, as shown below:

Specified Investments					
-investments of duration less than 365 days and denominated in sterling.					
-investments made to UK Government, UK local authorities or institutions of high credit quality.					
- high credit quality defined as a minimum A- by Fitch or the equivalent score of the other main rating bodies.					
Specified Counterparty	Minimum Credit Criteria	Max. Limit £m	Max. maturity period	Change from Prev. approach	
Enhanced Money Market Funds (Variable Unit Price) Up to 5 funds	AAA	£6m each fund	2-5-day notice	None	
Money Market Funds (per fund)	AAA	£6m each fund	Instant Access	None	
Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts	UK Government	No Limit	364 days	None	
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	£10m each authority	364 days	None	

Appendix 2

UK Banks	A-	£3m for each group	364 days	None
Building Societies	A-	£3m for each group	364 days	None
Non-UK Banks	AA-	£3m each group	364 days	None
Non-UK Banks	A-	£3m each group	100 days	None
Registered Social Landlord Loans	A-	£3m each group	364 days	None
Covered Bonds	AA-	£6m	364 days	None
Reverse Repurchase Agreements (each agreement)	AA-	£6m	364 days	None
Supranational Bonds (per institution)	AAA	£6m	364 days	None

A factor in setting the current individual limit of £3m per financial institution was it represented some 5% of total funds, clearly as investment balances fall the £3m represents a greater percentage of total funds, so investments become less spread proportionally if the £3m limit is kept. However, reducing the £3m limit would reduce the number of institutions willing to take Council deposits as the investment is judged too small to be economic for large institutions. The strategy must therefore balance these factors and for 2021/22 has retained the £3m limit.

Non-specified Investments					
These do not meet the criteria of specified investments. They are identified separately to ensure the Council understands that these are higher risk, either due to counter party risk, liquidity risk, market risk or interest rate risk					
Counterparty	Min. Credit Criteria	Max. Limit £m	Max. maturity period	Change from existing approach	
CCLA Local Authority Property Fund	Unrated	£8m	n/a	None	
Multi-Asset or Bond funds	Unrated	£5m per fund	n/a	None	
Covered Bonds (per bond)	AA-	£6m	3 years	None	

Appendix 2

Supranational Bonds (per each institution)	AAA	£6m	3 years	None
Debt Management Agency Deposit Facility, Government Bills or Gilts	UK Government	No Limit	5 years	None
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	£10m each authority	5 years	None
Challenger Banks e.g. Aldermore, Metro etc	Unrated	Delegate to Treasury Management and Investment Sub-Committee authority to determine criteria to invest up to £3m		

5. Borrowing Sources

- 5.1 The Council has a need to fund its capital plans from borrowing. This section of the strategy sets out the Council's approach to borrowing. However, it is important to restate that borrowing is only used to fund the capital programme so the level of borrowing will never exceed the CFR for any meaningful amount of time. As previously stated, the CFR (Capital Financing Requirement) is the amount of capital expenditure the Council has financed by internal or external borrowing and so will be determined by the Budget Report 2021/22.
- 5.2 As stated in 3.3 the current assumption is internal borrowing is prioritised over externalising debt, however, the Director of Finance will monitor external rates of borrowing and the sustainability of using internal borrowing to determine if it becomes more beneficial to externalise the debt and invest core cash in deposits or investment funds.
- 5.3 When the Authority needs to borrow externally it will seek to strike a balance between minimising interest costs and securing certainty of borrowing costs. Examples of where the Council can seek to borrow funds from are:
- Public Works Loan Board (PWLB). This is only allowed if a Council has no approved plans to purchase properties primarily for the purposes of yield. More details can be found in the Investment Strategy and paragraph 5.4 below.
 - Other UK Local Authorities. This is usually relatively short-term debt running from a few days to two years in duration.
 - Any institution which meets the Council's investment criteria.
 - UK public or private sector pension funds (Excluding the Essex Local Authority Pension Fund).
- 5.4 The PWLB can lend for up to 50 years and also for the short term to Local Government. The PWLB is the source of loans/funds if no other lender can provide finance. The Government after a period of consultation has announced that the PWLB will not lend to an authority that plans to buy investment assets primarily for yield that is identified in their capital programme. The Director of Financial Services will be expected by the PWLB to certify that no such purposes are planned. The CIPFA guidance by which Local Authority treasury management is assessed and governed is also likely to be altered to encourage further restriction of borrowing to fund investment purchases.

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

5.5 The Council already has in place the following set of debt indicators and will revise them in the Capital Strategy:

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

The authorised and operational borrowing will be set out in the Capital Strategy to be published in January 2021; they will be linked to the CFR (the borrowing needed to fund the capital programme).

Should the Council undertake long-term borrowing during 2021/22 then the Director of Finance will establish indicators to assist in the management of borrowing and these will be reported back to members.

5.6 Officers may decide to undertake very short-term borrowing for liquidity purposes.

5.7 In addition to borrowing via loans, other debt financing models may be used to finance the capital programme where this represents best value for the authority. These forms of debt are included in the overall borrowing limits. Such debt finance models include:

- Sale and leaseback arrangements
- Hire purchase arrangements

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

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

Investment Strategy

This document ensures compliance with the requirements of the CIPFA Prudential Code and Ministry of Housing, Communities and Local Government (MHCLG) guidance on local authority investment. The CIPFA code and MHCLG guidance recognise that organisations may make investments for reasons outside of treasury management objectives and these investments may prioritise other objectives above the security of capital.

Contents of the Investment Strategy

Identifies

- the types of Non-cash investments
- how Council monitors performance
- the role of the subcommittee

Service Investments: Loans and Shareholdings

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

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

Category of borrower	31.3.2020 actual			2021/22
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Chelmsford City Football Club	£0.125m	£0.122m	£0.003m	£0.122m
BID Company	£0.033m	Nil	£0.033m	£0.022m
Maximum New loans if required.	Nil	Nil	Nil	£10.000m
TOTAL LIMIT	£0.158m	£0.122m	£0.036m	£10.144m

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

Before entering and whilst holding loans or shares, the Council will monitor the financial position of the recipient through the use of (but not limited to) financial reporting tools, Credit

ratings where appropriate, published financial information (such as annual accounts), press articles and by maintaining an open dialogue.

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

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

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

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

Commercial Investments: Property

The Ministry of Housing Communities and Local Government defines property to be an investment if it is held primarily or partially to generate a profit. This type of investment may also involve making loans to subsidiaries or partners, but the aim is achieving profit.

The Council's commercial property investments are summarised below.

Property Type	31.3.2020 actual £ms					31.3.2021 expected £ms			
	Acquisitions	Disposals	Transfers*	Gains or (losses)	Value in accounts	Acquisitions	Disposals	Additional Gains or (losses)	Value in accounts
	In Year	In Year				In year	In Year	In Year	
Office	£3.57	£0.00	£0.00	-£0.13	£20.39	£0.00	£0.00	-£3.57	£16.82
Other	£0.00	-£0.21	-£0.65	-£0.48	£7.57	£0.00	£0.00	£0.00	£7.57
Retail	£0.00	-£0.47	£0.00	-£3.94	£51.29	£0.00	£0.00	-£10.26	£41.03
TOTAL	£3.57	-£0.69	-£0.65	-£4.55	£79.25	£0.00	-£0.19	-£13.83	£65.23

*The transfer of Baddow Rd shops to other Land and Buildings as it now considered as part of change to that part of the City.

Given the consequences of Covid19 it is felt appropriate to assume a 20% reduction in retail and 17% reduction in Office accommodation property assets will take place by 31 March 2021. Please note the values for 31/03/20 are from valuations included in the accounts and the external valuer placed a statement making clear there is material uncertainty over those valuations.

The Council can purchase commercial property for the partial or sole aim of generating profit. These commercial investments are a matter for the Council to decide as a policy and the previous policy included the limitation that purchases had to be within the Council's geographic borders. The principal risk of such investments includes:

- Investments funded from borrowing expose the Council to risk that the income generation from schemes is less than the cost of repaying the borrowing.
- Such investments must be proportionate to the size of the authority and do not concentrate risk in one particular sector or activity.
- Capital appreciation may not occur, and the value of the investment could fall in real terms.
- If future purchases are primarily for profit rather than for supporting service provision or regeneration, for example, this will prevent the Council from borrowing from PWLB for any purpose, under recently announced rules. This would increase the risks to cash liquidity and in the longer term increase the cost of Council financing.

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

Properties will only be purchased within the Council's geographic area or within the wider economic area (something that facilitates being able to buy on the borders if necessary)

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

Loan Commitments and Financial Guarantees

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

Capacity, Skills and Culture

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

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

Due Diligence

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

Investment Indicators

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

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

Total investment exposure	31.03.2020 Actual	31.03.2021 Forecast	31.03.2022 Forecast
Treasury management investments	£50.4m	£21m	£21m
Service investments: Loans	£0.158m	£0.144m	£10.144m
Commercial investments: Property	£79.25m	£65.23m	£65.23m
TOTAL INVESTMENTS	£129.808m	£86.374m	£86.374m

The changes in commercial property values are projected changes in assets values, which given the Covid pandemic are highly uncertain.

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

Investments funded by borrowing	31.03.2020 Actual	31.03.2021 Forecast	31.03.2022 Forecast	31.03.2023 Forecast
Service investments: Loans	Nil	Nil	Nil	Nil
Commercial investments: Property*	£3.5m	£3.5m	£3.5m	£3.5m
Regeneration with commercial rent*			£0.7m	£0.7m
TOTAL FUNDED BY BORROWING	£3.5m	£3.5m	£4.2m	£4.2m

*The commercial property funded by debt in 2019/20 are a result of the Council decision to not make revenue contributions to capital in 2019/20. If the revenue contributions had been made the overall level of borrowing would have been lower and the commercial assets (Aquarium offices) would not have been funded from internal borrowing. The increase in borrowing in 2021/22 reflects an economic regeneration scheme at Galleywood Hall, this will be commercial units for rent aimed at increasing employment.

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

Investments net rate of return (income)	2019/20 Actual	2020/21 Forecast	2021/22 Forecast
Treasury management investments	1.25%	0.8%	0.8%
Service investments: Loans	Nil	Nil	Nil
Commercial investments: Property	6.7%	6.2%	5.9%
ALL INVESTMENTS Return	4.6%	4.1%	5.1%
Treasury Management Income £ms (draft estimate 21/22)	£0.8m	£0.3m	£0.3m
Investment Rent Income £ms (draft budget)	£5.3	£4m	£3.9m

The change in projected assets values result in higher rates of income return. The changes in rent income reflect falls in retail rent income, expected vacancies in an office block but are partially offset by a new source of income the Aquarium office purchase in the last part of 2019/20.

Other investment indicators

The Director of Finance has identified the following estimates to help assess Risks and Proportionality of investment activity at the Council:

Estimates	2020/21 estimate	2021/22 estimate	2022/23 estimate	2023/24 estimate
Income from Treasury Management as Percentage of Net Revenue Income	No longer to be measured less than 1% of budget			
Total Borrowing Undertaken to Fund Investment Properties & regeneration projects with commercial rents	£3.5m	£3.5m	£4.2m	£4.2m
Commercial Income as percentage of Net Service Expenditure	9%	8%	9%	9%

The estimates/indicators reflect the historic decisions and the schemes included in the proposed/approved Capital programme. Below are limits on investments which reflect the estimates above plus allowance for some headroom or flexibility to undertake higher levels of investment activity. The limit is that recommended by the Director of Finance. These limits are required under Government guidance and should not be exceeded. If the Council does exceed these limits then it is expected not to rashly dispose of investments but instead should avoid entering into any further investments except for short term Treasury Management activity until appropriate alleviation of the breach is undertaken.

Limits	2020/21 Limit	2021/22 Limit	2022/23 Limits	2023/24 Limits
Commercial Income as percentage of Net Service Expenditure	16.9%	13%	13%	13%

Role of Treasury and Investment Sub-committee

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

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

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

REVENUE ESTIMATES FOR 2021/22

Background

1. Each year Cabinet is required to make a proposal to Council to agree a budget for the next financial year. This report contains the recommendations of Cabinet for a budget for 2021/22.
2. The budget proposals from Cabinet have since been amended under delegation to allow for:
 - Submission of a statutory estimate (NDR1) for Business Rate Retention Income which was completed after Cabinet. The net budgetary impact of finalising the business rate accounting estimates is Nil as all changes are neutralised by the use of Business rate retention reserve. The reserve is used to hold the multi-year flow of accounting entries for the Business Rate Retention scheme. **Section 8** contains declaration of Business Rate surplus or deficit for the year.
 - The Government has announced a final grant settlement for 2021/22 and there are no changes to the Council's funding compared to the provisional settlement reported to Cabinet.
 - The report now includes details of Parish Precepts.
3. The budget report in **Appendix 1**, provides the funding for core Council Services and supports the aims of Our Chelmsford, Our Plan. The budget reflects the need to find budget reductions to offset low government funding and to invest in the priorities of the authority. Key elements of the budget proposals are:
 - New Capital and Revenue Service Investment as shown in **Section 4**.
 - New Revenue investment of £100k of which £73k is ongoing after 2021/22.
 - New capital investment of £1.855m. This is predominantly targeted to achieve improvements to the Civic Theatre.
 - Council Tax proposal. The Government rules allow Chelmsford to raise Council tax up to £5.00 without triggering a local referendum. It is proposed to increase the City Council's Council Tax by 2.49% or just under 10 pence per week (£4.95 per year) in 2021/22, similar to the level of increase in previous years.
 - A review of reserves to ensure that they are sufficiently robust to sustain the Council in the medium term, as set out in **Section 6**.
 - The report identifies precepts for other bodies and special expenses and their effect on the overall Council Tax levels in **Section 8** of **Appendix 1**.
4. **Financial Challenges**

The report identifies an estimated budget shortfall for 2022/23 of £2.2m and a further £0.6m by 2025/26, however these estimates will change over time as events and income become more certain. Details can be found in **Section 6** of Appendix 1.

- 5 **Risks and a Robust Budget in Section 7**
An analysis of the major risks contained within the budget, and an opinion on the robustness of the estimates and the adequacy of reserves, is made by the Director of Financial Services in **Section 7**, in line with statutory requirements. The Director identifies the key considerations that have been taken into account in arriving at the opinion, which Members are required to consider when setting the Council's budget.
- 6 A Council Tax Resolution (**Appendix 2**) has been prepared which identifies the legal information required to set the Council Tax for 2021/22 for Chelmsford City.
- 7 Additional wording has been added to a number of items within **Appendix 1**, to provide further information to readers of the document.
- 8 **Cabinet Resolved that it be RECOMMENDED THAT COUNCIL** approves the budget report in **Appendix 1**:
- i. The new Capital and Revenue investments in Council Services shown in **Section 4**
 - ii. The Revenue Budgets in **Section 9** and Capital Budgets in **Section 10**
 - iii. The delegations to undertake capital schemes identified in **Section 4, Table 5**
 - iv. An increase to the average level of Council Tax for the City Council increasing the average annual Band D Council Tax to £203.95 in **Section 8**
 - v. The fees & charges changes outside the budget guidelines as set out in **Section 3**
 - vi. The movement in reserves shown in **Section 6**
 - vii. Special expenses, Parish and Town Councils precepts as identified in **Section 8, Table 11**.
 - viii. Delegation to the Chief Executive to agree after consultation with the Leader of the Council the pay award for 2021/22 within the normal financial delegations.

Cabinet Resolved that the Council note the Budget Forecast in **Section 6** and the report of the Director of Financial Services on the risks and robustness of the budget in **Section 7**.

- 9 **Council is recommended to approve;**
The Council Tax Resolution in **Appendix 2**, which fulfils the legal requirements to set a Council Tax for 2021/22

List of Appendices

- 1 Budget Report 2021/22
- 2 Council Tax Resolution

Background Paper

Nil

Corporate Implications

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

Financial: As detailed in the report

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

Contribution toward achieving a net zero carbon position by 2030:

The report provides funding for initiatives to contribute towards this goal.

Personnel:

N/A

Risk Management:

A review of the risks is identified

Equality and Diversity:

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

Health and Safety:

N/A

Digital:

N/A

Other:

N/A



Budget report 2021/22

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Section 1 Introduction to the Council's 2021/22 Budget

This report contains the revenue and capital budgets for 2021/22 and background context.

The budget reflects the impact of the Covid-19 pandemic. It forecasts significant reductions in the level of Council income in 2021/22 and a significant use of reserves to reduce the shortfall. It is financially sustainable, and in line with Council policy, to use the Unearmarked reserves as the income shortfalls in 2021/22 are mostly expected to be temporary. Additionally, the overall level of reserves is sufficient over the medium term to cover other financial risks.

The pandemic has meant budgets and forecasts have been subject to regular revision as measures to contain the virus change. The length and impact of the Government's Covid-19 regulations are uncertain. So, it is likely that the actual level of income and expenditure for 2021/22 will be materially different from the forecasts contained in this budget report. The report identifies a £7.557m shortfall before Council actions and one-off Government funding.

The level of reserves to manage the financial risk is therefore the key assurance that the budget plans are affordable. It should be noted that the report identifies reserve levels that depend on the forecast of 2020/21 income and expenditure which may also be materially different when a financial outturn is determined after the 31st March 2021.

The table below shows a summary of how the revenue budget has changed and how it has been balanced between 2020/21 and 2021/22:

£000s	Summary Budget Movements Between 2020/21 and 2021/22
2,794	Base Budget Position (see Section 3)
4,763	Covid Losses (see Section 3)
7,557	Initial Budget Gap
-2,215	Government Funding (Section 2)
-2,101	Savings & Efficiencies (Section 3)
155	Service Enhancements (revenue and capital Section 4)
-1,723	Asset Replacement Reserve (See Section 5)
-352	Council Tax Income (Section 6)
-1,321	Use of Unearmarked Reserves
-	Budget Gap

The Government is providing significant extra one-off funding for 2021/22 and **Section 2** identifies the various streams of funding. The funding position is now finalised.

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

Even within the financial constraints, there is a need to adapt and improve service provision to deliver Our Chelmsford, Our Plan. **Section 4** identifies the new investments in services that are funded by revenue and capital resources in the 2021/22 budget.

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

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

The Government has based its grant funding settlement on the assumption that all Councils will increase their Council Tax by the maximum allowed before a referendum is required, which is £5. The budget includes proposals to increase an average band D Council Tax by £4.95 per year, after allowing for rounding of Council Tax bills into ninths.

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

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

Section 2 Government Funding

The Council's main Government revenue streams are often referred to as Formula grant or Settlement Funding Assessment. The Government has based its settlement on the assumption that all Councils will increase their Council Tax by the maximum allowed (before a referendum is required).

The Government has for the last few years proposed reviews of the funding arrangements for Local Government, but each review has been delayed. The Government has again committed to making radical changes with a new target of implementation during 2022/23. The changes are expected to include:

- Reset Business Rate Baselines, which initially is likely to reduce income from the business rate retention scheme
- Changing how funding is allocated between local authorities, 'fair funding'
- Reform of the New Homes Bonus Scheme

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

Table 1 below shows a comparison of 2020/21 Government funding to the provisional settlement and final settlement for 2021/22. The 2021/22 settlement is for a one-year period only, so there remains uncertainty regarding the Government's long-term funding intentions. There are a number of new grants which the Government says it has provided to reflect the challenges caused by Covid-19. The grants are un-ringfenced (can be used for any purpose).

Table 1

Funding Streams	2020/21	2021/22 (provisional)	2021/22 (Final)
	£m	£m	£m
A) Revenue Support Grant	0	0	0
B) Baseline business rate retention	3.4	3.4	3.4
C) Sec 31 Grants	0.28	0.18	0.18
Ongoing Funding	3.68	3.58	3.58
Temporary Funding 2021/22			
D) Lower Tier Funding		0.64	0.64
E) Covid-19 Expenditure pressures grant		0.78	0.78
F) Local Council Tax Support Grant		0.19	0.19
G) Sales, Fees and Charges Grant		0.7	0.7
H) Local tax income guarantee 20-21 Losses		Payable in 2020/21	Payable in 2020/21
Temporary Funding		2.31	2.31

- A. Revenue Support Grant (RSG) £Nil – a central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of RSG given to each authority is determined by a needs assessment which includes estimates of local resources such as council tax, population and other local data. The Council lost all its remaining RSG in 2018/19, however some authorities still receive RSG as a result of the needs assessment.

- B. Business Rates Baseline £3.4m – the City Council retains only a small share (around 4%) of the Business Rates collected locally; a Government formula is used to determine the amount the local authority can keep. The Business Rate Retention scheme detailed later is measured against this baseline.
- C. Section 31 Grants (£0.177m) – The complexity of the Business Rates Retention Scheme has led to grants being paid to local authorities for Government initiatives such as not increasing business rates in line with inflation. These grants vary in value each year.

Temporary Grants

- D. Lower Tier Services Grant £0.65m. The Government is allocating a one-off new “un-ringfenced” (can be spent on anything) Lower Tier Services Grant in 2021-22, which will allocate £111 million to local authorities with responsibility for lower tier services (for example, homelessness, planning, recycling and refuse collection, and leisure services). This is shared using a traditional needs-assessment methodology and a “floor” to ensure that no local authorities have a reduction in spending power as measured by Government. The Government has stated “it is clear that this funding is in response to the current exceptional circumstances and is a one-off. No local authority should take this funding floor as guaranteeing similar funding floors in future years, including in future finance reforms.”
- E. Covid-19 Expenditure pressures grant £0.78m. This is “un-ringfenced” so can be spent on anything but the Government has suggested the priorities: adult social care, children’s services, public health services, household waste services, shielding the clinically extremely vulnerable, homelessness and rough sleeping, domestic abuse, managing excess deaths, support for re-opening the country and, in addition, the additional costs associated with the local elections in May 2021.
- F. Local Council Tax Support Grant £0.189m. New funding for 2021-22 in recognition of the increased costs of providing local council tax support (LCTS) and other help to economically vulnerable households following the pandemic. The funding is un-ringfenced and can be used for any purpose including to provide other support to vulnerable households, which may be through local welfare schemes. The Council budget proposes that it is used to fund additional costs of the LCTS scheme that may occur during 2021/22. Such additional costs will impact on the budget in 2022/23 and later years through Collection Fund (Council Tax) deficits. The Council policy is to fund Collection fund deficits by using Unearmarked Reserves, so £0.189m grant will be transferred into Unearmarked reserves.
- G. Sales, Fees and Charges. The Council estimate of the grant is £0.7m and un-ringfenced. The scheme would again feature a 5% deductible rate, whereby councils will absorb losses up to 5% of their planned sales, fees and charges income against the 2020/21 budget, and compensation for 75% of eligible losses.
- H. Local tax income guarantee for 2020-21. This funding will be used to make up 75% of calculated losses in Council Tax and Business Rate income. The grant will be included in 2020/21 outturn. The Council Tax element is anticipated to be around £70k. The Business Rate grant is uncertain and will be dealt with as part of the 2020/21 closure of accounts.

With the exception of Local Council Tax Support, all un-ringfenced grants will be used generally to support the budget instead of drawing down reserves. The LCTS grant will be held in the Unearmarked Reserves during 2021/22 and used to offset the additional impact of LCTS costs in later years which will be identified when the Collection Fund deficits are estimated.

Retained Business Rate Growth (Above Baseline Funding)

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

The Government scheme is materially unchanged from 2021/22, so in summary:

- i. A baseline funding position is calculated on our historic business rates collection, adjusted by a ‘tariff’ payment. A local authority must pay a tariff if its individual authority business

rates share is greater than its assessed baseline funding level. Conversely, a local authority will receive a top-up if its baseline funding level is greater than its individual authority business rate share. The City Council in 2021/22 must pay a tariff of £27.5m and is able to retain Baseline Funding of £3.40m of the Business Rates it collects.

- ii. Under the Business Rates Retention Scheme, local authorities can come together on a voluntary basis to pool their business rates receipts and then agree collectively how these will be distributed between pool members. Pooling provides the opportunity to keep a greater share of business rates growth which otherwise would be paid to Government as a 'Levy'. However, the protection each authority receives is less in the event of losses, so in the event of the pool having an overall reduction in Business Rate Income against the Baseline set by Government, an authority could share a higher burden than they would have done outside a pool. Chelmsford has been a member of an Essex pool for a number of years and re-joined for 2021/22. The income from the pool is difficult to project as it relies upon the approach taken by other authorities as well as Chelmsford. The Business Rate Retention Scheme is complex with gains and losses occurring in one financial year but then not impacting on the Council's finances until later ones. The Business Rate Retention Reserve is used to manage these timing differences. The value of Business Rate transactions passing through the Council's revenue account will be significantly increased during 2020/21 and 2021/22 due to Covid-19. Some £20m will be transferred into the Business Rate Timing Reserve in 2020/21 and paid out in 2021/22 and following years. This transfer reflects the support provided by Government to businesses for Covid-19 and in reality these are accounting entries will have little impact on the Council's finances.
- iii. The forecast for the business rate retention scheme income is based on assumptions regarding the level of appeals made by taxpayers against their property valuations and reliefs. It is of note that some taxpayers are making appeals for the effects of Covid-19 on their businesses. This type of claim may not be eligible but, if it were, it could have an impact on the Retention Scheme and Council income.
- iv. The Government is providing support to Councils to meet some types of business rate losses arising from Covid-19 under the Local tax income guarantee grant for 2020-21. The grant will be payable in 2021/22 and accrued for in 2020/21 but it is unclear at this time how much grant will be received.
- v. The Council's budget reflects only £200k of Business Rate Retention being used to support annual service expenditure which is broadly the same as 2019/20 and 2020/21. This reflects the level of risk in the estimates of Business Rate Retention income.
- vi. The Council is required to finalise, and provide to Government, its Business Rate Retention income estimate in late January; this report to Council includes the updated position and a legal declaration of Surplus/deficit is made in **Section 8**.

New Homes Bonus (NHB)

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

Table 2

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s	£000s
2016/17	715				
2017/18	1,082	1,082			
2018/19	1,134	1,134	1,134		
2019/20	884	884	884	884	
2020/21		1,326			
2021/22			1,113		
2022/23				Not known	
2023/24					Not known
	3,815	4,426	3,131	884	0

It has been assumed in the financial planning that:

- the sums payable will be contributed to the Chelmsford Development Reserve which is available to be used to fund the capital programme or other large one-off projects and
- no further NHB will be received after 2022/23.

Homelessness Grant

The government has changed the homelessness funding arrangements. A Homelessness Prevention Grant replaces two existing funding streams: the Flexible Homelessness Support Grant and the Homelessness Reduction Grant. The funding provided is £877k, an increase of £106k over 2020/21 budget.

The grant is ringfenced for the following purposes:

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

The Housing expenditure budgets have been increased to match the additional funding.

Section 3
Cost Pressures, Covid-19 Assumptions and Efficiencies

Cost Pressures

The cost pressures are detailed in table 3a below. It should be noted that Covid-19 is not felt to result in significant additional costs, rather loss of income, so Table 3a reflects many of the normal issues the Council faces when setting its budget, including some normal income changes. Background narrations of the more significant items are set out after the table.

Table 3a Cost Pressures 2021/22

2021/22	£000s	<u>(Increases/changes over previous year)</u>
	662	Pay inflation - 2% year on year
	30	Utilities - 2% year on year
	-300	Fees & charges 2% inflation
	204	Interest Income
	534	Minimum Revenue Provision (capital financing) & interest
	225	Pension deficiency
	114	Riverside & other business rates
	200	Recycling income (price volatility)
	40	CIL - review of allocation of administrative fee
	30	Ground Maintenance Income
	15	Audit fees
		<u>Review of 2019/20 Outturn</u>
	20	Tree Maintenance
	153	Housing Benefit Subsidy Funding
	38	Fleet costs
	108	Leisure Casual Staff & Centre Maintenance
	75	Utilities
	46	Outturn review of Leisure Income (Dovedale & CSAC)
	65	Outturn review of Hylands Income
	246	Housing Other - cost of Temporary accommodation
	50	Insurance Claims - annual contribution
	239	Other
	2,794	Total

Cost Inflation and Pay

The Council experiences cost inflation on the supplies and services it purchases. The budget only allows for increases on Pay, Business Rates and Energy. This means, in real terms, service budgets decrease in 2021/22. The real terms reduction is difficult to quantify as each service purchases different supplies and services and therefore experiences different inflation.

A potential pay award of 2% (£662k) was built into earlier budget planning, as usual. However, this has now been modified in line with the Government's guidance for other public sector workers (excluding the NHS), replacing the value of a 2% award with an increase of £250 per annum to those grades earning below £24,000. The resulting net reduction in costs is included alongside other savings and efficiencies in Table 3c.

The Council is required to consult with Unison before implementing changes to staffing pay and conditions. Additionally, national pay bargaining on behalf of local government workers may influence the outcome of local negotiations. It is therefore proposed that a delegation be made to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2021/22 with any change from the above assumptions being funded in 2021/22 from General (unearmarked) reserves within the normal financial delegations.

Inflation changes in the cost for Utilities are £30k in 2021/22.

Fees and Charges Inflation

The budget guidelines recommended a 2% increase in fees and charges in 2021/22. The areas where a different approach is recommended in the budget are:

- Building Control. Additional increase is recommended on the savings schedule, Table 3c
- Bereavement Services. Additional increase is recommended on the savings schedule, Table 3c
- Pre-application planning charge. Additional increase is recommended on the savings schedule, Table 3c
- Court Fees. Additional increase is recommended on the savings schedule, Table 3c
- Car Parking Charges. No increase in current charges is recommended

Minimum Revenue Provision and Interest

The variance reflects the net impact on the budget from additional borrowing costs. More details can be found in **Section 5**.

Pension Costs – 3-year Actuarial Valuation

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

For the 3-year valuation period from 1st April 2020 to 31st March 2023, it is more cost-effective to fund the 3-year pension deficiency cost with an up-front payment as a discount is offered compared to paying by annual instalments. The Council therefore makes contributions into a reserve to ensure it has funds to meet the next valuation cycle’s upfront payment. It is planned to increase the 2021/22 budget by £225k and for later years by £175k each year until the annual payment into the deficiency reserve reaches the required level.

Recycling Income

The Council sells collected materials to part fund the cost of service. The prices achieved for these do change and currently there has been a significant decline.

Review of 2019/20 Outturn

The Council has for the last two years reported an overspend of its budget at financial year-end. The Council does have in place a number of processes to try to resolve this potential trend. Officers have reviewed the 2019/20 overspend and recommend the budget is increased in several areas, as identified in the table. Matters perhaps requiring further explanation are:

- **Housing Services and Housing Benefits**

The Council’s Strategic Housing team has a significant budget intended to enable it to deliver statutory duties to alleviate homelessness. As well as the direct costs of housing services, the Council incurs additional costs (subsidy loss) from placing households in temporary accommodation due to the interaction with the Government’s Housing

Benefit rules which do not fully fund the cost to the Council of this temporary accommodation.

The capital programme 2020/21 approved a budget of £7m for investment in 20 additional, Council-owned properties to be used as temporary accommodation, with the aim of reducing both the direct cost of housing homeless families and this subsidy loss. In 2021-22, this is forecast to enable a net cost reduction of £150k in housing services as well as reducing the subsidy loss by some £50k, after making provision to repay debt used to fund the house purchases. The Government has also provided an extra £106k of funding for Homelessness Prevention services as part of the Settlement.

This means that there is additional funding of just over £300k in total for 2021-22 which we have used to increase the Housing Service's budget as contingency, to help manage the potential increase in caseload arising from the Council's statutory housing duties in a year when economic conditions may well lead to increased homelessness.

- **Leisure Casual Staff & Centre Maintenance**

The costs of the Leisure centres, especially Riverside, were due to be reviewed. It is not possible during the Covid-19 pandemic to undertake that review. The costs identified in 2019/20 outturn review should therefore be built into the base budget subject to a review, post-pandemic.

Covid-19 Forecast Financial Impact (Income Changes)

Table 3b

2021/22 £000s	COVID-19 Losses
2,228	Car Parking (30% loss compared to 2020/21 budget)
30	Building control
146	Theatre - full audiences by Panto 2021
108	Budgeted Savings 2020/21 not achieved Theatres
50	Museum - income loss
36	Legal and Democratic income from legal agreement work
1,257	Rents (High Chelmer and Meadows)
505	Leisure
35	Ice show cancelled
88	Markets Income loss
80	Hylands Income loss
150	Council Tax Sharing Agreement. Fall in number of properties built
50	Housing Benefit Bad debt provision increase
4,763	Total Covid-19 Losses

Section 6 Revenue Forecast and Reserves, identifies the assumed changes in income in later years, which includes a recovery in many income streams. The Director of Financial Services in **Section 7** comments on the risks around fluctuations in income, including how that will be managed, but effectively that will be by having robust reserves.

Efficiencies

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

Savings and Efficiencies

Service	Description	Indicative Saving 2021/22 £s	Indicative Saving 2022/23 £s	Indicative Saving 2023/24 £s	Note
Pay Award	The pay award is budgeted at 2% (£660k) across the Council. In line with the government's guidance on Public Sector Pay the 2% pay award for staff has been removed from the budget apart from the payment of £250 for those staff earning less than £24,000. Any potential pay award will be subject to negotiations with the union via a delegation to the Chief Executive in consultation with the Leader.	£541,000	£541,000	£541,000	
Bereavement Service	Bereavement Services income including increase in cremation charge to just below the Essex average (equates to a 12% increase)	£193,300	£193,300	£193,300	
Service Reviews	A number of reviews of service costs are being undertaken and the current target for savings is shown	£282,320	£282,320	£282,320	
Parks	Introduce car parking charges at Hylands.	£145,000	£290,000	£290,000	
Insurance	Agreed new insurance arrangements	£110,000	£110,000	£110,000	Renegotiated prices and structure of insurance
Car Parking	one-off payment from Park and Ride Operational Fund.	£100,000			one-off saving
Revenues and Benefits	Vacancy savings: Respond to changing caseloads through organisational changes to Benefits Service coupled with increased automation in Council Tax administration, enabling vacant posts to be released.	£75,600	£75,600	£75,600	Improved productivity from homeworking has reduced risks
Events	Increase ticket price for 3Foot festival	£71,000	£71,000	£71,000	
Digital Services	Changes to the print service	£57,000	£57,000	£57,000	
Planning	one-off payment from Garden Communities PPA to reduce the Local Plan budget in 2021-22.	£50,000			Costs will be incurred; will existing resource be sufficient
Planning	Additional income from Master planning work for 2 years	£50,000	£50,000		Costs will incurred will existing resource be sufficient

Savings and Efficiencies

Service	Description	Indicative Saving 2021/22 £s	Indicative Saving 2022/23 £s	Indicative Saving 2023/24 £s	Note
Arts & Culture	Review project budget after Essex 2020 project	£45,200	£45,200	£45,200	
City Life	Review delivery mechanism for City Life content	£40,000	£40,000	£40,000	Greater use of digital to produce the saving so efforts must directed to avoid exclusion
Planning	Planning Post (vacant)	£31,900	£31,900	£31,900	
Customer Services	Customer Service Centre. Vacant post	£30,000	£30,000	£30,000	
Love Your Chelmsford	Reduction in capacity of Technical Support Team at Freighter House [post is vacant]	£28,000	£28,000	£28,000	
Digital Services	Remove vacant service desk post	£24,000	£24,000	£24,000	
Building Services	Changes in staffing level within the Facilities Management and Post Room team reflecting workload flow and demand.	£22,900	£22,900	£22,900	Already implemented
Building Control	Increase Building Applications charges by 5%	£21,000	£21,000	£21,000	This necessary to ensure full recovery of costs as required by statute
Finance	Finance restructure enabling release of vacant post	£20,000	£20,000	£20,000	Implementation of new practices following launch of new One Council, Technology One, ERP Finance module
Theatres	Review box office software and ticketing	£20,000	£20,000	£20,000	
Planning	Reduce budget for appointing Counsel / consultants supporting planning appeals from £69k to £50k	£19,000	£19,000	£19,000	
Legal & Democratic	New Election team management arrangements	£16,000	£16,000	£16,000	

Savings and Efficiencies

Service	Description	Indicative Saving 2021/22 £s	Indicative Saving 2022/23 £s	Indicative Saving 2023/24 £s	Note
Vehicle Fleet	Stop using Tracker system.	£15,000	£15,000	£15,000	
Pest Control	Changes to the provision of pest control services	£15,000	£30,000	£30,000	
Revs and Bens	Court Fees, increase to ensure recovery of costs. Charge increase from £92.50 to £95.00, in line with most other Essex LAs	£15,000	£15,000	£15,000	
Planning	Charges for supporting Recreational disturbance Avoidance & Mitigation Strategy (RAMS). The Council is providing admin and Mgt from existing resources	£13,000	£13,000	£13,000	
CCTV	CCTV income from Maldon for provision of monitoring services	£10,000	£10,000	£10,000	
Planning	Reduce Conservation Grants Budget from £20k to £10k	£10,000	£10,000	£10,000	
Planning	Increase pre-application inquiry fees by 10%.	£10,000	£10,000	£10,000	
Digital Services	Printing costs reduce as we move to paperless working	£8,000	£8,000	£8,000	
Accountancy & Exchequer	Technical VAT change to some Leisure Income	£7,800	£13,000	£13,000	
Accountancy & Exchequer	Cheque Printing - cease printing cheques	£2,000	£2,000	£2,000	
Accountancy & Exchequer	Work for Recreational disturbance Avoidance & Mitigation Strategy (RAMS). Provide financial administration.	£2,000	£2,000	£2,000	
	Total	£2,101,020	£2,116,220	£2,066,220	

Digital Portfolio Office

The Council established a Digital Portfolio Office (DPO) in order to accelerate the Digital Programme and reap the benefits from the investment in digital technology. The projects undertaken are on an invest-to-save basis and it is anticipated that over time the savings generated together with the service enhancements will significantly outweigh the investment. As with any new initiative, particularly involving technology, it cannot be said with complete certainty what the level of benefits will be. Initially, a budget for 2020/21 of £150k was established to develop proof of concept and a further £500k was made available through a specific reserve on successful completion of pilot work. The pilots have been successful and the second tranche (£500k) of funding has been released. The Reserve will be spent on staffing costs to develop business cases, design business processes and purchase any additional software. The 2021/22 budget includes planned DPO savings of £78k, but to sustain ongoing Digital investment, any savings will initially be used to repay the reserve. Whilst at this stage the annual staffing costs will initially be greater than the savings delivered, it is anticipated that the work streams currently being explored will deliver savings that outweigh the cost of investment. The DPO Reserve is shown in **Section 6** on reserves. The 2021/22 budget will be treated as an extension of the Pilot; progress will be reviewed, and an update included in the 2022/23 budget.

Section 4 2021/22 Service Investment

The Council's budget is a financial plan to contribute to delivering Our Chelmsford, Our Plan. This section of the report identifies increases in 2021/22 budget to deliver new corporate initiatives. These investments in services are categorised according to how they are funded.

Revenue Funded Service Investments

There are two types:

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

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

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

Capital Investments in Services

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

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

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

TABLE 4 - REVENUE FUNDED - New Service Investment for 2021/22

Scheme	Cost 2021/22 £000s	Cost Ongoing £000s	Details
1 Transport and Operation of Knife Angel	10.6	0	
2 Digital Apprentice	13	13	The service took on 2 developer apprentices in Sept 2019 and they have worked out exceptionally well. They will graduate in January 2022 and therefore to ensure a rolling stock of apprentices, we would like to recruit 1 new apprentice in Sept 2021.
3 O365 & D365 Licence Growth	15.4	15.4	As more services are bought onto the platform for Dynamics and new starters to the organisation over the course of the year, additional licences will be required.
4 Extension of MetaCompliance Agreement	4.8	0	The MetaCompliance system assists the Council in reaching some of its compliance milestones for GDPR, as well as providing data protection training to staff. The agreement includes Data Mapping, Data Protection Training, Phishing and Policies. Just prior to GDPR, the Council signed a three-year agreement with the system provider. It is necessary to extend the products we currently have for one more year before a partly reduced product set can be considered. By signing this agreement, our provider is offering December to March free of charge, and the one-year extension will run from April 2021 to March 2022.
5 Letting Aquila House	20	0	Property Services Professional Fees (one-off for rent review/lease renewal for Aquila House)
6 Credit Processing Regulations	5	1.6	Additional Software requirements to meet new regulations

Scheme	Cost 2021/22 £000s	Cost Ongoing £000s	Details
7 Provision of Chelmsford Greening project, Conservation and Arboricultural Services	31	43	<p>The Chelmsford City Council - Mass Tree and Woodland Planting Policy calls for the implementation of a 10-year tree and woodland planting programme, whilst routine regular conservation and arboricultural activities/requirements continue. In practice, there is a requirement to identify sites for woodland and street tree planting, site checks/scoping, organise practical tree planting and volunteer/community liaison and participation, site monitoring and organising continued aftercare/replacement planting to establish the planted areas/trees. In the meantime, in past 3 years the level of expenditure on routine tree works has exceeded budget and for 2020/21 onwards the tree budget has been uplifted by £25k (30%) reflecting higher levels of requirements and activity (arranged and managed by the Conservation and Arboricultural Officer). The safety inspections of the City Council's tree stock is risk assessed as requiring an annual safety/condition inspection of all trees in the most highly frequented public areas such as parks and recreation grounds (some 8,500 trees). The level of annual inspections in the past 3 years have not reached 100% of this annual inspection requirement. The current level is on average 85%. In part this is due to other work commitments and in the short/medium term further work pressures are anticipated. This indicates levels of requirements and activity beyond the available resources. A further factor prompting a review of these arrangements is that the current Conservation and Arboricultural Officer is reaching retirement age. The post represents among its scope a critical safety and risk management function which requires specific expertise/qualification, experience and familiarity with the City Council's tree stock. It follows that a succession plan needs to be devised and implemented to ensure future consistency and continuation of arrangements.</p>
Total	99.8	73	One-off costs funded from Reserves and Ongoing Costs are funded from ongoing income

Approval of New Capital Schemes

Table 5 shows the new capital schemes. Within the scheme narrations in **Table 5**, the approval process for capital expenditure is dealt with in three ways: firstly a number of schemes are fully approved for officers to undertake; a second category requires Directors and Cabinet members to agree a more detailed business case before undertaking the scheme; a third category allows for the budget to be initially approved by Council with delegation to future Cabinet meetings to agree individual business cases. The ongoing revenue impact is £55k in 2021/22 and further £88k in 2022/23.

Table 5 - CAPITAL PROGRAMME - New Schemes Identified for Approval

	Details	2020/21	2021/22	2022/23	2023/24	2024/25	Later Years	Total Spend
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
	New Schemes (see table 5 for details)							
1	Flood Lighting Central Park Skateboard Ramps		35					35
2	Wayfinding Signs Phase 3		100	50				150
3	Townfield Street Car Park Water Ingress Prevention Works		360					360
4	Hylands Park Introduction Car Parking Charges		135					135
	<u>Schemes where Delegation Required for Cabinet/Officers to Spend Once Business Cases Received</u>							
5	Digital Services Helpdesk System		25					25
9	Web Platform Architecture Upgrade and Development		75	75				150
7	Civic Theatre Enhancement Project		1,000					1,000
	Sub Total	0	1,730	125	0	0	0	1,855

Details	2020/21	2021/22	2022/23	2023/24	2024/25	Later Years	Total Spend
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Potential Funding</u>							
External Funding Agreed - Wayfinding Signs	-50	-50	-50				-150
Total of New Scheme Proposals After Funding Applied	-50	1,680	75	0	0	0	1,705

CAPITAL PROGRAMME - New Schemes Identified for Approval Narrative

New Schemes

Details (delegations in red italics)

1 Flood lighting Central Park Skateboard Ramps

This scheme is a proposal for the provision of flood lighting at the Central Park Skateboard Ramps. This will extend the time the skateboard ramps can be used safely into the evenings, especially in the autumn and winter when dusk is early. It is technically feasible to install LED-type floodlighting on 6 columns, each 8 metres high, equipped with an independent electrical supply and switch gear allowing the floodlights to be time-managed and operated remotely. Consideration will be given to type of floodlight to ensure an appropriate lighting (lumen) level on all surfaces avoiding double/false shadows. *It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.*

2 Wayfinding Signs Phase 3

This proposal is for the implementation of Phase 3 of the City Centre Wayfinding Scheme, which comprises a further 35 signs. Essex County Council (ECC) has agreed to fund this scheme over three years with contributions from the Local Highways Panel (LHP). This will further enhance the Chelmsford public realm programme, providing residents and visitors to the City Centre with clear directional information and continue to build on Chelmsford's reputation as the premier retail and leisure destination in Essex and further support the £15m investment through the Chelmsford City Growth Package being implemented by ECC. It will also support the City Centre's recovery from the economic impact of COVID-19. The wayfinding signs help to give confidence to members of the public to walk and cycle in the city centre, by helping them find where to go when using our streets and spaces, therefore helping to achieve the Council's objective of becoming net zero carbon by 2030. *It is requested that delegated authority is given to the Director of Sustainable Communities to spend within the approved budgets.*

3 Townfield Street Car Park Water Ingress Prevention Works

This proposal is to repair the water seeping through cracks in roof levels 6 and 7, by stripping all the existing coating on the top decks and applying a new structural waterproofing system. This will ensure that the building continues to be well maintained and prolongs the useful life of the structure and makes a significant difference to the customer experience. There has been concrete falling from the ceiling and landing on the upwards ramp to level 4 from level 3. Inspections of the car park have identified numerous cracks and water ingress. Should the water continue to seep through the cracks in these areas, this could cause degradation to the concrete decking slab and could lead to health and safety concerns for staff and the public. Furthermore, this could increase future maintenance or repair costs and reduce the overall life of the building. It is estimated that there will be an 8-week period of closure whilst the works are completed. *It is requested that delegated authority is given to the Director of Sustainable Communities to spend within the approved budgets.*

4 Hylands Park Introduction Car Parking Charges

This proposal seeks approval for the funding of car parking machines and additional security measures, including CCTV, to be installed at Hylands Park to support the introduction of car parking charges. The additional income generated from this proposal is included in the revenue estimates and forecast to be £290k per annum. *It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.*

5 Digital Services Helpdesk System

This proposal seeks to replace the current on-premise Service Desk software with a more capable, cloud-based product. This will support the strategic development of Digital Services, reduce the administrative cost per incident and enhance the communication between Digital Services and their customers and key users, as well as improving the ability for flexible remote working. The project deliverables will include an enhanced single-sign-on, self-service portal to support IT requests, bids and small projects. The current software has been in place since 2009 and its functionality is outdated, with services such as instant chat and artificial intelligence not featured. The Service Desk resource was reduced by one permanent position from September 2020. Without a new system, the current volume of support calls will result in an impaired capacity to achieve the agreed Service Level Agreements (SLAs). There is also the potential for the Service Desk replacement to be made available as a central solution to other departments or organisations allowing them to service their customers through a customised portal, The annual costs of a new cloud-based product are estimated to be £20k per annum which is an increase of £14k per annum compared to the existing system. *It is requested that delegated authority is given to the Director of Connected Chelmsford, after consultation with the Cabinet Member for Connected Chelmsford, to agree on the selection and acquisition of an appropriate cloud-based system which meets the requirements of the organisation and to spend within the approved budgets.*

6 Web Platform Architecture Upgrade and Development

The Council currently operates multiple web platforms and has over 40 differing types of online presence. This is spread across our main website, microsites, standalone sites and public access portals. This presents a problem for the Council in maintaining so many differing platforms at not only a skills level but also in terms of keeping the vast amount of information current. It also creates a large overhead in costs to maintain all the platforms using many different suppliers. This proposal therefore is about using new technology that will allow the Council to use a single platform to cater for all the Council's needs. This will include building new websites, microsites and portals and for each offering to have their own unique branding. This will remove the need for multiple suppliers and will allow service teams to update and refresh content as required. The key here is that the Council will have the ability and flexibility to create new sites as required for zero cost. The current main website supplier has proven to be unreliable in recent months and has indicated that the product is at the end of its life. This capital bid is required to set up and develop the new platform and to transfer existing offerings onto the platform. These are one-off costs and not recurring. There is an opportunity to present more information online and for residents and businesses to interact in a paperless fashion thereby helping the Council to achieve its objective of being net zero carbon by 2030. The proposal is for an additional full-time contractor post to perform the initial development work and then, ongoing, for the role to maintain the new platform. Once the initial development has been completed a consultant would be appointed to develop and project manage the implementation work. The net ongoing revenue budget is estimated to be £40k per annum. *It is requested that delegated authority is given to the Director of Connected Chelmsford, after consultation with the Cabinet Member for Connected Chelmsford, to agree on the preferred option for implementation which meets the requirements of the organisation and to spend within the approved budgets.*

7 Civic Theatre Enhancement Project

This proposal focuses on two main areas of improvement:

1. Rethinking the front of house, transforming the Foyer across both the Civic and Cramphorn Theatres into a joined-up, welcoming and active social hub. Including a Cafe/Bar, Tourist Information Centre with integrated box office facilities and flexible event spaces. Creating a prestigious destination venue to attract the wider Chelmsford demographic rather than just providing a facility for theatre customers.
2. Replacing the seating in the main Civic Theatre House with a more flexible, retractable solution. Creating room for a multitude of configurations and programming from stand-up music gigs and comedy cabaret-style to theatre in the round, conventions and tea dances. Maintaining at least the existing 500 seating capacity, exploring possible future steps to enable the venue to take larger commercial touring shows, e.g. back-of-house provisions.

It is requested that delegated authority is given to Cabinet to agree the preferred option for a scheme which achieves the outcomes of the proposed scope of the project within the proposed budget and for the Director of Connected Chelmsford to deliver the scheme within the approved budget.

Section 5

The impact of Capital Expenditure on the Revenue Budget

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

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

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

The Medium-Term Financial Strategy identified the following policy:

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

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

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

A. Direct Revenue Financing of capital schemes

The revenue budget for 2021/22 contains a contribution to (Direct Revenue Financing) Capital expenditure of £3.1m.

- New Homes Bonus (NHB) has previously contributed to funding of capital expenditure and will continue to do so. The NHB of £3.1m (current year allocation plus previous legacy payments) will be fully utilised to fund capital expenditure. The funding will pass through the Chelmsford Development reserve and remain there if unspent in 2021/22 until applied in a later year to the capital programme.
- The Council has previously made contributions (£1.7m per year) to an Asset Replacement Reserve (ARR) which could then be used to finance capital expenditure. Mostly this would be to fund short-life assets (vehicles and plant). Given the significant financial pressures on the Council it is proposed to cease this

contribution and instead undertake additional borrowing. This borrowing would be repaid by MRP contributions met by revenue. Both funding mechanisms result in revenue contributions to the capital programme. The financial impact on the revenue budget of ceasing the ARR is to release £1.7m of savings into the 2021/22 budget. The saving will gradually reduce in size over the next few years as MRP costs increase to repay borrowing. This change will result in an additional interest cost after 5 years of around £85k per annum, however, it remains an option to avoid this interest cost by re-instating the ARR should savings or additional funding become available.

B. Borrowing Costs

The Council's capital programme does require the use of borrowing which is currently planned to be internal borrowing using council cash balances instead of taking on external loans. The cost of internal borrowing is the interest forgone from not investing Council funds and a Minimum Revenue Provision. These matters are discussed in the Capital Strategy 2021/22 elsewhere on the agenda.

Minimum Revenue Provision, money set aside to repay the principal of debt of £966k. Further details can be found in the Capital Strategy 2021/22. The MRP charge is made to revenue budgets for any assets funded from borrowing the year after the asset is complete. The use of borrowing means the Council will finance its programme on a sustainable basis but through annual contributions to repay debt. The gross budget variation between 2020/21 and 2021/22 is £888k but

- Operational Leasing budgets transferred out of services and included in the MRP reserve: £396k
- Additional debt cost from not making 2019/20 and 2020/21 revenue contributions to capital (boosting reserves instead) in 2021/22: £140k
- Self-Financing Housing Purchases: £70k

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

C. Aborted Schemes Feasibility or Design Works

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

Section 6
Balanced Revenue Budget 2021/22, Forecast & Reserves

Balanced Revenue Budget 2021/22

Covid-19 income losses of £4.8m estimated for 2021/22, created a significant challenge to balance the budget. Given the size of the gap, it is prudent to target to resolve the shortfall over two years, rather than one. This will avoid the risk of making savings that may not be necessary due to forecasting error. More importantly, most of the income losses caused by Covid-19 are likely to be temporary, reducing in severity during 2021/22, with only a few services such as Car Parking expected to suffer long-term losses. In line with the Council's Financial Strategy, it is proposed to use Unearmarked Reserves, £1.321m, to support the 2021/22 Revenue budget.

Additional one-off Government funding has also been provided for 2021/22, which provides support to meet these temporary income losses, and additional costs, due to Covid-19. This reduces the immediate strain on Reserves which had previously been expected to be much higher.

The draft budget assumes a Council tax increase of £4.95 (£340k of extra income), the maximum allowed without a referendum. After allowing for a tax-base increase, this results in total additional Council Tax income of £405k. Further details on Council Tax can be found in **Section 8**.

Table 6a below summarises the movements and variation in resources applied to balance the 2021/22 budget.

Table 6a Balanced Revenue Budget 2021/22

2021/22	
£000s	Balanced Revenue Budget 2021/22
2,794	Base Budget Position (see section 2)
4,763	Covid Losses (see Section 2)
7,557	Budget Gap
100	Growth in Revenue Budget
55	New Capital Schemes
-2,101	Savings (Section 2)
-405	Council Tax Funding
53	Council Tax Deficit (funded Unearmarked reserves)
-1,723	Fund asset replacement from debt
3,536	Budget Gap (before use of unearmarked reserves) & One-off Govt Funding
102	Change in Business rate including Sec 31 grants
-700	Sales, Fees and Charges Grant
-189	Local Council Tax Support
-783	Covid-19 Expenditure pressures grant
-645	Lower Tier Grant
-1,321	Use of Unearmarked Reserves
-	Budget Gap remaining

Without the additional Government funding, the Council would have used £3.5m (budget use £1.321m) of Reserves to meet one-off pressures and enable a transition to a post-Covid-19 income position. The explanation on the Revenue forecast and Reserves below plus the Risks & Robust Budget Section (**section 7**) provide further context as to why it is prudent to meet the budget gap from one-off resources.

Revenue Budget Forecast

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

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

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

Revenue Forecast

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

Year on Year Budget Forecast Budget Changes	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Notes
Pre-Covid-19 Budget Position	967	513	482	317	A
Covid-19 Income changes	-2,403	-50	-	-	B
Initial Budget Gap	-1,436	463	482	317	
Service Investments	388	300	300	300	C
Impact of 2021/22 Savings	-15	50	-	-	D
Council Tax Income	-526	-525	-577	-540	E
Government Funding (net)	2,517	-	-	-	F
Use of Unearmarked Reserves	1,250	-	44	-	G
Budget Gap	2,178	288	249	77	
Cumulative		2,466	2,715	2,792	

The notes to Table 6 are:

- A. Base Assumptions: These costs are essentially the normal year-on-year increases for pay inflation 2% £660k, pension fund deficiency £175k, MRP £495k (2022/23), less assumed increases from inflationary price rises on fees and charges levied by the Council £450k. The MRP cost rises more slowly after 2022/23 reflecting the costs within the approved capital programme, anticipated capital receipts and the removal of ARR (**Section 5**).
- B. Income Recovery Assumptions: The 2021/22 Budget includes £4.8m of losses but the forecast projects a recovery of £2.4m of income in 2022/23. Broadly, all income streams are expected to return to pre-Covid-19 levels with the exception of
 - o Car Parking Income. This expected to return to 80% of pre-Covid-19 levels
 - o Rental Income from shopping centres is not expected to recover until 2023/24.
- C. Service Investments: The impact of the 2021/22 revenue and capital service investments (**Section 4**) will not be fully realised until 2022/23. Additionally, a presumed £300k of service enhancements are allowed for in each year.

- D. Impact of 2021/22 Savings plan: The identified savings are not all ongoing so, as these benefits cease, the budget gap for later years increases. Details are in **Section 3**
- E. Council Tax Income: The forecast assumes 800 properties a year are built in Chelmsford and a £5 increase in annual Band D, which is the current maximum allowed for by Government (without triggering a referendum).
- F. Government funding: The settlement is for one year, 2021/22, and nearly all the key elements are proposed to be reviewed by the Government in 2021/22. The reviews have in most cases all been deferred from previous years. Given the uncertainty, the forecast reflects the removal of all the new grants deemed one-off by Government (£2.2m), changes to Sec31 grants and the reset of Business Rate Retention baseline (£200k of Business Rate Retention income that currently supports ongoing service expenditure).
- G. Reserve: The use of reserves in 2021/22 to support the budget is effectively the same as one-off income, so the forecasts assume this will cease in 2022/23. Any additional use of reserves should be considered in the light of the overall level of reserves and budget risk.

Reserves

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

- The need to fund planned one-off expenditure/loss of income such as:
 - The use of reserves to temporarily balance loss of car parking income
 - Capital funding including the partial funding of the redevelopment of Riverside
- The need to protect against unbudgeted risks, for example:
 - Business Rate retention timing difference or reduced business rate income
 - Temporary falls in income
 - Homelessness and other demand-led costs

The Council will seek to increase the level of its unearmarked reserves (General Fund plus Contingency) and maintain this at an appropriate level commensurate with the level of financial risk it faces. As a minimum, the Council should work towards a target level of approximately £9m, whilst recognising that the level of balances will fluctuate over time as it adjusts to short-term pressures in the revenue budget. **Section 7** identifies the issues that the Director of Financial Services considers when setting the target.

The Reserve levels have been updated and are discussed below.

In summary, the material transfers to and from reserves in 2021/22 are:

Table 7

Transfer +to/-from reserve £m	Reserve Name
<u>Contribution from Revenue:</u>	
£0.717m	To the Pension deficiency cost
£3.1m	New Homes Bonus to Chelmsford Development Reserve and then contribute to Capital
£0.05m	Insurance Reserve. The Council as part of its Risk Management Strategy self-insured part of some types of claims. The funding comes from the insurance reserve. The insurance reserve has in the past been funded from Council underspends. It is proposed to start making revenue contributions to the insurance reserve from 2021/22, with annual increases thereafter, so that the fund will eventually have some £200-£250k of annual funding.
Savings of £0.078m	DPO: The projects identified will enable budgets to be reduced
<u>Transfer from General Fund and Contingency</u>	
£2.0m	To establish Infrastructure Provision, as discussed in Section 5 note c.
£0.3m	To Local Development Framework. To fund local plan expenditure.
<u>Use of Reserves to Support expenditure</u>	
£0.19m	Local Development framework
£0.16m	DPO Reserve. To support investment in Digital Technology. See Section 3
£0.1m	Use of Park and Ride Reserve as a saving in 2021/22
£3.1m	Chelmsford Development Reserve to support the capital programme
£0.2m	Anticipated use of Insurance reserve to cover uninsured losses.
£1.321m	Use of General Balance to meet Covid-19 losses and other items, including the Council Tax deficit for 2020/21

A forecast of the reserves for 2021/22 and future years is shown in **Table 8**, at the end of this section. It also identifies the purpose of each reserve and any delegation for their use.

Table 8 - Usable Reserves Projections

	2020/21 (Forecast)			2021/22 Budget				2022/23 (Forecast)			2023/24 (Forecast)		
	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Transfers	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance
	£000s	£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s
Earmarked													
1 Cultural Support 'Fund'	154		154	154			154		154		154		154
2 Chelmsford development	0		0	0			0		0		0		0
3 Infrastructure Provision	0		0	0		2,000	2,000		2,000		2,000		2,000
4 Growth fund	69		69	69			69		69		69		69
5 Insurance	1,183		1,183	1,183	-150		1,033		1,033	-100	933		883
6 Local Development Framework	642	-191	451	451	-190	300	561		561	-200	361		136
7 Pension deficiency	3,370	-2,136	1,234	1,234	717		1,951		1,951	892	2,843		1,232
8 Park and Ride	213		213	213	-100		113		113		113		113
9 Hylands House Reserve	3		3	3			3		3		3		3
10 Housing Initiatives		150	150	150			150		150		150		150
11 DPO Reserve	108	142	250	250	-80		170		170	-80	90		10
12 Project Evaluation Resrve		390	390	390			390		390		390		390
13 Carry forwards	50	-50	0	0			0		0		0		0
Total Earmarked Reserves	5,792	-1,695	4,097	4,097	197	2,300	6,594		6,594	512	7,106		5,140
Unearmarked													
14 General Fund & Contingency	10,641	1,974	12,615	12,615	-1,321	-2,300	8,994		8,994	-44	8,950		8,906
	10,641	1,974	12,615	12,615	-1,321	-2,300	8,994		8,994	-44	8,950		8,906
Total other reserves	16,433	279	16,712	16,712	-1,124	0	15,588		15,588	468	16,056		14,046
Not Available to Support Spend, until financial year end when the actual position is determined.													
15 Business Retention reserve	1,954	20,657	22,611	22,611	-16,874		5,737		5,737	-1,443	4,294		2,851

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																
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																
11	DPO Reserve	The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process and an additional sum is made available to support the work, subject to the success of pilot schemes																
12	Project Evaluation Resrve	The capital programme includes scheme which require further feasibility and business work, so this reserve enables production of robust business plans																
13	Carry forwards	These are working balances arising from the carry forward policy, set out in financial regulations																
15	General Fund	These are uncommitted working balances to meet the unforeseen needs of the																
16	Business Retention reserve	To meet one off costs arising from Business Rate Retention scheme																

Section 7 **Risks & Robust Budget**

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

Introduction

The Local Government Act 2003 (Section 25) places a statutory duty on the Chief Financial Officer to report to the authority, at the time the budget is considered and the council tax is set, on the robustness of the budget estimates and the adequacy of the financial reserves. The Act requires the Council to have regard to the report in making its decisions at its budget and council tax setting meetings.

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

Financial Management Arrangements

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

The budget process for 2021/22 included informal discussions and workshop sessions with Cabinet Members in order to ascertain the priorities for the budget, and to understand cost drivers, demand pressures and the underlying assumptions contained within the budget, such as inflation, interest rates and the cost of borrowing.

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

The budget has been prepared within the terms of the Medium-Term Financial Strategy and in consideration of the key financial risks identified.

In recent years, there has been a growing trend to increase the range of tools available to Councils to assess, and where necessary, improve their financial management. The Chartered Institute for Public Finance and Accountancy (CIPFA) has developed a Financial Management Code, designed to support good practice in financial management by setting out a series of principles supported by specific standards and statements of good practice. The Council will carry out a self-assessment against the new Code and create an action plan if required to meet the over-arching principles. CIPFA also produce an annual Resilience Index which allows authorities to view their position in respect of a range of indicators of financial risk. While such tools can be blunt instruments, which do not take account of local circumstance, they are nevertheless a useful starting point for provoking internal challenge.

The Council continues to meet requirements to produce what has now become a suite of financial management reporting, including the budget report, Medium-Term Financial Strategy (MTFS), Treasury Management and Investment Strategies and Capital Strategy, which form the framework for financial decision-making. In addition, the Council has due regard to both statutory and non-statutory guidance including the Prudential Code for Capital Finance in Local Authorities and related MHCLG Investment Guidance. Due to the financial effects of Covid-19 on the Council's budget, additional reporting has been undertaken during the year, including a financial briefing note to all Members in the early months of the crisis, and both a July MTFS and an updated MTFS in November/December to ensure early budget actions were captured and progressed in a timely manner. In addition, there have been regular opportunities for Members to raise queries in weekly briefings from the Chief Executive or during Member Information sessions on capital financing or budget setting, for example.

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

I consider the financial management arrangements of the Council to be sufficiently robust to maintain adequate and effective control of the budget for 2021/22.

Financial and Economic Environment, Risks and Assumptions

Chelmsford has received additional (but one-off) funds from the Local Government Finance Settlement and associated emergency funding for Covid-19 pressures. Without this additional Covid-19-related funding, the Council would have had to draw considerably higher amounts from its reserves to plug the temporary gap in its budget, while waiting for income streams to recover over time. This would have left the Council with a severely reduced buffer to deal with unpredicted spending (such as future unknown events related to Covid or anything else or to compensate for any falls in major income streams).

The Government has a headline figure of "core spending power" (CSP), which is meant to represent the overall revenue funding available for local authority services. For 2021/22 this will rise by 4.5% across England. However, this assumes maximum Council Tax increases and growth in the number of homes paying Council Tax. This would not hold true for many authorities, including Chelmsford, who are likely to experience lower than average Council Tax base growth, due to slow down in development. There could be a further fall in Council Tax income from an increasing caseload for local council tax support.

For Chelmsford, core spending power for 2021/22 as measured by Government, is in fact retained at its 2020/21 level i.e. zero growth. The major reduction in New Homes Bonus, due to removal of legacy payments from 2020/21, meant that an overall reduction in resources would have been experienced. To combat this, the Government introduced a floor mechanism, for 2021/22 only, so that the new Lower Tier Services grant was topped up by an additional £500k (from £145k to £645k in total) to avoid a reduction in overall CSP.

	2020/21	2021/22	Change £m	Change %
Core Spending Power (£m)	21.553	21.553	0.0	0.0%
<i>Breakdown of core spending power:</i>				
Settlement Funding Assessment	3.408	3.408	0.0	0.0%
Assumed Council Tax	13.582	14.192	0.610	4.5%
Other grants	4.563	3.953	-0.610	-13.4%

<i>Breakdown of other grants:</i>				
New Homes Bonus	4.426	3.130	-1.296	-29.3%
Lower Tier Services Grant	-	0.645	0.645	
Other	0.137	0.178	0.041	30.0%

The risks inherent in the funding announcement are multi-fold. First and foremost is the continued uncertainty provided by a single-year Settlement, exacerbated by the lack of information on progress with the Fair Funding review, rescheduled for introduction in 2022/23, which could see seismic shifts in the redistribution of funding between authorities, based on a major overhaul of the mechanism for assessing their relative needs. While the 2021/22 Settlement removed the threat of negative Revenue Support Grant and provided the funding floor mechanism described above, there is no guarantee that this will not unwind under a new allocation mechanism, leaving the Council worse off. The expectation would be that any major redistributive effects would have some sort of transition arrangements attached, to allow Councils time to respond, however, this is simply speculation at this point.

The remodelling of the Business Rates Retention Scheme has also been deferred, with one of the major factors at play being whether the baselines for business rates growth will be reset within the system, potentially wiping out gains to date. The New Homes Bonus Scheme is also set for review, with both the 2020/21 and 2021/22 allocations being announced for a single year payment instead of being payable for 4 years as per previous allocations. While Chelmsford City Council has reaped the benefits of New Homes Bonus by supporting and facilitating local housing growth, it is difficult to predict what future changes to the scheme may mean locally. Outside of core spending power, funding streams for homelessness support and prevention have been increased but, once again, are for a single year with no certainty as to future allocations or mechanisms for distribution.

During 2020/21, much of the financial focus has been on the effect of the coronavirus pandemic on the Council's income streams, with parking, commercial rents, Leisure and other income streams being badly hit. For 2021/22, and beyond, assumptions have been made in the budget as to how quickly, and to what extent, these income streams will recover. While compensation has been announced for some losses in the first three months of the new financial year, some effects may be longer lasting. It remains to be seen, for example, whether the demand for parking returns to previous levels as High Streets take time to recover, businesses look for premises in new locations and people work from home more often than before the pandemic.

The economic climate may also have an effect on income received for other services offered by the Council, on the collection rates for both Council tax and Business Rates, and on the level of bad debts experienced by the Council. The efficacy of Test and Trace and the speedy roll-out of vaccines will be essential in supporting a return to a more stable economic future.

These are all key considerations in assessing the robustness of the estimates contained within the budget report and the adequacy of the Council's reserves. There is interplay between the two, as the more certain we can be about the estimates, the lower the level of "just in case" reserves we need to keep and vice versa. The 2021/22 budget will contain a great deal of uncertainty and risk, and while the estimates are the best that can be produced under the current circumstances, it is vital that sufficient reserves are held to guard against changes to these estimates.

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

Financial Risk within the budget has been mitigated by using New Homes Bonus to support capital spend via the Chelmsford Development Reserve, building up the insurance reserve to fund uninsured losses and creating a reserve to hedge against the risk from aborted capital projects. In addition, sums have been set aside previously to support the Digital Portfolio Office (DPO), in order to drive technological change from within the business and build on the infrastructure already in place. The DPO is expected to deliver on-going revenue savings or efficiencies in service delivery, once costs are paid back to the reserve, adding to the financial sustainability of the Council moving forward.

Risk is further mitigated by holding back income from the Business Rates Retention Scheme until it is certain and not building it into base budgets at the start of the year. Business Rates income can be volatile and heavily affected by national and local economic conditions and assumptions around appeals against business rates, which can take years to unwind and require the Council to set aside sums to settle current and future appeals. At this stage, it is unknown whether businesses will be able to appeal their business rate valuations due to the effect of Covid-19, under what is known as a Material Change of Circumstances. The Valuation Office Agency (VOA) are currently considering this matter which could have far-reaching consequences for business rates income.

Complex assumptions are incorporated into the estimates for Business Rates income and the provision for appeals, as well as provision for bad debts across wider service areas including Council Tax and Benefits. Other assumptions within the budget include pay assumptions, pension valuations, inflation assumptions and interest rate assumptions. These are based on expert knowledge both within and outside of the Council, using experts where necessary and incorporating data from the Bank of England, central government statistics and other sources. Assumptions around demand levels are based on the professional expertise and local knowledge of service managers, within the local economic and demographic context, and take account of the continuing growth of the City area. Income budgets are set having due regard to demand constraints, affordability, cost inflation pressures, trend analysis and strategic aims. Further detail on the assumptions used in the budget are set out in **Section 3** of the budget report.

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

Level of Reserves and overall Financial Standing

In the wake of Covid-19, we have seen a number of Councils reportedly considering issuance of a section 114 notice, as they struggle to balance their budgets. A s114 notice stops all non-essential spending and provides for a 21-day period for the Council to consider the report and what action it may take as a result. A further notice must be issued if the budget remains unbalanced. Cipfa amended their guidance on issuing s114 notices, so that Councils could hold off issuing them if they were in talks with Government about funding. This has likely reduced the number of s114 reports that would otherwise have been issued in response to the effects of Covid-19. In November, Croydon Council became only the second authority in 20 years to issue a s114 notice, due to a reported potential budget gap for 2020/21 of some £66m, a significant part of which was non-Covid-19 related, with the Council requiring Government support to enable it to return to financial sustainability.

Whilst having robust estimates, that are adhered to, is critical to balancing any budget, the level of reserves held to support any movement in the estimates is critical for longer-term sustainability. In past years, councils have been criticised for holding too high a level of reserves but more recently, given the increased awareness of the potential for local government failure, there has been greater emphasis on financial sustainability, which requires holding a “reasonable” level of reserves. What is reasonable will be dependent on local circumstances and there is no mandated minimum level set by regulators.

The Council’s Medium-Term Financial Strategy previously set a target for its unallocated reserves (General Fund and Contingency) of 5% of its gross revenue expenditure (around £7m) whilst recognising that the level held will fluctuate over time as it adjusts to short-term pressures in the revenue budget. The latest Strategy, approved by Council in December 2020, contained a recommendation to increase this target level to £9m. While this is only a small percentage rise (to around 6% of gross expenditure) it provides some additional capacity to cope with variations in the estimates. This is vital in the current circumstances, particularly given the volatility of the Council’s income streams during the pandemic and the increased difficulty of projecting how these income streams will respond in the future. This will be affected by the level of restrictions imposed by Government, the progress of vaccination, the economic landscape and the level of any further Government funding.

We have seen during 2020/21, that Chelmsford’s levels of reserves would have been inadequate to balance the budget without Government support and measures taken internally to divert funds that would otherwise have been used for capital acquisitions. Chelmsford has also fared poorly in comparison of its reserves with other authorities, although care must be taken when considering such indices, as local circumstance is not always fed into the calculations.

The high-level forecast set out in **Section 6** shows a potential budget gap of £2.2m in 2022/23 rising to some £2.8m by 2025/26. The report has already highlighted the potential risks in this forecast, not least from the unknown changes that may occur in Government funding from 2022/23, and reserves need to be at a level to support these future risks.

The Council will need to make an early start on identification of savings proposals to ensure a balanced budget moving forward and will continue to look for innovation and efficiency in its use of resources. The economic climate however may curtail some forms of income generation as commercial rents are squeezed, business rates income falls, or other income streams do not recover as predicted. In addition, the regulatory framework continues to change with tighter restrictions on borrowing from the Public Works Loan Board effectively ruling out commercial

investment predominantly for return (this is set out in more detail in the Council's Investment Strategy) and an expected tightening of the Prudential Code that sets out the framework for Capital financing by local authorities.

After many years as a debt-free authority, following transfer of its Housing stock in 2002, the Council's capital receipts have largely been deployed, requiring it now to borrow to support the Capital programme. The estimates contained in the budget make assumptions about the level of borrowing and the costs of carrying debt (provision for repayment (MRP) and interest costs). The Capital budget assumes some capital receipts during the programme timescale and the Council has earmarked next year's New Homes Bonus to support capital expenditure. Previously the Council made revenue contributions to the Asset Replacement Reserve to support capital expenditure, but these contributions have been ceased in order to balance the budget and are replaced in part by revenue cost of debt as described above. This approach is supported by the MTFS.

Changes to timing of project delivery and/or the timing or level of capital receipts or external funding will affect the level of borrowing required and the impact on the revenue account. While the Capital Programme over the medium-term is an ambitious one, the cost of any borrowing to fund this programme is prudent and affordable within the terms of the Prudential Code and can be met from the revenue budget as set out in the report. As decisions made now can affect the Council for many years to come, in terms of interest payment and provision for repayment of borrowing, it is important to ensure that the on-going effect of borrowing is affordable in future years. The potential variability, however, again highlights the need for sufficient reserves to be maintained to be able to respond to any changes in costs and timing.

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

The Council has a good track record for delivering its budget commitments and making prudent financial provision against risk and for future expected spending plans.

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

Conclusions

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

Amanda Fahey - Director of Financial Services/Chief Financial Officer

Section 8
Council Tax & Business Rates

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

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

This section identifies the issues arising from Business Rates and Council Tax when setting the Council's Budget for 2021/22.

Council Tax Referendums

The Government has announced that Council Tax increases of the greater of either 2% or £5 for District authorities will not be subject to a local referendum. The budget includes proposals to increase a band D Council Tax by up to £4.95 per year.

Council Tax, Parish Grant & Special Expenses Proposal 2021/22

The Council levies Council Tax by identifying a Precept (net Council expenditure after government grants); a charge is then calculated for each residential property. The average of these charges is expressed as a "Band D Average". The average is estimated by dividing the precept by the tax base (the number of Band D equivalent properties in the City Council area). The tax base for 2021/22 is 68,579.83.

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

Table 10

	2020/21	2021/22	Increase	
	£	£	£	%
Chelmsford City Council (average)	199.00	203.95	4.95	2.49%
Essex County Council	1,321.11	1,340.91	19.80	1.50%
Police, Fire and Crime Commissioner for Essex	198.63	208.53	9.90	4.98%
Essex Police, Fire & Crime Commissioner Fire & Rescue Authority	73.89	73.89	0.00	0.00%
	1,792.63	1,827.28	34.65	
Parish and Town Councils (average)	38.56	39.93	1.37	3.55%
TOTAL	1,831.19	1,867.21	36.02	

There was a review of Special Expenses during 2020/21 and the allocations reflect the findings of the review and are shown in **Table 11**.

A Council Tax resolution has been drafted for Council approval and is attached in Appendix 2 . The dates when the precepts became known are Essex County Council on the 23rd February and Essex Police & Fire 4th February. The report was published before the Essex County Council meeting and therefore it is possible an amendment to resolution might be needed and the Director of Financial Services will update Council should that be necessary.

The Director of Financial Services will prepare a formal Council Tax and Budget resolution for February Council based on the Cabinet recommendations in this report. The budget resolution is a technical document which reflects the information contained in the Revenue Budget reports. The resolution can only be completed on receipt of all the Parish information and after the Council has declared its Collection Fund Surplus or Deficit.

The Average Band D Council Tax for Chelmsford City for 2021/22 is £203.95.

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

Council Tax Surplus or Deficit

The Collection Fund records the amount of income collected from Council Tax, the LCTS costs, together with precept payments to principal authorities. These elements will generate a surplus or a deficit which should be taken into account when determining the Council Tax for the following year. Chelmsford City Council's share of the Council Tax Deficit for 2021/22 is £143k; the Government allows this to be spread over 3 years (using a set formula) so £53k is included within the 2021/22 budget.

Business Rate Surplus or Deficit

To meet the legal requirements when setting the budget for 2021/22, the Council is required to declare by the 31st January 2021 a Business Rate Retention Surplus or Deficit, after submitting a return (NDR1) to Government. The Business Rate Retention figures contained in this report reflect the NDR1 position (Cabinet January 2021 included provisional figures). The impact of Covid 19 and the various reliefs result in a complex series of accounting entries between revenue and reserves across a number of years. These accounting entries are based on current estimates and have no net impact on the Council's real finances.

The estimated Business Rate retention position for 2021/22 is made up of	£000s
deficit relating to prior years	20,903
Deferral of deficit required by government regulation	2,886
2021/22 Income above Baseline Business Rate Income	998
Business Rate Pool Income	345
Total	16,674

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

CHARGES TO PARISH AND TOWN COUNCIL AREAS																	Table 11
PARISH/ TOWN COUNCIL	2020/21								2021/22								
	←- PARISH PRECEPTS →-			←- BAND D EQUIVALENTS →-					←- PARISH PRECEPTS →-			←- BAND D EQUIVALENTS →-					
	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes	
(1) £	(2) £	(3) £	£	(5) £	£	(4) £	(6) £	(1) £	(2) £	(3) £	£	(5) £	£	(4) £	(6) £		
Great Baddow	434,319	219	434,538	171.27	13.41	184.68	79.56	264.24	438,650	-170	438,480	179.10	8.28	187.38	80.64	268.02	
Little Baddow	46,053	2	46,055	171.27	13.59	184.86	52.83	237.69	46,053	34	46,087	179.10	19.08	198.18	52.56	250.74	
Boreham	89,950	18	89,968	171.27	11.16	182.43	65.61	248.04	89,950	-5	89,945	179.10	5.67	184.77	63.09	247.86	
Broomfield	139,316	-20	139,296	171.27	15.30	186.57	55.44	242.01	139,500	-104	139,396	179.10	22.50	201.60	55.08	256.68	
Chignal	7,600	8	7,608	171.27	11.16	182.43	26.28	208.71	7,600	4	7,604	179.10	29.70	208.80	24.12	232.92	
Danbury	212,481	68	212,549	171.27	6.03	177.30	87.57	264.87	265,623	-8	265,615	179.10	3.42	182.52	109.17	291.69	
Galleywood	106,214	-75	106,139	171.27	24.21	195.48	50.22	245.70	107,223	-47	107,176	179.10	27.54	206.64	51.12	257.76	
Good Easter	10,700	2	10,702	171.27	4.50	175.77	62.01	237.78	10,710	6	10,716	179.10	17.55	196.65	61.29	257.94	
East Hanningfield	35,703	15	35,718	171.27	11.25	182.52	72.00	254.52	35,892	18	35,910	179.10	26.37	205.47	73.44	278.91	
South Hanningfield	86,500	0	86,500	171.27	4.32	175.59	72.63	248.22	86,500	-45	86,455	179.10	19.44	198.54	71.82	270.36	
West Hanningfield	26,828	-10	26,818	171.27	15.93	187.20	56.07	243.27	26,625	-15	26,610	179.10	21.33	200.43	55.89	256.32	
Highwood	31,851	7	31,858	171.27	12.60	183.87	100.17	284.04	31,851	8	31,859	179.10	19.62	198.72	98.01	296.73	
Great & Little Leighs	30,000	-6	29,994	171.27	25.02	196.29	26.28	222.57	30,000	-17	29,983	179.10	32.58	211.68	26.01	237.69	
Margaretting	12,420	-12	12,408	171.27	14.76	186.03	32.04	218.07	12,420	-1	12,419	179.10	19.89	198.99	31.68	230.67	
Mashbury	0	0	0	171.27	9.63	180.90	0.00	180.90	0	0	0	179.10	17.55	196.65	0.00	196.65	
Pleshey	7,506	6	7,512	171.27	19.26	190.53	54.09	244.62	8,432	3	8,435	179.10	17.55	196.65	61.47	258.12	
Rettendon	41,494	-15	41,479	171.27	15.21	186.48	53.82	240.30	42,099	-27	42,072	179.10	24.48	203.58	53.82	257.40	
Roxwell	15,000	-15	14,985	171.27	1.53	172.80	31.41	204.21	15,000	-6	14,994	179.10	0.00	179.10	31.32	210.42	
Runwell	100,450	79	100,529	171.27	2.79	174.06	56.16	230.22	109,438	33	109,471	179.10	17.91	197.01	59.76	256.77	
Sandon	33,530	31	33,561	171.27	25.11	196.38	44.46	240.84	35,200	-26	35,174	179.10	23.31	202.41	47.70	250.11	
Springfield	387,242	-349	386,893	171.27	34.56	205.83	49.23	255.06	410,540	89	410,629	179.10	31.86	210.96	51.93	262.89	
Stock	44,790	35	44,825	171.27	12.60	183.87	37.53	221.40	44,790	-52	44,738	179.10	18.90	198.00	37.71	235.71	
Great Waltham	49,898	36	49,934	171.27	15.39	186.66	53.01	239.67	53,180	-39	53,141	179.10	21.78	200.88	56.61	257.49	
Little Waltham	44,102	-1	44,101	171.27	14.85	186.12	54.81	240.93	44,355	0	44,355	179.10	23.85	202.95	54.81	257.76	
South Woodham Ferrers	428,187	78	428,265	171.27	29.16	200.43	70.38	270.81	428,187	159	428,346	179.10	23.85	202.95	70.47	273.42	
Woodham Ferrers & Bicknacre	77,610	29	77,639	171.27	4.23	175.50	62.91	238.41	82,621	26	82,647	179.10	18.63	197.73	66.87	264.60	
Writtle	132,100	5	132,105	171.27	10.26	181.53	65.34	246.87	136,063	-66	135,997	179.10	2.34	181.44	67.59	249.03	
Town Centre (non-Parished area)				171.27	43.02	214.29	0.00	214.29				179.10	33.57	212.67	0.00	212.67	
TOTALS	2,631,844	135	2,631,979						2,738,502	-249	2,738,253						
AVERAGE						199.00	38.56	237.56						203.95	39.93	243.88	

NOTES

- The total amount that the Parish/ Town Council intend to spend in the year.
- An adjustment to make the Parish/Town precept divisible by 9 for Council Tax charging purposes.
- The rounded Parish/ Town Council precept that is charged to the parishioners of the Parish.
- The net Parish/ Town Council precept expressed as a charge to the average parish Band D property.
- The actual amount spent on Special Expense items by the City Council in individual Parish/ Town Council areas, expressed as a charge on the average Band D property.
- The total charge in individual Parish/ Town Council areas for Parish/ Town Council expenditure (the Parish/ Town Council precept), and Special Expense items, expressed as a charge on the average Band D property.

Section 9 Revenue Budget Reports

Revenue Service Budgets

This section contains

1. Subjective Analysis of the Council Revenue Budget (**Table 12**)
2. A summary of the budget (**Table 13**)
3. Service Budgets (Expenditure and Income) for 2021/22 (**Table 14**)

Table 12 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET

2019/20 Actual £000s		2020/21 Original £000s	2021/22 Estimate £000s
	EXPENDITURE		
32,977	Employees - Salaries	36,588	33,678
432	- Other	277	343
7,241	Premises	6,624	7,146
5,735	Supplies and Services	5,350	5,466
2,390	Transport and Plant	2,243	1,865
7,632	Third Party Payments	8,154	7,487
39,289	Benefit Payments	44,235	39,035
-	Miscellaneous	-	
95,696	TOTAL CONTROL EXPENDITURE	103,471	95,020
	INCOME		
-38,729	Government Grants	-43,871	-38,510
-3,708	Other Grants and Reimbursements	-2,131	-2,409
-1,159	Sales	-1,231	-919
-24,504	Fees and Charges	-27,239	-24,104
-8,943	Rents	-9,631	-7,975
-606	Other	-493	-505
-77,649	TOTAL CONTROL INCOME	-84,595	-74,422
18,047	NET CONTROL EXPENDITURE	18,876	20,598
	INTERNAL RECHARGES		
23,929	Service Management and Overheads	25,174	25,352
-24,082	Recharges	-25,341	-25,507
-153		-168	-155
17,894	SERVICE EXPENDITURE	18,708	20,443
	OTHER ITEMS		
-765	Interest Receivable & Investment Income	-494	-290
56	Interest Payable & MRP	80	1,009
-4,126	Business Rate Retention Adjustment	-2,262	16,673
-	Direct Revenue Financing of Capital	4,823	3,130
-4,011	New Homes Bonus & Other Govt Grants	-4,652	-5,625
-8,846		-2,505	14,897
	USE OF RESERVES AND BALANCES		
2,629	Contributions - from / to Earmarked Reserves	726	-16,677
4,558	Contributions - from / to Un-Earmarked Reserves	162	-1,321
7,187		888	-17,998
16,235	BUDGET REQUIREMENT	17,090	17,342
	LESS GOVERNMENT SUPPORT		
-3,353	Collection Fund (Surplus) / Deficit	-3,408	-3,408
54		-100	53
12,936	CALL ON COLLECTION FUND	13,582	13,987

TABLE 13 - SUMMARY OF REVENUE ESTIMATES

TABLE 13 - SUMMARY OF REVENUE ESTIMATES				
2020/21		2021/22	2021/22	2021/22
Original Estimate	Original Estimates 2021/22	Estimated Spend	Estimated Income	Net Estimate
£'000		£'000	£'000	£'000
330	Chief Executive	498	0	498
8,380	Connected Chelmsford	10,100	-1,739	8,361
-195	Fairer Chelmsford - CDRM	229	-200	29
3,348	Fairer Chelmsford	49,913	-47,660	2,253
-3,919	Sustainable Development	6,584	-8,565	-1,981
10,932	Greener & Safer Chelmsford	27,696	-16,258	11,438
18,876	Service Expenditure	95,020	-74,422	20,598
	Other General Fund Items			
-168	- Charges to SEPP			-155
-494	- Interest Income			-290
80	- Minimum Revenue Provision & Interest Paid			1,009
4,823	- Revenue Funding of Capital			3,130
-4,706	- Other Grants (including New Homes Bonus, Section 31 Grants)			-5,625
-1,946	- Business Rate Retention Scheme			16,673
	Earmarked Reserves			
-50	- Use of Carry Forward Reserves			0
1,746	- Business Rates Retention Scheme Reserve			-16,874
-1,286	- Contributions to / -use of Other Earmarked reserves			197
16,874	Net Expenditure			18,663
216	Contribution to / -from Balances			-1,321
17,090	Budget Requirement			17,342
-3,408	Baseline Retained Business Rates			-3,408
-100	Council Tax -Surplus/+Deficit			53
13,582	Income from Council Tax			13,987

CHIEF EXECUTIVE

2020/21 Original Budget £		2021/22 Estimated Spend £	2021/22 Estimated Income £	2021/22 Net Estimate £
329,600	CHIEF EXECUTIVE & DPO	497,500	-	497,500
329,600		497,500	0	497,500
329,600		497,500	0	497,500

CONNECTED CHELMSFORD

2020/21 Original Budget £		2021/22 Estimated Spend £	2021/22 Estimated Income £	2021/22 Net Estimate £
	DIRECTOR OF CONNECTED CHELMSFORD			
253,300	DIRECTOR OF CONNECTED CHELMSFORD	258,500	-	258,500
253,300		258,500	0	258,500
	DIGITAL SERVICES			
2,841,800	DIGITAL SERVICES	2,925,100	-50,000	2,875,100
2,841,800		2,925,100	-50,000	2,875,100
	MARKETING AND ENGAGEMENT TEAM			
794,700	CUSTOMER SERVICES	764,000	-	764,000
1,027,800	MARKETING & ENGAGEMENT	1,061,100	-341,900	719,200
1,822,500		1,825,100	-341,900	1,483,200
	HUMAN RESOURCES			
778,800	HUMAN RESOURCES	781,500	-37,800	743,700
124,400	PAYROLL	129,200	-4,200	125,000
903,200		910,700	-42,000	868,700
	LEGAL & DEMOCRATIC SERVICES			
692,600	LEGAL AND DEMOCRATIC SERVICES	795,600	-18,500	777,100
222,600	ELECTIONS	241,000	-1,300	239,700
777,800	DEMOCRATIC SERVICES	786,100	-	786,100
1,693,000		1,822,700	-19,800	1,802,900
	CULTURE			
191,600	CULTURE	82,900	-	82,900
70,100	THEATRES	1,538,900	-1,217,100	321,800
604,500	MUSEUM	736,600	-68,300	668,300
866,200		2,358,400	-1,285,400	1,073,000
8,380,000		10,100,500	-1,739,100	8,361,400

FAIRER CHELMSFORD - CDRM

2020/21 Original Budget £		2021/22 Estimated Spend £	2021/22 Estimated Income £	2021/22 Net Estimate £
-195,100	CORPORATE MANAGEMENT & DEMO. REPRESENT.	229,200	-200,700	28,500
<u>-195,100</u>		<u>229,200</u>	<u>-200,700</u>	<u>28,500</u>
<u>-195,100</u>		<u>229,200</u>	<u>-200,700</u>	<u>28,500</u>

FAIRER CHELMSFORD

2020/21 Original Budget £		2021/22 Estimated Spend £	2021/22 Estimated Income £	2021/22 Net Estimate £
	DIRECTOR OF FINANCIAL SERVICES			
172,800	FINANCE MANAGER	181,800	-3,100	178,700
3,412,800	FINANCE CM & DRM	765,500	-5,100	760,400
3,585,600		947,300	-8,200	939,100
	ACCOUNTANCY, SYSTEMS & EXCHEQUER			
303,700	FINANCE EXCHEQUER	292,600	-	292,600
722,900	ACCOUNTANCY	695,300	-2,400	692,900
1,026,600		987,900	-2,400	985,500
	PROCUREMENT, RISKS & INSURANCE			
162,600	PROCUREMENT	140,000	-	140,000
290,000	VOLUNTARY GRANTS	290,000	-	290,000
141,800	INSURANCE & RISK	147,100	-	147,100
55,200	FRAUD INVESTIGATIONS	55,300	-	55,300
649,600		632,400	0	632,400
	AUDIT			
185,000	INTERNAL AUDIT	189,900	-	189,900
185,000		189,900	0	189,900
	PROPERTY SERVICES			
-5,040,800	PROPERTY HOLDINGS	136,500	-3,866,500	-3,730,000
403,500	PROPERTY - SUPPORT SERVICES	436,900	-2,000	434,900
-4,637,300		573,400	-3,868,500	-3,295,100
	BENEFITS & REVENUES			
212,000	REVENUES	829,000	-642,800	186,200
472,000	HB ADMINISTRATION	930,900	-540,500	390,400
255,800	HB CONTROL & DEVELOPEMENT	258,600	-	258,600
-238,200	HB SUBSIDY	38,135,000	-38,416,600	-281,600
701,600		40,153,500	-39,599,900	553,600

	HOUSING SERVICES			
161,500	STRATEGIC HOUSING	1,327,300	-941,100	386,200
217,900	TEMPORARY ACCOMMODATION	1,519,100	-1,322,100	197,000
175,800	BED & BREAKFAST	2,174,500	-1,896,300	278,200
21,000	HOUSING NEEDS	33,000	-12,200	20,800
244,500	STRATEGIC HOUSING - RDGS	268,500	-	268,500
1,016,300	STRATEGIC HOUSING SUPPORT	1,106,200	-9,000	1,097,200
1,837,000		6,428,600	-4,180,700	2,247,900
3,348,100		49,913,000	-47,659,700	2,253,300

SUSTAINABLE DEVELOPMENT

2020/21 Original Budget £		2021/22 Estimated Spend £	2021/22 Estimated Income £	2021/22 Net Estimate £
	DEVELOPMENT MANAGEMENT			
612,500	DEVELOPMENT MANAGEMENT	1,979,800	-1,500,600	479,200
-81,300	LOCAL LAND CHARGES	134,200	-224,100	-89,900
531,200		2,114,000	-1,724,700	389,300
	ECONOMIC DEVELOPMENT AND IMPLEMENTATION			
248,100	ECONOMIC DEVELOPMENT & IMPLEMENTATION	548,900	-265,000	283,900
248,100		548,900	-265,000	283,900
	BUILDING CONTROL			
122,900	BUILDING CONTROL	546,000	-463,800	82,200
122,900		546,000	-463,800	82,200
	PLANNING POLICY			
957,700	PLANNING POLICY	877,600	-114,700	762,900
957,700		877,600	-114,700	762,900
	CAR PARK OPERATIONS			
-5,867,800	CAR PARKS	2,000,400	-5,617,900	-3,617,500
136,700	PARKING SUPPORT	141,300	-	141,300
-47,400	PARK AND RIDE	355,400	-378,600	-23,200
-5,778,500		2,497,100	-5,996,500	-3,499,400
-3,918,600		6,583,600	-8,564,700	-1,981,100

GREENER & SAFER CHELMSFORD

2020/21 Original Budget £		2021/22 Estimated Spend £	2021/22 Estimated Income £	2021/22 Net Estimate £
	OPERATIONS			
1,946,700	WASTE & GARDEN COMPOSTING	2,408,300	-549,900	1,858,400
-513,700	TRADE WASTE	1,013,200	-1,505,900	-492,700
604,700	RECYCLING - MRF, GENERAL & FOOD	3,390,700	-2,866,800	523,900
408,300	VEHICLE MAINTENANCE WORKSHOP	480,700	-72,500	408,200
2,446,000		7,292,900	-4,995,100	2,297,800
	STREET CARE AND PERFORMANCE			
159,200	PUBLIC CONVENIENCES	160,200	-	160,200
-182,700	MARKET	413,300	-458,400	-45,100
1,625,700	STREET CLEANING	1,564,200	-85,700	1,478,500
108,000	STREET SERVICES	213,600	-114,400	99,200
184,800	SERVICE DEVELOPMENT TEAM & NICE	165,500	-	165,500
271,100	FREIGHTER HOUSE DEPOT	262,600	-8,000	254,600
1,002,500	FREIGHTER HSE CUSTOMER & BUSINESS SUPP	1,007,700	-	1,007,700
3,168,600		3,787,100	-666,500	3,120,600
	BUILDING SERVICES			
504,200	BUILDING SERVICES - SUPPORT	478,200	-	478,200
1,167,100	BUILDING SERVICES - PROPERTIES	1,304,000	-170,700	1,133,300
243,800	ENERGY & CONTRACT MANAGEMENT	255,200	-	255,200
84,400	PRINT UNIT	28,100	-	28,100
1,999,500		2,065,500	-170,700	1,894,800
	PUBLIC HEALTH AND PROTECTION SERVICES			
41,900	HIGHWAYS	44,700	-	44,700
-6,100	SCIENTIFIC	35,600	-43,600	-8,000
-205,400	LICENSING	170,600	-383,200	-212,600
-4,900	BUSINESS COMPLIANCE	9,300	-13,600	-4,300
27,400	PUBLIC HEALTH PROTECTION	40,200	-13,500	26,700
27,600	HEALTH & SAFETY	27,600	-	27,600
-5,100	PEST CONTROL	12,900	-24,100	-11,200
1,444,300	PUBLIC HEALTH & PROTECTION SUPPORT	1,433,500	-27,100	1,406,400
279,200	CCTV	359,700	-53,800	305,900
109,400	COMMUNITY SAFETY	134,700	-27,300	107,400
9,900	HOUSING STANDARDS	49,400	-36,900	12,500
1,600	ANIMAL WELFARE	15,900	-14,300	1,600
1,719,800		2,334,100	-637,400	1,696,700
	PARKS AND GREEN SPACES			
-7,000	ALLOTMENTS	18,100	-28,500	-10,400
509,600	PARKS & HERITAGE CUSTOMER & BUSINESS SUP	554,400	-	554,400
45,000	HYLANDS PARK & ESTATE	110,200	-211,100	-100,900

79,800	PARKS GARDENS & RECREATION GROUNDS	116,500	-16,200	100,300
126,400	PLAY AREAS	126,800	-	126,800
-64,100	PARKS EVENTS & ACTIVITIES	1,300	-65,600	-64,300
-96,900	OUTDOOR SPORTS & PLAYING FIELDS	301,700	-364,200	-62,500
100,300	TREE INSPECTION & MAINTENANCE	124,000	-3,700	120,300
-11,600	NATURAL & GREEN SPACE, COMMON	15,400	-27,100	-11,700
-1,000	AMENITY GREEN SPACE & GREEN INFRASTR	177,600	-178,700	-1,100
2,057,100	GROUND MAINTENANCE OPERATIONS	2,492,900	-434,700	2,058,200
185,100	GROUND MAINTENANCE - CREMATORIUM	186,000	-	186,000
-1,465,300	CEMETERY AND CREMATORIUM	623,900	-2,308,700	-1,684,800
1,457,400		4,848,800	-3,638,500	1,210,300
	LEISURE AND HERITAGE SERVICES			
-28,300	DOVEDALE SPORTS CENTRE	203,800	-168,200	35,600
258,400	CHELMSFORD SPORTS AND ATHLETIC CENTRE	832,900	-496,200	336,700
-462,700	RIVERSIDE ICE AND LEISURE	3,695,100	-3,376,100	319,000
380,200	SOUTH WOODHAM FERRERS LEISURE CENTRE	1,084,100	-666,100	418,000
-210,000	CULTURAL EVENTS	-	-210,000	-210,000
259,100	COMMUNITY SPORTS & WELLBEING	366,200	-110,600	255,600
-56,000	HYLANDS HOUSE & VISITORS CENTRE	1,185,400	-1,122,500	62,900
140,700		7,367,500	-6,149,700	1,217,800
10,932,000		27,695,900	-16,257,900	11,438,000

Section 10 Capital Budget Reports

Capital Budgets

This section contains:

- Revisions to Existing Approved Capital Schemes – Details in **Table 15** and **Table 16**
- Revisions to the Asset Replacement Programme 2020/21 and proposals for new budgets for 2021/22 – Details in **Table 17** and **Table 18**

Introduction

The capital programme for 2020/21 identified in **Section 10** of this report reflects updated information in December 2020.

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

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

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

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

Existing Approved Capital Schemes

Project Officers have been monitoring schemes and the updated budgets in **Table 15** reflect the latest estimated cost information. The total estimated cost is £129.840m.

A summary of variations for the current approved total scheme costs across all years is a net decrease of £10.057m. Proposed increases in budget will require approval. Details of the £10.057m net decrease are shown in **Table 15** with further details in **Table 16** where those variations are in excess of £25k.

Scheme number 19, Hylands Park North Kiosk Toilet Refurbishment, needs Cabinet approval of an increase in cost to ensure timely delivery of the project. A £10k additional budget is required due to higher returned tenders for works. Increase from £138k to £148k.

Asset Replacement Programme

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

Previously, asset replacements have been approved as part of the overall programme. A decision has been taken to challenge the need for scheduled replacements to take place, and although an

estimated overall cost of the asset replacement programme will be kept for forward planning purposes to enable the monitoring of the resource position, approval of individual items will be on an annual basis.

2020/21 Asset Replacements

Table 17 provides details of the 2020/21 asset replacement programme. The current approved programme is £3.619m. It has now been identified that £374k is required to be rephased to 2021/22 and future years, due to services deferring or delays in acquiring the assets. These assets require approval to be rephased to 2021/22. Details of these delays are provided in **Table 18**.

Table 17 also shows a net change in scheme costs, a net reduction of £46k. Increases to individual budgets will require approval. **Table 18** provides further details for those variations in excess of £25K.

After allowing for the above adjustments, **Table 17** shows the total proposed budget requirement for 2020/21 as £3.212m.

2021/22 Replacements

As stated above, £374k will need to be rephased, with £345k into 2021/22.

Table 17 provides details of the new asset replacements or refurbishments for 2021/22 which total £6.346m.

Table 17 includes a number of items that need approval by Cabinet in order to have timely delivery

- Scheme 41 £10k additional budget required for Wet team Vehicle due to increased cost.
- Scheme 22 £13k CSAC Plant Additional ventilation system due to Covid-19.
- Scheme 29 £4k Chancellor Park floodlights - increased cost due to expanded scope of scheme.

These need to be agreed by Cabinet. Due to the need to raise orders quickly, Cabinet approval of the budget in January 2021 is sought. The balance of costs is for approval by Council in February 2021.

Capital and Revenue Resources

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

The Capital Strategy 2021/22 identifies the capital resources position and the Medium-Term Financial Forecast in **Section 6** identifies the revenue budget position allowing for financing costs. The Prudential Indicators are detailed in the Capital Strategy 2021/22.

		CAPITAL SCHEMES			VARIATION IN TOTAL CAPITAL SCHEME COSTS					
					Latest Approved Budget - Approved July 2020 and Additional New Schemes Approved Since that Date		Latest Forecast Budget - Additional Requires Approval			
Committed Spend 31st December 2020	£000s	SCHEME DESCRIPTION	Original Approved 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	£000s	£000s	£000s	£000s			
		Connected Chelmsford								
		1 Theatres' Toilets Phase I	155		155	-155	0	Proposal withdrawn	Approved at Council February 2020 and programmed for 2021/22.	
		2 Theatres' Modernisation Phase I	100		100	-100	0	Proposal withdrawn	Approved at Council February 2020 and programmed for 2022/23. Delegated authority to Director and Cabinet Member for Connected Chelmsford.	
		Fairer Chelmsford								
		3 Provision for Temporary Car Park Provision - Wharf Road	798		798	-798	0	Proposal Withdrawn	Approved Council July 2016. November 2020 - No scheme identified for this provision therefore removed from programme.	
1,457		4 Enabling Lockside Growth Area	450	4,050	4,500		4,500	In Negotiations Late delivery	A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018.	
472		5 Homelessness Initiatives - Acquisition of Property for Temporary Accommodation	567		567		567	Yes	Unspent budget following the completion of the Modular Unit schemes. Agreed by delegation to purchase property for use as temporary accommodation.	
950		6 Investment for Future Development - Riverside Demolition	940	30	970		970	Completed	Approved at Cabinet June 2018. Additional £30k approved at Cabinet November 2019.	
20		7 Galleywood Hall Development Industrial Units	1,200		1,200	-400	800	Awaiting planning permission - Late Delivery	Approved at Council February 2019.	
37		8 Bridge Repairs	300		300		300	No	Approved at Council February 2019. May 2020 non urgent works deferred to later year.	
		9 Land Acquisition Cemetery/Crematorium	1,800	1,800	3,600		3,600	To identify potential Land Site	Approved at Council February 2019. Additional £1.8m approved Council February 2020.	
		10 High Chelmer Roof	1,500		1,500		1,500	Awaiting Proposal	Approved at Council February 2020 and programmed for 2021/22.	
		11 Refurbishment of Commercially Leased Properties	720		720		720	Under Review	Approved at Council February 2020 and programmed for 2021/22. Delegated authority to Director and Cabinet Member for Fairer Chelmsford.	
		12 Strategic Property Purchase	10,000		10,000	-10,000	0	Proposal Withdrawn	Approved at Council February 2020 and currently programmed for 2021/22. Delegated authority to Director and Cabinet Member for Fairer Chelmsford.	
4		13 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy	7,000		7,000		7,000	Yes	Approved at Council February 2020 and currently programmed for 2020/21. Delegated authority to Director and Cabinet Member for Fairer Chelmsford.	
		14 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	9,900		9,900		9,900	Business Case to be Developed	Approved at Council February 2020 and currently programmed for 2020/21. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. The programme of spend has been reviewed and it is now anticipated that any spend will be delayed until 2021/22.	

Committed Spend 31st December 2020	SCHEME DESCRIPTION	Latest Approved Budget - Approved July 2020 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval		Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
		Original Approved Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget		
£000s		£000s	£000s	£000s	£000s	£000s		
	15 Cemetery and Crematorium Infrastructure	6,800		6,800		6,800	Business Case to be Developed	Approved Council February 2020 with a delegation for Cabinet to approve a final scheme.
348	16 Coval Lane Window Replacement	250	100	350		350	Yes	£250k approved Council February 2019. Additional £100k approved at Cabinet July 2019.
	17 Civic Offices Improvement Programme	460		460		460	Under Review	Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme.
11	18 Community Flood Improvements	184		184		184	Third party Dependent - Late Delivery	Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017.
2	19 Hylands Park North Kiosk Toilet Refurbishment	60	78	138	10	148	Earlier Delivery	£60k approved Council February 2019. Scheme review resulted in additional £138k approved July 2020 Cabinet.
138	20 Hylands Estate Structural Work to Pleasure Garden Pond	147	-8	139		139	Yes	£147k approved Council February 2019. Contingency not required therefore reduction in budget reported at July 2020 Council.
34	21 Hylands' Hanbury Memorial Garden	45		45		45	Yes	Approved via supplementary estimate 2/9/19 funded by a contribution from The Friends of Hylands House (FOHH).
28	22 Galleywood Common Access Road Improvements	30		30		30	Yes	Approved at Council February 2020 and programmed for 2021/22.
	23 Saltcoats Park and Compass Gardens Car Park	253		253		253	Earlier Delivery	Approved at Council February 2020 and programmed for 2021/22.
	24 Beaulieu Park Pavilion Refurbishment	57		57		57	Yes	Approved at Council February 2020 and programmed for 2021/22.
	25 Chancellor Park Pavilion Works	46		46		46	Yes	Approved at Council February 2020 and programmed for 2021/22.
	26 Rivers and Waterways Improvements	600	-107	493		493	Scheme to be developed	Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Programmed over 3 years commencing 2021/22.
	27 Automatic Floodgates and Provision of Locks - Feasibility		107	107		107	Yes	Budget approved September 2020 Cabinet. Budget vired from Rivers and Waterways Improvements.
	28 Mass Tree planting and Woodland Creation	4,400		4,400		4,400	Yes	Approved at Council February 2020 £4.4m with delegated authority to Director of Public Places and the Director of Finance and the relevant Cabinet Members. Funding to be sought circa £2m. Three year programme scheduled wef 2021/22.
9	29 CIL Landscape Enhancement Scheme Chignal Road	11		11		11	Yes	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.
	30 CIL Parks and Open Space	6		6		6	No	£6k CIL funding approved July 2019 for Coronation Park Basketball Court.
3	31 CIL Savernake Road Scout Hut Replacement Windows	4		4		4	No	Approved via delegation as per CIL report March 2019 £4k for windows, CCC owned building.
532	32 Chelmsford Indoor Market Refurbishment	500	100	600		600	No	Approved supplementary estimate February 2018. Scheme design is still to be finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling. Estimate reduced by £50k. New budget reported Council February 2020. A further reduction in budget, £50k, was noted by Council in July 2020.
40,146	33 Riverside Ice and Leisure Centre Scheme	950	39,216	40,166		40,166	Building Works Completed	£700,000 approved Council July 2015. £60,000 budget vired to fund conversion of outdoor pool to car park. £180K approved April Cabinet for Project Manager and a further £945K approved June Cabinet for the design to RIBA stage 7. £400K approved at October 2016 Cabinet for early enabling works (main contractor). Additional £1m approved Cabinet April 2017 for early works. Additional early works required a further £500k, approved in June. £250k approved for Cafe fit out at Council February 2018. Full scheme cost excluding cafe approved at July 2018 Council as £35.216m. Additional £4.5m approved at February 2019 Council. Additional £200k approved by Cabinet November 2019.
22	34 Riverside Elevations	2,000		2,000		2,000	Under Review	£2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme.

Committed Spend 31st December 2020	Scheme ID	Scheme Description	Latest Approved Budget - Approved July 2020 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval		Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
			Original Approved Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget		
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
31	35	Dovedales - Grant for Works 2019/20	32	2	34		34	Approved at Council February 2019 contribution towards new studio. Additional £2k approved November 2019 cabinet based on actual spend.	
15	36	Dovedales - Grant for Works 2020/21	42		42		42	Approved at Council February 2020 and programmed for 2020/21.	
108	37	SWFLC Wet Changing Rooms Upgrade Phase 2	104		104		104	Yes £104k approved at Council February 2019.	
42	38	CSAC Refurbishment of Changing Room	42		42		42	Under Review £42k approved at Council February 2019. Deferred to 2021/22 scheme will be reviewed.	
155	39	Hylands House Refurbishment First Floor Accommodation	174		174		174	Earlier Delivery £174k approved at Council February 2019 3 year programme for refurbishment.	
24	40	Hylands House Refurbishment Terrace Room	35		35		35	Yes £35k approved via supplementary estimate December 2019. Scheme funded by contribution from Friends of Hylands House.	
22	41	Hylands House Banqueting Room Refurbishment	24		24		24	Yes Approved at Council February 2020 and programmed for 2020/21.	
	42	Hylands House Stable Block Toilets	44		44		44	Yes Approved at Council February 2020 and programmed for 2022/23.	
		Sustainable Development							
1,667	43	Flood Alleviation Scheme	6,100	400	6,500		6,500	Dependent on Third Party - Late delivery Increased cost of scheme from EA now capped at £6.5 million approved Cabinet July 2013	
152	44	Public Realm Wayfinding Signs Phase 2	310	-155	155		155	Unspecified Approved at Council February 2018. Two year programme to go ahead only if funding is secured from ECC and CIL. CIL funding of £78k approved January 2019. As funding not secured from ECC the scheme has been reduced. Forecast to complete in 2020/21.	
132	45	Public Realm Tindal Square Design	160	320	480		480	No Approved at Council February 2018. The design works will not be completed until 2020/21. Additional £320k approved by Cabinet June 2020 for design and tender to be funded from S106. A further report will be taken to Council after the tenders are back in March 2021 for approval of the scheme and budget.	
72	46	Public Realm City Centre Greening/Tree Planting	115	-33	82	-78	4	Yes Approved at Council February 2018. Three year programme. To date actual spends have not been capital and therefore budget reduced in year of spend as transferred to revenue.	
4	47	HIF Access Road and Bridge - CCC Budget		250	250		250	Yes Virement from 5 above sum allocated for HIF bid design works.	
1,033	48	HIF Access Road and Bridge - Grant Funded	15,500	11,000	26,500		26,500	Yes £15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Report taken to September cabinet requesting an additional budget of £11m of which is to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing. This will need to be approved by Council. £11m approved by Council December 2020.	
1,461	49	S106 Beaulieu Park Station	100	1,550	1,650		1,650	Unspecified Scheme approved for £100,000 via Director of Sustainable Communities delegated authority. £1,550,000 approved at Council February 2016. The expenditure on this scheme will be funded by S106.	
1,793	50	S106 Beaulieu Park Station 2nd Phase	2,917		2,917	514	3,431	Unspecified £2,917m approved at February Council 2018. The expenditure on this scheme will be funded by S106.	
1,311	51	S106 Beaulieu Sports Facility	477	834	1,311		1,311	Unspecified £477k approved by Cabinet in January 2019 with delegation to spend further S106 contributions when received. Additional contributions received and therefore added to approved budget.	
37	52	S106 Public Art Bond Street	44		44		44	Yes Approved by delegation February 2019.	
13	53	S106 Stonebridge Illuminations	37	6	43		43	Yes Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k.	
6	54	S106 River Can Pathway Lighting Design	10	6	16		16	Yes Approved by delegation £10k January 2020. Additional budget approved by delegation March 2020 £6k.	
21	55	S106 Public Art Channels	21		21		21	Yes Approved by delegation January 2020 £21k.	
3	56	S106 Habitat Mitigation	3		3		3	Unspecified Requests from Essex County Council for grant from S106 towards the cost of works.	
55	57	CIL REFCUS Schemes 19/20	72	30	102		102	Yes Scheme approved April 2019 £72k. Revenue Expenditure Funded by Capital Under Statute (REFCUS). NEW £30k various CIL schemes approved July 2019.	
7	58	CIL REFCUS Schemes 20/21	17		17		17	Unspecified £17k Approved March 2020.	

Committed Spend 31st December 2020	SCHEME DESCRIPTION	Latest Approved Budget - Approved July 2020 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval		Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
		Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget		
£000s		£000s	£000s	£000s	£000s	£000s		
	59 CIL Sutherland Lodge Refurbishment	525		525		525	Awaiting Business case - Late delivery	Approved Council July 2017.
56	60 CIL North Avenue Youth Centre Grant	41	15	56		56	Yes	Approved CIL funding April 2018. NEW Additional £15k CIL funding approved July 2019.
	61 CIL St Andrew's Scout Hut Building	80		80		80	Yes	CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019.
47	62 CIL Moulsham Lodge Community Centre Café (MLCT)	47		47		47	Yes	CIL funding approved July 2019.
15	63 CIL Sanctus First Floor Refurbishment Grant	15		15		15	Yes	CIL funding approved July 2019.
	64 CIL Homelessness Day Centre CHESS New London Rd	300		300		300	Yes	CIL funding approved July 2019.
	65 CIL Age Concern First Floor Extension Grant	212		212		212	Yes	Approved scheme with CIL funding March 2020.
24	66 CIL Integrated Cycling Infrastructure Grant	100		100		100	Yes	CIL funding approved at meeting of the CIL Panel 23/1/2020.
	67 CIL Trinity Road School Improvements				950	950		Proposal for CIL funding will need to be approved by Cabinet once notification of support received from ECC's Capital Investment Board.
89	68 High Chelmer Multi Storey Car park (HCMSCP) Movement Joints	105		105		105	No	Approved at Council February 2017. Scheme was originally forecast to complete by September 2018. These works are now being carried out with the drainage works (scheme 71) and it is anticipated that they will be completed in 2020/21.
46	69 HCMSCP Drainage Improvements	31		31		31	No	Approved at Council February 2018. See scheme 70 for details.
49	70 Enabling Role - Housing	237		237		237	Dependent on Third party - Late delivery	The remaining balance is for a previously agreed payment to CHP.
52,703	Grand Total	80,306	59,591	139,897	-10,057	129,840		
				Net Variation	-10,057			
65,567	Total Forecast Expenditure to 31/3/2021	Summary of Changes Since Previous Council Reports 2020				£000's		
-12,864	Forecast Remaining in Year Expenditure	Latest Approved Council July 2020				144,656		
		Supplementary Estimates Approved for Existing Schemes				11,320		
		Completed schemes removed				-16,079		
		Total Approved Budget				139,897		
		Latest Forecast Variations shown above (Increased Budgets Require Approval)				-10,057		
		Latest Forecast Budget March 2021				129,840		

Capital Schemes - Reasons for Projected Variations to Latest Approved Total Scheme Costs More Than £25,000							
Scheme Description	Latest Approved Budget	Latest Estimated Expenditure - If Additional Budget Requires Approval	Variation	Variation Type	Percentage Change in Scheme Cost	Reason	
	£000s	£000s	£000s				
Director of Connected Chelmsford							
1 Theatres' Toilets Phase I	155	0	-155	Saving on Budget	-100.00%	There is a new scheme proposal being submitted for a larger project of enhancements works to the theatres and therefore this budget provisions has been removed.	
2 Theatres' Modernisation Phase I	100	0	-100	Saving on Budget	-100.00%	There is a new scheme proposal being submitted for a larger project of enhancements works to the theatres and therefore this budget provisions has been removed.	
Director of Fairer Chelmsford							
3 Provision for Temporary Car Park Provision - Wharf Road	798	0	-798	Saving on Budget	-100.00%	Decision to remove provision from programme as scheme no longer required.	
7 Galleywood Hall Industrial Units	1,200	800	-400	Saving on Budget	-33.33%	Following the planning application the size of the project has been reduced which has resulted in a reduction in cost. This will also impact on the revenue which will be generated from the scheme as the number of units available for rent will be reduced.	
12 Strategic Property Purchase	10,000	0	-10,000	Saving on Budget	-100.00%	Decision to remove provision from programme as PWLB borrowing regulations have changed and can not borrow against investment properties.	
Sustainable Development							
46 Public Realm City Centre Greening/Tree Planting	82	4	-78	Saving on Budget	-95.12%	Budget and spend to be transferred to revenue as spend does not qualify as capital.	
50 S106 Beaulieu Park Station	2,917	3,431	514	Additional Budget Required	17.62%	ECC have informed us of the estimated cost of the works up to the end of March 2021, an additional £514k. The S106 contribution will not be received from the developer until April 2021.	
67 CIL Trinity Road School Grant	0	950	950	Additional Budget Required	100.00%	This scheme has been discussed by the CIL panel and CCC are awaiting the outcome of ECC's Capital Investment Board which met in early October. Once ECC confirms their support the scheme will require Cabinet approval.	

Table 16

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME																			
2020/21											2021/22								
2020/21 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE											2021/22 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS								
VARIATION FROM 2020/21 BUDGET ONLY											2021/22 BUDGET								
Committed Spend 31/12/2020	CAPITAL ASSET REPLACEMENT PROGRAMME	Original Approved Estimates for 2020/21	Additional/ Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2020/21	Analysis of Variations				Variance for 2020/21 Additional Budget	Total Proposed Budget Requirement 2020/21	Original Approved Estimate 2021/22	Additional/ Reduced (-) Approved Budget	Reason for Change see key below	Latest Approved Estimate for 2021/22	Variations			Total Proposed Budget Requirement for 2021/22
						Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Re phasing from 2020/21							More/Less(-) Than Approved Budgets - More Requires Approval	Approved Replacements Deferred from 2021/22 to Later Years		
£000s	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
	Connected Chelmsford																		
55	1 Digital Services Replacement Programme	373	-80	PH, PV	293	-181			-181	112		90	PH	90	181	48		319	
	2 Financial Module of Enterprise Resource Planning (ERP)	89			89				0	89				0				0	
36	3 Civica System Upgrade	36			36				0	36				0				0	
8	4 Theatres' Fire Alarm Replacement	15			15				0	15				0				0	
	5 Theatres' Equipment	149			149				0	149				0		40		40	
	6 Cramphorn Theatre Replacement Floor	17			17				0	17				0				0	
	Fairer Chelmsford																		
	No Schemes				0				0	0				0				0	
	Greener and Safer Chelmsford																		
113	7 CCTV Replacement Equipment	118			118			-5	-5	113				0		7		7	
40	8 CCTV Various Schemes Sites CIL	67			67				0	67				0				0	
75	9 CCTV Maldon DC Joint Procurement	74	1	PV	75				0	75				0				0	
	10 Crematorium Equipment	17			17	-17			-17	0				0	17			17	
	11 Crematorium Columbarium	14			14	-14			-14	0				0	14			14	
	12 Civic Centre Alarm	46			46				0	46				0				0	
	13 Civic Centre Boiler Flues	32	-32	PH	0				0	0		32	PH	32			-32	0	
	14 Civic Centre Building Management System	13			13				0	13				0				0	
	15 Civic Centre Server Room Air Conditioning													0		40		40	
	16 Civic Centre Floor Replacements													0		31		31	
	17 Print and Post Room Replacement Equip.	25			25	-25			-25	0				0	25	3		28	
	18 Dovedales Replacement Equipment	5	-5	PH	0				0	0		5	PH	5		5		10	
110	19 Riverside Replacement Equipment	150			150				0	150				0		48		48	
7	20 CSAC Replacement Equipment	60	-47	PH	13				0	13		47	PH	47		88		135	
	21 CSAC Flood lights	29			29	-29			-29	0				0				0	
	22 CSAC Plant						13		13	13				0		6		6	
	23 SWFLC Replacement Programme	58	-54	PH	4				0	4		56	PH, PV	56		9		65	
12	24 SWFLC Plant Replacement	19	-7	PH	12				0	12		7	PH	7				7	
	25 Riverside Plant Replacement	8			8				0	8				0				0	
	26 Hylands Pavilion Replacement Flooring	48			48			-8	-8	40				0				0	
	27 Play Area Replacements	265	-265	PH	0				0	0		311	-46	PH	265			265	
	28 Outdoor Gyms		39	SEG	39				0	39				0				0	
	29 Sports Equipment, floodlights, Irrigation	10			10				4	14				0				0	
	30 Parks Replacement Vehicles and Equipment	205	-60	PH, PV, SEN	145				0	145				89	PH	89	482	571	
	31 PHPS Vehicles	24			24			-24	-24	0				0		100		100	
	32 PHPS Air Monitoring Equipment				0				0	0				0		20		20	
	33 PHPS Street Lighting	21			21	-21			-21	0				0	21			21	
	34 CIL Street Lighting Meadows Car Park	5			5				0	5				0				0	
16	35 Freighter House Plant	16			16				0	16				0			8	8	
	36 Travel pool Cars	60	-60	PH	0				0	0		60	PH	60				60	
	37 Scootas for the Disabled	2			2				0	2				0				8	
Page 138 of 203	38 Retail Market Intruder Alarm	13			13			-13	-13	0				0				0	
	39 Retail Market Vehicle	24	7	PV	31				0	31				0				0	
	40 Street Cleansing Vehicles	0			0				0	0		356		356		326		682	

Reasons for Variations Greater Than £25,000 in Asset Replacement Programme							
Scheme Description	Latest Approved Budget	Estimated Budget Required	Variation	Variation Type	Percentage Change	Reason	
	£000s	£000's	£000s				
<u>2020/21</u>							
<u>Connected Chelmsford</u>							
1	Digital Services Replacement Programme	293	112	-181	Rephasing of spend to 2021/22	-61.77%	Service has agreed that replacements can be deferred to 2021/22 with no impact on service delivery.
<u>Greener and Safer Chelmsford</u>							
17	Print and Post Room Replacement Equip.	25	0	-25	Rephasing of spend to 2021/22	-100.00%	Budgets deferred to 2021/22 for replacements
21	CSAC Floodlights	29	0	-29	Rephasing of spend to 2022/23	-100.00%	This replacement has been delayed so that opportunities for future replacement with LED lighting can be investigated.
41	Wet Team Vehicles	71	0	-71	Rephasing of spend to 2021/22	-100.00%	Due to potential long lead-in time for the delivery of the vehicle a decision has been made to delay the delivery of the vehicle until April 2021/22 so that funding options can be reviewed. This will not impact on service delivery.

Table 18

COUNCIL TAX RESOLUTION**INTRODUCTION**

To set the 2021/22 Council Tax for Chelmsford City Council, the Council is asked to approve the information as set out in this Resolution.

Council Tax

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

Chelmsford City Council's council tax requirement is £13,986,847 after allowing for a deficit balance on the Collection Fund of £52,854. This results in an average Band D Council Tax of £203.95.

The Parish and Town Council precepts are detailed in the recommendation below and total £2,738,253. This results in an average Band D Council Tax figure of £39.93.

Essex County Council has set a precept at £91,959,380 after allowing for a deficit balance on the collection fund of £293,925. This results in a Band D Council Tax of £1,340.91.

Police, Fire and Crime Commissioner for Essex has set a precept at £14,300,952, after allowing for a deficit balance on the collection fund of £44,192. This results in a Band D Council Tax of £208.53.

Essex Police, Fire and Crime Commissioner Fire and Rescue Authority has set a precept at £5,067,364 after allowing for a deficit balance on the collection fund of £16,439. This results in a Band D Council Tax of £73.89.

The formal Council Tax Resolution is given below. If the Resolution is approved the Council Tax for 2021/22 will be as follows.

	2020/21	2021/22	Increase	Increase
	£	£	£	%
Chelmsford City Council (average)	199.00	203.95	4.95	2.49%
Essex County Council	1,321.11	1,340.91	19.80	1.50%
Police, Fire and Crime Commissioner for Essex	198.63	208.53	9.90	4.98%
Essex Police, Fire & Crime Commissioner Fire & Rescue Authority	73.89	73.89	0.00	0.00%
	<hr/>	<hr/>	<hr/>	
Parish and Town Councils (average)	1,792.63	1,827.28	34.65	
	38.56	39.93	1.37	3.55%
TOTAL	<hr/>	<hr/>	<hr/>	
	1,831.19	1,867.21	36.02	

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

The following be approved :-

1	(a)	Council Tax Requirement for 2021/22	£
		Chelmsford City Council	13,986,847
		Parish and Town Councils	2,738,253
		Total Council Tax requirement	<u>£16,725,100</u>

(b) The individual Parish budgets were set out in Table 11 of the Council report

2 It be noted that the Director of Financial Services, under delegated authority, calculated the following amounts as its Council Tax base for the year 2021/22 in accordance with regulation 3 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 made under Section 31B(3) of the Act.

(a) The amount calculated by the Council, in accordance with regulation 3 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the year. 68,579.83

(b)	Part of the Council's area (Parish or Town Council, or the Town Centre)		
		2021/22	
		Tax Base	
		(Band D	
		equivalent)	
	GREAT BADDOW	5,437.50	
	LITTLE BADDOW	876.84	
	BOREHAM	1,425.66	
	BROOMFIELD	2,530.80	
	CHIGNAL	315.26	
	DANBURY	2,433.04	
	GALLEYWOOD	2,096.56	
	GOOD EASTER	174.84	
	EAST HANNINGFIELD	488.97	
	SOUTH HANNINGFIELD	1,203.77	
	WEST HANNINGFIELD	476.12	
	HIGHWOOD	325.06	
	GT. & LITTLE LEIGHS	1,152.73	
	MARGARETTING	392.01	
	MASHBURY	45.35	
	PLESHEY	137.22	
	RETTENDON	781.72	
	ROXWELL	478.74	
	RUNWELL	1,831.85	
	SANDON	737.39	
	SPRINGFIELD	7,907.35	
	STOCK	1,186.38	
	GT. WALTHAM	938.72	
	LT. WALTHAM	809.25	
	SOUTH WOODHAM FERRERS	6,078.41	
	WOODHAM FERRERS & BICKNACRE	1,235.93	
	WRITTLE	2,012.09	
		43,509.56	
	special expense area of		
	TOWN CENTRE (non Parished area)	<u>25,070.27</u>	
		<u>68,579.83</u>	

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

3 The following amounts be now calculated by the Council for the year 2021/22 in accordance with Sections 30 to 36 of the Act:-

			£
(a)		The aggregate of the amounts which the Council estimates for the items set out in Section 31A (2)(a) to (f) of the Act	151,337,998
(b)		The aggregate of the amounts which the Council estimates for the items set out in Section 31A (3)(a) to (d) of the Act	-134,612,898
(c)		The amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its council tax requirement for the year (including parish precepts)	16,725,100
(d)		The amount at 3(c) above divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its council tax for the year (including parish precepts)	243.88
(e)		The aggregate amount of all special items referred to in Sections 34(1) and 35 of the Act	4,442,453
(f)		The amount at 3(d) above less the amount given by dividing the amount at 3(e) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates (excluding parish precepts)	179.10

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

*	Basic Council Tax per Band D £	<--- Special Items --->		TOTAL per Band D £
		Special Expenses per Band D £	Parish Precepts per Band D £	
		GREAT BADDOW	179.10	
LITTLE BADDOW	179.10	19.08	52.56	250.74
BOREHAM	179.10	5.67	63.09	247.86
BROOMFIELD	179.10	22.50	55.08	256.68
CHIGNAL	179.10	29.70	24.12	232.92
DANBURY	179.10	3.42	109.17	291.69
GALLEYWOOD	179.10	27.54	51.12	257.76
GOOD EASTER	179.10	17.55	61.29	257.94
EAST HANNINGFIELD	179.10	26.37	73.44	278.91
SOUTH HANNINGFIELD	179.10	19.44	71.82	270.36
WEST HANNINGFIELD	179.10	21.33	55.89	256.32
HIGHWOOD	179.10	19.62	98.01	296.73
GT. & LITTLE LEIGHS	179.10	32.58	26.01	237.69
MARGARETTING	179.10	19.89	31.68	230.67
MASHBURY	179.10	17.55	0.00	196.65
PLESHEY	179.10	17.55	61.47	258.12
RETTENDON	179.10	24.48	53.82	257.40
ROXWELL	179.10	0.00	31.32	210.42
RUNWELL	179.10	17.91	59.76	256.77
SANDON	179.10	23.31	47.70	250.11
SPRINGFIELD	179.10	31.86	51.93	262.89
STOCK	179.10	18.90	37.71	235.71
GT. WALTHAM	179.10	21.78	56.61	257.49
LT. WALTHAM	179.10	23.85	54.81	257.76
SOUTH WOODHAM FERRERS	179.10	23.85	70.47	273.42
WOODHAM FERRERS & BICKNACRE	179.10	18.63	66.87	264.60
WRITTLE	179.10	2.34	67.59	249.03
special expense area of TOWN CENTRE (non Parished area)	179.10	33.57	0.00	212.67

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

(h) Valuation Bands

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

- 4 It be noted that for the year 2021/22 Essex County Council, the Police, Fire and Crime Commissioner for Essex and the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown below:-

PRECEPTING AUTHORITY	<----- VALUATION BANDS ----->							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Essex County Council	893.94	1,042.93	1,191.92	1,340.91	1,638.89	1,936.87	2,234.85	2,681.82
Police, Fire and Crime Commissioner for Essex	139.02	162.19	185.36	208.53	254.87	301.21	347.55	417.06
Essex Police, Fire and Crime Commissioner Fire and Rescue Authority	49.26	57.47	65.68	73.89	90.31	106.73	123.15	147.78

- 5 Having calculated the aggregate in each case of the amounts at 3(h) and 4 above, the Council, in accordance with Section 30(2) of the Act, hereby sets the amounts detailed in Annex B attached as the amounts of council tax for the year 2021/22 for each of the categories of dwellings shown.

ANNEX A: Chelmsford City Council - Council taxes 2021/22 - Excluding Essex County Council, Police, Fire & Crime Commissioner for Essex & Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Parish of:-	----- VALUATION BANDS ----->							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
GREAT BADDOW	178.68	208.46	238.24	268.02	327.58	387.14	446.70	536.04
LITTLE BADDOW	167.16	195.02	222.88	250.74	306.46	362.18	417.90	501.48
BOREHAM	165.24	192.78	220.32	247.86	302.94	358.02	413.10	495.72
BROOMFIELD	171.12	199.64	228.16	256.68	313.72	370.76	427.80	513.36
CHIGNAL	155.28	181.16	207.04	232.92	284.68	336.44	388.20	465.84
DANBURY	194.46	226.87	259.28	291.69	356.51	421.33	486.15	583.38
GALLEYWOOD	171.84	200.48	229.12	257.76	315.04	372.32	429.60	515.52
GOOD EASTER	171.96	200.62	229.28	257.94	315.26	372.58	429.90	515.88
EAST HANNINGFIELD	185.94	216.93	247.92	278.91	340.89	402.87	464.85	557.82
SOUTH HANNINGFIELD	180.24	210.28	240.32	270.36	330.44	390.52	450.60	540.72
WEST HANNINGFIELD	170.88	199.36	227.84	256.32	313.28	370.24	427.20	512.64
HIGHWOOD	197.82	230.79	263.76	296.73	362.67	428.61	494.55	593.46
GT. & LITTLE LEIGHS	158.46	184.87	211.28	237.69	290.51	343.33	396.15	475.38
MARGARETTING	153.78	179.41	205.04	230.67	281.93	333.19	384.45	461.34
MASHBURY	131.10	152.95	174.80	196.65	240.35	284.05	327.75	393.30
PLESHEY	172.08	200.76	229.44	258.12	315.48	372.84	430.20	516.24
RETTENDON	171.60	200.20	228.80	257.40	314.60	371.80	429.00	514.80
ROXWELL	140.28	163.66	187.04	210.42	257.18	303.94	350.70	420.84
RUNWELL	171.18	199.71	228.24	256.77	313.83	370.89	427.95	513.54
SANDON	166.74	194.53	222.32	250.11	305.69	361.27	416.85	500.22
SPRINGFIELD	175.26	204.47	233.68	262.89	321.31	379.73	438.15	525.78
STOCK	157.14	183.33	209.52	235.71	288.09	340.47	392.85	471.42
GT. WALTHAM	171.66	200.27	228.88	257.49	314.71	371.93	429.15	514.98
LT. WALTHAM	171.84	200.48	229.12	257.76	315.04	372.32	429.60	515.52
SOUTH WOODHAM FERRERS	182.28	212.66	243.04	273.42	334.18	394.94	455.70	546.84
WOODHAM FERRERS & BICKNACRE	176.40	205.80	235.20	264.60	323.40	382.20	441.00	529.20
WRITTLE	166.02	193.69	221.36	249.03	304.37	359.71	415.05	498.06
special expense area of TOWN CENTRE (non Parished area)	141.78	165.41	189.04	212.67	259.93	307.19	354.45	425.34

ANNEX B: Chelmsford City Council - Council taxes 2021/22 - At taxpayer level

Parish of:-	----- VALUATION BANDS ----->							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
GREAT BADDOW	1,260.90	1,471.05	1,681.20	1,891.35	2,311.65	2,731.95	3,152.25	3,782.70
LITTLE BADDOW	1,249.38	1,457.61	1,665.84	1,874.07	2,290.53	2,706.99	3,123.45	3,748.14
BOREHAM	1,247.46	1,455.37	1,663.28	1,871.19	2,287.01	2,702.83	3,118.65	3,742.38
BROOMFIELD	1,253.34	1,462.23	1,671.12	1,880.01	2,297.79	2,715.57	3,133.35	3,760.02
CHIGNAL	1,237.50	1,443.75	1,650.00	1,856.25	2,268.75	2,681.25	3,093.75	3,712.50
DANBURY	1,276.68	1,489.46	1,702.24	1,915.02	2,340.58	2,766.14	3,191.70	3,830.04
GALLEYWOOD	1,254.06	1,463.07	1,672.08	1,881.09	2,299.11	2,717.13	3,135.15	3,762.18
GOOD EASTER	1,254.18	1,463.21	1,672.24	1,881.27	2,299.33	2,717.39	3,135.45	3,762.54
EAST HANNINGFIELD	1,268.16	1,479.52	1,690.88	1,902.24	2,324.96	2,747.68	3,170.40	3,804.48
SOUTH HANNINGFIELD	1,262.46	1,472.87	1,683.28	1,893.69	2,314.51	2,735.33	3,156.15	3,787.38
WEST HANNINGFIELD	1,253.10	1,461.95	1,670.80	1,879.65	2,297.35	2,715.05	3,132.75	3,759.30
HIGHWOOD	1,280.04	1,493.38	1,706.72	1,920.06	2,346.74	2,773.42	3,200.10	3,840.12
GT. & LITTLE LEIGHS	1,240.68	1,447.46	1,654.24	1,861.02	2,274.58	2,688.14	3,101.70	3,722.04
MARGARETTING	1,236.00	1,442.00	1,648.00	1,854.00	2,266.00	2,678.00	3,090.00	3,708.00
MASHBURY	1,213.32	1,415.54	1,617.76	1,819.98	2,224.42	2,628.86	3,033.30	3,639.96
PLESHEY	1,254.30	1,463.35	1,672.40	1,881.45	2,299.55	2,717.65	3,135.75	3,762.90
RETTENDON	1,253.82	1,462.79	1,671.76	1,880.73	2,298.67	2,716.61	3,134.55	3,761.46
ROXWELL	1,222.50	1,426.25	1,630.00	1,833.75	2,241.25	2,648.75	3,056.25	3,667.50
RUNWELL	1,253.40	1,462.30	1,671.20	1,880.10	2,297.90	2,715.70	3,133.50	3,760.20
SANDON	1,248.96	1,457.12	1,665.28	1,873.44	2,289.76	2,706.08	3,122.40	3,746.88
SPRINGFIELD	1,257.48	1,467.06	1,676.64	1,886.22	2,305.38	2,724.54	3,143.70	3,772.44
STOCK	1,239.36	1,445.92	1,652.48	1,859.04	2,272.16	2,685.28	3,098.40	3,718.08
GT. WALTHAM	1,253.88	1,462.86	1,671.84	1,880.82	2,298.78	2,716.74	3,134.70	3,761.64
LT. WALTHAM	1,254.06	1,463.07	1,672.08	1,881.09	2,299.11	2,717.13	3,135.15	3,762.18
SOUTH WOODHAM FERRERS	1,264.50	1,475.25	1,686.00	1,896.75	2,318.25	2,739.75	3,161.25	3,793.50
WOODHAM FERRERS & BICKNACRE	1,258.62	1,468.39	1,678.16	1,887.93	2,307.47	2,727.01	3,146.55	3,775.86
WRITTLE	1,248.24	1,456.28	1,664.32	1,872.36	2,288.44	2,704.52	3,120.60	3,744.72
special expense area of TOWN CENTRE (non Parished area)	1,224.00	1,428.00	1,632.00	1,836.00	2,244.00	2,652.00	3,060.00	3,672.00

6 The increase in Chelmsford City Council's relevant basic amount of Council Tax for 2021/22 is £4.95 (2.49%), which is below the guideline increase issued in accordance with the provisions of section 52ZB Local Government Finance Act 1992. The increase is therefore not excessive.

Parish and Town Council	Council Tax required		<--- Band D --->		
	2020/21	2021/22	2020/21	2021/22	Increase
	£	£	£	£	%
Great Baddow	434,538	438,480	79.56	80.64	1.36%
Little Baddow	46,055	46,087	52.83	52.56	-0.51%
Boreham	89,968	89,945	65.61	63.09	-3.84%
Broomfield	139,296	139,396	55.44	55.08	-0.65%
Chignal	7,608	7,604	26.28	24.12	-8.22%
Danbury	212,549	265,615	87.57	109.17	24.67%
Galleywood	106,139	107,176	50.22	51.12	1.79%
Good Easter	10,702	10,716	62.01	61.29	-1.16%
East Hanningfield	35,718	35,910	72.00	73.44	2.00%
South Hanningfield	86,500	86,455	72.63	71.82	-1.12%
West Hanningfield	26,818	26,610	56.07	55.89	-0.32%
Highwood	31,858	31,859	100.17	98.01	-2.16%
Great & Little Leighs	29,994	29,983	26.28	26.01	-1.03%
Margaretting	12,408	12,419	32.04	31.68	-1.12%
Mashbury	0	0	0.00	0.00	0.00%
Pleshey	7,512	8,435	54.09	61.47	13.64%
Rettendon	41,479	42,072	53.82	53.82	0.00%
Roxwell	14,985	14,994	31.41	31.32	-0.29%
Runwell	100,529	109,471	56.16	59.76	6.41%
Sandon	33,561	35,174	44.46	47.70	7.29%
Springfield	386,893	410,629	49.23	51.93	5.48%
Stock	44,825	44,738	37.53	37.71	0.48%
Great Waltham	49,934	53,141	53.01	56.61	6.79%
Little Waltham	44,101	44,355	54.81	54.81	0.00%
South Woodham Ferrers	428,265	428,346	70.38	70.47	0.13%
Woodham Ferrers & Bicknacre	77,639	82,647	62.91	66.87	6.29%
Writtle	132,105	135,997	65.34	67.59	3.44%
	<u>2,631,979</u>	<u>2,738,253</u>	1,471.86	1,513.98	



Chelmsford City Council

24 February 2021

Senior Responsible Officer's Report in relation to the Council's Regulation of Investigatory Powers (RIPA) arrangements

Report by: Governance Committee

Officer contact: Brian Mayfield, Democratic Services Manager,
brian.mayfield@chelmsford.gov.uk, 01245 606923

Purpose

To receive and note the Senior Responsible Officer's report on the Council's operations under the Regulation of Investigatory Powers Act.

Recommendation:

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

The attached report on the arrangements made by the Council under the Regulation of Investigatory Powers Act 2000, which includes the results of last year's inspection by the Investigatory Powers Commissioner's Office (IPCO) and a review of the RIPA Policy and the RIPA Social Media Policy, was considered by the Governance Committee on 14 October 2020.

The relevant minute of that meeting reads as follows:

The Committee received a report which updated them on the Council's RIPA arrangements and the outcome of a recent inspection by the IPCO. The Committee was reminded that due to a change in the threshold used, Chelmsford along with many other local Councils had not used RIPA for a while and again it had been a nil return for 2019/20. It was noted that the Council needed to continue to be aware of RIPA and the laws surrounding it. The Committee was informed that a remote RIPA inspection had recently taken place and the new policies had been consulted on with IPCO during the inspection. It was also noted that the inspection and audit had been completed with no concerns and some recommendations for further training and an audit on social media.

In response to questions from the Committee it was noted that:

- The wording at paragraph 2.2 of the updated policy would be clarified.
- The use of Covert Human Intelligence Sources was very rare across Councils.
- The acquisition of Communications data did not need to go through the Court system anymore due to a different way of authorising the process.

RESOLVED that:

1. the report be noted; and
2. the wording at paragraph 2.2 of the policy be further reviewed and updated by the Senior Responsible Officer prior to Council approval.

Paragraph 2.2 has since been amended to read:

"If any Enforcement (Investigating) Officer is in any doubt, they should ask the Authorising Officer before any directed surveillance and/or CHIS is authorised, renewed, cancelled or rejected".

That change has been incorporated in the attached version of the policy.

Corporate Implications

These are set out in the covering report to the Governance Committee on 14 October 2020

Consultees: Legal and Democratic Services Manager

Relevant Policies and Strategies: None applicable

Chelmsford City Council Governance Committee

14 October 2020

Senior Responsible Officer's report in relation to the Council's RIPA arrangements

Report by:
Senior Responsible Officer

Officer Contact:

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

Purpose

To update members on the Council's RIPA arrangements and the outcome of a recent inspection by IPCO.

Recommendations

1. To note the outcome of the RIPA inspection and annual update for members.
 2. To recommend the adoption of the changes to the Council's RIPA and Social Media Policies.
-

1. RIPA inspection

- 1.1. Members will be aware that a review of RIPA arrangements was identified as part of the Council's annual governance processes to take place during 2020. In terms of number of authorisations granted as has been the case for some years the Council has not undertaken any RIPA approvals during the past year. However, the Council needs to make sure that it remains ready to do so should the need arise and that staff are properly trained to ensure investigations continue to be undertaken in a lawful and appropriate way.
- 1.2. In March 2020 the Investigatory Powers Commissioner's Office (IPCO) contacted the Council to make arrangements for a formal RIPA inspection to take place. The inspection was undertaken remotely during Spring 2020 by the Council's Senior Responsible Officer and the outcome of the inspection was communicated to the Council's Chief Executive in June 2020. The key findings and actions arising are set out in this report.
- 1.3. The inspector identified a small number of actions for the Council to take to improve its arrangements. Actions included the need to update the Council's RIPA and RIPA Social Media Policies, to undertake an urgent audit of social media usage across the Council, ensuring key staff were properly trained and that the RIPA policies were reviewed annually.

2. RIPA Policy, RIPA Social Media Policy and other actions taken since the inspection

- 2.1 During the inspection both policies were reviewed and updated in line with comments helpfully provided by the inspector. The policies have also been circulated to all members of the Council's RIPA working group (key officers with responsibility for and who might use RIPA).
- 2.2 Members of the Committee are asked to recommend to Council that both updated policies be formally approved for adoption.
- 2.3 An urgent audit of social media usage has been overtaken since the inspection and this has not raised any concerns with the Council's approach.
- 2.4 Due to Covid-19 there is more limited training options for key personnel but arrangements are in hand for training to be undertaken as quickly as possible.
- 2.5 The recommended annual review of the RIPA policy will now take place as part of the annual RIPA report to members as part of the Governance Committee's work plan arrangements.

List of appendices:

Appendix 1 – RIPA Policy

Appendix 2 – RIPA Social Media Policy

Background papers:

Nil

Corporate Implications

Legal/Constitutional: These are set out in the report

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: none

Relevant Policies and Strategies:

REGULATION OF INVESTIGATORY POWERS ACT 2000

POLICY & PROCEDURAL GUIDANCE ON THE USE OF COVERT SURVEILLANCE

Final draft for Council February 2021

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I. Introduction

Context

- 1.1. This document sets out the Council's approach to ensure-
- 1.2. Council Investigations are conducted in accordance with the requirements of the Regulation of Investigatory Powers Act 2000 (RIPA) and guidance issued by the various statutory agencies, specifically the Home Office Code of Practice for Covert Surveillance and Property Interference at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742041/201800802_CSPI_code.pdf

- i) The Council can justify the need for covert investigation techniques, which by their very nature may otherwise be in breach of the Human Rights Act 1998, and that appropriate controls are in place to ensure that the activities are properly controlled and monitored.

Why is RIPA important?

- 1.3. The provisions of RIPA are designed to regulate any act of covert investigation or surveillance carried out by a local authority. These terms are explained below.
- 1.4. RIPA was enacted to provide a lawful procedure for public bodies to carry out covert investigations without the risk of a claim being made under the Human Rights Act 1998, against either that body or the Investigating Officer, by the person subject to such an investigation.
- 1.5. The Human Rights Act introduced a remedy for persons claiming that their privacy had been breached. The right to privacy contained in the European Convention on Human Rights (ECHR) is not an absolute right. It is a qualified right and will not apply in the circumstances set out in Article 8.2 of the ECHR.
- 1.6. The provisions of Article 8.2 of the ECHR have been incorporated into English law by the enactment of Part II of RIPA. The effect of Part II of RIPA is to provide protection to the local authority itself and to the individual officer against any claim for breach of privacy, provided they are able to demonstrate that they have fully complied with the procedures prescribed by RIPA.

- 1.7. If an investigation is carried out in accordance with RIPA procedures, then any possible resultant breach of the subject's privacy rights would not be actionable as a civil claim. In addition, in criminal proceedings arising from the investigation, the evidence gathered will not be challengeable under Section 78 of the Police & Criminal Evidence Act 1984, on the ground that it is a breach of privacy rights.
- 1.8. The protection afforded by RIPA also extends to complaints made to the Investigatory Powers Tribunal and to the Local Government Ombudsman. Strict adherence to the requirements of RIPA therefore provides a defence to any civil proceedings and claims for damages for breach of privacy.
- 1.9. It is therefore crucial that all Investigating Officers adhere to the requirements of RIPA.

What RIPA Does and Does Not Do

1.9 RIPA does:

- i) Require prior authorisation of directed surveillance;
- ii) Prohibit the Council from carrying out intrusive surveillance;
- iii) Require authorisation of the conduct and use of a Covert Human Intelligence Source (CHIS); and
- iv) Require safeguards for the conduct and use of a CHIS.

1.10 RIPA does not:

- i) Make conduct unlawful which would otherwise be lawful; and
- ii) Prejudice or dis-apply any existing powers available to the Council to obtain information by any means not involving conduct that may be authorised under this Act. For example, it does not affect the Council's current powers to obtain information via the DVLA or to get information from the Land Registry as to the ownership of a property.

2. Scope of the RIPA Investigation process

Reason for the Guidance

- 2.1 This policy is intended to assist any employee of the Council who acts as an Enforcement (Investigating) Officer in any capacity or who acts as an Authorising Officer. It will direct officers from the start of the investigation to the point at which the legal process will begin which is beyond the scope of this guidance. It does not replace the need for proper training in investigation techniques.
- 2.2 If any Enforcement (Investigating) Officer is in any doubt, they should ask the Authorising Officer before any directed surveillance and/or CHIS is authorised, renewed, cancelled or rejected.

Training

- 2.3 The RIPA Co-ordinating Officer will ensure refresher training for those officers whose work involves, or is likely to involve, the use of the RIPA regime every 12 months.

The RIPA Co-ordinator has responsibility for arranging training for Authorising Officers with respect to Covert Human Intelligence Sources “CHIS” and for raising awareness more generally among staff with investigative roles.

- 2.4 New members of staff for whom the above is applicable should access the RIPA on-line “Act Now” training module. Human Resources maintain records of formal RIPA training.
- 2.5 There should be regular updates at team meetings on the use of RIPA. Guidance with respect to Covert Human Intelligence Sources is available both on the intranet and from the RIPA Co-ordinating officer.

Home Office Guidance

- 2.6 The Home Office provides guidance on the use by public authorities of RIPA legislation in its Code of Practice. It is important that officers involved with RIPA are familiar with this code, particularly Authorising Officers as public authorities may be required to justify, with regard to the code, the use or granting of authorisations in general or the failure to use or grant authorisations where appropriate.

3. Meaning of Surveillance

3.1 RIPA provides for the authorisation of covert surveillance by public authorities, where the surveillance is likely to result in the obtaining of private information about a person. It does so by establishing a procedure for authorising covert surveillance. It prescribes the office, rank and position of those permitted to authorise covert surveillance. From 1st November 2012 any authorisation cannot be granted by a local authority unless it is first approved by the Magistrates' Court.

What is Surveillance?

3.2 Surveillance includes:-

- i) Monitoring, observing or listening to persons, their movements, their conversations or any of their activities or communications
- ii) Recording anything monitored, observed or listened to in the course of surveillance
- iii) Surveillance by or with the assistance of any surveillance device.

Examples of Different Types of Surveillance

Type of Surveillance	Examples
Overt Eg Officers on patrol	<ul style="list-style-type: none">• Signposted Town Centre CCTV cameras (in normal use)• Recording noise coming from outside the premises after the occupier has been warned that this will occur if the noise persists.
Covert but do not require prior authorisation	<ul style="list-style-type: none">• CCTV cameras providing general traffic, crime or public safety information• Most test purchases where the officer does not identify themselves upon entry and views

	activity as if they are a member of the public.
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<p>Directed must be RIPA authorised</p>	<ul style="list-style-type: none"> • Officers follow an individual or individuals over a period, to establish whether s/he is working when claiming benefit or off long term sick from employment. • Test purchases where the officer has a hidden camera or other recording device to record information which might include information about the private life of a shop-owner, e.g. where s/he is suspected of running his business in an unlawful manner.
<p>Intrusive Council cannot do this!</p>	<ul style="list-style-type: none"> • Planting a listening or other device (bug) in a person's home or in their private vehicle.

What is Overt Surveillance?

- 3.3 Most of the surveillance carried out by the Council will be done overtly – there will be nothing secretive, clandestine or hidden about it. In many cases, officers will be behaving in the same way as a normal member of the public and/or will be going about Council business openly.
- 3.4 Similarly, surveillance will be overt if the subject has been told it will happen (e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identifying themselves to the owner/proprietor to check that the conditions are being met.)

What is Covert Surveillance?

- 3.5 Covert Surveillance is any surveillance which is carried out in a manner calculated to ensure that the subject is unaware it is or may be taking place. The provisions of RIPA authorise the following forms of covert surveillance:
- i) Directed surveillance;
 - ii) Intrusive surveillance; and
 - iii) The conduct and use of covert human intelligence sources (CHIS).

3.6 RIPA does not enable a local authority to make any authorisations to carry out intrusive surveillance. This type of surveillance is considered in more detail in paragraphs 3.11- to 3.15 below

What Is Directed Surveillance?

3.7 Local authorities are permitted under RIPA to authorise directed covert surveillance on the grounds that such surveillance is necessary for the prevention or detection of crime. Surveillance is directed if it is covert but not intrusive and is undertaken:

- i) For the purpose of a specific investigation or a specific operation;
- ii) In such a manner as is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation); and
- iii) Otherwise and by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under RIPA to be sought for the carrying out of the surveillance.

Limitations on the Use of Directed Covert Surveillance

3.8 The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012 (SI 2012/1500) (2012 Order) came into force on 1 November 2012. It restricts Authorising Officers in a local authority in England or Wales, from authorising the carrying out of directed surveillance unless it is for the purpose of preventing or detecting a serious criminal offence or for preventing public disorder and meets the following conditions:

- i) That the criminal offence to be prevented or detected is punishable by a maximum term of at least six months' imprisonment; or
- ii) It constitutes an offence under sections 146, 147 or 147A of Licensing Act 2003 (sale of alcohol to children) or section 7 of the Children and Young Persons Act 1933 (sale of tobacco to children under 18 years old).
- iii) In the case of preventing public disorder, if it involves a criminal offence punishable by a maximum term of six months.

- 3.9 It is therefore essential that Investigating Officers consider the penalty attached to the criminal offence which they are investigating, before considering whether it may be possible to obtain an authorisation for directed surveillance. The maximum sentence should be indicated on the RIPA application form.
- 3.10 In addition, Intrusive Surveillance cannot be authorised for use by the Council.

What is Intrusive Surveillance?

- 3.11 This is surveillance which is covert surveillance that:
- i) Is carried out in relation to anything taking place in any residential premises or any private vehicle; and
 - ii) Involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device.
- 3.12 Residential premises include a rental flat occupied for residential purposes, a police cell and a hotel bedroom. However examples of places which may not be regarded as residential premises are a communal stairway in a block of flats or the front garden of premises readily visible to the public.
- 3.13 Therefore, it is important to note that not all surveillance of a suspect's home or vehicle is likely to amount to intrusive surveillance. For example, if an Investigating Officer observes a suspect leaving his home from the street using binoculars, this is unlikely to be intrusive, unless the quality of the image obtained is of the same quality as might be expected to be obtained from a device actually present on the premises.
- 3.14 There are also a number of exceptions applicable to the use of certain monitoring equipment some of which are not considered to constitute the use of intrusive surveillance. But the intrusiveness of the surveillance proposed must be considered before any surveillance operation takes place. Therefore advice should be sought in advance before such surveillance is contemplated or it may not be admissible as evidence and may also be a breach of RIPA.
- 3.15 For the avoidance of doubt, surveillance that enables an Investigating Officer to view or monitor anything going on inside a dwelling is almost certainly going to be regarded as intrusive and conduct of that nature cannot be authorised by a local authority.

What is Private Information and why is this Important?

- 3.16 Information is considered to be private information if it includes any information relating to the subject's private or family life or the private or family life of any other person. It would include any aspect of a person's private or personal relationship with others, including family and professional or business relationships. Private information may include personal data for example names, telephone numbers and address details.
- 3.17 It is important to understand this as Enforcement Officers may obtain information of this nature as part of an investigation for which a RIPA authorisation is not needed. However, if officers as part of that investigation obtained private information, a RIPA authorisation would be required to use it.
- 3.18 For example, if Enforcement Officers photographed the exterior of business premises, this in itself would not amount to surveillance requiring a RIPA authorisation. However, if officers also wanted to establish a pattern of occupancy of those premises by any person and took photographs on a number of occasions, it is likely that private information would be obtained and therefore a RIPA authorisation would be required. Care is therefore needed in deciding the ultimate purpose of the surveillance and what evidence officers are seeking to capture.
- 3.19 Private information may also be acquired through covert surveillance even where a person is in a public place and may have a reduced expectation of privacy. For example, where two people hold a conversation on the street they may have a reasonable expectation of privacy over the contents of that conversation. A directed surveillance authorisation may therefore be required if a public authority records or listens to the conversation as part of a specific investigation or operation.
- 3.20 In addition, the totality of the information relating to the private life of an individual may constitute private information, even if the individual records do not, and in this case an authorisation is required. For example where-
- i) A number of records are analysed together; or
 - ii) A number of pieces of information are obtained, covertly, for the purpose of making a record about a person or for data processing to generate further information.

4. When is a RIPA Authorisation required?

- 4.1 As explained in section 1 of this guidance, interference with any individual's rights under the HRA is a statutory offence. Whilst the provisions of RIPA provide lawful reasons to do so officers need to be aware that they need to assess in all cases if their surveillance or other actions might breach any of the HRA rights.
- 4.2 Officers must assess whether an individual's human rights may be breached and provide justification for doing so based on the relevant tests in the HRA. For example, surveillance that falls into the following categories will not be covered by RIPA:
- (i) Crimes not carrying six months imprisonment
 - (ii) Employee Surveillance
- 4.3 In addition some surveillance activity does not constitute directed surveillance at all for the purposes of RIPA and no authorisation can be provided for such activity under that act. These activities include:
- i) Covert surveillance by way of an immediate response to events;
 - ii) Covert surveillance as part of general observation activities;
 - iii) Covert surveillance not relating to the prevention or detection of crime or the prevention of disorder; and
 - iv) Overt surveillance by CCTV.
- 4.4 For example, enforcement officers attending a market where it is suspected that counterfeit goods are being sold, may not be carrying out surveillance of any particular individual as their intention is to identify and tackle offenders generally. In these circumstances this forms part of the general duties of the public authority and the obtaining of private information is unlikely. In such a case a directed surveillance authorisation is not required, but an assessment of any interference under the HRA is still necessary.
- 4.5 Covert surveillance undertaken without a RIPA authorisation will not have the protection of RIPA but it will still be able to be undertaken as long as it is done in accordance with the European Convention on Human Rights (ECHR), which is directly enforceable against public authorities pursuant to the HRA. Article 8 of the ECHR states:

“everyone has the right to respect for his private and family life his home and his correspondence; and

There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of public safety, for the protection of public order, health or morals, or for the rights and freedoms of others”

- 4.6 To satisfy Article 8 the covert surveillance must be both necessary and proportionate. In deciding whether it is, the same factors need to be considered as when authorising surveillance regulated by RIPA.
- 4.7 It is just as important to have a written record of non RIPA authorisation. Accordingly officers who wish to undertake any surveillance must complete a RIPA authorisation form. This must then be passed to an authorising officer who will consider whether or not to authorise it as Non RIPA surveillance or advise that RIPA applies. The process for seeking this authorisation is set out in Section 5A below.
-

CCTV Systems

- 4.8 Where overt surveillance equipment is used for example in town centres, members of the public will be aware of their use and no RIPA authorisation is required.
- 4.9 If, however, CCTV cameras are used in a covert, pre-planned manner as part of a specific investigation or operation for the surveillance of a particular individual, then an authorisation for directed surveillance may be required. Such surveillance is likely to result in the obtaining of private information about a person, that is, a record of his movements and activities.

An Example of the Use of Directed Surveillance

- 4.10 This type of surveillance may be used to gather evidence for an offence such as a breach of the Trade Marks Act 1994. An Investigating Officer may need to carry out surveillance of a suspect's home to obtain information about their contacts and work patterns.

- 4.11 This would be directed surveillance as it would result in obtaining private information. A RIPA authorisation should be obtained. The Investigating Officer would need to demonstrate that such surveillance was necessary and proportionate. The Authorising Officer must be satisfied that the action proposed would not amount to intrusive surveillance, and place conditions on the conduct to avoid this happening prior to authorising the application or decline to authorise as necessary.
- 4.12 Note that if the surveillance involves the use of a surveillance device, that provides detail of the same quality as may be expected to be obtained by a device located on the premises, this may amount to intrusive surveillance. No RIPA authorisation may be given for intrusive surveillance.

Grounds for Making an Authorisation under RIPA

- 4.13 The grounds on which a local authority may make an authorisation permitting the use of directed surveillance under RIPA are limited to the prevention or detection of serious crime or the prevention of disorder. If directed surveillance is carried out for any other purpose, then an authorisation under RIPA cannot be granted.

Core Functions

- 4.14 The Council can only make authorisations under RIPA when performing its core functions. Those are the specific public functions undertaken by the local authority as opposed to its ordinary functions which are undertaken by all public authorities.
- 4.15 For example, an authorisation under RIPA cannot be used when the principal purpose of an investigation is for taking disciplinary action against an employee, as the disciplining of an employee is not a core function. It may, however, be appropriate to seek an authorisation under RIPA if there are associated criminal investigations.

The Conduct of Covert Human Intelligence Sources

- 4.16 A local authority may grant an authorisation under RIPA for the use of a covert human intelligence source (a "CHIS".) The City Council had decided as a matter of policy not to undertake this type of surveillance but it is now accepted that RIPA should only be authorised in exceptional circumstances and only after the Authorising Officer has agreed this with the RIPA Senior Responsible Officer (SRO).

4.17 A person is considered to be a CHIS if:

- i) They establish or maintain a personal or other relationship with a person for the covert purpose of doing anything falling within paragraphs (ii) or (iii) below;
- ii) They covertly use such a relationship to obtain information or provide access to any information to another person;
- iii) They covertly disclose information obtained by the use of the said relationship, or as a consequence of the existence of such a relationship.

4.18 The type of conduct that could be authorised is any that:

- i) Is comprised in any such activity including the conduct of CHIS or use of CHIS, as are specified in the authorisation;
- ii) Consists in conduct by or in relation to a person who is so specified or described as a person as to whose actions as a CHIS the authorisation relates;
- iii) Is carried out for the purposes of or in connection with the investigation or operation so specified or described; and
- iv) Is necessary and proportionate to the intelligence dividend that it seeks to achieve.

Management of Covert Human Intelligence Sources

4.19 As indicated, it is the Council's policy to only use CHIS in exceptional circumstances. In adopting this policy the Council recognises that there may be occasions when obtaining information by use of a CHIS is required.

4.20 Should an Investigating Officer believe that a CHIS should be used, an initial discussion should be conducted with an appropriate Authorising Officer who, if in agreement, will discuss the matter with the Senior Responsible Officer.

4.21 In deciding whether the use of a CHIS is appropriate, due regard will be had for the Home Office CHIS Code of Practice which all officers involved in the use of CHIS should be familiar with, and the relevant RIPA legislation.

4.22 It is important that all aspects of CHIS takes account of and complies with the Code of Practice:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742042/20180802_CHIS_code_.pdf

The Acquisition of Communications Data

4.23 Before considering submitting an application for the acquisition of communications data, all officers must first refer the matter to the Senior Responsible Officer or the RIPA Co-Ordinating Officer

4.24 Communications Data ('CD') is the 'who', 'when' and 'where' of a communication, but not the 'what' (i.e. the content of what was said or written). Local Authorities are not permitted to intercept the content of any person's communications.

4.25 Part 3 of the Investigatory Powers Act 2016 replaced Part 1 Chapter 2 of RIPA in relation to the acquisition of communications data and puts local authorities on the same standing as the police and law enforcement agencies. Previously local authorities have been limited to obtaining subscriber details (known now as "entity" data) such as the registered user of a telephone number or email address. Under the Investigatory Powers Act 2016, local authorities can now also obtain details of in and out call data, and cell site location. This information identifies who a criminal suspect is in communication with and whereabouts the suspect was when they made or received a call, or the location from which they were using an Internet service. This additional data is defined as "events" data.

4.26 A new threshold for which "events" data can be sought has been introduced under the Investigatory Powers Act as "applicable crime". Defined in section 86(2A) of the Act this means: an offence for which an adult is capable of being sentenced to one year or more in prison; any offence involving violence, resulting in substantial financial gain or involving conduct by a large group of persons in pursuit of a common goal; any offence committed by a body corporate; any offence which involves the sending of a communication or a breach of privacy; or an offence which involves, as an integral part of it, or the sending of a communication or breach of a person's privacy. Further guidance can be found in paragraphs 3.3 to 3.13 of CD Code of Practice.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757850/Communications_Data_Code_of_Practice.pdf

4.27 The Investigatory Powers Act has also removed the necessity for local authorities to seek the endorsement of a Justice of the Peace when seeking to acquire communications data. All such applications must now be processed through NAFN and will be considered for approval by the independent Office of Communication Data Authorisation (OCDA). The transfer of applications between local authorities, NAFN and OCDA is all conducted electronically and will therefore reduce what can be a

protracted process of securing an appearance before a Magistrate or District Judge (see local authority procedures set out in paragraphs 8.1 to 8.7 of the CD Code of Practice).

“DP’s” To be a DP for the purposes of a Local Authority an individual must be either a Director, Head of Service, or Service Manager or equivalent. At Chelmsford City Council these are Lorraine Browne Legal and Democratic Services Manager, John Breen Information Manager, and Paul Brookes Public Health and Protection Services Manager.

Chelmsford City Council is a member of National Anti – Fraud Network (NAFN) and all applications for data communications are made to this organisation which acts as the Council’s Single Point of Contact (SPOC) and “gate keepers” ensuring that all applications are reviewed for legal compliance prior to being submitted for approval to the Council’s DP.

All the appropriate forms are available on the NAFN website which also provides guidance for their completion at:-

<http://www.nafn.gov.uk>

5.The Procedure for Obtaining Authorisations- Directed Surveillance

- 5.1 Each form of covert surveillance subject to RIPA must be authorised in accordance with the provisions of RIPA.
- 5.2 Regulations prescribe that within a local authority, Authorising Officers must hold the rank of Director, Head of Service, Service Manager or equivalent. The following post holders are designated as Authorising Officers.
- 5.3 The officers appointed by the City Council are-
 - i) Procurement and Risk Manager
 - ii) Public Health and Protection Manager

Making an Application for an Authorisation

- 5.4 The Council is also required to have a designated RIPA Senior Responsible Officer who has primary responsibility for the integrity of the RIPA scheme and is responsible for the administration of the policy and procedures. At the City Council this is the Legal & Democratic

Services Manager.

- 5.5 The Investigating Officer must complete all the information required by the appropriate prescribed form.
- 5.6 The forms, guidance for completing the forms and the RIPA manual can be found here - www.chelmsford.gov.uk/intranet/ripa-2000.
- 5.7 The Investigating Officer must obtain a unique reference number for the form from the RIPA Co-ordinating Officer and must note it on the appropriate form. The form must also include:
- i) Precisely what type of surveillance is to be authorised and against which subjects, the property or location and the techniques and equipment to be used and the maximum penalty applicable for the offence to be investigated;
 - ii) The reason why the directed surveillance is necessary i.e. it is needed for the detection or prevention of crime or disorder and why it is necessary for the investigation of this specific case;
 - iii) Officers should, particularly, indicate on the application form the offences relied upon to found necessity;
 - iv) The reason why it is considered that the use of the surveillance requested is proportionate to the objective to be achieved i.e. what is sought to be achieved by carrying out the covert surveillance and why that objective cannot be achieved through any other means- see below;
 - v) How collateral intrusion (interference with the privacy rights of others not subject to the surveillance) will be minimised;
 - vi) Where collateral intrusion is unavoidable, a risk assessment should be carried out and a mechanism put in place to disregard any information not relevant to the case;
 - vii) That any local community conditions or sensitivities have been considered; and
 - viii) The form should be completed electronically but if necessary may be handwritten.

Submitting the Application for an Authorisation

- 5.8 The Authorisation form must be submitted in writing to the appropriate Authorising Officer and signed by the Authorising Officer, in all but the

most urgent cases.

Responsibilities of the Authorising Officer

- 5.9 The Authorising Officer must ascertain that the Investigating Officer has completed all relevant sections of the appropriate authorisation form. S/He must also be satisfied that all of the matters detailed in the paragraph headed "Making an Application" above, have been properly considered and set out in sufficient detail on the form.
- 5.10 In particular, the Authorising Officer must be satisfied that the surveillance proposed may infringe the human rights of its subject or of others. S/He must also be satisfied that the covert surveillance for which the authorisation is sought is proportionate i.e. that the information could not be obtained by any other means and that it is necessary to further the objectives of the investigation. S/He should consider whether the benefits of obtaining the information are significant rather than marginal. S/He must also consider the risk of collateral intrusion into the privacy of other persons.
- 5.11 The Authorising Officer should clearly set out what activity and surveillance equipment is authorised so that the investigating Officer is certain what has been sanctioned.
- 5.12 If the Authorising Officer is not completely satisfied that the form has been properly completed, s/he should liaise with the Investigating Officer to obtain further information.
- 5.13 The Authorising Officer must also determine if the activity requires authorisation under RIPA at all. If not they will nevertheless:
- i) Assess whether the activity should be sanctioned;
 - ii) Complete the HRA assessment and the mark the application form as Non-RIPA and whether approved; and
 - iii) Indicate on the form whether interference with the human rights of the individual is accepted or not and the reasons why and clearly mark the form as non-RIPA using a watermark where appropriate.

Necessity and Proportionality

- 5.14 The 2000 Act stipulates that the person granting an authorisation or warrant for directed or intrusive surveillance, or interference with property, must believe that the activities to be authorised are necessary on one or more statutory grounds.

- 5.15 If the activities are deemed necessary on one or more of the statutory grounds, the person granting the authorisation or warrant must also believe that they are proportionate to what is sought to be achieved by carrying them out. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation (or any other person who may be affected) against the need for the activity in investigative and operational terms.
- 5.16 The authorisation will not be proportionate if it is excessive in the overall circumstances of the case. Each action authorised should bring an expected benefit to the investigation or operation and should not be disproportionate or arbitrary. The fact that a suspected offence may be serious will not alone render intrusive actions proportionate. Similarly, an offence may be so minor that any deployment of covert techniques would be disproportionate. No activity should be considered proportionate if the information which is sought could reasonably be obtained by other less intrusive means.
- 5.17 The following elements of proportionality should therefore be considered:
- i) Balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
 - ii) Explaining how and why the methods to be adopted will cause the least possible intrusion on the target and others;
 - iii) Considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result; and
 - iv) Evidencing, as far as reasonably practicable, what other methods have been considered and why they were not implemented.

Avoiding Common Mistakes in RIPA Forms

- 5.18 Investigating and Authorising Officers can avoid making common mistakes when completing RIPA forms by referring to page 37 of the Covert Surveillance Policy and Procedures Toolkit available on the intranet at www.chelmsford.gov.uk/intranet/ripa-forms-and-guidance

Obtaining Court Approval for Authorisations

- 5.19 Authorising Officers must when making authorisations be aware that each authorisation (or renewal of an authorisation) will be subject to court approval. The Protection of Freedoms Act 2012 amends RIPA, to require that where an Authorising Officer has granted an authorisation

for the use of directed surveillance or for the use of covert human intelligence sources, court approval will be required. The Authority will be required to make an application, without giving notice, to the Magistrates' Court. The Magistrates will give approval if, at the date of the grant of authorisation or renewal of an existing authorisation, they are satisfied that:

- i) There were reasonable grounds for believing that obtaining the covert surveillance or use of a human covert intelligence source was reasonable and proportionate and that these grounds still remain.
- ii) The "relevant conditions" were satisfied in relation to the authorisation.
- iii) Relevant conditions include that:
 - a. The relevant person was designated as an Authorising Officer.
 - b. It was reasonable and proportionate to believe that using covert surveillance or a covert human intelligence source was necessary and that the relevant conditions have been complied with.
 - c. The grant or renewal of any authorisation or notice was not in breach of any restrictions imposed under section 25(3) of RIPA.
 - d. Any other conditions provided for by an order made by the Secretary of State were satisfied.

5.20 Once the application form has been signed by the authorising officer it should be passed to the RIPA Co-ordinating Officer who will ensure that the application is RIPA compliant

5.21 If RIPA compliance is satisfactory the Co-ordinating Officer will liaise with the court and the Investigating Officer to obtain a date and time on which the application can be heard.

5.22 If the Magistrates' Court refuses to approve the grant of the authorisation, then it may make an order to quash that authorisation.

5.23 No activity permitted by the authorisation granted by the Authorising Officer may be undertaken until the Magistrates' Court has approved its use.

5.24 Authorising Officers should be aware that they may be required to attend court with the Investigating Officer in order to support the application for authorisation.

5.25 The Co-ordinating Officer will usually attend court with the Investigating Officer in order to provide legal assistance if required.

Expiry of Authorisations

5.26 Written authorisations under RIPA cease to have effect 3 months after the authorisation by the court unless renewed (12 months for applications under CHIS). The three month authorisation is mandatory and cannot be restricted. The Authorising Officer must ensure that the correct expiry date is recorded on the authorisation form. For example, an authorisation given on 1st April will expire on 30th June. Authorisations cease at 23:59 on the last day, so it is not necessary to specify a time.

Review of Authorisations

5.27 Regular reviews of authorisations which have been granted should be undertaken by the Investigating Officer to ascertain whether it is necessary for the authorisation to continue. Authorisations may be renewed at any time by any person who would be entitled to grant a new authorisation in the same terms.

Obligations of the Authorising Officer Relating to the Renewal of Authorisations

5.28 When considering an application for renewal of an authorisation the Authorising Officer must consider whether surveillance is still necessary and proportionate.

5.29 Renewals become effective on the day on which the existing authorisation expires. Renewals of authorisations will also be subject to approval by the Magistrates' Court and the Authorising Officer must provide the RIPA Co-ordinating Officer with the appropriate forms in good time to obtain a renewal if that is required.

Cancellation of Authorisations

5.30 Authorisations under RIPA do not lapse automatically. They continue for the statutory 3 month's period from the date on which the court gives authorisation, unless cancelled earlier. Once an investigation has been completed or the circumstances of the case dictate that it must

be closed, the Investigating Officer must complete a cancellation of authorisation form and submit it to the Authorising Officer who granted or last renewed the authorisation.

Even if an authorisation has expired it must still be cancelled.

5.31 The Authorising Officer may cancel the authorisation if he considers that the requirements of the authorisation are no longer satisfied.

5.32 All of the information relating to the authorisation will form part of the records of the investigation and must be kept on the appropriate file for 5 years or longer if appeals are made.

5.33 Information that may be of value in connection with concurrent investigations may be kept, but information not relevant to those enquiries must be destroyed.

Maintaining Records of Authorisations, Renewals and Cancellations

5.34 The Authorising Officer must send the originals of all records of authorisations, renewals and cancellations to the RIPA Senior Responsible Officer who will keep a central record.

- i) The Authorising Officer should diarise the dates for review of each authorisation; and
- ii) Review the authorisations / renewals made on a regular basis to ensure that such authorisations/renewals are made properly, are appropriate and that all forms have been fully completed.

5.35 The Investigating Officer should keep the following record and diarise the dates for renewal and cancellation:

- i) A copy of the authorisation together with supporting documents and specifically any Court Order approving the use of the authorisation;
- ii) A copy of any renewal of any authorisation together with supporting documents;
- iii) Any authorisation which was granted or renewed orally (an urgent case) and the reason why the case was considered to be urgent ;
- iv) A record of the results of any reviews of the authorisation;

- v) The reasons for not renewing an authorisation;
- vi) The reasons for cancelling an authorisation; and
- vii) The Investigating Officer should diarise the dates for review of each authorisation.

Role of the RIPA Senior Responsible Officer

5.36 In accordance with the Home Office Code of Conduct the Council designates a Senior Responsible Officer in relation to RIPA powers and delegations. The SRO has overarching responsibility for the RIPA scheme, and in particular:

- i) To ensure the integrity of the process to authorise directed surveillance, compliance with the Act and the Codes of Practice;
- ii) To engage with the Commissioners and Inspectors when they conduct inspections, to oversee the implementation of any post-inspection action plan recommended or approved by an inspector;
- iii) To review the operation of RIPA and report to the Governance Committee on a quarterly basis to ensure that the scheme is being used in accordance with the Council's policy and to provide statistical information with respect to its use.
- iv) To prepare and submit an annual report to the Governance Committee in order for the Committee to ensure RIPA policy remains "fit for purpose".
- v) To convene a meeting with the RIPA administrative personnel every six months to review its operation.

Role of the RIPA Co-Ordinating Officer

5.37 The RIPA Co-Ordinating Officer will be the litigation lawyer who has primary responsibility for criminal litigation, and will exercise the following delegated responsibilities:

- i) To ensure that a central record of all RIPA authorisations, renewals and cancellations are maintained. That paperwork is renewed prior to RIPA applications being made to the Magistrates' Court and ensure that all renewals and cancellations are RIPA compliant;

- ii) To regularly review the RIPA scheme to ensure that it is compliant with the Act and the Codes of Practice;
- iii) To be the legal advisor with respect to RIPA and ensure day to day compliance with the requirements of this policy ;
- iv) To provide advice to Investigating and Authorising Officers; and
- v) To review training requirements every 18 months and ensure that, where appropriate, training is undertaken.
- vi) Provide a Unique Reference Number for each RIPA application upon request by an Investigating Officer; and
- vii) Maintain a central record of all RIPA authorisations, renewals and cancellations.

Regulation of Use of Authorisations

5.38 The Investigatory Powers Commissioner reviews the exercise and performance of the use of authorisations by public bodies. Information must be provided on request to enable the inspections that will be carried out regularly by the Surveillance Commissioner.

5.39 A tribunal has been established to consider and determine complaints relating to the exercise of RIPA powers by any person aggrieved. The tribunal deals with these matters in a similar manner to the courts when dealing with judicial review cases. Complaints must be lodged with the tribunal within one year unless the tribunal determines it is just and equitable to extend that period.

5.40 The tribunal may order the quashing or cancellation of any authorisation, records or information obtained by use of an authorisation.

5.41 The Council is under a duty to disclose to the tribunal all documents that may be required relating to the authorisation.

6. Further Information and how to Make a Complaint

6.1 Further information is available from:

i) The Regulation of Investigatory Powers Act 2000

<http://www.legislation.gov.uk/ukpga/2000/23/contents>

ii) RIPA Explanatory Notes

<http://www.legislation.gov.uk/ukpga/2000/23/notes/contents>

iii) RIPA Statutory Codes of Practice

a. Covert Surveillance and Property interference – see para of this policy

b. Covert Human Intelligence Sources – see paragraph of this policy

c. Acquisition and Disclosure of Communications Data – see para of this policy

iv) SI 2000 No.2793 The Regulation of Investigatory Powers (Juveniles) Order 2000

<http://www.legislation.gov.uk/uksi/2000/2793/made>

v) SI 2010 No.480 Regulation of Investigatory Powers (Communications Data) Order 2010

<http://www.legislation.gov.uk/uksi/2010/480/contents/made>

vi) SI 2010 No.521 Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010

<http://www.legislation.gov.uk/uksi/2010/978011490365/contents>

vii) SI 2010 No. 461 Regulation of Investigatory Powers
(Extension of Authorisation Provisions: Legal Consultations)
Order 2010

<http://www.legislation.gov.uk/uksi/2010/461/contents/made>

viii) SI 2012 No. 1500 Regulation of Investigatory Powers
(Directed Surveillance and Covert Human Intelligence
Sources) (Amendment) Order 2012

<http://www.legislation.gov.uk/uksi/2012/1500/contents>

ix) The Investigatory Powers Commissioner's Office:

PO Box 29105

London

SW1V 1ZU

[email: info@ipco.org.uk](mailto:info@ipco.org.uk)

6.2 Complaints can be made to:

i) Chelmsford City Council:

RIPA Senior Responsible Officer

(Who will ensure that they are passed to the relevant Authorising
Officer for an initial response.)

Chelmsford City Council

Civic Centre

Chelmsford

Essex

CMI IJE

Tel: 01245 606560

www.chelmsford.gov.uk/complaintsprocedure.

ii) The Investigatory Powers Tribunal:

The Investigatory Powers Tribunal

PO Box 33220

London, SW1H 9ZQ

Tel: 0207 035 3711

www.ipt-uk.com

APPENDIX I

RIPA ADMINISTRATION

Senior Responsible Officer

Lorraine Browne : Legal & Democratic Services

Manager Tel: 01245 606560

Email: lorraine.browne@chelmsford.gov.uk

RIPA Co-ordinating Officer

Emma Stenson: Litigation Lawyer

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AUTHORISING OFFICERS

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Alison Chessell

Chief Procurement & Risk Officer

Tel 01245

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DESIGNATED OFFICERS

Lorraine Browne and Paul Brookes – details as above

John Breen

Information Manager

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RIPA - USE OF SOCIAL MEDIA IN INVESTIGATIONS

POLICY AND PROCEDURES

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1 INTRODUCTION & BACKGROUND

- 1.1 Social Media has become a significant part of many people's lives, with millions of people regularly using and interacting with a plethora of different forms of what can be categorised as Social Media. By its very nature, Social Media accumulates a sizable amount of information about a person's life, from daily routines to specific events. Their accessibility on mobile devices can also mean that a person's precise location at a given time may also be recorded whenever they interact with a form of Social Media on their devices. All of this means that incredibly detailed information can be obtained about a person and their activities like never before.
- 1.2 Social Media can therefore be a very useful tool when investigating alleged offences with a view to bringing a prosecution in the courts. The use of information gathered from the various different forms of Social Media available can go some way to proving or disproving such things as whether a statement made by a defendant, or an allegation made by a complainant, is truthful or not. However, there is a danger that the use of Social Media can be abused, which would have an adverse effect, damaging potential prosecutions and even leave the Council open to complaints.
- 1.3 This Policy sets the framework on which the Council may utilise Social Media when conducting investigations into alleged offences. Whilst the use of Social Media to investigate is not automatically considered covert surveillance, its misuse when conducting investigations can mean that it crosses over into the realms of covert and/or targeted surveillance, even when that misuse is inadvertent. It is therefore crucial that the provisions of The Regulation of Investigatory Powers Act 2000 (RIPA), as it relates to covert and directed surveillance, are followed at all times when using Social Media information in investigations.
- 1.4 It is possible for the Council's use of Social Media in investigating potential offences to cross over into becoming unauthorised surveillance, and in so doing, breach a person's right to privacy under Article 8 of the Human Rights Act. Even if surveillance without due authorisation in a particular instance is not illegal, if authorisation is not obtained, the surveillance carried out will not have the protection that RIPA affords and may mean it is rendered inadmissible.
- 1.5 It is the aim of this Procedure to ensure that investigations involving the use of Social Media are done so lawfully and correctly so as not to interfere with an accused's human rights, nor to require authorisation under RIPA, whilst ensuring that evidence gathered from Social Media is captured and presented to court in the correct manner.
- 1.6 Officers who are involved in investigations, into both individuals and business they suspect to have committed an offence, may wish to consult Legal Services if they are unsure about any part of this Policy and how it affects their investigative practices.

2 REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

- 2.1 Given the change in social habits in the last few years, with the almost ubiquitous use of smartphones and personal devices, there is a significant amount of information on an individual's Social Media pages. This information might be relevant to an investigation being undertaken by the Council. However, unguided research into the sites of suspects could fall within the remit of RIPA and therefore require authorisation prior to it being undertaken. Officers may wish to seek advice from Legal Services prior to undertaking any investigation using Social Media sites.
- 2.2 Council officers embarking on any form of investigatory action should always do so with RIPA in mind. Whilst RIPA will not always be relevant to every investigation, it is vital that Council officers involved in investigative practices against individuals, regularly review their conduct with respect to investigatory actions. Any investigation is capable of evolving from being one that does not require RIPA authorisation, to one that does, at any point.
- 2.3 Accordingly, this Policy should be read in conjunction with the Council's RIPA Policy, as well as the statutory codes of practice issued by the Secretary of State, the Office of Surveillance Commissioners Guidance and any additional guidance provided by individual CCC Directorates to deal with the specific issues of their service.
- 2.4 Instances of repeated and/or regular monitoring of Social Media accounts, as opposed to one-off viewing, may require RIPA authorisation. Advice may be sought from Legal Services where it is envisaged that this level of monitoring will be required in relation to a particular investigation. See paragraph 6.2 below.

3 WHAT IS MEANT BY 'SOCIAL MEDIA' FOR THE PURPOSES OF THIS POLICY

- 3.1 Social Media, sometimes also referred to as a Social Network, can take many forms, with different examples of Social Media ranging from being very similar to each other to very different. This makes defining Social Media, for the purposes of this policy, difficult, however there are some facets which will be common to all forms of Social Media.

Social Media will always be a web-based service that allows individuals and/or businesses to construct a public or semi-public profile. Beyond this, Social Media can be very diverse, but will often have some, or all, of the following characteristics;

- The ability to show a list of other users with whom they share a connection; often termed "friends" or "followers",
- The ability to view and browse their list of connections and those made by others within the system
- Hosting capabilities allowing users to post audio, photographs and/or video content that is viewable by others

Social Media can include community-based web sites, online discussions forums, chatrooms and other social spaces online as well.

3.2 Current examples of the most popular forms of Social Media, and therefore the most likely to be of use when conducting investigations into alleged offences, include;

- Facebook
- Twitter
- Instagram
- LinkedIn
- Pintrest
- Google+
- YouTube
- Vine
- Tumblr
- Reddit
- Flickr

3.3 The number and type of Social Media available to the public is fluid. In a given year, many new sites can open whilst some of the more established names can wain in popularity, the classic example being that of Myspace; from 2005 to 2008, Myspace was the largest social networking site in the world, whereas today it is mostly ignored and is therefore largely insignificant. This Policy will concentrate on Social Media generally and will not make reference to specific sites or services.

4 PRIVACY SETTINGS

4.1 The majority of Social Media services will allow its users to dictate who can view their activity, and to what degree, through the use of privacy settings. Whilst some users are happy, or otherwise indifferent about who is able to view their information, others prefer to maintain a level of privacy.

4.2 Depending on their intentions, many users will purposely use Social Media with no privacy setting applied whatsoever. This could be due to the fact that they are actively promoting something, such as a business or event, and therefore require as many people as possible to be able to view their Social Media profile at all times; others may do so for reasons of self-promotion or even vanity. The information publicly available is known as an individual's public profile.

4.3 Social Media sites will usually advise its users through its terms and conditions of the implications of not activating privacy controls, namely that all content they publish or share will be viewable by everyone, including sometimes people who, themselves, do not have an account with that provider.

4.4 Notwithstanding this, any individuals with public profiles who operate on Social Media without any, or only limited, forms of privacy settings being activated may do so because they are unaware, unable or have not properly thought through privacy settings.

4.5 The opposite of a public profile is a private profile. Some users of Social Media will not wish for their content, information or interactions to be viewable to anyone outside of a very small number of people, if any. In these instances, users will normally set a level of privacy on their Social Media profiles that reflects what they are comfortable with being made available, meaning that, for example, only friends, family and other pre-approved users are able to view their content or make contact with them through that site.

- 4.6 By setting their profile to private, a user is making it clear that they do not allow everyone to access and use their content, and respect should be shown to that person's right to privacy under Article 8 of the Human Rights Act. However, even with "public" profiles when privacy settings have not been applied, Article 8 rights still need to be considered. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity by the Council. This might not, however, extend to instances where a third party takes it upon themselves to share information which originated on a private profile on their own Social Media profile. For example, Person A publicises on their *private* Social Media page that they intend to throw a party, at which they will be selling alcohol and providing other forms of licensable activities, despite not having a licence from the Council to do so. Person B, who "follows" Person A's Social Media page, re-publishes this information on their *public* Social Media page. The information on Person A's profile cannot be used, however the same information on Person B's profile, might (subject to the considerations outlined in this policy).

5 WHAT IS PERMITTED UNDER THIS POLICY

- 5.1 Whether or not Social Media can be used in the course of investigating an offence, or potential offence, will depend on a number of things, not least of which is whether the suspect has a Social Media presence at all. Investigating offences will always be a multi-layered exercise utilising all manner of techniques, and it is important not to place too high an emphasis on the use of Social Media in place of more traditional investigative approaches.
- 5.2 Further to this, a lack of information on an individual's Social Media profile should not be taken as evidence that something is or isn't true. For example, a lack of evidence corroborating an individual's assertions that they were at a particular location on a specific day does not prove that they are being misleading and it is important to consider it only as part of a well rounded investigation.
- 5.3 For those individuals who do have a presence on Social Media, a lot of what is permitted under this policy for use in investigations will depend on the consideration of an individual's Article 8 right to privacy and is not simply determined by whether or not their privacy settings are public or private.
- 5.4 In practice, this means that things such as photographs, video content or any other relevant information posted by individuals and businesses on any given Social Media platform might be able to be used as evidence against them should the matter end in legal proceedings, subject to privacy considerations and the usual rules of evidence.
- 5.5 When considering what is available on an individual's Social Media profile, those investigating an offence, or potential offence, should always keep in mind what relevance it has to that investigation. Only information that is relevant to the investigation at hand, and goes some way toward proving the offence, should be gathered. If there is any doubt as to whether something is relevant, then advice should be sought from Legal Services.

6 WHAT ISN'T PERMITTED UNDER THIS POLICY

- 6.1 Should it be discovered that an individual under investigation has set their Social Media account to private, Council officers should not attempt to circumvent those

settings under any circumstances. Such attempts would include, but are not limited to;

- sending “friend” or “follow” requests to the individual,
- setting up or using bogus Social Media profiles in an attempt to gain access to the individual’s private profile,
- contacting the individual through any form of instant messaging or chat function requesting access or information,
- asking family, friends, colleagues or any other third party to gain access on their behalf, or otherwise using the Social Media accounts of such people to gain access, or
- any other method which relies on the use of subterfuge or deception.

Officers should keep in mind that simply using profiles belonging to others, or indeed fake profiles, in order to carry out investigations does not provide them with any form of true anonymity. The location and identity of an officer carrying out a search can be easily traced through tracking of IP Addresses, and other electronic identifying markers.

- 6.2 A distinction is made between one-off and repeated visits to an individual’s Social Media profile. As outlined at paragraph 2 above, under Part II of RIPA, authorisation must be sought in order to carry out directed surveillance against an individual. Whilst one-off visits, or otherwise infrequent visits spread out over time, cannot be considered “directed surveillance” for the purposes of RIPA, repeated or frequent visits may cross over into becoming “directed surveillance” requiring RIPA authorisation. A person’s Social Media profile should not, for example, be routinely monitored on a daily or weekly basis in search of updates, as this will require RIPA authorisation. Should further guidance on this point be needed, officers can contact Legal Services.
- 6.3 The Social Media profile belonging to a suspected offender should only ever be used for the purposes of evidence gathering. Interaction or conversation of any kind should be avoided at all costs, and at no stage should a Council officer seek to make contact with the individual through the medium of Social Media. Any contact that is made may lead to accusations of harassment or, where a level of deception is employed by the officer, entrapment, either of which would be detrimental and potentially fatal to any future prosecution that may be considered.

7 CAPTURING EVIDENCE

- 7.1 Once content available from an individual’s Social Media profile has been identified as being relevant to the investigation being undertaken, it needs to be recorded and captured for the purposes of producing as evidence at any potential prosecution. Depending on the nature of the evidence, there are a number of ways in which this may be done.
- 7.2 Where evidence takes the form of a readable or otherwise observable content, such as text, status updates or photographs, it is acceptable for this to be copied directly from the site, or captured via a screenshot, onto a hard drive or some other form of storage device, and subsequently printed to a hard copy. The hard copy evidence should then be exhibited to a suitably prepared witness statement in the normal way.

- 7.3 Where evidence takes the form of audio or video content, then efforts should be made to download that content onto a hard drive or some other form of storage device such as a CD or DVD. Those CD's and/or DVD's should then be exhibited to a suitably prepared witness statement in the normal way. Any difficulties in downloading this kind of evidence may need advice to assist in capturing it. (advice should be sought initially from the Council's Digital team).
- 7.4 When capturing evidence from an individual's public Social Media profile, steps should be taken to ensure that all relevant aspects of that evidence are recorded effectively. For example, when taking a screenshot of a person's Social Media profile, the Council officer doing so should make sure that the time and date are visible on the screenshot in order to prove when the evidence was captured. Likewise, if the evidence being captured is a specific status update or post published on the suspected offender's profile, steps should be taken to make sure that the date and time of that status update or post is visible within the screenshot. Without this information, the effectiveness of the evidence is potentially lost as it may not be admissible in court.
- 7.5 Due to the nature of Social Media, there is a significant risk of collateral damage in the form of other, innocent parties' information being inadvertently captured along side that of the suspected offender's. When capturing evidence from a Social Media profile, steps should be taken to minimise this collateral damage either before capturing the evidence, or subsequently through redaction. This might be particularly prevalent on Social Media profiles promoting certain events, where users are encouraged to interact with each other by posting messages or on photographs where other users may be making comments.

8 OTHER INFORMATION TECHNOLOGY TOOLS AVAILABLE FOR INVESTIGATIVE PURPOSES

- 8.1 Whilst Social Media can be a useful and fruitful means of investigating offences and potential offences, it is by no means the only tool available within the realm of Information Technology. A vast array of other, mostly web-based tools are also at the disposal of those conducting investigations. For example, where there is a website advertising the services of a local business, and there is evidence that this business is engaging in illegal activity, there are IT tools available that can track who is responsible for setting up that website, and so can be a good starting point when trying to link potential offenders to the offending business.
- 8.2 For assistance in identifying which tools may be appropriate, and how best to utilise them, advice can be sought from the Shared Anti-Fraud Service (SAFS) who are best placed to advise on this point.

9 RETENTION AND DESTRUCTION OF INFORMATION

- 9.1 Where recorded material (in any form or media) is obtained during the course of an investigation which might be relevant to that investigation, or another investigation, or to pending or future civil or criminal proceedings, then it should **not** be destroyed, but retained in accordance with the requirements of the Data Protection Act 2018, the Freedom of Information Act 2000, and any other legal requirements, including those of confidentiality, and the Council's policies and procedures regarding document retention. Advice should be sought from the Monitoring Officer or the Information Governance Manager.

9.2 Personal data gathered by the Council is subject to the Data Protection Act 2018. When considering whether to retain the data, the Council should:

- review the length of time it keeps personal data;
- consider the purpose or purposes it holds the information for in deciding whether (and for how long) to retain it;
- securely delete information that is no longer needed for this purpose or these purposes; and
- update, archive or securely delete information if it goes out of date

9.3 Due to the nature of Social Media, it is important to remember that when information produced as a hard copy is destroyed in line with this paragraph, that all digital copies of that evidence is likewise destroyed.

10 FURTHER GUIDANCE

10.1 Further helpful guidance can be found in paragraphs 3.4 to 3.6 and 3.10 to 3.17 of the Covert Surveillance and Property Interference Code of Practice and paragraphs 4.10 to 4.16 of the CHIS Code.

11 REVIEW

11.1 This Policy will be reviewed periodically and in line with the RIPA Policy & Procedure document to ensure that both Policies remain current and compliant with relevant legal requirements and best practice guidance.



Chelmsford City Council

24 February 2021

Pay Policy Statement for 2021-22

Report by: Leader of the Council

Officer contacts: Jane Corsham, Connected Chelmsford,
jane.corsham@chelmsford.gov.uk, 01245 606393

Purpose

The Localism Act 2011 requires that each local authority produce and submit to full Council for approval an annual pay policy statement. The appendix to this report sets out the statement for 2021-22.

Recommendation:

That the Council's Pay Policy Statement for 2021-2022 be approved.

The Pay Policy Statement should include:

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

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

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

This year, the Council's approach to furlough pay is included within the pay policy statement.

The previous pay policy statement advised that pay increases for Management Team (Directors/Chief Executive) would be recommended to the Governance Committee for approval and that an annual report would be made to Governance Committee concerning any job evaluations for these roles when this is not part of our pay approval process for Management Team. An amendment has therefore been made to the pay policy statement at sections 15. 22 & 23 in order to reflect actual process.

List of appendices:

Pay Policy Statement for 2021-22

Background papers:

None

Corporate Implications

Legal/Constitutional: There is an obligation under the Localism Act 2011 to produce an annual Pay Policy Statement

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: The Statement is relevant to the remuneration of all employees of the Council

Risk Management: None

Equality and Diversity: The Council on implementing its Equal Pay and Single Status agreement ensured it had put in place equitable and transparent reward system for its employees. The Council's pay policy statement is therefore underpinned by the principle of equal pay and recognises equal pay between both female and male officers as a legal right

under employment law and ensures fair and non-discriminatory remuneration package across the authority. The Council has a legal duty to report on the gender pay gap.

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

Health and Safety: None

Digital: None

Other: None

Consultees: None

Relevant Policies and Strategies: None

CHELMSFORD CITY COUNCIL PAY POLICY STATEMENT, 2021 - 2022

Introduction

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

Please use the following link to access the Council's Constitution:

<https://www.chelmsford.gov.uk/your-council/councillors-and-decision-making/constitution/>

5. The Council on implementing its Equal Pay and Single Status agreement ensured it had put in place equitable and transparent reward system for its employees. The Council's pay policy statement is therefore underpinned by the principle of equal pay and recognises equal pay between both female and male officers as a legal right under employment law and ensures fair and non-discriminatory remuneration package across the authority. The Council has a legal duty to report on the gender pay gap. This report is available at the following link <https://gender-pay-gap.service.gov.uk/>
6. This policy statement explains the principles of remuneration and the benefits available to all staff. However, employees' full rights are contained in the standard terms and conditions of employment and their employment contracts (collectively known as "the Council's conditions of service"), but these do not form part of the Council's Pay Policy Statement.
7. Where references are made to links on the Council's Intranet site, copies of those documents can be obtained by contacting the Council's HR team.

Strategic Aims

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

Scope

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

Determination of Job Grades

11. Chelmsford City Council has adopted the "Hay Job Evaluation Scheme" which systematically establishes the relative values of different jobs. The Scheme has been used to determine the grades of all existing posts and for new posts as they arise. It is the only mechanism within the Council for determining the grading of posts. Responsibility for administering and coordinating the Job Evaluation Scheme rests with Human Resources.
12. A job can only be considered for re-evaluation where there has been a significant change to the responsibilities and accountabilities of the post. The Manager will need to advise where the changes have come from as another post may be affected resulting in a decrease in the applicable grade of that post. If this results in an increase in grade, this will become effective from the 1st of the month that the authorised job evaluation form was submitted. If this results in a decrease, a pay protection period of 6 months will apply.
13. Any newly created post that is evaluated and result in a total remuneration package valued at £100,000 or more will be subject to full Council approval.
14. If a member of staff disagrees with the assessment of the job evaluation of their post, they will be advised of their right to appeal. A copy of the appeals proforma and the process for appealing is available from the HR team.

Remuneration

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

Normal Pay

16. Normal pay includes all earnings that would be paid during a period of contractual working, but excluding any payments not made on a regular basis.
17. The basic pay of each employee will be based on the grade of the job they are contracted to perform. Grade 2 has a spot rate and Grades 3 and 4 each have two spinal column points. All the other grades consist of four spinal points. The minimum point of a pay grade is not lower than the maximum point of the preceding pay grade. The Council's locally determined pay scales ranges from grade 2 – 20. Jobs with the same evaluation score will be on the same grade.
18. The Council employs apprentices on apprentice pay rates. The lowest graded roles within the Council are grade 2 with a current salary¹ of £17,715. Roles at this grade include cleaners, ice rink assistant, museum assistant, revenues assistant and pitch co-ordinator. The pay for the lowest grade employees is above national minimum pay rates.

Furlough pay or other national pay support

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

Recruitment

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

Progression through the Pay Spine

21. New entrants' salary will be reviewed annually on the anniversary of their start date and they will move up to the next spinal column point on the salary scale if they demonstrate satisfactory performance. Those appointed at the

¹ Salary as at April 2020

top of the scale point in their grade will not achieve any movement. This is applicable to all staff below Management Team (Director) level.

22. Those at Director level will have their performance reviewed annually by the Chief Executive.
23. The Leader and the Deputy Leader of the Council will be responsible for reviewing the Chief Executive's performance.

Pay Negotiation

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

Market Supplements

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

Honorarium payments

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

Other Pay

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

Pensions

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

Other Benefits

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

Reimbursement of Expenditure

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

- Travelling to locations as part of official duties.

Termination of Employment

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

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

Other Changes

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

Publicising Senior Salary

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

Conclusion

42. The Localism Act 2011 requires relevant authorities in England and Wales to prepare a Pay Policy Statement for each subsequent financial year. This paper sets out the Council's policy statement on pay for employees and sits alongside the overarching pay policy for the Council. The next statement will be reported to Full Council for their approval next year.

43. Should there be a need to amend the existing Pay Policy Statement during the course of the year an appropriate recommendation will be made to Full Council.



Chelmsford City Council

24 February 2021

Housing Infrastructure Fund - Collaboration and Co-operation Agreement

Report by: Cabinet Member for Sustainable Development

Officer contacts: Jeremy Potter, Spatial Planning Services Manager,
jeremy.potter@chelmsford.gov.uk, 01245 606821

Purpose

To gain approval to indemnify Essex County Council in the arrangements for the delivery of the new housing linked to the Beaulieu Rail Station and Chelmsford North East By-pass being funded by the Housing Infrastructure Fund (HIF).

Recommendation:

That the Council agrees to providing an indemnity of up to £5 million for capital costs in relation to the Terms of the Collaboration and Co-operation Agreement set out in Section 3 of this report. The authority to enter into the agreement is an executive function which can be dealt with through officer delegations. The decision to enter into this agreement will be taken by the Chief Executive in consultation with the Director of Financial Services, Legal and Democratic Services Manager, Director of Sustainable Communities, Cabinet Member for Sustainable Development and the Cabinet Member for Fairer Chelmsford.

1. Background

- 1.1. The adopted Chelmsford Local Plan allocates significant levels of new housing to the north of Chelmsford, including a new Garden Community which will continue the consented developments at Beaulieu and Channels. In addition, there is development growth allocated in both Broomfield and Great Leighs.
- 1.2. It has been a longstanding objective of both Chelmsford City Council and Essex County Council for a new rail station and by-pass to be built to the north east of Chelmsford. The Local Plan sets out the requirement for the delivery of the new rail station and Chelmsford North East By-pass (CNEB) to serve and mitigate the impact of the new development to the north of Chelmsford.
- 1.3. The delivery of the rail station is also linked to the existing permitted Beaulieu development with the new rail station required by the occupation of the 2,500th dwelling. As part of the s106 planning obligation for the Beaulieu development, the developer Countryside Zest, will be contributing £22m with a further £12m towards the rail station cost secured from the South East Local Enterprise Partnership (SELEP).

2. Housing Infrastructure Fund (HIF)

- 2.1. The Housing Infrastructure Fund (HIF) is a Government forward funding capital grant programme administered by the Ministry of Housing, Communities & Local Government (MHCLG). The aim of HIF is to deliver up to 100,000 new homes in England in the coming decades by funding the provision of new infrastructure to unlock residential development land.
- 2.2. County Councils can submit bids for the forward funding element of the HIF. In partnership with the City Council, Essex County Council (ECC) submitted a single £218m bid for the remaining cost of the new rail station and CNEB, both of which are referred together as the HIF infrastructure. MHCLG announced that the Chelmsford HIF bid was successful in August 2019 on condition that the rail station and CNEB are delivered by 2024/25.
- 2.3. Essex County Council are currently finalising the Grant Determination Agreement (GDA) with MHCLG and Homes England. This is the contract which will govern the release of the HIF grant to ECC to deliver the rail station and road. Chelmsford City Council is not a signatory to the GDA.

- 2.4. As the grant is part of the Housing Infrastructure Fund, the GDA governs the release of funds for infrastructure which are directly related to the delivery of new housing. However, ECC does not have control over local planning functions, that being the statutory responsibility of Chelmsford City Council as Local Planning Authority (LPA).
- 2.5. The GDA will include Housing Delivery Statements for each development site setting out the projected rates of delivery. In addition, the GDA will also be linked to a Recovery and Recycling Strategy which sets out how financial contributions secured through future s106 planning obligations from the developers of the housing sites, will be sought to essentially re-pay part of the forward funding from the HIF.
- 2.6. These recovered contributions will be retained by ECC to be recycled on future strategic infrastructure schemes within Chelmsford. This recovery fund will be governed in partnership with the City Council and Homes England. The Recovery and Recycling Strategy is a requirement of all HIF awards to ensure that the grant money is not artificially raising development land value. It is currently envisaged that in the region of 44% of the HIF could be recovered through this route.
- 2.7. Over 90% of the housing related to the HIF infrastructure is being built within the City Council's administrative area. However, there is one housing site within Braintree District which is linked to the HIF infrastructure. This is a site to the east of Great Notley which is proposed as part of Braintree's Local Plan.

3. Collaboration and Co-operation Agreement

- 3.1. As ECC does not control the planning functions governing the new housing, they wish to enter into a separate agreement with the City Council. The purpose of this agreement would be to govern the relationship between ECC as HIF grant recipient and the City Council as LPA.
- 3.2. The purpose of the agreement is to ensure that ECC and the City Council work collaboratively in an open and constructive manner in respect of the planning, delivery and monitoring of the Chelmsford housing sites linked to the HIF infrastructure.
- 3.3. ECC has already spent in the region of £4m on the Chelmsford HIF bid to date, all at risk. In addition, as discussed, they are not in control of the new housing which is related to the HIF. Therefore, ECC wish to include an indemnity clause into the Collaboration and Co-operation Agreement. This would enable ECC to make a claim against the City Council in the unlikely event that the City Council, through its

statutory planning role, acts unreasonably which results in the housing supported by the HIF infrastructure not being delivered.

3.4. ECC has indicated their requirement to enter into the Collaboration and Co-operation Agreement with the City Council before they can complete the GDA with Homes England. ECC now needs to complete the GDA as soon as practicable to secure the funding and the timelines for delivery. Therefore, the need to agree the Collaboration and Co-operation Agreement with the City Council has become increasingly urgent.

3.5. The proposed Heads of Terms of the Collaboration and Co-operation Agreement are set out below:

- Each party shall be solely responsible for their own statutory decision-making processes.
- The parties agree to the commitment of resources to ensure that the HIF infrastructure and housing is delivered.
- The parties enter into an open and constructive relationship in respect to the planning, delivery and monitoring of the HIF housing sites within Chelmsford and share relevant information.
- That CCC agree to indemnify ECC, up to a limit of £5m for capital costs, by failures of CCC to undertake all reasonable endeavours within its statutory planning powers to enable the delivery of the Chelmsford housing sites and affordable housing provision.
- The indemnity would cover a 29-year period from the point of signing.

4. Financial Implications

4.1. The £5m indemnity is only triggered in exceptional circumstances, so the City Council is unlikely to have to pay ECC. Under accounting practice, the City Council does not have to create a budget for something that is unlikely to happen, instead it is required to report the indemnity in the Statement Accounts as a Contingent Liability. In the unlikely event that the City Council had to pay ECC £5m, the cost would be a capital one and a budget would be created in the City Council's capital programme. The funding could come from a number of sources such as capital receipts, CIL or borrowing.

- 4.2. The City Council will make clear in the agreement with ECC that only capital costs are covered by the indemnity as a revenue indemnity of this size would be unaffordable to the City Council.

5. Conclusion

- 5.1 Chelmsford's Local Plan was submitted for Independent Examination in June 2018 before the HIF bid was submitted by ECC. At that point, the strategy to fund the rail station and CNEB, apart from the £34m already secured, was through developer contributions, CIL and potential private investment. However, without any forward-funding of the infrastructure, it was likely that the rail station and CNEB would be delivered much later or in incremental phases.
- 5.2 The HIF award was very important as it provides forward funding, enables early delivery and creates certainty. Officers consider that the Collaboration and Co-operation Agreement provides a sound and reasonable basis for the future relationship with ECC in relation to the HIF.
- 5.3 There is a risk of the indemnity being triggered but it is considered to be low as the City Council would have to be acting unreasonably. The £5m costs would be capital expenditure which provides the greatest number of funding options.

List of appendices:

None

Background papers:

None

Corporate Implications

Legal/Constitutional:

Relevant legal considerations have been set out in the report.

Financial:

There are no immediate financial implications of entering into the agreement but it will create a potential future liability which will require funding if and when it is realised.

Potential impact on climate change and the environment:

The delivery of the Station is a key part of the sustainable strategic transport strategy for Chelmsford and will reduce car journeys into the City Centre and provide a sustainable travel option in the North East Chelmsford Garden Community, which will have environmental benefits

Contribution toward achieving a net zero carbon position by 2030:

The delivery of the Station is a key part of the sustainable strategic transport strategy for Chelmsford and will reduce car journeys into the City Centre and provide a sustainable travel option in the North East Chelmsford Garden Community, which will have environmental benefits. This links to one of the overarching objectives of the Climate and Ecological Emergency Action Plan to encourage sustainable travel.

Personnel: None

Risk Management:

The wider project for the delivery of the station and by-pass are included in the Council's Principal Risk Register and monitored regularly.

Equality and Diversity: N/A

Health and Safety: None

Digital: None

Other: The delivery of the Chelmsford North East Bypass and Station are key infrastructure priorities of the adopted Local Plan. The agreement is required in order to ensure ECC can draw down the £218m funding for these projects from the Housing Infrastructure Fund.

Consultees:

Legal and Democratic Services Manager

Accountancy Services Manager

Director of Financial Services

Director of Sustainable Communities

Relevant Policies and Strategies:

Adopted Chelmsford Local Plan and Our Chelmsford Corporate Plan.
