

Cabinet Agenda

15 November 2022 at 7pm

Council Chamber, Civic Centre, Chelmsford

Membership

Councillor S J Robinson (Chair and Leader)
Councillor M C Goldman (Connected Chelmsford
and Deputy Leader)

and Councillors

C K Davidson (Fairer Chelmsford)
M J Mackrory (Sustainable Development)
R J Moore (Greener and Safer Chelmsford)

Local people are welcome to attend this meeting, where your elected Councillors take decisions affecting YOU and your City. There is also an opportunity to ask your Councillors questions or make a statement. These have to be submitted in advance and details are on the agenda page. If you would like to find out more, please telephone Daniel Bird in the Democracy Team on Chelmsford (01245) 606523 email daniel.bird@chelmsford.gov.uk

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THE CABINET

15 November 2022

AGENDA

PART 1 – Items to be considered when the public are likely to be present

1. Apologies for Absence

2. Declarations of Interest

All Members 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.

3. Minutes and Decisions Called in

Minutes of meeting on 18 October 2022. No decisions at that meeting were called in.

4. Public Questions

Any member of the public may ask a question or make a statement at this point in the meeting. Each person has two minutes and a maximum of 20 minutes is allotted to public questions/statements, which must be about matters for which the Cabinet is responsible. The Chair 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 at least 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.

5. Members' Questions

To receive any questions or statements from councillors not members of the Cabinet on matters for which the Cabinet is responsible.

6. Connected Chelmsford Item

Rural England Prosperity Fund

7. Fairer Chelmsford Items

7.1 Treasury Management Mid- Year Review 2022/23

7.2 Revenue Monitoring 2022/23

7.3 Capital Programme Monitoring and Update

8. Urgent Business

To consider any other matter which, in the opinion of the Chair, should be considered by reason of special circumstances (to be specified) as a matter of urgency and which does not constitute a key decision.

9. Reports to Council

The officers will advise on those decisions of the Cabinet which must be the subject of recommendation to the Council.

**MINUTES OF
CHELMSFORD CITY COUNCIL CABINET**

on 18 October 2022 at 7.00pm

Present:

Cabinet Members

Councillor S Robinson, Leader of the Council (Chair)
Councillor M Goldman, Deputy Leader and Cabinet Member for Connected Chelmsford
Councillor C Davidson, Cabinet Member for Fairer Chelmsford
Councillor M Mackrory, Cabinet Member for Sustainable Development
Councillor R Moore, Cabinet Member for Greener and Safer Chelmsford

Opposition Spokespersons

Councillors K Bentley, W Daden, R Gisby, I Roberts, R. Poulter, M. Sismey, M Steel, A
Thorpe-Apps and R T Whitehead

Also present: Councillors A Davidson, I. Grundy, N. Gulliver, B. Knight, R Massey, G.
Pooley, J Raven, T. Roper and A Sosin

Councillors Robinson and Whitehead paid tribute to Cllr John Galley, the worshipful Mayor of Chelmsford who had sadly recently passed away. It was noted that he had been a fine public servant for the residents of Chelmsford, who would be missed and that the Council shared the awful sense of loss and tragedy with his family. The Cabinet heard that during his time as a Councillor he had been a great colleague and had looked after the Council's finances successfully for many years.

It was noted that once funeral arrangements had been made, all Councillors would be made aware.

Councillor Robinson also informed those present that a special Council meeting would be held on Wednesday 9th November to elect a new Mayor and Deputy Mayor

A two minute silence was observed in his memory.

1. Apologies for Absence

Apologies for absence were received from Councillor Hyland.

2. Declarations of Interest

Members of the Cabinet were reminded to declare at the appropriate time any pecuniary and non-pecuniary interests in any of the items of business on the meeting's agenda.

3. Minutes and Decisions Called-in

The minutes of the meeting on 12 July 2022 were confirmed as a correct record, with one change to add apologies for Cllr Sismey. No decisions at that meeting had been called in.

4. Public Questions

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

5. Members' Questions

Councillors who were not members of the Cabinet asked the following questions:

- (a) Councillor M Steel, who referred to his and residents concerns that the theatre would be closed at Christmas and how and why had the project gone so wrong. Cllr Steel also asked whether there had been any security built into the project to prevent it overrunning into the panto opening, and had any contingences been built in.

The Cabinet Member for Connected Chelmsford informed Cllr Steel and the Cabinet that firstly they wished to echo the sadness and disappointment that the opening could not go ahead as planned. It was noted that the team had looked at various other options, such as different venues but they had not proved to be financially viable. The Cabinet heard that various issues in the construction industry had resulted in delays along with the uncovering of health and safety issues in the existing buildings that needed to be addressed. The Cabinet also heard that contingencies had been built into the project but when starting the project, as with many construction projects, additional issues had been uncovered.

The Cabinet were also informed that world events and financial decisions by the Government, had led to significantly increased costs across all areas of the project, along with significant delays. It was noted that it was distressing that the panto was not going ahead, but the team had worked day and night to meet the initial opening date, but had felt it was appropriate to cancel with as much notice as possible and to begin sending refunds.

The Leader of the Council also supported the fantastic work by officers along with Cllr Goldman and noted that every construction project was facing delays due to various external factors.

- (b) Councillor A Thorpe-Apps, who referred to concerns raised by local residents regarding the loss of the Cramphorn name, as a result of the theatre redevelopment. Cllr Thorpe Apps referred to the important link to the history of Chelmsford where part of the Cramphorn estate had been left to the Council and asked if the Cabinet Member

understood why residents attached such value to the name, and how residents would be consulted on this.

The Cabinet Member for Connected Chelmsford informed Cllr Thorpe-Apps and the Cabinet that the name had been in place for a while and the Council were of course grateful for any previous donations, but that it was sometimes appropriate to move on. The project aimed to grow the appeal of the theatre and a rebrand was part of that, the name would not be lost and ways in which it would be appropriate to remember the name would be looked into.

- (c) Councillor K Bentley, who raised the prospect of the Council having an officer position to act as a point of contact for residents of South Woodham Ferrers. Cllr Bentley stated that it would serve as an important link between the City Council and the Town of South Woodham Ferrers.

The Leader of the Council informed Cllr Bentley and the Cabinet that this was in effect the role of a local Councillor and that residents could contact their local Councillors or the Customer Service Centre for any queries.

At this point Cllr Gulliver left the meeting.

- (d) Councillor W Daden, who asked a question regarding covid vaccinations.

The Leader of the Council informed Cllr Daden that the Cabinet could only consider questions or statements, for matters which they were responsible for.

- (e) Councillor W Daden, who asked a question regarding the Broomfield & Little Waltham masterplan and the new access road planned to the hospital. Cllr Daden asked if the administration were aware why there was an absence of agreement with the hospital to enable this. Cllr Daden also asked if there was any sense in focusing on getting people to hospital if on arrival there was not sufficient parking, and also raised issues the access road may cause in pudding wood.

The Cabinet Member for Sustainable Development stated that the Planning Committee had approved the project subject to the S106 providing for a link road and that the matter would return if the link road could not be implemented. It was noted that it was not a matter for the Local Plan and that the proposed route would minimise the loss of any mature trees. The Cabinet also heard that the local plan had been consulted on many times, as well as the masterplan and the planning application. It was noted that final negotiations were now taking place to secure the link road.

- (f) Councillor B Knight, who offered his empathy to the current financial situation the Council found itself in and that it was not the fault of anyone in the room but due to external factors, such as the war in Ukraine and Covid. Cllr Knight highlighted that for the last two years, internal borrowings had taken place and it looked likely for a third year and asked when these would be paid back.

The Cabinet Member for Fairer Chelmsford informed Cllr Knight and the Cabinet that it was not uncommon to use cash holdings to fund capital programme expenditure rather than borrowing externally. The Cabinet heard that rising inflation and interest rates had placed the Council in a much more difficult financial position than anticipated.

The Leader of the Council also stated that it was acceptable to use money that was in the bank account to continue with capital projects and to tackle issues such as homelessness and that the money would be paid back.

- (g) Councillor R Massey who raised an item considered recently by the Policy Board regarding improvements to the Cathedral. Cllr Massey asked if the Council contributing to it financially was responsible in the current economic climate and was it not more important to fund front line services.

The Cabinet Member for Sustainable Development informed Cllr Massey and the Cabinet that, the project was only at its initial stages and would not be funded in full by the Council. It was noted that as the cathedral was a charitable organisation it could access other funding pots and that the recent decision was only to produce a scheme at this stage. The Cabinet also heard that public realm improvements were an important part of the Council's work and helped to enhance the offering of the City Centre.

- (h) Councillor I Grundy who raised concerns regarding the flood alleviation scheme being cancelled in the Margaretting area. Cllr Grundy highlighted that preparatory work had been started and the Parish Council were asking if a claim could be submitted for the scheme to be reinstated.

The Cabinet Member for Connected Chelmsford informed Cllr Grundy that they had been attending recent meetings regarding this matter, with the Environment Agency. It was noted that the scheme had been cancelled due to issues including land ownership. Cllr Goldman agreed to supply a written answer with more information on the matter and noted that money was set aside for projects of this nature.

(7.05pm to 7.47pm)

6.1 Self-Build and Custom Housebuilding Register – Consultation Feedback and Implementation of Locality Test (Sustainable Development)

Declarations of interest:

None.

Summary:

The Cabinet considered a report on the results of consultation on the adoption of a test to prioritise those with a local connection to Chelmsford for referral for self and custom housebuilding plots. The proposed Locality Test and its criteria had been supported by the Chelmsford Policy Board at its meeting on 26 May 2022 and the feedback from the consultation had indicated broad support for them.

Options:

1. Adopt or not the proposed Locality Test
2. Amend the proposed Locality Test

Preferred option and reasons:

The feedback from consultation indicated support for a Locality Test and the proposed criteria were regarded as fair and reasonable.

Discussion

The Cabinet Member for Sustainable Development informed the Cabinet that the report was seeking the adoption of a test to establish local connections of those who make applications. Consultation had been held following the Policy Board meeting and the results were summarised in the report. The results demonstrated a majority of respondents in favour and therefore it was proposed that it would come into effect on 13th December 2022.

RESOLVED that the Locality Test detailed in the report to the meeting be adopted for use as part of Chelmsford's Self-Build and Custom Housebuilding Register.

(7.48pm to 7.53pm)

6.2 Section 106 Spending Plan (Sustainable Development)

Declarations of Interest:

None

Summary:

The report to the meeting set out a proposed plan for the use of Section 106 contributions from developments in Chelmsford and currently held by the City Council.

Options:

1. Endorse the S106 Spending Plan, as presented
2. Endorse the S106 Spending Plan, with amendments
3. Not endorse the S106 Spending Plan

Preferred Option and Reasons:

Option 1 would enable the City Council to spend the held balances within the timeframes specified by the S106 agreements.

Discussion:

It was noted that the report illustrated the proposed funding of S106 contributions and a summary table provided the relevant figures. It was also noted that details of each scheme were provided in the appendix and that there had been an amendment to recommendation 1 detailed below.

In response to a question raised regarding a low percentage of spending taking place in South Woodham Ferrers, the Cabinet Member noted that S106 money was generated from developments in those areas, hence why the majority at this stage was in the Beaulieu area for example. The Cabinet Member also agreed to write to the local ward member regarding

a highways scheme related to the Sainsburys in South Woodham Ferrers and whether it had been completed correctly.

In response to a further question, it was noted that for certain schemes it was up to the Local Highways Panel to work out how best to use the funding available

RECOMMENDED to the Council that the Section 106 Spending Plan detailed in the report to the meeting be approved, together with the following delegations:

1. The Director of Public Places, in consultation with the Cabinet Member for Greener and Safer Chelmsford, is authorised to spend the approved S106 contributions for Open Spaces and Strategic Sports Provision, as detailed in Appendices 1 and 3 and that any unallocated sums from the Strategic Sports and Recreation balances should be allocated to improve and upgrade City Council indoor and outdoor leisure facilities.
2. The Director of Sustainable Communities, in consultation with the Cabinet Member for Sustainable Development, is authorised to approve the S106 Healthcare allocations on receipt of the proposed spend from the NHS as set out in Appendix 4.
3. The Director of Sustainable Communities, in consultation with the Cabinet Member for Sustainable Development, is authorised to spend the approved S106 allocations for highways and transport as detailed in Appendix 5 and
4. The Director of Sustainable Communities, in consultation with the Cabinet Member for Fairer Chelmsford, is authorised to agree the spend of the approved S106 allocations for affordable housing projects as set out in Appendix 6.

(7.54pm to 8.05pm)

7. Health and Wellbeing Plan Update (Greener and Safer Chelmsford)

Declarations of Interest:

None

Summary:

The report to the meeting set out a refreshed Health and Wellbeing Plan for the Council.

Options:

1. To approve the Health & Wellbeing Plan
2. To approve with amendments the Health & Wellbeing Plan
3. To not approve the Health & Wellbeing Plan

Preferred Option and Reasons:

To approve the Health & Wellbeing plan so as to provide a focus for the City Council and its partners on the most important health and wellbeing issues facing the residents of Chelmsford.

Discussion:

The Cabinet Member for Greener and Safer Chelmsford highlighted that the plan had undergone significant changes since its initial introduction in 2019. The Cabinet heard that this was due to the evolving cost of living crisis and the impact of the Covid pandemic. It was noted that health and wellbeing was of great importance for all residents of Chelmsford and the plan helped identify where the Council can work together with residents and other groups. It was noted that the plan focused on all ages and different aspects including mental health. The Cabinet Member highlighted a wide range of responses during the refresh of the plan from different partners and thanked the officers and Councillors, involved in producing the new plan.

In response to a question, it was noted that it was difficult to design houses that met all possible future needs of residents, in terms of accessibility for example. It was also noted however that a Disabled Facilities Grant process was in place to enable people to remain independent in their own home, and at the Garden Community development the policies meant a percentage of new builds were being developed with lifetime accessibility in mind.

RESOLVED that the Health and Wellbeing plan be approved.

(8.06pm to 8.16pm)

8.1 Gateway to Homechoice Sub-Regional Allocations Scheme (Fairer Chelmsford)

Declarations of Interest:

None

Summary:

The Cabinet was invited to consider whether the City Council should join Gateway to Homechoice, a choice-based lettings system for operating a housing register and the allocation of affordable homes procured by a consortium of local housing authorities in Essex and Suffolk under which all local authorities in the Gateway to Homechoice region would have the same policy for the assessment of housing need and allocation of housing.

Options:

1. Retain the Council's existing policy and system for processing and prioritising applications for affordable housing
2. Become a partner of the Gateway to Homechoice scheme.

Preferred Option and Reasons:

Joining Gateway to Homechoice would provide more choice and mobility for applicants to the Council's Housing Register and make best use of existing housing supply.

Discussion:

The Cabinet was informed that available housing was not always suitable for the needs of those in temporary accommodation, it was noted that one element of the recent housing strategy was to join the Gateway to Homechoice scheme. The Cabinet heard that joining the scheme would allow some residents to bid for homes in a much wider area and it was felt

that around 70 households per year would benefit. It was noted that the report detailed various steps of the process and that to make the transition easier, additional staffing resources would be required ahead of joining the scheme in September 2023.

In response to questions, it was noted that, the scheme would allow someone to apply for housing from a single list operating across regions and that a written response with further detail would be provided. It was also noted that staff were already under pressure with workloads in the service and the extra resource would help to reduce that pressure. The Cabinet also heard that the greater capacity would be a net benefit if the scheme was joined.

RESOLVED that:

1. The current policy for the allocation of affordable homes be amended to facilitate the Council's Housing Service joining Gateway to Homechoice.
2. The Director of Sustainable Development be granted delegated authority to make the necessary amendments to this policy in consultation with the Cabinet Member for Fairer Chelmsford.
3. Additional staffing costs of £137,500 for the Allocations Team in Year 1 (2023/24) be approved, which from Year 2 (2024/25) will be funded through additional homes reducing TA demand and costs.
4. To enable recruitment to begin immediately, up to £60,000 additional budget for staffing be approved for 2022/23.

(8.17pm to 8.28pm)

At this point Cllrs Bentley and Roberts left the meeting

8.2 Financial Update Report

This item was accepted by the Chair as an urgent item due to it not being available for public inspection, five clear working days in advance.

Declarations of Interest:

None

Summary:

The Cabinet was asked to consider an update on the Council's financial position due to the adverse effects of a very significant rise in inflation as well as broader economic disruption. The report also detailed a number of recommended actions.

Options:

After consideration of the updated financial information, to:

1. Approve the actions identified and note the update,
2. Note the update and amend the actions, or
3. Approve the actions identified and note the update

Preferred Option and Reasons:

Approve the actions identified and note the update.

Discussion:

The Cabinet was informed that this report was not part of the usual finance reporting and was due to members needing to be alerted to how the cost of living crisis was impacting the City Council. It was noted that along with residents of Chelmsford, the Council itself was also being hit by rising costs and delays. The Cabinet heard that many aspects were well outside of the Council's control with inflation and interest rates at very high levels. It was noted that costs for running the leisure centres and refuse collections were rising significantly along with tender prices for contractors. The Cabinet also heard that the majority of the Council's income came from Council Tax which couldn't rise significantly and from fees and charges, due to ever smaller grants from Government. The Cabinet was informed that a balanced budget would be set but that there would be an overspend in the current year. It was noted that an urgent review of fees and charges would take place to protect the Council's reserves.

In response to questions and points made it was noted that issues such as the reduction in use of office accommodation and workforce planning would be looked at. It was also noted that at the moment additional expenditure for the Waterside development did not need to be approved and would be looked at when setting the budget. The Cabinet was also informed that there was an aspiration and vision to create a new theatre but along with any capital projects, was taking longer in the current economic climate.

The Leader of the Opposition noted that they would be asking further questions on the theatre redevelopment via email outside of the meeting. It was also noted that areas such as Waterside and the old swimming pool were of interest and that they would appreciate further detail on the various proposals set out in the report along with some alternatives. It was noted that they were hoping to offer constructive comments and fully understood the financial difficulties now being faced by the administration. The Cabinet Member for Fairer Chelmsford thanked the leader of the opposition for their support.

RESOLVED that:

1. Cabinet notes the updated financial projection.
2. Directors are asked to undertake an urgent review of fees and charges.
3. The additional capital expenditure identified in Appendix 1 Paragraph 1.24 be approved.

(8.29pm to 8.53pm)

9. Urgent Business

There were no items of urgent business.

10. Reports to Council

RESOLVED that Item 6.2, Section 106 Spending Plan, be the subject of report to the Council.

Exclusion of the Public

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the meeting for item 11 on the grounds that it involves the likely disclosure of exempt information falling within paragraph 3 of Part 1 of the Schedule 12A to the Act (information relating to the financial or business affairs of any particular person including the authority holding that information).

11. Grant Funding Affordable Housing Programme (Sustainable Development)

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 financial information from a third party that is commercially sensitive and to disclose it could be detrimental to them

Declarations of Interest:

None

Summary:

The Cabinet was requested to consider the award of a grant to a Registered Provider to support the provision of two schemes which would deliver larger affordable houses in the city. The grant funding programme through which the award would be made was funded from commuted sums from that had been received from developers in lieu of on-site affordable housing and which were ring-fenced for the provision of affordable housing elsewhere.

Options:

1. To approve the award of the recommended grant funding.
2. To refuse the award of grant funding.
3. To defer an award of grant funding.

Preferred option and reasons:

The award of the grant for the schemes detailed in the report to the meeting would enable the provision of additional affordable housing to meet identified priority housing need in the city.

Discussion:

The Cabinet Member for Sustainable Development stated the importance of being able to provide larger dwellings for those families that required them. It was noted that the award of the recommended grant funding would increase the supply of the existing housing stock and allow the Council to make better use of it. It was also noted that there were some legal aspects to be finalised before the funding would be awarded.

RESOLVED that the award of grant funding for the affordable housing schemes detailed in the report be approved, subject to the applicant entering into a grant funding agreement with the Council.

(8.55pm to 9.03pm)

The meeting closed at 9.03pm

Chair



Chelmsford City Council Cabinet

15 November 2022

Rural England Prosperity Fund (REPF)

Report by:

Cabinet Member for Connected Chelmsford

Officer Contact:

Jennifer Gorton – Economic Development Lead

01245 606367, Jennifer.gorton@chelmsford.gov.uk

Purpose

To provide Cabinet with information about the Rural England Prosperity Fund (REPF) and details of the Council's work to identify how this funding can be used to support Chelmsford's rural businesses and community groups. To seek authority to submit the REPF addendum to Government by the stated deadline.

Options

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

Preferred option and reasons

Option 1 is the preferred option. Due to the tight timeframes involved, any option other than option 1 may jeopardise the ability to submit the REPF addendum to Government for approval by the 30th November deadline. If the 30th November

deadline is missed, Chelmsford will not receive its allocation of REPF.

Recommendations

1. To note the publication of the prospectus for the Rural England Prosperity Fund.
2. To endorse Chelmsford's approach to identifying the interventions and priorities that are to be prioritised.
3. To support the pooling of Chelmsford's REPF to be used collaboratively in partnership with the North Essex Economic Board (NEEB), if that is found to be a worthwhile and viable option.
4. That authority is delegated to the Chief Executive, in consultation with the Leader of the Council and the Council's S151 Officer to take the necessary actions and decisions required approve the REPF addendum for submission to the Government for approval within the stated timeframes, including agreeing any subsequent arrangements for how a capital grant funding scheme would operate.

1. Background

- 1.1. The Rural England Prosperity Fund (REPF) was announced in September 2022 and supports the aims of the Government's Levelling Up White Paper and the Future Farming Programme.
- 1.2. The scheme will fund capital projects for small businesses and community infrastructure, aimed at improving productivity and strengthening the rural economy and rural communities.
- 1.3. The REPF is a top-up to the UK Shared Prosperity Fund (UKSPF). It succeeds EU Funding from LEADER and the Growth Programme which were part of the Rural Development Programme for England.
- 1.4. Chelmsford has been allocated £400,000 from the REPF. Funding for the REPF is available from April 2023 to March 2025

2. Aims of the Rural England Prosperity Fund

2.1 The REPF objectives sit within the UKSPF investment priorities for:

- Supporting Local Business
- Community and Place

2.2 The REPF can provide capital funding to support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. The REPF can also be used to support new and improved community infrastructure, providing essential community services and assets for local people and businesses.

2.3 Capital grants must be for business or community purposes. Grants cannot be used to fund domestic property improvements, to purchase private vehicles or for revenue costs such as running costs or promotional activities.

3. Local Allocation

3.1 Allocations have been determined at local authority level, using a funding formula, which takes account of rural population, rural businesses and the importance of farming in each authority. Not all local authorities meet the criteria to receive an allocation of REPF.

3.2 Chelmsford has been allocated £400,000 in REPF, the total sum of which will cover the financial years 23/24 and 24/25. It is expected that 25% of the allocation will be provided for the financial year 23/24, with the remainder being made available for 24/25, although - unlike the UKSPF - there is potentially some flexibility around this.

3.3 Any underspend at the end of each financial year will need to be returned.

4. Delivery

4.1 In order to access the fund, local authorities need to complete a template, which is an addendum to the UKSPF Investment Plan. Information provided on the template will detail how CCC intends to use REPF to support rural businesses and communities.

4.2 For REPF purposes, rural areas are defined as:

- Towns, villages and hamlets with populations below 10,000
- Market or 'hub towns' with populations of up to 30,000 that serve their surrounding rural areas as centres of employment and in providing services

4.3 As with the UKSPF, a list of interventions has been provided. Local authorities are required to select the interventions and outcomes that are to be prioritised. Justification of the interventions selected is required, detailing how each intervention will address local challenges, market failures and opportunities.

4.4 Again, as with the UKSPF, it is expected that engagement will take place with relevant partners and groups to identify local challenges and priorities. Engagement with MPs is encouraged.

4.5 Local authorities are required to submit their REPF addendum by the 30 November 2022.

5. Chelmsford City Council Approach

5.1 Work has been undertaken to identify Chelmsford's rural areas using the REPF definition, to understand those areas eligible to receive REPF.

5.2 Engagement has taken place with a range of internal and external partners to identify key challenges and priorities for rural businesses and communities. External partners include the Rural Community Council of Essex (RCCE) and the Country Land and Business Association (CLA).

5.3 Conversations have also taken place with the North Essex Economic Board (NEEB) which is a partnership committed to promoting wider economic growth, consisting of the following local authorities; Braintree District Council, Colchester Borough Council, Chelmsford City Council, Essex County Council, Maldon District Council, Tendring District Council and Uttlesford District Council. All of the other NEEB members have also received a REPF allocation and discussions are taking place to understand if there is any opportunity for collaboration, with the potential to reduce duplication and resource implications linked to the delivery of this fund across the north of Essex.

5.4 There are three possible options open to Chelmsford City Council in terms of taking forward Chelmsford's allocation. The option chosen will depend on the outcome of discussions taking place internally and with external partners and stakeholders. There three options are:

1. The fund is managed by Chelmsford City Council, with the fund implementation, governance and monitoring being locally decided. Support and advice may be sought from an external organisation with greater grant management experience to assist with this.
2. The fund is managed by Chelmsford City Council, with the criteria, application process and promotion agreed in collaboration with NEEB.
3. The funding is pooled as part of the NEEB partnership, and a grant programme is centrally managed across the NEEB area.

5.5 The approach is likely to take the form of a grant funding scheme to support rural businesses and community organisations in the defined rural areas given that REPF is a capital fund. Details of any grant funding scheme will

be developed over the coming months in anticipation of the funding being confirmed for 2023/2024 and 2024/2025.

6. Conclusion

6.1 The REPF was launched in September 2022 and allocated £400,000 to Chelmsford to support the rural economy and rural communities.

6.2 Engagement has taken place with a range of internal and external stakeholders and partners to identify the challenges and opportunities that exist within rural communities and to understand how funding can be best allocated to improve productivity and strengthen the rural economy and rural communities.

6.3 Work will continue with partners and stakeholders to refine and finalise the REPF addendum ready for submission by the 30th November deadline.

6.4 To ensure that Chelmsford's Investment Plan can be submitted by the Government's deadline of 30th November, Cabinet are asked to approve the recommendations as set out within this report.

List of appendices:

None

Background papers:

REPF Prospectus - [Rural England Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/Rural_England_Prospersity_Fund_prospectus.pdf)

REPF Allocations - [Rural England Prosperity Fund: allocations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/Rural_England_Prospersity_Fund_allocations.pdf)

REPF Interventions, objectives and outputs and outcomes list - [Rural England Prosperity Fund interventions objectives outputs and outcomes list.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/Rural_England_Prospersity_Fund_interventions_objectives_outputs_and_outcomes_list.pdf)

Corporate Implications

Legal/Constitutional: None

Financial: No financial resource has been made available for the delivery of REPF –

all funding allocation is required to be spent on capital interventions.

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

Contribution toward achieving a net zero carbon position by 2030: As part of the process in determining how REPF will be allocated, consideration will be given to how investments contribute to achieving net zero by 2030.

Personnel: Delivery of the REPF will require significant staff resources from the Economic Development Team, as well as other Council departments.

Risk Management: As with the UKSPF, there will be an ongoing need for robust programme management to ensure that the projects identified are delivered.

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

Health and Safety: None

Digital: None

Other: None

Consultees:

- Chief Executive
 - Director of Sustainable Communities
 - Director of Public Places
 - Director of Connected Chelmsford
 - The Economic Development Team
 - Chelmsford City Culture Services Manager
 - External consultees as set out within this report
-

Relevant Policies and Strategies:

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

Levelling Up the United Kingdom - Levelling Up the United Kingdom - GOV.UK (www.gov.uk)



Treasury Management and Investment Sub Committee

17th October 2022

Treasury Management Mid-Year Review 2022/23

Report by:
Section 151 Officer

Officer Contact:
Phil Reeves, Accountancy Services Manager (Section 151 Officer), 01245 606562,
phil.reeves@chelmsford.gov.uk

Purpose

To inform members of the Treasury Management (TM) activities undertaken in the first part of 2022/23 and to report on compliance with the approved TM Strategy.

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 Cabinet and Council without amendment for consideration and thereby meet statutory obligations

Recommendations

That Treasury Management and Investment Sub Committee (TMISC) and Cabinet note the contents of this report and request that Full Council review the report and approve that no changes to the 2022/23 Treasury Strategy are required.

1. Background

- 1.1. The Council has cash to invest arising from its revenue activities, capital balances and the collection of Council Tax and Business Rates. The Council can fund its capital programme from borrowing. The activities around the management of Council cash and external borrowing are known as Treasury Management.
- 1.2. 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 CIPFA Code of Practice and relevant Government regulations.
- 1.3. Full Council has overall responsibility for Treasury Strategy but delegates to the Treasury Management and Investment Sub Committee (TMISC) responsibility to monitor and recommend changes to the strategy. The Section 151 Officer of the Council is delegated responsibility to manage operational TM activities within the approved strategy.
- 1.4. Members of TMISC are asked to review the contents of the report and recommend that the Cabinet note its contents and seek Council approval for it.

2. Executive Summary

- No breaches of the 2022/23 Treasury Management Strategy have occurred.
- Interest Rates have continued to increase leading to projected income being higher than budgeted with volatility in rates at the time of drafting.
- Investments in three Diversified Income Funds as a whole have improved yields.
- The Council remains internally borrowed to fund its capital investment and does not expect in 2022/23 to externalise any debt, though forecasts will be updated as part of the 2023/24 budget process.
- CCLA Property fund holding is approaching the limit of £8m set as part of the Treasury Strategy.
- No change to the TM Strategy is recommended for 2022/23.

3. Conclusion

- 3.1. Cabinet will be asked to accept the review of the Treasury Management activity for the period to the end of August as endorsed by TMISC. No changes to the 2022/23 Treasury Management Strategy are recommended.

List of appendices:

Appendix 1 – Review of Treasury Management Activity (2022/23)

Background papers:

Nil

Corporate Implications

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

Financial: As detailed in the report

Potential impact on climate change and the environment:

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

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

Contribution toward achieving a net zero carbon position by 2030: N/A

Personnel: N/A

Risk Management:

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

Equality and Diversity: N/A

Health and Safety: N/A

Digital: N/A

Other: N/A

Consultees:

Relevant Policies and Strategies:

Treasury Management Strategy 2022/23

1 Treasury Management Activity during the period 1st April 2022 – 31st August 2022

This report complies with the CIPFA Code by identifying the Council's investments and external borrowings as at 31/08/2022 and compares treasury activity to the approved strategy.

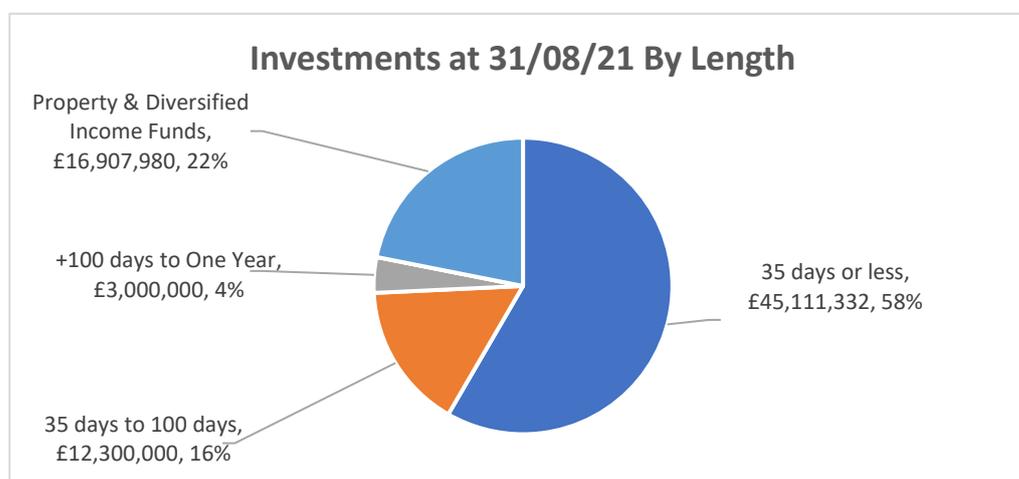
2 Liquidity Management and borrowing

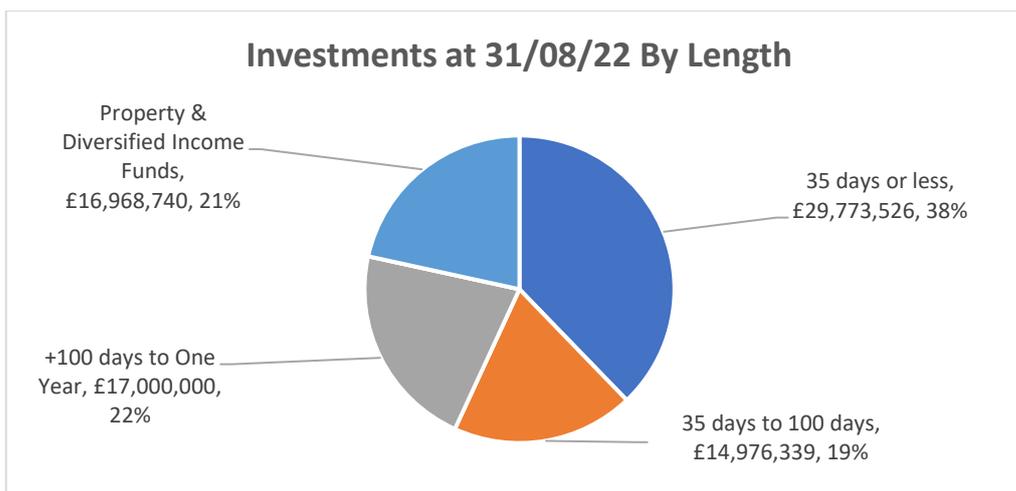
- 2.1 The Council has continued to keep a significant proportion of its portfolio available for instant access and within notice accounts. This reflects the uncertainty of projecting cashflow balances during and following the pandemic. Investment returns until this financial year for longer duration investments have not justified the lengthening of maturities, however, officers are now engaged in seeking appropriate longer-term investments of up to 1 year. The Section 151 officer will consult with the Cabinet Member for Fairer Chelmsford should a 2-year investment be considered appropriate.

To assist in managing liquidity, the Council set the following target in its Treasury Management Strategy.

A minimum of £15m of all investments must be invested for periods of 35 days or Less

Outcome: The target was achieved, and officers will continue to keep the average durations of investments short until longer investment durations become worthwhile in terms of returns.





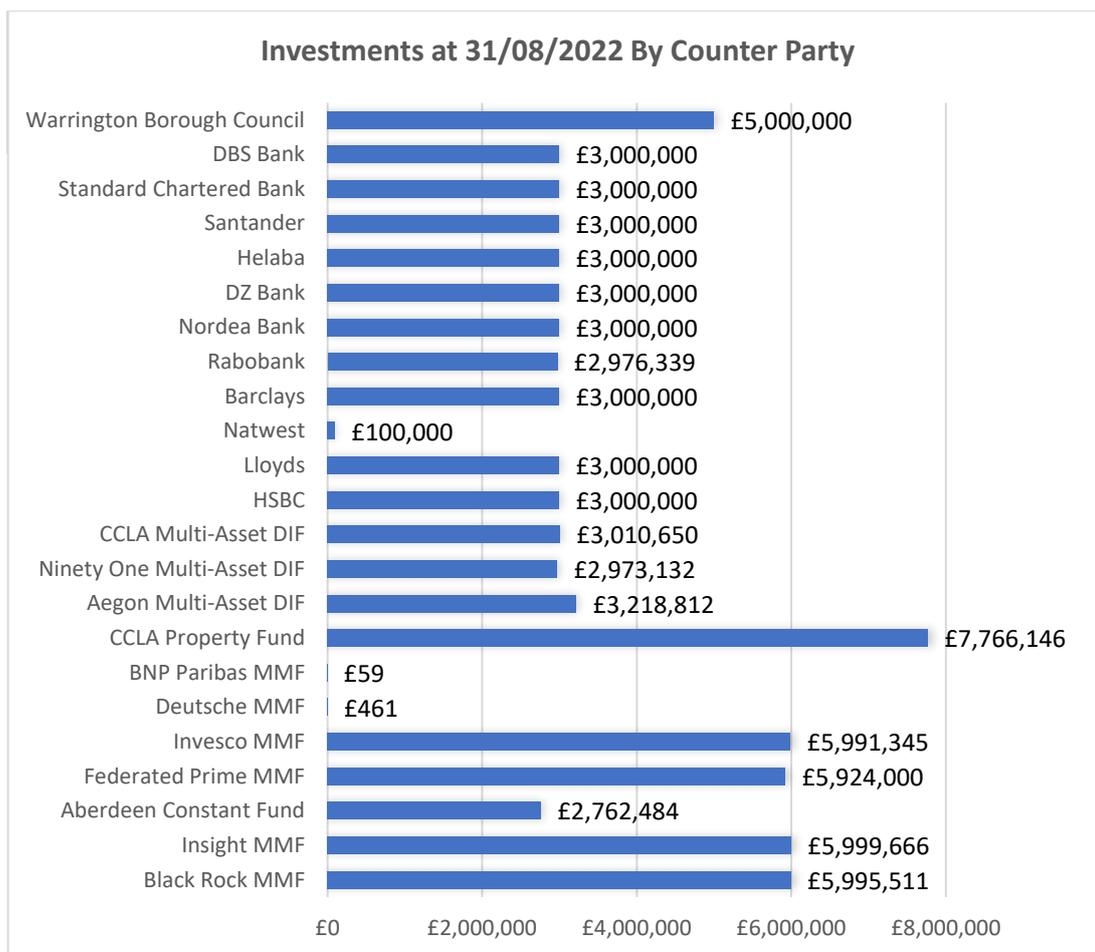
Investments at:	31/08/21	%
35 days or less	£45,111,332	58
35 to 100 days	£12,300,000	16
+100 days to 1 yr	£3,000,000	4
Over 1 yr	£0	0
Property & Diversified Monthly Income Fund	£16,907,980	22
Total	£77,319,312	100

Investments at:	31/08/22	%
35 days or less	£29,773,526	38
35 to 100 days	£14,976,339	19
+100 days to 1 yr	£17,000,000	22
Over 1 yr	£0	0
Property & Diversified Monthly Income Fund	£16,968,740	21
Total	£78,718,605	100

2.2 The Council's Treasury strategy set the following **No fixed duration investments over 365 days are proposed for 2022/23**; Subject to being reviewed during 2022/23 depending on cashflow and counterparty risk. It is recommended that any investments beyond 365 days are at the discretion of the Section 151 Officer.

Outcome: The limit has not been exceeded. Currently, none are proposed but officers are looking at options based on reviewing the Council's cashflow and interest forecast.

2.3 **No breaches of counter -party limits have occurred.** The investments held by the Council are noted below.



The Council's investments with local authorities and banks are mostly fixed maturity dates and of a duration of less than one year. The investments with HSBC and Barclays are 31-day and 95-day notice accounts respectively, which both achieve a higher return to the Council than Money Market Funds.

2.4 **The Council has not undertaken any external borrowing in the year to date.** The funding of the approved Capital programme requires borrowing but that has been internal borrowing which reduces the amount the Council has to invest. The Council operates two borrowing limits, the Authorised (maximum) limit which cannot be exceeded without Council agreement and an Operational boundary (which provides an expected level of external debt). The current limits are noted below.

	Limit
Authorised Limit of Borrowing	£37m
Operational Boundary of Borrowing	£1.8m

2.5 The Council cash balances will fall as the year progresses due to the normal outflow of Council Tax to other precepting bodies and capital programme spend. Cash balances are expected to fall significantly compared to previous years due to the capital programme. It is thought unlikely that short-term external borrowing will occur in 2022/23 and a full review of the Council's forecast cashflow is taking place as part of the 2023/24 budget which will estimate when the Council will have a need to undertake external borrowing.

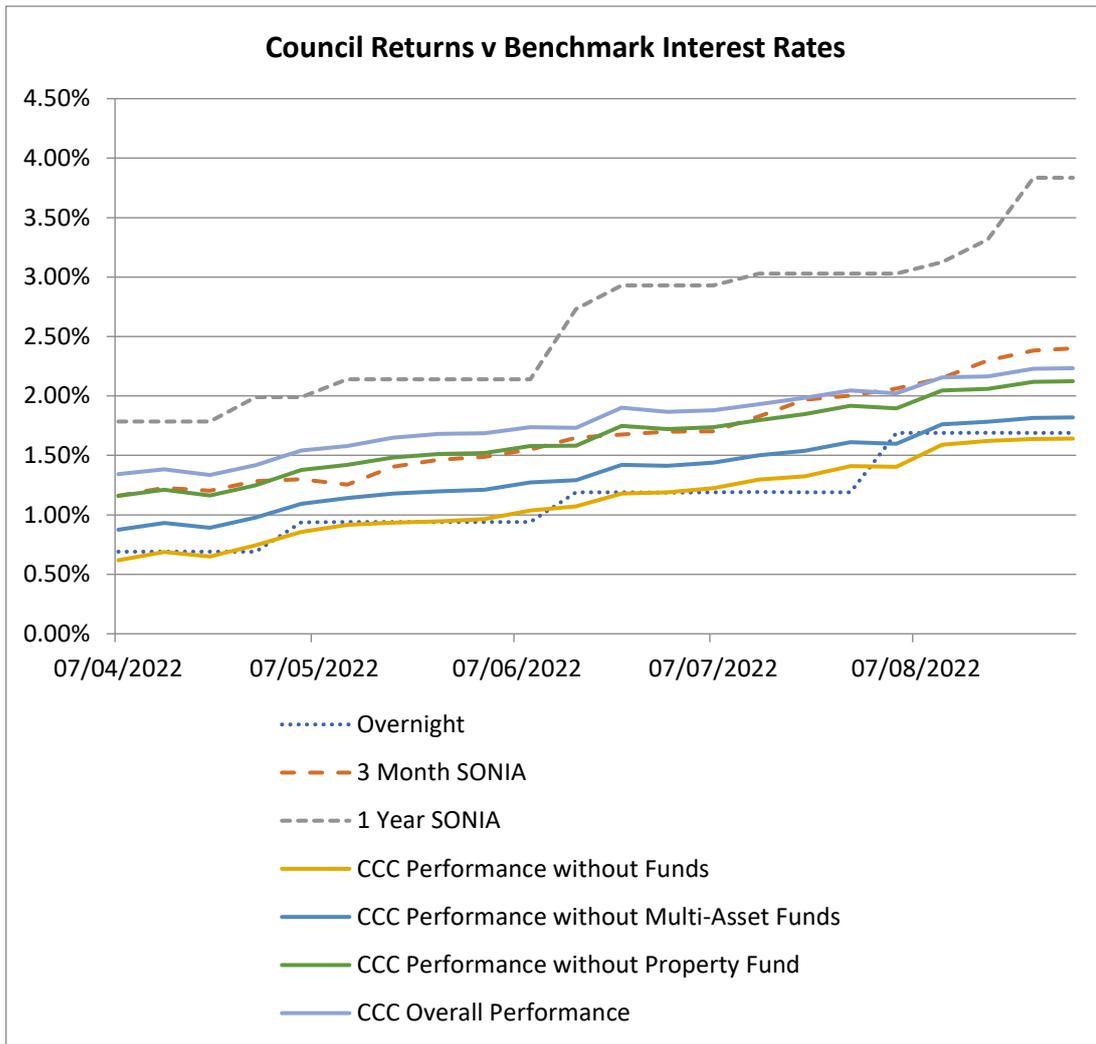
3. **Rate of Return**

3.1 The Bank of England Base rate stands at 2.25% after the 0.5% rate rise in September, with market expectations of further future rises to control inflation and deal with tight labour market conditions.

As at 27th September, one-month local authority loans are 1.80% and one-year loans have risen to 4%, however there is a great deal of volatility in the market. Money Market Funds are currently running between 1.80% to 2.08% (likely to rise further) with other cash investments with building societies offering around the base rate and some banks offering higher than the base rate in general for three-month investments.

The Council continues to invest in three multi-asset diversified income funds as part of its long-term strategy for returns and diversified portfolio. The returns are discussed in paragraphs 3.2 to 3.6.

3.2 Money market interest rates have increased with bank rate rises over the last six months. The Council returns are shown below alongside some comparable benchmark rates.



3.3 The Council's rate of return in 2022/23 has improved compared to recent years due to the rise in Bank of England base rate which has led to increased rates on any cash or short-notice investments. Three diversified income funds have helped to enhance this return for the Council. Officers are continually reviewing options for longer duration investments.

3.4 The Council had an average yield on its portfolio of 2.23% as at 31st August 2022. The budgeted income for 2022/23 from investment returns is £701k; this is expected to be exceeded for the year by at least £400k, mainly due to rate rises. Further gains will be dependent on the extent of interest rate increases and cash balances which will be affected by the capital programme.

3.5 Some longer duration interest rates are now looking attractive with some banks offering over 5% for one-year investments after the mini budget update. These trends will be monitored throughout the rest of 2022/23 to assess whether returns can be increased, whilst maintaining security for the Council.

3.6 It is expected that interest rates will continue to rise. Arlingclose are forecasting rates to reach 5% from March 2023 but there is a great deal of uncertainty. The Council returns will be maximised wherever possible but only within the approved Treasury Management Strategy.

4 Externally Managed Fund Performance

4.1 The Council is now invested in three Multi Asset Diversified Income Funds alongside its longstanding investment in the CCLA property fund. These are all intended to be longer term investments to generate a secure return for the Council at a higher rate than many other alternatives. Capital values will fluctuate throughout the period of investment. At the time of drafting, the money markets are under stress with significant interest rate increases being assumed. The information provided in this report will therefore become out of date quickly. Additionally, fund valuation information does not reflect the pressures in the financial markets. Members can expect volatility in fund valuations and uncertainty about the upside gains in income yields from the funds. The decreases in capital values mentioned below are unrealised and would only be realised if the funds were sold. We are currently experiencing extremely volatile market conditions, and this has impacted the externally managed funds.

Fund	Initial Investment Value	01/04/2022 Investment Value	31/08/2022 Investment Value	Unrealised Gain/(Loss) (since inception)	Annualised Income Return on 1 st April Valuations	Annualised Total Return (2022/23)
CCLA Property Fund	£5,000,000	£7,565,769	£7,766,146	£2,766,146	3.32%	5.97%
CCLA DIF	£3,100,000	£3,089,233	£3,010,650	£-89,350	3.49%	0.95%
Aegon DIF	£3,600,000	£3,584,000	£3,218,812	£-381,188	6.94%	-1.33%
Ninety One DIF	£3,300,000	£3,151,873	£2,973,132	£-326,868	4.34%	-3.26%

- CCLA Property Fund – This investment fund is open only to Local Authority investors. The Council invested at cost of £5m and its current selling value is £7.8m at 31st August. The annualised income yield on the valuation at 1st April is 3.32%
- Aegon Multi-Asset Diversified Income Fund – A £3.6m investment was made into the Aegon DIF in June 2021.
 - Annualised income yield is 6.94% on the valuation at 1st April.
 - Capital Value – 10.59% decrease on initial investment and 10.20% decrease against April valuation.
- Ninety-One Multi Asset Diversified Income Fund – A £3.3m investment was made into the Ninety-One DIF in June 2021.
 - Annualised income yield is 4.34% on the valuation at 1st April.
 - Capital Value – 9.91% decrease on initial investment and 5.67% decrease on April valuation.
- CCLA Multi Asset Diversified Income Fund – A £3.1m investment was made into the CCLA DIF in July 2021.

- Annualised income yield– 3.49%.
- Capital Value – 2.88% decrease on initial investment and 2.54% decrease on April valuation.

The return on all external funds should be looked at as a portfolio, allowing for periods of over- and underperformance for individual funds. If the first few months of performance were to continue, then the annualised income yield from April to August would be 4.28% on April valuation. The unrealised capital gain to date is £2.0m (including CCLA property fund). It is important to note the unrealised capital gain will fluctuate; the main objectives of the investment in funds are spread of risks across asset types and improving annual income (yield).

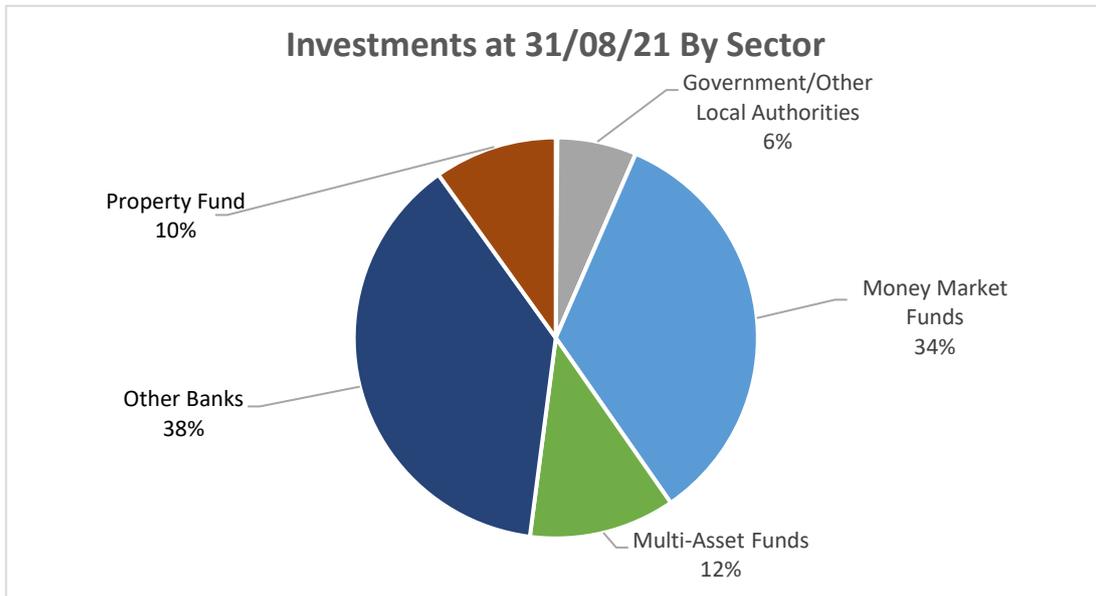
- 4.2 As all four of the funds that the Council is invested in are externally managed, the Council benefits from experts who bring expertise and additional data when selecting and managing investments, therefore helping to spread risk across a wider range of counter-parties and assets, whilst maintaining a high yield.
- 4.3 The value of the different funds the Council invests in can be seen when looking at the returns the Council receives without them. As at 31st August 2022, Council return excluding these funds was 1.64%.
- 4.4 The CCLA property fund is not far from reaching the limit of £8m that is set in the Treasury Management Strategy and, as a result, the limit of this fund will need to be increased to allow for further unrealised capital gains. However, volatility in the financial markets is likely to have a detrimental impact on its value.

Alternatively, it may be worth considering selling a proportion of this fund to realise some of these gains. Any sale would have a 90-day redemption period where the funds will be redeemed at the first valuation date following the expiry of the notice period. Arlingclose, the Council's treasury advisors, do not necessarily recommend realising some of the CCLA property fund unrealised gain to invest in other bond funds as the Council has a good level of existing exposure to bond funds through the three multi-asset funds. Officers will consider the options in the light of rising interest rate returns and volatility in fund capital value and undertake action as necessary.

5.0 **Bail-in Risk**

- 5.1 This is the risk that regulators will step in and enforce losses on depositors in order to recapitalise a failing bank or building society, rather than rely on taxpayer bailouts.

5.2 Overall exposure to bail-in has increased from last financial year to current, predominantly due to banks reacting to rate rises quicker and building in higher expectation of future rate rises than the local authority market and officers have invested to achieve those higher yields.



Exposure	As at 31 st August 2021	As at 31 st August 2022
Bail-in risk	53%	72%
Exempt from bail-in (including CCLA)	34%	16%
Diversified Income Funds	13%	12%
Total	100%	100%

The Diversified Income Funds will be partially exposed to Bail-In risk, but it is not possible to identify specific risk due to the changing nature and proportion of their investments in bonds, equities, property etc. They have therefore been split out as a separate line in the table above for clarity.

The treasury management advisor services are with Arlingclose at present and the contract for these services ends on 31st October 2022. A tender process is currently in progress where a decision would be made after 17th October 2022.

6 Conclusion

- No breaches of the Treasury Management Strategy have occurred
- Interest Rates are expected to rise during the financial year resulting in higher returns for cash investments. However, there is considerable uncertainty over the extent of any increases.
- The Council remains internally borrowed to fund its capital investment.
- Investments into three diversified income funds as a whole continue to enhance the returns for the Council.
- CCLA property fund is approaching the £8m limit.
- No change to Strategy is recommended for the rest of 2022/23.



Chelmsford City Council Cabinet

15 November 2022

Revenue Monitoring 2022/23

Report by:

Cabinet Member for a Fairer Chelmsford

Officer Contact:

Phil Reeves, Accountancy Services Manager (S151), 01245 606562,
phil.reeves@chelmsford.gov.uk

Purpose

To compare the latest budget forecast by Directors as of October with the Original budget for 2022/23 and inform members of any actions resulting from the projected variations.

Options

1. Note the latest forecast position and approve actions in Appendix 1
2. Recommend changes to the service budgets or to the actions identified

Preferred option and reasons

Option 1 as recommended by Service Managers

Recommendations

That Cabinet note the contents of this report and that Cabinet Members monitor the identified actions.

1. Background

1.1. The Council has a long-established process of preparing formal monitoring reports comparing its forecast expenditure and income with the approved estimate and reporting these to Management Team on a regular basis. These reports are also supplied to all Cabinet Members. The reports enable each Cabinet Member to view their areas of responsibility and to gain explanations of any variances from their Directors. More detailed information is produced for Service Managers.

1.2. This report provides

- Cabinet with a high-level view that identifies an expected level of expenditure and income by the Council for the year ending the 31st March 2022.
- actions relating to each of the material variations. Cabinet is not being asked to approve budget changes but consider the actions relating to the budget variance which, for instance, could include changes to service provision.

1.3. The projections of the year's income and expenditure are compiled from Service Managers' submissions into the Council's T1 finance system. Accountancy Services support the process with advice and challenge. The projections are based on judgement of future trends.

1.4. Financial uncertainty and high inflation are the key issues affecting the Council's finances.

1.5. To provide context for the report, the Council's revenue budget for expenditure is some £59.5m, excluding Housing Benefits (which are mostly funded by Government grant), so a 5% variation in expenditure is £2.98m. The Council's Net Service Expenditure Budget is £20.748m. A £5 increase (the maximum allowed before a referendum) in Council tax generates some £0.35m per year.

2. Executive Summary

2.1 The overall projection is that the Council will be required to use an additional £1.127m of unearmarked reserves in 2022/23 as a result of the variations identified below.

2.2 The key variations are:

- £1.5m overspent due to £1,925 flat pay award (ongoing discussions with union so may change).
- £1.3m reduced income from car parks due to changing customer trends from the cost-of-living crisis and the knock-on impact of the pandemic on working from home.
- £0.5m of inflation, caused mostly by fuel price increases.
- Offset by £2m of additional business rates retention. This income has recently been revised significantly upwards. However, there is a significant risk of

forecasting error given the economic situation and volatility of this income stream.

2.3 The Section 151 officer's current recommendation is that Unearmarked Reserves should be around £9m. The Medium-Term Financial Strategy produced in June for July Cabinet assumed that the £9m level could be maintained across the forecast period to 2028. However, the projection was based on the premise that at end of the 2022/23 there would a £1m surplus for 2022/23. This would be due to service expenditure not exceeding the budget and business rate retention being in surplus of £1m over the budget.

As the current projection is an overspend (additional use of reserves) of £1.127m, this results in an additional use of reserves compared to the MTFS of £2.127m. So, without actions being taken in the budget, the level of unearmarked reserves would fall below the £9m recommendation.

2.4 The variances identified in the report will be used to influence the 2023/24 budget.

3. Revenue Monitoring

3.1. **Appendix 1** contains

- Pages 5-6 are a high level and action-based Revenue Monitoring report on the main service overspends, totalling £3.6m.
- Page 7 contains details of Council budgets that are not managed by services but are central corporate costs or income. This shows additional net income of £2.473m.
- Page 8 contains an explanation of the use of the projected use of reserves and an overall summary of the projection of revenue net expenditure outturn. Any overspend at year end will have to be funded from Unearmarked Reserves, referred to as the General Balance. The current projection is for an overall £1.127m net additional use of unearmarked reserves for 2022/23.

3.2. The original budget has been increased under delegations. As part of the budget for 2022/23, £0.3m was earmarked to fund requests for general additional expenditure, while some £0.1m is left uncommitted. The delegations approved to date are below:

Supplementary Estimates	£s
Communications Officer (cover for maternity leave)	21,400
Legal Agency Staff Cover	81,100
CGR Final Round	20,000
Museum Parasols	14,000
Legal and Democratic Restructure (trainee solicitor)	28,800
Civica Pay Upgrade	19,200
Environmental Permit for the Depot	16,000
Total	200,500
Total Available (set aside in Budget)	300,000
Remaining reserve	99,500

4. Conclusion

4.1 The Forecast financial projections have a high risk of error due to the uncertain impact of inflation and the after-effects of COVID-19 lockdowns. However, an overspend for 2022/23 is almost certain.

4.2 The implications of the adverse position this year on next year's 2023/24 budget is higher costs (inflation), lower income (car parking), and reduced levels of Reserves.

List of appendices:

Appendix 1 – Chelmsford City Council Forecast Revenue Position for 2022/23

Background papers:

Nil

Corporate Implications

Legal/Constitutional: As identified

Personnel: N/A

Risk Management:

The report is part of the Council's financial risk management

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

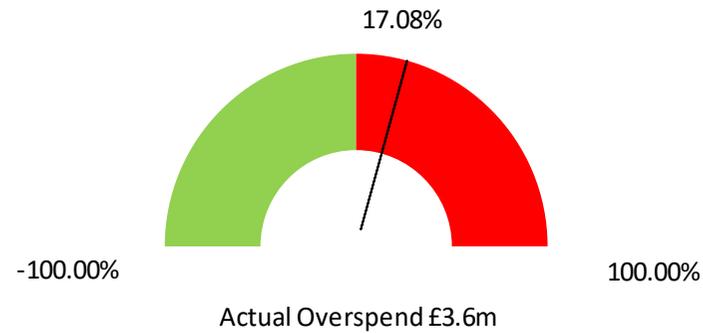
Consultees:

Relevant Policies and Strategies:

Medium term financial Strategy 2022-27

Chelmsford City Council Variances - Revenue Monitoring 2022/23

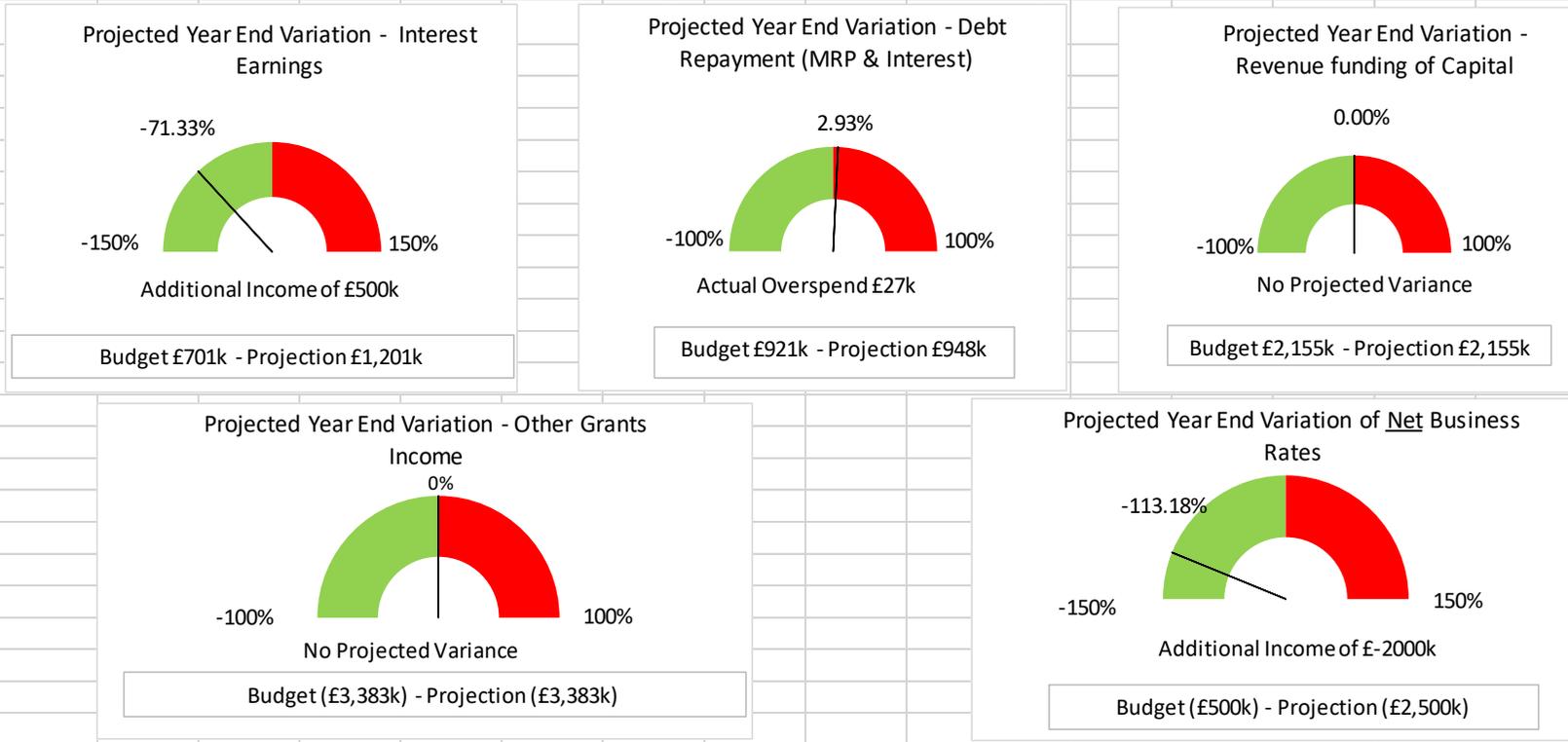
Actual Year End Variation - Council Service Net Expenditure



The service overspend above is subject to significant risk of fluctuation throughout the year due to the national and global economic position. Any ongoing changes to the forecast will be put forward as part of the proposed 2023/24 Original Budget.

Note	Key Variations	Actions	Risks
1)	A £1,500k overspend due to an assumption that a further pay award will be given to staff in 22/23. The assumption is that any staff who have received an increase of less than £1,925 from the 2.5% award already made, will be increased up to £1925	The Council will be asked consider approving the additional funding needed.	A lower pay award could result in recruitment and retention issues.
2)	Reduced income of £1,300k from the Council's car parks. This is due to changing customer trends from the cost of living crisis, and the knock on impact of the pandemic on working from home.	Continue to monitor income levels and changes in parking patterns in order to maximise income levels. Any ongoing change will be proposed as part of the 23/24 budget. Budget profiles need to be reviewed, which may change the projection.	The projection of car parking income could be inaccurate due to unknown changes in demand making predictions of future income prone to a large error.
3)	£540k overspends due to inflation. £300k of which is the cost of fuel. Insurance, consumerables and equipment make up the balance	Work on the 2023/24 budget continues, including inflation. Prices of fuel can be volatile. The energy prices the Council pays in 2022/23 are fixed, so only variations in usage will be reported.	There is significant volatility in fuel prices.
4)	£279k additional net income from Hylands, predominantly due to a higher number of weddings. This is largely due to rearranged weddings from the Covid period and so income levels are expected to return to more normal levels in 23/24 onwards	Monitor to see whether any of this gain is ongoing	Income does not return to pre-pandemic levels once the catch-up of delayed weddings is completed
5)	A £202k overspend on Temporary Accommodation HB Subsidy Loss due to rising case numbers in TA projected for the financial year.	Pursuing other forms of TA that the Council owns and looking to prevent homeless as far as possible to reduce the numbers of households going into TA.	There is significant risk of additional budget pressures from additional households in TA
6)	An additional £450k income from Recycling Credits, Sales and IAA Food Waste payment due to inflationary increases and price changes	Income budgets will be assessed as part of the 23/24 budget process	Recycling sales income is subject to prices in the market and therefore can fluctuate significantly
7)	£190k Building Maintenance additional spend	Review budgets and consider increasing provision in 2023/24	Increases in cost due to inflation.
8)	£440k reduced Theatre income.	Open theatre as soon as is possible within constraints of the construction industry.	Delays increase the number of shows cancelled and resulting in lower income
9)	£157k Other costs.	Continue to monitor risks	There is as noted considerable volatility and uncertainty in price of goods.

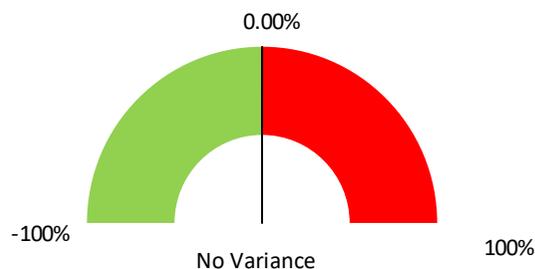
Other General Fund Budget Items of Income and Expenditure



Note	Key Variations	Actions	Risks
1)	£500k additional income from interest earnings due to the rising market interest rates.	Continue to actively manage the Council's cash in order to generate returns for the Council, whilst prioritising security and liquidity	Capital values are at risk with some investments
2)	£27k overspend on MRP allowing for the approved capital programme	Review MRP and funding assumptions for future years	Budget is traditionally underspent due to slippage of capital spend
3)	£2,000k additional income from the Business Rates Retention Scheme - appeals continue to be lower allowing us to write back the provision made in the past	Continue to monitor to assess any gains from the scheme in future years	The Essex wide pool figures have yet to be received and this is early in the year so there is considerable uncertainty - income could be materially higher or lower.

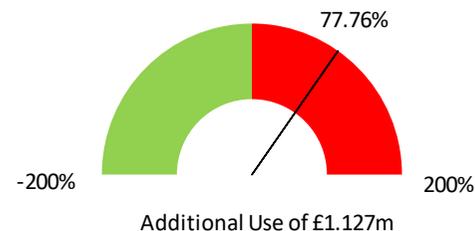
Use of Reserves

Projected Year End Variation - Contribution/Use of Earmarked reserves



Changes in the use of earmarked reserves are often offset by changes in the expenditure in the service accounts. The latest budget for 22/23 is a contribution to Earmarked Reserves of £183k. There have been £200k worth of supplementary estimates approved during the year from the £300k available reserve and a further £83k of carry forward budgets have been loaded.

Projected Year End Variation - Contribution/Use of General balance (reserve)



The latest budget for 22/23 is a £1.449m use of the General Fund Balance.

The total projected use of the General Fund Balance for 22/23 is £2.576m, so an additional use of £1.127m. Of which a higher pay award is the main cause costing £1.5m.

SUMMARY

The Council's net service expenditure for 2022/23 is projected to be £3.6m overspent. After taking into account other items of income and expenditure; the variation on use of the General Fund is projected to be an additional use of £2.127m. The MTFS report to July identified that the Council would contribute some £1m extra (above the budget) to the General Balance as a result of additional Business Rates and assumed no overall overspend on other items. So, the above monitoring represents £3.1m additional use beyond that included in the MTFS.

Key Variations:

- £1.5m overspent due to £1,925 flat pay award (ongoing discussions with union so may change)
- £1.3m reduced income from car parks due to changing customer trends
- £0.5m of inflation, mostly fuel
- Offset by £2m of additional business rates

Work is now being undertaken to complete the proposed 23/24 Original Budget.

There is a risk that the level of General Balances (unearmarked reserves) would in the next 2 years, based on the above figures, be below the £9m target set by the Section 151 officer. The level of earmarked and non-earmarked will be addressed in the 2023/24 budget proposals.



Chelmsford City Council Cabinet

15 November 2022

Capital Programme Monitoring and Update

Report by: Cabinet Member for a Fairer Chelmsford

Officer contacts: Phil Reeves, Accountancy Services Manager Tel: 01245 606562 email phil.reeves@chelmsford.gov.uk

Purpose

- a) To report the latest capital monitoring position.
- b) To provide an update on the approved Capital Schemes and variations in cost which have been identified to date.
- c) To provide an update on the approved Asset Replacement Programme for 2022/23 and 2023/24 for variations in cost and timing which have been identified to date.
- d) To approve additional budgets identified to date.

Options

To either approve or not approve the recommendations.

Recommendations:

The Cabinet is requested to:

1. approve the proposed increase of £0.051m in the capital scheme programme, shown in **Appendix 1** and detailed in paragraph 6.3 of this report;
2. approve the proposed changes to the Asset Replacement Programme for 2022/23 and 2023/24 as shown in **Appendix 3**, the increase in scheme costs

of £105k in 2022/23 identified in paragraph 7.3 and the rephrasing of spend from 2022/23 of £992k in paragraph 7.3; and

3. to note that there will be a request for £1.1m additional budget, as shown in **Appendix 1**, to be approved by an urgency decision by the Chief Executive using his delegated authority under paragraph 3.4.2.7 of the Constitution and agreed by Cabinet at the meeting held 18th October 2022.
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1. Background

- 1.1. The Council has a long-established process of preparing formal monitoring reports comparing its forecast expenditure and income with the approved estimate and reporting these to Management Team. These reports are also supplied to Cabinet Members.

2. Introduction

- 2.1. Capital Expenditure relates to the acquisition or enhancement of assets which have a useful life in excess of 12 months, are charged to the Council's balance sheet and shown as fixed assets (a fixed asset being an item that can be in use for more than one year). To be an enhancement, the expenditure on the asset must lengthen substantially the useful life of the asset, increase substantially the open market value or increase substantially the extent to which the Council can use the asset.
- 2.2. Revenue costs are ongoing. They are incurred to run an asset or to provide a service.
- 2.3. The programme as reported to Cabinet in October is financially stressed by higher inflation and interest rate costs. Key variances were reported to Cabinet and this report identifies a lower level of variation in forecast costs compared to approved budgets than would be expected.
- 2.4. The report is made to ensure continued good governance by providing members with sight of the programme.

3. Capital Programme

- 3.1. The capital programme is split between larger schemes (works, improvements and refurbishments) and an asset replacement programme.
- 3.2. Services submit bids annually for schemes to be added to the capital programme. The schemes should add value to the organisation, provide

revenue savings or additional income, move forward “Our Chelmsford” objectives or have statutory health and safety implications.

- 3.3. The asset replacement programme is required to maintain the existing level of service delivery by ensuring there is provision to replace items of equipment and vehicles on a regular basis. Approval of individual items is on an annual basis.

4. Capital Reporting

- 4.1. A ‘Capital Programme Update’ report is taken to Cabinet/Council in January/February and a ‘Capital Programme Update and Outturn’ report is taken to Cabinet/Council in June/July each year. Additional reports may be taken to Cabinet as required throughout the year. Reports are also taken to Audit and Risk Committee during the year.
- 4.2. It is important to closely monitor capital expenditure as this allows judgements to be made on the Council’s cash investments and internal/external borrowing costs. If a large scheme is likely to be delayed, this will provide an opportunity to invest the money until it is required, therefore increasing interest earnings or delaying the requirement to borrow if resources are low.

5. Methods of Approval

- 5.1. New schemes submitted by services are assessed by Management Team, reviewed by Cabinet and, if appropriate, recommended for approval by Council in February each year.
- 5.2. During the year, approval can be sought for further schemes or extensions to existing ones, via supplementary approval or the use of urgency letters depending upon the level of expenditure required. An urgency letter is where the Chief Executive, in consultation with the Leader of the Council, exercises his delegation to authorise additional expenditure, on the grounds of urgency.
- 5.3. When schemes are approved, they are added to the capital programme and monitored throughout the year.
- 5.4. The budgets shown in this report were approved at the July Council and also include any additional schemes or increased scheme costs approved by delegation since that date.

6. Capital Schemes (Appendix 1)

- 6.1. Monitoring Against Latest Approved Budget – Reported to Council July 2022 **Appendix 1**, shows the overall capital spend information as at the 14th October 2022 and provides the latest forecast expenditure for the ongoing scheme

costs, £111.262m. It shows that £38.981m of expenditure has been committed to date which leaves a balance of £72.281m.

6.2. **Appendix 1**, shows that four new schemes have been added since the last report made to Council in July 2022.

- Scheme number 17 – £3.59m Strategic Property Purchase. This was approved by Council in July 2022.
- Scheme number 42 – £0.35m for the outdoor track and external upgrades to facilities at Chelmsford Sport and Athletics Centre (CSAC). This was approved by Cabinet in October 2022. The additional spend is to be partially funded by S106 contributions estimated as £0.3m.
- Scheme number 63 – £4m contribution to be made to Essex County Council (ECC) towards the cost of the improvement works at the Army and Navy Roundabout. This was approved by Council in July 2022 and will be fully funded from CIL.
- Scheme number 64 – £1.5m contribution to be made to ECC towards the cost of improving cycling and walking connectivity in East Chelmsford. This was approved by Council in July 2022 and will be fully funded from CIL.

It also shows where existing schemes have had increases to the approved budgets.

- Scheme number 1 – Theatres' Modernisation. £0.5m was approved by Cabinet in October 2022.
- Scheme number 47 – Public Realm Tindal Square. £0.485m was approved by Cabinet in October 2022. An application for additional grant funding has been made to SELEP. There are also additional S106 contributions which can be used to limit the amount of CCC resources/CIL required to fund the increased cost if the grant from SELEP is less than requested.

6.3. Following the above approved variations, **Appendix 1** shows that there is a net reduction to the budgets of £2.495m.

The table overpage provides a summary of the net reduction £2.495m variation and under whose authority any approval of additional funding will be considered. The items identified as Cabinet totalling £0.051m need approval.

Approved Budget	£112.831m	Approval Required by
Changes from Approved Budget below:		
See Appendix 1 scheme number 9 – Refurbishment of Commercially Leased Property. A request was made at October Cabinet to agree to this increase. As it is in excess of £1m, approval will require an urgency decision. The returned tender is much higher due to current construction market conditions.	£1.100m	Urgency
See Appendix 1 scheme number 12 – Homelessness Initiatives Hostel Expansion. The cost of this scheme has increased as there have been additional costs for fees.	£0.040m	Cabinet
See Appendix 1 scheme number 17 – Strategic Property Purchase. A decision has been taken to withdraw from this acquisition.	-£3.590m	Approval not Required
See Appendix 1 Scheme number 25 – Chelmer Park Pavilion Roof. The initial quote for the works included an area for which the Council are not responsible. This has resulted in a reduction in price for the scheme.	-£0.050m	Approval not Required
See Appendix 1 Scheme Numbers 61. The CIL Panel has agreed to additional CIL contributions for Green Initiatives.	£0.005m	Cabinet
See Appendix 1 Scheme Number 27 and 29 – Minor variations increases in scheme cost	£0.006m	Cabinet
Other variations to be noted – reduction in budget therefore no approval required.	-£0.006m	Approval Not Required
Total Proposed Budget	£110.336m	

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

Appendix 1 shows total expected spend in 2022/23. There has been £28.9m of spend deferred from 2022/23 to later years. This is beneficial to the Council in terms of use of resources and enables the Council to invest the money until it is required. The adverse effect could be that there are delays to income-generating schemes where delays in spend could equate to a delay in receiving additional income or service delivery benefits are not realised until

later. The impact of this deferred spend will be included in the 2023/24 revenue budgets.

6.4 Progress Report for Those Areas of Risk Previously Identified and Reported

The schemes shown below were previously identified as areas where either the costs may change or completion dates would not be achieved. Latest updates are shown in bold. Previously reported information on risks is shown in italics underneath with the oldest shown first.

6.4.1 Feasibility Studies and Design Works

It should be noted that the capital programme includes a number of feasibility studies and design works. There is a financial risk with such schemes that needs to be noted. Any capital scheme where costs are incurred but the scheme is not completed is likely to result in costs being re-classified from capital to revenue. The Council would have to use Revenue Reserves to meet such costs.

6.4.2 Chelmsford Flood Resilience Programme

Update – Following the withdrawal of the Environment Agency (EA) scheme at Margaretting, the budget and any new proposals will need to be reviewed by Council. A grant payment of £103k has been made to the EA from S106 contributions held for the delivery of new measures being developed through the Chelmsford Flood Resilience Partnership. There is uncertainty as to when any proposed scheme would commence and when resources would be incurred.

6.4.3 Riverside Ice and Leisure Centre Scheme - Elevations

Update – This budget was approved with a delegation for Cabinet to approve the final scheme. One of the planning conditions imposed on the Riverside re-development required a ‘comprehensive re-cladding of the existing ice rink and sports hall structure’ that had been retained. This scheme has been delayed as the design needs to be developed in conjunction with the development of the site next to the centre which is still in planning stages. The risk is in relation to the timing and potential spend. The budget was originally approved in 2020.

6.4.4 CIL Grant Sutherland Lodge Refurbishment

Update – Following a recent follow up by the service manager, NHS England have submitted their business case and it is currently being reviewed to ensure it meets the conditions for the grant to be released. This scheme was originally approved in July 2017.

6.4.5 Theatres' Modernisation – Front of House and Bars

Update – A report was taken to Cabinet in October to approve an additional £500k to cover the increased cost of works. This scheme has faced significant pressures both on the programme and budget. There was always a risk with the original budget provision as it was approved prior to the full cost of the scheme being identified and the current economic environment has exacerbated increasing costs. Supply issues and unforeseen works have resulted in an extended programme for the project which has impacted on the theatres' programme of shows and resulted in the cancellation of the pantomime and rescheduling of shows.

Previously Reported History

“A bid was submitted and the budget approved in February 2021. A full scope of works is currently being prepared which will include complete internal refurbishment of the foyer area, bar and toilets in both theatres. There is currently no approved scheme and a delegation is in place for release of the budget. In the current climate, there is considerable volatility associated with construction and material costs and the Council is aware that several suppliers are reporting shortages of materials and some material prices have risen sharply. There is a risk of further increases in material and construction costs before the scope of works is completed and tenders are received. The level of increases in material and construction costs is difficult to predict with certainty but increasing the budget should ensure the quality of refurbishment can be maintained and provide more cost assurance.”

“Until the scope has been finalised and tenders for works returned, there is a continuing risk that this scheme could overspend. “

6.5 Additional areas of Risk Identified

Chelmer Waterside Infrastructure

An update on this scheme was reported to October Cabinet as part of the Financial Update report. There is significant risk that this scheme will require additional budget to complete all elements, currently forecast by external consultants as an additional £5m-£9m. Any request for additional budget will not be made until there is more certainty with the costs and the potential gains the Council can expect to generate from the scheme.

Enabling Lockside Growth Area

The forecast completion date for this scheme is regularly reviewed as it is heavily reliant upon third parties. The budgets have been deferred to 2023/24 but there is a risk that this could slip further.

Delayed or Deferred Schemes

Budgets for schemes can be prepared well in advance of schemes commencing, in many cases at least a year if not longer. With current inflation, the delay between the budget request for approval and the actual quotes for works can lead to insufficient budget provision. There is a considerable risk that many of the approved budgets in the programme for which schemes have not commenced will be understated. When the cost of a scheme is known then the business case will be reassessed to ensure value money is still achievable.

7 Asset Replacement Programme (Appendix 3)

7.1 The Asset Replacement Programme, although forecast over a number of years, is only approved on an annual basis at February Council. Due to the long delivery lead-in times for some of the more specialist vehicles and equipment, a decision may be taken to approve certain budgets earlier in the process to allow for orders to be raised.

7.2 **Appendix 3** includes asset replacements included since the last report made to Council in July 2022, £6k. This is for essential replacement plant at the Retail Market.

7.3 Monitoring Against Latest Approved Budgets

Appendix 3 shows that the proposed budget for 2022/23 asset replacements is £5.029m compared to the approved budget of £6.013m. This is a net reduction of £0.984m or 16.4%. The table below provides a summary.

Approved Budget 2022/23 Changes required to Approved Budget below:	£6.013m	Approval Required By
Proposed Change in scheme phasing from 2022/23 to 2023/24 and later years. For detail, see Appendix 3 2022/23 column 'Change in Scheme Phasing'.	-£0.992m	Cabinet
New asset proposal, see Appendix 3 scheme 31 Sports Equipment, Floodlights and Irrigation – Drainage Beaulieu Park Pitch, budget requested as works will be undertaken at the same time as the scheme for the conversion of tarmac court to 3G pitch.	£0.013m	Cabinet
New Proposal, see Appendix 3 scheme 50 Recycling Material Recycling Facility (MRF) following service major parts need to be replaced.	£0.030m	Cabinet

New Proposal, see Appendix 3 scheme 60 PLACE Grants and scheme 54 Remaining Independent Assistance (RIA) Grants – fully funded.	£0.029m	Cabinet
Increase in Cost, see Appendix 3 scheme 54 Healthy Home Loans. Additional loan applications.	£0.019m	Cabinet
Increases in Asset Replacement Cost, see Appendix 3 lines 5, 6, 18, 25, 30 and 40.	£0.014m	Cabinet
Reduction in Cost See Appendix 3 Schemes 1 and 2 Digital Services – budgets removed from capital as now updated with annual licences which do not qualify as capital spend.	-£0.045m	No Approval Required
Reduced demand see Appendix 3 scheme 1 Digital Services – number of plotters reduced.	-£0.040m	No Approval Required
Reduction in Asset Replacement Cost and demand, see Appendix 3 lines 12, 47, 49. As budget reductions no approval required.	-£0.012m	No Approval Required
Total Forecast Outturn 2022/23	£5.029m	

7.4 **Appendix 3** shows that the forecast budget for 2023/24 asset replacements is £0.784m compared to the approved budget of £0.200m. This is a net increase of £0.584m and is due to the asset replacements being delayed from 2022/23 until 2023/24 and later years as shown in the table overpage. Additional replacements for 2023/24 will be taken to Council for approval in February 2023.

Approved Budget 2023/24 Changes required to Approved Budget below:	£0.200m	Approval Required By
Change in scheme phasing from 2022/23, see table above (£408k deferred to later year)	£0.584m	Cabinet
Total Current Proposed Budget 2023/24 (Full programme for 2023/24 will be approved at February Council)	£0.784m	

7.5 **Appendix 4** provides narratives for those variances in excess of £25k for 2022/23 and 2023/24 against the Latest Approved Budget.

7.6 Cabinet approval is required for those replacements where there is an increase in budget (shown in 7.3 and 7.4 above).

7.7 Areas of Risk

The following asset replacements were previously identified as areas where either costs may change or completion dates would not be achieved. Updates are shown in **bold**. Previously reported information on risks is shown in Italics underneath with the oldest shown first.

2022/23 Asset Replacement Programme

7.7.1 Mandatory Disabled Facility Grants (DFG), Healthy Home Loans (HHL) and Remaining Independent Assistance Grants and Loans

Update – The grant received in 2022/23 is £1.102m. The approved estimate for spend is £600k which includes £95k for salaries and an Occupational Therapist at ECC to process the applications.

In 2021/22 £618k was spent on DFG grants and salaries and an additional £54k of the grant was used to fund Discretionary Grants and Loans through the Discretionary Assistance Policy.

The current balance of unspent grant held at 31/3/2022 has increased to £2.2m. There are restrictions on what the grant can be used for, and any qualifying spend must meet the definition of capital. There is a risk that any unspent grant will need to be returned as this is a condition of the grant award. For a number of years, it has been very challenging to spend the grant.

To date, 54% of the £600k budget has been committed this year. The risk remains that the spend on DFG could be lower than the forecast £600k budget; if this is the case, there will be a further amount of under-utilised grant. It is highly likely that there could be a further £400k underspend against the grant received.

Previously Reported History

“Underspending of DFG budgets is a countywide issue, CCC are currently deploying extra resources including funding an Occupational Therapist and a Grants Case Officer in order to process as many applications as possible and maximise expenditure. The funding for these extra resources is from the DFG grant.”

Discussions have been held with ECC as to how any underspend of the grant could be used for projects that assist people remaining independent in their own home rather than returning the unspent grant. CCC has a joint memorandum of understanding with ECC through which the DFG funding

is allocated with the other Essex local authorities to broaden the application of the better care fund, to support, in particular, means by which people can have adaptations made to their homes more quickly to shorten their stay in hospital; provide improvements to their homes to reduce the risk of them being admitted to hospital and help with end of life care needs at home. This would not previously have been funded through the DFG. This initiative is restricted by the strict guidelines that only capital spends can be funded by the grant”.

The service has adopted a new discretionary policy which will add to the current Healthy Home Loans and it is the intention that funding from the DFG grant will be used towards these costs.”

“In 2021/22 CCC contributed to extra resources at ECC to try to speed up the assessment of applications. CCC also provided additional financial support through the discretionary assistance policy for the more expensive building work required for adaptations”

7.7.2 Vehicle Prices and Delivery

Update – Service managers continue to review prices and variations are reported. Prices and vehicle delivery times are expected to increase due to the economic environment.

Previously Reported History

“Prices are continually reviewed and often the reviews result in an increase in acquisition price for the vehicles and plant required.”

7.7.3 Electric Vehicles

Update – Services continue to investigate whether the replacement of current equipment and vehicles can be achieved using low-emission vehicles and when necessary additional budgets will need to be requested to achieve this. There will also be additional initial infrastructure costs such as electric charging points with the introduction of electric vehicles and there could also be revenue savings with the running costs of the vehicles.

Previously Reported History

“The Council has made a commitment to ensure its vehicle fleet is all low emission. This can be achieved by 2024 within the current replacement programme. However, where ultra-low emission (generally electric) vehicles are introduced, there will be a purchase price or lease cost premium. Whether this additional up-front cost can be recovered through lower running and maintenance costs will depend on the type of vehicle

and nature of its use. A case-by-case evaluation will be needed for each vehicle that could be replaced with an ultra-low emission variant”.

7.7.4 Digital Services Replacement Programme

Update – There is still uncertainty about the future of service delivery and the impact on office-based staff and those now working from home. The trend towards more homeworking may continue to impact on what is digitally required to support and enable operations within the Council which may result in further changes in budgets and phasing of spend. An accommodation strategy is being developed and this may impact on future requirements.

Previously Reported History

“There is still uncertainty in relation to whether costs will be capital or revenue and therefore the capital budget may be lower than currently forecast. The uncertainty is in relation to procurement decisions which will be made based on choosing the best option for the Council.

“There is still uncertainty around how the organisation will look moving forward, in relation to accommodation and home working and until this has been agreed it is difficult to predict the direction and level of spend required for future ICT replacements”.

“Due to the current situation with Covid there are a large number of staff now working from home. The trend towards more homeworking may impact on what is digitally required to support and enable operations within the Council which may result in a change in budgets and phasing of spend.”

7.7.5 December Cut-Off

To minimise the risk of underspending, orders for asset replacements have to be raised by the 2nd of December. This enables deliveries to be made by 31st March 2023 and therefore be accounted for in the current financial year. Any unspent budgets following the December cut-off date will be automatically rephased to the financial year 2023/24. These budgets will show as realignments in the January Cabinet report and reported as further underspends in-year.

Currently, services have raised orders and committed spend to the value of £3.260m which is 60% of the latest forecast spend. Service Managers should continue to monitor their budgets and advise where they consider they will not be able to make purchases before the cut-off date or where goods and services will not be received by the end of the financial year.

With some lead-in times being estimated up to 15 months, there is always the risk that orders placed in good time may not have deliveries by the 31st March.

7.8 Other Areas of Risk Impacting Capital Programme

7.8.1 Economy

Many service managers are now reporting increases in costs due to the price of materials, haulage and construction costs due to shortages, issues with supply and demand, and inflation. There is a risk that delays in schemes due to the availability of the construction industry could result in higher scheme costs than previously reported. Increasing interest rates could impact on the delivery of disposal/development schemes due to uncertainty associated to the future benefits of the schemes for the Council.

7.8.2 Net Zero Carbon Position

In order to achieve the Council's objective of net zero carbon by 2030, early feasibility studies would indicate that the future cost of replacing assets such as boilers etc. may be higher than a like-for-like replacement. This may also impact upon the timing of the spend as services are working on a 5-year programme and reviewing when assets should be replaced. When new schemes are being developed there are often additional costs involved with ensuring that schemes are developed to incorporate initiatives that will reduce energy consumption. These are often more expensive and could add to the cost of the scheme.

7.8.3 Business Cases

There are a number of schemes still awaiting development of business cases which may impact on the phasing of the schemes and the current approved budgets. Also, with the fast-changing economic climate it may be to the advantage of the Council to wait until there is more stability before making any decisions.

7.8.4 Identification of Funding

Some schemes have been approved on the basis of external funding being identified. If the funding is not realised, this may impact on the amount of Council resources required to fund the scheme and may even result in the scheme being withdrawn.

7.8.5 Project Timescales

Budgets for schemes can be prepared well in advance of schemes commencing, in many cases at least a year if not longer. With current inflation, the delay between the budget request for approval and the actual quotes for works can lead to insufficient budget provision. There is a considerable risk that many of the approved budgets in the programme for which schemes have not commenced will be understated. When the cost of a scheme is known then the business case will be reassessed to ensure value money is still achievable.

8 Conclusion

8.1 The Capital Schemes are forecast to spend £2.495m or 2.2% less than the latest approved budget. This is mainly due to the withdrawal of one scheme, £3.590m, for the purchase of land and buildings no longer considered to be beneficial to the Council's long-term objectives. It should also be noted that an additional £1.335m was approved by Cabinet in October 2022 within the Financial Update Report. There are risks associated with this forecast detailed in section 6.4 and 6.5 of this report.

8.2 The spend in 2022/23 on Asset Replacement Schemes is forecast to be £0.984m or 16.4% less than the approved budget. Some £0.992m of the variation is expenditure moving into 2023/24 and later years. This is a favourable position for the Council as the spend has been delayed and therefore the commitment of capital resources. There are risks associated with this forecast detailed in section 7.7 and 7.8.

8.3 The 2023/24 Asset Replacement Schemes are currently forecast as £0.784m. This is an increase of £0.584m against the approved budget. This increase is due to the realignment of budgets between years. The scheduled annual review for asset replacements in 2023/24 will be taken to Cabinet in January 2023 and, subject to Cabinet recommendation, on to Council in February 2023 for approval.

8.4 The Council has finite capital resources and it is looking increasingly likely that it will have to borrow to fund Capital spend. Increasing interest rates make the cost of borrowing (internal or external) more expensive and the use of existing resources currently held impacts the Council as funds used cannot be invested to earn interest at the higher rates on offer. Services should be encouraged to defer capital spend wherever possible as this is beneficial to the Council. The resourcing of the Capital Programme will be reviewed with the budget reports taken to Cabinet/Council in January/February 2022.

8.5 Within this report, the financial risks to the capital schemes are listed. There is a high risk that current forecast budgets will need to be increased for those schemes which are still at their development stage or have been deferred.

9 Recommendations

9.1 Cabinet is asked to approve:

- the increases in Capital Schemes costs, £0.051m;
- the increases to the Asset Replacements Budgets for 2022/23 £105k as detailed in this report. It is also asked to approve the realignment of existing budgets £0.992m from 2022/23 to 2023/24 and later years; and
- to note the £1.1m increase to Capital Schemes to be approved under Urgency decision.

List of appendices:

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

Appendix 2 Capital Schemes Major Variations Narratives.

Appendix 3 Asset Replacement Schemes for 2022/23, a comparison of the budgeted expenditure against the Directors of Service forecast.

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

Appendix 4 Asset Replacement Schemes Major Variations Narratives for the years 2022/23 and 2023/24.

Background papers: Nil

Corporate Implications

Legal/Constitutional: None

Financial: As detailed in report

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: As detailed in report some capital spend will help the Council towards achieving this corporate goal.

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: Directors and Cost Centre managers

Relevant Policies and Strategies: Medium Term Financial Strategy

		CAPITAL SCHEMES			VARIATION IN TOTAL CAPITAL SCHEME COSTS				
		Latest Approved Budget - Approved July 2022 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval				
Net Expenditure to Date 21/10/2022		Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
	Connected Chelmsford								
2,265	1 Theatres' Modernisation	1,000	2,246	3,246		3,246	No	Approved at Council February 2021. Delegated authority to Director and Cabinet Member for Connected Chelmsford for a £1m budget. An additional £500k was approved November 2021. A further £1.246m was approved by Council in March 2022 following the return of tenders for the works. £500k approved Cabinet October 2022.	
11	2 Museum Roof Access Works Health and Safety	11		11		11	Yes	Approved Council February 2022. Delegated authority to the director to spend within the approved budget.	
	Fairer Chelmsford								
136	3 Land Development Site Investigations	365		365		365	Programming of works still to be determined	Approved Cabinet November 2021.	
573	4 Various Land Sites' Disposal Costs	612		612		612		Approved Council February 2022. Delegated authority to the director to spend within the approved budget.	
2,473	5 Enabling Lockside Growth Area	450	5,506	5,956		5,956	In Negotiations - Late delivery	A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. An additional £500k was approved November 2021. Additional £956k approved July Council 2022.	
1,586	6 Galleywood Hall Development Industrial Units	1,200	650	1,850		1,850	No	Approved at Council February 2019. Following a reassessment of the budget £400k was removed. Additional £200k was approved November 2021 due to rising prices of materials and construction. An additional £850k was approved by Council February 2022.	
	7 Land Acquisition Cemetery/Crematorium	1,800	4,200	6,000		6,000	To identify potential Land Site	Approved at Council February 2019. Additional £1.8m approved Council February 2020. Additional £2.4m approved July 2022 Council.	
	8 High Chelmer Roof	1,500		1,500		1,500	Awaiting Proposal	Approved at Council February 2020 and programmed for 2021/22. These works have now been programmed to commence in 2024/25.	
64	9 Refurbishment of Commercially Leased Properties	720	380	1,100	1,100	2,200	No	Approved at Council February 2020. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. An additional £380k was approved November 2021. Additional £1.1m agreed at Cabinet October 2022, requires an urgency for approval.	
2,500	10 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Acquisiton 20 x Houses	8,200		8,200		8,200	Yes	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Purchase 20 houses.	
	11 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Modular Units	3,510		3,510		3,510	Business Case to be Developed	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Provision modular units.	
512	12 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Hostel Expansion	325	150	475	40	515	No	Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2023/24. £150k approved by Cabinet June 2022 for increased cost of works to Hostel expansion.	
111	13 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Development	1,900	0	1,900		1,900	Business Cases to be Developed	Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2023/24. Provision for development Railway Street	
	14 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	2,000		2,000		2,000	Business Cases to be Developed	Approved at Council February 2020. Delegated authority to Cabinet.	
	15 Initiatives to increase the provision of Affordable Housing Funded by S106 - Grants	1,643		1,643		1,643	Business Case to be Developed	Budget approved in principle February 2022 Council. Delegated authority to the Director of Sustainable Communities to decide upon the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Fairer Chelmsford.	
1,889	16 Drakes' Lane Travellers Site	1,950		1,950		1,950	Yes	Approved by Urgency March 2021.	
	17 Drakes' Lane Property Purchase	3,590		3,590	-3,590	0	New Withdrawn	Approved at July 2022 Council meeting	

		Latest Approved Budget - Approved July 2022 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval					
		Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget				
Net Expenditure to Date 21/10/2022								Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s				
	Greener and Safer Chelmsford									
18	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.	
19	Cemetery Toilet Refurbishment	86		86		86		No agreed to defer	Approved at Council February 2022. Delegated authority to Director to spend within approved budget.	
20	Civic Offices Improvement Programme	460		460		460		Under Review	Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme.	
145	21 Community Flood Improvements	184		184		184		Works Completed Monitoring to continue	Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017.	
74	22 Hylands' Outdoor Wedding Ceremony Area	75		75		75		Yes	Approved supplementary estimate June 2021 £75k	
	23 Beaulieu Park Pavilion Refurbishment	57		57		57		No	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works.	
	24 Chancellor Park Pavilion Works	46		46		46		No	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works.	
95	25 Chelmer Park Pavilion Roof	148		148	-50	98		Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	26 Beaulieu Pavilion Health and Safety Works	33		33		33		Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
96	27 Beaulieu Park Conversion Tarmac Court to 3G Pitch and Flood lights	90	5	95	1	96		Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	28 Oaklands Park Upgrade Tennis Court to MUGA	91		91		91		Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
69	29 Central Park Lake Edge Works S106	62	2	64	5	69		Yes	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.	
	30 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.	
41	31 Automatic Floodgates and Provision of Locks - Feasibility		107	107		107		No	Budget approved September 2020 Cabinet. Budget vired from Rivers and Waterways Improvements.	
85	32 Mass Tree planting and Woodland Creation	4,400	-69	4,331		4,331		Reviewed Annually	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.	
	33 Green Initiatives	500		500		500		Business Cases to be Developed	Approved by Council February 2022. Two year programme with delegated authority to the Director of Public Places to spend within the approved budgets. Following consultation with the Cabinet Member for Safer and Greener Chelmsford, he will decide on the preferred schemes.	
9	34 CIL Landscape Enhancement Scheme Chignal Road	11		11		11		Yes	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.	
9	35 CIL Parks and Open Space	6	9	15	-6	9		No	£6k CIL funding approved July 2019 for Coronation Park Basketball Court. £10k additional budget approved supplementary estimate. Location also changed to Lionmede Park.	
533	36 Chelmsford Indoor Market Refurbishment	500	100	600		600		Indoor works completed, outdoor works progressing	Approved supplementary estimate February 2018. Scheme design finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling. Estimate reduced by £50k. New budget reported Council February 2020. A further reduction in budget, £50k, was noted by Council in July 2020.	
	37 Retail Market Drainage Improvements	31		31		31		Yes	Approved by Council February 2022. Delegated authority to Director to spend within approved budget.	
99	38 Market Road Toilet Roof	101		101		101		Yes	Approved by Council February 2022. Delegated authority to the director to spend within the approved budget.	
22	39 Riverside Elevations	2,000		2,000		2,000		Under Review	£2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme.	
	40 Dovedales - Grant for Works	28	-2	26		26		Deferred	Approved at Council February 2020 and programmed for 2020/21.	
135	41 Dovedales Sports Centre Refurbishment	1,464		1,464		1,464		Scheme to be developed	Budget approved Council March 2022. Delegated authority to the Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford.	
42	Chelmsford Sports and Athletics Centre - Outdoor Internal Upgrades	350		350		350	New	Yes	£350k approved at Cabinet October 2022. To be funded from £300k S106.	
43	Hylands House Stable Block Toilets	44		44		44		Deferred	Approved at Council February 2020 and programmed for 2022/23. Now programmed for 2023/24	

Net Expenditure to Date 21/10/2022	SCHEME DESCRIPTION	Latest Approved Budget - Approved July 2022 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		
10	44 Hylands House Basement Toilet	150		150		150	Yes	Approved Council February 2022. Delegated authority to Director to spend within the approved budget.
	Sustainable Development							
103	45 Chelmsford Flood Resilience Programme	4,833	0	4,833		4,833	Business case to be developed	This is the unspent budget from the withdrawn EA scheme. A new programme of works will be brought back to Cabinet at a later date.
39	46 Public Realm Wayfinding Signs Phase 3	150		150		150	Yes	Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23
3,510	47 Public Realm Tindal Square Design and Construction	160	4,163	4,323		4,323	No	Approved at Council February 2018. The design works were completed until 2020/21. Additional £320k approved by Cabinet June 2020 for design and tender to be funded from S106. Report taken to Cabinet October 2021 and urgency letter requested for approval of the agreed scheme an additional £3.358m. Additional £485k approved at October 2022 Cabinet. Funding is being sought for the increase in cost.
5	48 Chelmer Waterside Infrastructure - CCC Budget		250	250		250	No	Virement allocated for HIF bid design works.
16,297	49 Chelmer Waterside Infrastructure (HIF) - Grant Funded	15,500	11,470	26,970		26,970	No	£15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £11m budget to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing. £375k approved July 2022 Council for increased design fees and appointment of Project Manager.
1,461	50 S106 Beaulieu Park Station	100	1,550	1,650		1,650	Unspecified	Scheme approved for £100,000 via Director of Sustainable Communities delegated authority. £1,550,000 approved at Council February 2016. The expenditure on this scheme will be funded by S106.
2,865	51 S106 Beaulieu Park Station 2nd Phase	2,917	514	3,431		3,431	Unspecified	£2.917m approved at February Council 2018. The expenditure on this scheme will be funded by S106.
35	52 S106 Stonebridge Illuminations	37	6	43		43	No	Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k.
6	53 S106 River Can Pathway Lighting Design	10	6	16		16	No	Approved by delegation £10k January 2020. Additional budget approved by delegation March 2020 £6k.
26	54 S106 Public Art Channels	21	79	100		100	No	Approved by delegation January 2020 £21k. Additional sum approved by delegation £79k October 2021.
	55 CIL Sutherland Lodge Refurbishment	525		525		525	Business case Currently being reviewed	Approved Council July 2017.
	56 CIL St Andrew's Scout Hut Building	80		80		80	Dependent on Third party - Late delivery	CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019.
47	57 CIL Integrated Cycling Infrastructure Grant	100		100		100	Yes	CIL funding approved at meeting of the CIL Panel 23/1/2020.
	58 CIL Trinity Road School Improvements	950		950		950	Dependent on Third party	Approved at Council February 2021
97	59 CIL Road Improvements Main Road Hospital Approach Grant to ECC	97		97		97	Yes	CIL funding approved January 2019. Spend approved Council February 2022
	60 CIL Grant Chelmsford Society Model Engineers	5		5		5	Yes	CIL funding approved December 2021. Spend approved Council February 2022.
16	61 CIL Green Initiatives	15	8	23	5	28	Yes	CIL funding approved December 2021. Spend approved Council February 2022.
	62 CIL NE Bypass Bridge Forward Funding	1,500		1,500		1,500	Dependent on Third party	Forward funding grant to ECC to be made 2021/22. Approved Council May 2021.
	63 CIL Army and Navy Contribution to ECC	4,000		4,000		4,000	New	Approved Council July 2022
	64 CIL ECC East Chelmsford Cycling and Walking Connectivity	1,500		1,500		1,500	New	Approved Council July 2022
6	65 Townfield Street Car Park Barrier Strengthening	15		15		15	Yes	Approved February 2022 Council
38,055	Grand Total	81,608	31,223	112,831		-2,495		
				Net Variation		-2,495		
		Summary of Changes Since Previous Council Reports July 2022						
38,055	Total Expenditure to 14/10/2022					£000's		
36,616	Forecast Expenditure 31/3/2023	Latest Approved Council July 2022				159,574		
1,439	Spend Still to Commit in Year	Previously Approved Schemes						

		Latest Approved Budget - Approved July 2022 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval				
		Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget			
Net Expenditure to Date 21/10/2022		£000s	£000s	£000s	£000s	£000s		Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
	SCHEME DESCRIPTION								
						3,940			
67,076	2022/23 Original Forecast Spend in year					985			
-28,950	Spend deferred to later year					-51,668			
-1,510	Net Changes in Scheme Cost in Year					112,831			
36,616	Current Forecast in Year spend					51			
						1,100			
						-3,646			

Table 16 - 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
		£000's	£000's	£000's			
	Fairer Chelmsford						
9	Refurbishment of Commercially Leased Properties	1,100	2,200	1,100	Increase in budget	100.00%	A request was made to Cabinet in October 2022 to recommend that the increase should be approved by urgency.
12	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Hostel Expansion	475	515	40	Increase in budget	8.42%	Scheme cost based on tender and fees and needs to be increased.
17	Strategic Property Purchase	3,590	0	-3,590	Reduction in budget	-100.00%	Bid to purchase property withdrawn
	Greener and Safer Chelmsford						
25	Chelmer Park Pavilion Roof	148	98	-50	Reduction in budget	-33.78%	The original quote has been reviewed due to a query over the area requiring re- roofing which has resulted in a reduction in the price.

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME																				
2022/23											2023/24									
2022/23 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE TO LATEST FORECAST											2023/24 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS									
VARIATION FROM 2022/23 BUDGET ONLY											2023/24 BUDGET									
Net Expenditure to 14/10/2022	CAPITAL ASSET REPLACEMENT PROGRAMME	Analysis of Variations									Variations									
		Original Approved Estimates for 2022/23	Additional/Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2022/23	Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Variance for 2022/23 Additional Cost	Total Forecast 2022/23	Original Approved Estimate 2023/24	Additional/Reduced (-) Approved Budget	Reason for Change see key below	Latest Approved Estimate for 2023/24	Re phasing from 2022/23 Requires Approval	More/Less(-) Than Approved Budgets - More Requires Approval	New Item Requires Approval	Approved Replacements Deferred from 2023/24 to Later Years	Total Proposed Budget Requirement for 2023/24	
		£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	Connected Chelmsford																			
3	1 Digital Services Replacement Programme	234			234	-154		-60	-214	20			0	154						154
	2 Digital Helpdesk System Replacement	25			25				-25	0			0							0
78	3 Website Upgrade	98			98				0	98			0							0
	4 Investment in Digital Technology - DPO	300			300	-150			-150	150		200	200	150					-350	0
46	5 Theatres' Equipment	45			45			1	1	46			0							0
6	6 Museum Equipment and Vehicles	6			6			1	1	7			0							0
	Fairer Chelmsford																			
	No Schemes				0				0	0			0							0
	Greener and Safer Chelmsford																			
	7 CCTV Replacement Equipment	10			10				0	10			0							0
	8 CCTV Various Schemes Sites CIL	3			3				0	3			0							0
	9 CCTV Safer Streets Bunny Walks	3			3				0	3			0							0
20	10 Street Lighting Safer Streets Bunny Walks	20			20				0	20			0							0
	11 CCTV Home Office GRIP Funded	0			0				0	0			0							0
12	12 Crematorium Equipment	84			84	-40		-3	-43	41			0	40						40
	13 Crematorium Columbarium	0			0				0	0			0							0
1	14 Civic Centre Heating	33			33	-32			-32	1			0	32						32
39	15 Civic Centre Server Room Air Conditioning	40			40				0	40			0							0
	16 Civic Centre Floor Replacements	31			31	-31			-31	0			0	31						31
	17 Print and Post Room Replacement Equip.	3			3				0	3			0							0
3	18 Dovedales Replacement Equipment	11			11	-7		2	-5	6			0	7						7
	19 Riverside Replacement Equipment	43			43	-6			-6	37			0	6						6
	20 Riverside Plant	2			2	-2			-2	0			0	2						2
	21 CSAC Replacement Equipment	53			53	-53			-53	0			0	53						53
60	22 CSAC Floodlights	60			60				0	60			0							0
9	23 CSAC Plant	21			21				0	21			0							0
53	24 SWFLC Replacement Programme	63			63	-10			-10	53			0	10					-10	0
9	25 SWFLC Plant Replacement	8			8			1	1	9			0							0
16	26 SWF 3G Pitch	20			20				0	20			0							0
14	27 Hylands House Fire Alarm	15			15				0	15			0							0
	28 Hylands Pavilion Skins and Linings	60			60	-60			-60	0			0	60						60
15	29 Hylands pavilion Equipment	15			15				0	15			0							0
273	30 Play Area Replacements	346			346			7	7	353			0							0
	31 Sports Equipment, floodlights, Irrigation	0			0			13	13	13			0							0
1	32 Hylands Car Park Machines and CCTV	5			5				0	5			0							0
	33 Parks Replacement Vehicles and Equipment	547			547	-71			-71	476			0	71						71
	34 Waterhouse Lane Depot Heating	10			10				0	10			0							0
	35 PHPS Vehicles and Electric Chargers	0			0				0	0			0							0
	36 PHPS Air Monitoring Equipment	80			80	-80			-80	0			0	80						80
	37 PHPS Street Lighting	21			21	-21			-21	0			0	21						21
	38 CIL Street Lighting Meadows Car Park	5			5				0	5			0							0
	39 Travel pool Cars	0			0				0	0			0							0
2	40 Scootas for the Disabled	0			0			2	2	2			0							0
6	41 Retail Market Equipment	0	6	SEN	6				0	6			0							0
	42 Public Convenience Van	25			25				0	25			0							0
185	43 Street Cleansing Vehicles	580			580	-114			-114	466			0	114					-38	76
	44 Street Cleansing Dog Litter van	0			0				0	0			0							0
	45 Street Cleaning Team Equipment	11			11	-11			-11	0			0	11						11
	46 Hit Squad Replacements	43			43				0	43			0							0

Reasons for Variations Greater Than £25,000 in Asset Replacement Programme						
Scheme Description	Latest Approved Budget £000's	Estimated Budget Required £000's	Variation £000's	Variation Type	Percentage Change	Reason
<u>2022/23</u>						
Connected Chelmsford						
1 Digital Services Replacement Programme	234	20	-214	Rephasing of spend to 2023/24, Transfer to Revenue, Reduced demand	-91.45%	Server replacements have been rephased to 2023/24, £134k and Security software has been renewed on an annual basis rather than for a 3 year period and as a result £20k no longer capitalised. There has also been a reduction in the cost and number of Plotters required, a saving of £40k
2 Digital Helpdesk System Replacement	25	0	-25	Budget not required	-100.00%	Provision in revenue as licences are 1 year or less
4 Investment in Digital Technology - DPO	300	150	-150	Rephasing of spend to 2023/24	-50.00%	The forecasted spend has been based on the anticipated spend and remaining budget has been rephased awaiting advice from service as to whether it is required.
Greener and Safer Chelmsford						
12 Crematorium Equipment	84	41	-43	Rephasing of spend to 2023/24	-51.19%	Works have now been rephased to 2023/24
14 Civic Centre Heating	33	1	-32	Rephasing of spend to 2023/24	-96.97%	Works have now been rephased to 2023/24
16 Civic Centre Floor Replacements	31	0	-31	Rephasing of spend to 2023/24	-100.00%	Works have been deferred pending Civic Centre Accommodation Strategy
21 CSAC Replacements	53	0	-53	Rephasing of spend to 2023/24	-100.00%	Service have confirmed that replacements can be deferred to 2023/24
28 Hylands Pavilion Skins and Linings	60	0	-60	Rephasing of spend to 2023/24	-100.00%	Replacement has been rephased as had to be scheduled to fit in with wedding bookings
33 Parks Replacement Vehicles and Equipment	547	476	-71	Rephasing of spend to 2023/24	-12.98%	Replacements have been deferred to 2023/24
36 PHPS Air Monitoring Equipment	80	0	-80	Rephasing of spend to 2023/24	-100.00%	Replacements have been deferred to 2023/24 pending review of requirements
43 Street Cleansing Vehicles	580	466	-114	Rephasing of spend to 2023/24	-19.66%	Replacements have been deferred to 2023/24 pending review of requirements
47 Refuse Vehicles	359	250	-109	Rephasing of spend to 2023/24	-30.36%	Replacements have been deferred to 2023/24
50 Recycling Material Recycling Facility (MRF)	0	30	30	Additional budget	100.00%	Identified major works required to conveyor belt following recent service.
60 PLACE	0	25	25	Additional budget	100.00%	Application for grant received. This expenditure is funded from the Empty Homes Grant.
<u>2023/24</u>						
Connected Chelmsford						
4 Investment in Digital Technology - DPO	200	350	150	Rephasing of spend from 2022/23	100.00%	See above
Greener and Safer Chelmsford						
12 Crematorium Equipment	0	40	40	Rephasing of spend from 2022/23	100.00%	See above
14 Civic Centre Heating	0	32	32	Rephasing of spend from 2022/23	100.00%	See above
16 Civic Centre Floor Replacements	0	31	31	Rephasing of spend from 2022/23	100.00%	See above
21 CSAC Replacements	0	53	53	Rephasing of spend from 2022/23	100.00%	See above
28 Hylands Pavilion Skins and Linings	0	60	60	Rephasing of spend from 2022/23	100.00%	See above
33 Parks Replacement Vehicles and Equipment	0	71	71	Rephasing of spend from 2022/23	100.00%	See above
36 PHPS Air Monitoring Equipment	0	80	80	Rephasing of spend from 2022/23	100.00%	See above
43 Street Cleansing Vehicles	0	114	114	Rephasing of spend to 2023/24	100.00%	See above
47 Refuse Vehicles	0	105	105	Rephasing of spend from 2022/23	100.00%	See above